

Market Commentary

- The SGD swap curve bear steepened yesterday, with the shorter tenors trading 1-3bps higher while the belly and longer tenors traded 3-5bps higher.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 4bps to 205bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 13bps to 803bps. The HY-IG Index Spread tightened 10bps to 598bps.
- Flows in SGD corporates were heavy, with flows in OUECT 4%'25s, CS 5.625%-PERPs, STANLN 5.375%-PERPs, CELSP 3.9%-PERPs and SOCGEN 6.125%-PERPs.
- 10Y UST Yields gained 3bps to 0.75% on recovery in U.S. retail sales in May and hopes of further fiscal stimulus.

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Credit Summary:

- [Mapletree Logistics Trust \("MLT"\)](#) | **Issuer Profile: Neutral (3)**: MLT announced that a conditional agreement has been entered into for the acquisition of a newly built freehold warehouse in Brisbane, Australia for ~AUD21.3mn (~SGD20.2mn). The acquisition will be funded by debt, with aggregate leverage estimated to increase to ~39.4% (39.3% as at 31 March 2020).
- [OUE Limited \("OUE"\)](#) | **Issuer Profile: Neutral (5)**: OUE announced that it has engaged in non-binding exploratory discussions with a prospective institutional purchaser on a confidential basis in relation to a possible sale of U.S. Bank Tower. The property was valued at USD650mn (~SGD906mn) as at 31 December 2019. In the event that the deal goes through, we expect OUE to use the proceeds for debt refinancing/repayment and to partly fund its proposed mixed development (office and hotel) in Jakarta.

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Credit Headlines

Mapletree Logistics Trust (“MLT”) | Issuer Profile: Neutral (3)

- MLT announced that a conditional agreement has been entered into for the acquisition of a newly built freehold warehouse in Brisbane, Australia for ~AUD21.3mn (~SGD20.2mn).
- The acquisition would be MLT’s second logistics facility in Brisbane. The property is 100% leased to a manufacturing tenant for the next ten years. The acquisition will be funded by debt, with aggregate leverage estimated to increase to ~39.4% (39.3% as at 31 March 2020). (Company, OCBC)

OUE Limited (“OUE”) | Issuer Profile: Neutral (5)

- OUE announced that it has engaged in non-binding exploratory discussions with a prospective institutional purchaser on a confidential basis in relation to a possible sale of U.S. Bank Tower. The property was valued at USD650mn (~SGD906mn) as at 31 December 2019. There is no assurance that ongoing discussions will result in a sale. Earlier in January 2019, OUE announced that it had commenced marketing for the proposed sale of the property.
- In the event that the deal goes through, we expect OUE to use the proceeds for debt refinancing/repayment and to partly fund its proposed mixed development (office and hotel) in Jakarta. (Company, OCBC)

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Key Market Movements

	17-Jun	1W chg (bps)	1M chg (bps)		17-Jun	1W chg	1M chg
iTraxx Asiax IG	84	-2	-30	Brent Crude Spot (\$/bbl)	40.22	-3.62%	23.75%
iTraxx SovX APAC	45	1	-20	Gold Spot (\$/oz)	1,724.94	-0.79%	-0.44%
iTraxx Japan	57	-2	-26	CRB	136.27	-1.58%	9.24%
iTraxx Australia	85	0	-33	GSCI	322.31	-0.65%	13.03%
CDX NA IG	69	-4	-21	VIX	33.67	22.13%	5.58%
CDX NA HY	102	-1	7	CT10 (%)	0.743%	1.67	10.02
iTraxx Eur Main	65	-2	-19				
iTraxx Eur XO	369	-4	-130	AUD/USD	0.687	-1.79%	5.35%
iTraxx Eur Snr Fin	75	-3	-28	EUR/USD	1.127	-0.91%	3.27%
iTraxx Eur Sub Fin	157	-8	-71	USD/SGD	1.394	-0.77%	1.74%
iTraxx Sovx WE	19	1	-10	AUD/SGD	0.958	1.04%	-3.42%
USD Swap Spread 10Y	-2	-2	0	ASX 200	5,954	-3.16%	10.16%
USD Swap Spread 30Y	-50	-4	-2	DJIA	26,290	-3.60%	11.00%
US Libor-OIS Spread	21	-4	-12	SPX	3,125	-2.57%	9.12%
Euro Libor-OIS Spread	13	1	-7	MSCI Asiax	642	-2.02%	7.58%
China 5Y CDS	47	0	-4	HSI	24,363	-2.74%	2.38%
Malaysia 5Y CDS	68	-2	-40	STI	2,654	-5.23%	5.17%
Indonesia 5Y CDS	123	6	-73	KLCI	1,520	-3.51%	8.30%
Thailand 5Y CDS	44	2	-15	JCI	4,986	-0.97%	10.62%
Australia 5Y CDS	0	1	-2	EU Stoxx 50	3,243	-2.35%	17.03%

Source: Bloomberg

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New Issues

- Perusahaan Penerbit SBSN Indonesia III (Obligor: The Government of the Republic of Indonesia, represented by the Ministry of Finance) priced a USD750mn 5-year green bond at 2.30%, tightening from IPT of 3.00% area, a USD1bn 10-year bond at 2.80%, tightening from IPT of 3.50% area and another USD750mn 30-year bond at 3.80%, tightening from IPT of 4.50% area.
- Xianyang Financial Holding Group Co., Ltd priced a USD100mn 3-year bond at 3.8%, tightening from IPT of 4.0% area.
- PLDT Inc. priced a USD300mn long 10-year bond at T+180bps, tightening from IPT of CT10+240bps area and another USD300mn 30-year bond at T+195bps, tightening from IPT of OLB30+260bps area.
- CNPC Global Capital Limited (Guarantor: China National Petroleum Corporation) priced a USD600mn 3-year bond at T+90bps, tightening from IPT of T+160bps area, a USD900mn 5-year bond at T+103bps, tightening from IPT of T+170bps area and another USD500mn 10-year bond at T+133bps, tightening from IPT of T+200bps area.
- Fuqing Investment Management Limited (Guarantor: Pingan Real Estate Capital Limited) priced a USD500mn 5-year bond at T+295bps, tightening from IPT of T+330bps area.
- Hengjian International Investment Limited (Guarantor: Guangdong Hengjian Investment Holding Co., Ltd.) priced a USD500mn 5-year bond at T+160bps, tightening from IPT of T+220bps area.
- NWD Finance (BVI) Limited (Guarantor: New World Development Company Limited) priced a USD650mn PerpNC6 bond at 5.25%, tightening from IPT of 5.75% area.
- Skyland Mining (BVI) Ltd. (Guarantor: China Gold International Resources Corp.) priced a USD300mn 3-year bond at T+260bps, tightening from IPT of T+280bps area.
- Industrial & Commercial Bank of China Limited of Dubai priced a USD100mn 3-year bond at 3m-US LIBOR+60bps.
- Housing & Development Board priced a SGD800mn 10 year bond at 1.265%.

New Issues

Date	Issuer	Size	Tenor	Pricing
16-Jun-20	Perusahaan Penerbit SBSN Indonesia III (Obligor: The Government of the Republic of Indonesia, represented by the Ministry of Finance)	USD750mn USD1bn USD750mn	5-year 10-year 30-year	2.30% 2.80% 3.80%
16-Jun-20	Xianyang Financial Holding Group Co., Ltd	USD100mn	3-year	3.8%
16-Jun-20	PLDT Inc.	USD300mn USD300mn	10-year 30-year	T+180bps T+195bps
16-Jun-20	CNPC Global Capital Limited (Guarantor: China National Petroleum Corporation)	USD600mn USD900mn USD500mn	3-year 5-year 10-year	T+90bps T+103bps T+133bps
16-Jun-20	Fuqing Investment Management Limited (Guarantor: Pingan Real Estate Capital Limited)	USD500mn	5-year	T+295bps
16-Jun-20	Hengjian International Investment Limited (Guarantor: Guangdong Hengjian Investment Holding Co., Ltd.)	USD500mn	5-year	T+160bps
16-Jun-20	NWD Finance (BVI) Limited (Guarantor: New World Development Company Limited)	USD650mn	PerpNC6	5.25%
16-Jun-20	Skyland Mining (BVI) Ltd. (Guarantor: China Gold International Resources Corp.)	USD300mn	3-year	T+260bps
16-Jun-20	Industrial & Commercial Bank of China Limited of Dubai	USD100mn	3-year	3m-US LIBOR+60bps
16-Jun-20	Housing & Development Board	SGD800mn	10-year	1.265%
15-Jun-20	Castle Peak Power Finance Co. (Guarantor: Castle Peak Power Co.)	USD350mn	10-year	T+162.5bps
15-Jun-20	Industrial Bank of Korea	USD500mn	5-year	T+72.5bps
15-Jun-20	China Huadian Overseas Development 2018 Limited (Guarantor: China Huadian Corporation LTD.)	USD500mn	Perp-NC5	3.375%
15-Jun-20	Henderson Land MTN Limited	USD100mn	5-year	2.26%
12-Jun-20	The Export-Import Bank of China	USD100mn	3-year	0.9%

Source: OCBC, Bloomberg

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