

### Market Commentary

- The SGD swap curve fell yesterday, with most of the tenors trading 2bps lower while the 30-year traded 3bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS remained mostly unchanged at 169bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 6bps to 669bps. The HY-IG Index Spread tightened 6bps to 499bps.
- Flows in SGD corporates were heavy, with flows in CAPLSP 2.9%'32s, SIASP 3.16%'23s, ARTSP 3.07%-PERPs, CMZB 4.875%'27s, CS 5.625%-PERPs, HSBC 5%-PERPs and OLAMSP 4%'26s.
- 10Y UST Yields gained 2bps to 0.7%, after the Fed's dovish announcement of keeping rates near zero and it would keep its Treasury purchases at current levels.

### Credit Research

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### Credit Summary:

- [Julius Baer Group Ltd \("JBG"\)](#) | **Issuer Profile: Neutral (3)**: JBG announced yesterday it was close to settling a U.S. Department of Justice (DOJ) investigation into alleged money laundering and corruption involving officials and affiliates of FIFA which may result in a double-digit million US dollar fine. More interesting however was the announcement that the Board of Directors are planning to propose the distribution of the second part of the 2019 dividend at an extraordinary shareholder meeting on 2 November 2020. Recommending to pay the second instalment indicates the constructive results for 1H2020 with net profit to shareholders up 43% y/y to CHF491mn and perhaps more clarity of the future and the adequacy of its capital position. Management is choosing to publish 9M2020 results for FY2020 on 19 October as opposed to a 10M2020 trading update that is usually published.

## Asian Credit Daily

### Credit Headlines

#### Julius Baer Group Ltd (“JBG”) | Issuer Profile: Neutral (3)

- JBG announced yesterday it was close to settling a U.S. Department of Justice (DOJ) investigation into alleged money laundering and corruption involving officials and affiliates of FIFA which may result in a double-digit million US dollar fine.
- More interesting however was the announcement that the Board of Directors are planning to propose the distribution of the second part of the 2019 dividend at an extraordinary shareholder meeting on 2 November 2020. [In mid-April](#) at the height of the pandemic and following peers UBS Group AG (“UBS” | Issuer Profile: Neutral (3)) and Credit Suisse Group AG (“CS” | Issuer Profile: Neutral (4)), JBG announced that it will seek to pay its previously announced dividend of CHF 1.50 per share for 2019 in two equal phases following the Swiss Financial Market Supervisory Authority FINMA’s request in late March for Swiss banks to reconsider their dividend proposals.
- Recommending to pay the second instalment indicates the [constructive results for 1H2020](#) with net profit to shareholders up 43% y/y to CHF491mn and perhaps more clarity of the future and the adequacy of its capital position. As at 30 June 2020, its CET1 capital ratio was at 13.9%, up from 13.8% as at 30 April 2020 and marginally down from 14.0% as at 31 December 2019 while remaining well above the regulatory minimum requirement by CHF1.27bn due to a 30bps fall in the minimum requirement to 7.9% (previously 8.2%). The ratio includes the FY2020 accrued dividend and the planned second instalment of the FY2019 dividend.
- Management is choosing to publish 9M2020 results for FY2020 on 19 October as opposed to a 10M2020 trading update that is usually published. (Company, OCBC)

### Key Market Movements

	17-Sep	1W chg (bps)	1M chg (bps)		17-Sep	1W chg	1M chg
iTraxx Asiax IG	57	-3	-9	<b>Brent Crude Spot (\$/bbl)</b>	42.07	5.02%	-7.27%
iTraxx SovX APAC	32	-1	-5	<b>Gold Spot (\$/oz)</b>	1,955.66	0.49%	-1.49%
iTraxx Japan	59	-1	0	<b>CRB</b>	149.74	2.44%	-0.75%
iTraxx Australia	60	-2	-8	<b>GSCI</b>	351.99	3.21%	-1.46%
CDX NA IG	68	-1	1	<b>VIX</b>	26.04	-9.61%	21.97%
CDX NA HY	107	2	2	<b>CT10 (%)</b>	0.684%	0.66	-0.44
iTraxx Eur Main	54	-1	0				
iTraxx Eur XO	292	-23	-48	<b>AUD/USD</b>	0.727	0.22%	0.83%
iTraxx Eur Snr Fin	61	-3	-3	<b>EUR/USD</b>	1.178	-0.31%	-0.78%
iTraxx Eur Sub Fin	129	-4	-6	<b>USD/SGD</b>	1.360	0.71%	0.57%
iTraxx Sovx WE	13	0	-2	<b>AUD/SGD</b>	0.989	0.50%	-0.24%
<b>USD Swap Spread 10Y</b>	1	0	2	<b>ASX 200</b>	5,923	0.24%	-2.53%
<b>USD Swap Spread 30Y</b>	-37	0	5	<b>DJIA</b>	28,032	0.33%	0.67%
<b>US Libor-OIS Spread</b>	16	0	-2	<b>SPX</b>	3,385	-0.40%	0.10%
<b>Euro Libor-OIS Spread</b>	-1	0	0	<b>MSCI Asiax</b>	732	3.05%	1.63%
				<b>HSI</b>	24,726	1.05%	-2.45%
<b>China 5Y CDS</b>	36	-1	-4	<b>STI</b>	2,505	0.23%	-2.58%
<b>Malaysia 5Y CDS</b>	44	-2	-6	<b>KLCI</b>	1,531	0.79%	-2.13%
<b>Indonesia 5Y CDS</b>	91	-2	-14	<b>JCI</b>	5,058	-1.77%	-3.61%
<b>Thailand 5Y CDS</b>	37	-1	-3	<b>EU Stoxx 50</b>	3,339	0.42%	1.00%
<b>Australia 5Y CDS</b>	15	0	0				

Source: Bloomberg

## Asian Credit Daily

### New Issues

- Industrial and Commercial Bank of China Ltd. priced USD2.9bn in PerpNC5 Additional Tier 1 capital non-cumulative perpetual offshore preference shares at 3.58%, tightening from IPT of 3.95% area.
- Trafigura Funding SA (Guarantors: Trafigura Group Pte. Ltd. and Trafigura Trading LLC & Trafigura Pte Ltd) priced a USD400mn 5-year bond at 5.875%, tightening from IPT of 6.375% area.
- Scentre Group Trust 2 priced a USD1.5bn 60NC6 bond at 4.75%, tightening from IPT of 4.875% area and another 60NC10 bond at 5.125%, tightening from IPT of 5.25% area.
- Taiwan Semiconductor Manufacturing Company, Ltd. priced a USD1bn 40NC5 bond at 2.7%.
- Xianjin Industry Investment Company Limited (Guarantor: Hefei Industry Investment Holding (Group) Co., Ltd.) has arranged investor calls commencing 16 September 2020 for its proposed USD bond offering.

Date	Issuer	Size	Tenor	Pricing
16-Sep-20	Industrial and Commercial Bank of China Ltd.	USD2.9bn	PerpNC5	3.58%
16-Sep-20	Trafigura Funding SA (Guarantors: Trafigura Group Pte. Ltd. and Trafigura Trading LLC & Trafigura Pte Ltd)	USD400mn	5-year	5.875%
16-Sep-20	Scentre Group Trust 2	USD1.5bn USD1.5bn	60NC6 60NC10	4.75% 5.125%
16-Sep-20	Taiwan Semiconductor Manufacturing Company, Ltd.	USD1bn	40NC5	2.7%
15-Sep-20	Hyundai Capital America	USD1.1bn USD750mn USD650mn	3-year 5-year 7-year	T+112bps T+157bps T+192bps
15-Sep-20	Three Gorges Finance I Cayman Islands Ltd (Guarantor: China Three Gorges Corp)	USD500mn USD500mn	5-year 10-year	T+115bps T+150bps
15-Sep-20	Times China Holdings Ltd	USD350mn	5.5NC3	6.2%
15-Sep-20	Bangkok Bank PCL/Hong Kong	USD750mn	PerpNC5	5.0%
15-Sep-20	Henan Water Conservancy Investment Group Co., Ltd	USD500mn	5-year	2.80%
15-Sep-20	Tongyang Life Insurance Co., Ltd.	USD300mn	30NC5	5.25%
15-Sep-20	AVIC International Finance & Investment Ltd	USD300mn	10-year	T+283bps
14-Sep-20	The Export-Import Bank of Korea	USD400mn USD500mn	5-year 10-year	T+50bps T+65bps

Source: OCBC, Bloomberg

# Treasury Research & Strategy

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## Macro Research

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