

Market Commentary

- The SGD swap curve rose yesterday, with the 30-year tenor remaining unchanged while the other tenors traded 1-4bps higher.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 202bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 11bps to 769bps. The HY-IG Index Spread tightened 10bps to 567bps.
- Flows in SGD corporates were heavy, with flows in HSBC 4.7%-PERPs, SOCGEN 6.125%-PERPs, UBS 5.875%-PERPs, UOBSP 3.58%-PERPs, STANLN 5.375%-PERPs, DBSSP 3.98%-PERPs, MFCCN 3% '29s, FPLSP 3.95%-PERPs and FPLSP 4.98%-PERPs.
- 10Y UST Yields remained mostly unchanged at 0.71%, despite trade deal reassurances and upbeat economic data from the United States.

Credit Research

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Credit Summary:

- [Keppel Infrastructure Trust \("KIT"\)](#) | **Issuer Profile: Neutral (4)** and [Keppel Corp Ltd \("KEP"\)](#) | **Issuer Profile: Neutral (4)**: KIT and Keppel Energy Pte Ltd ("Keppel Energy", indirect wholly-owned subsidiary of KEP) announced that their Keppel Merlimau Cogen ("KMC") power plant, which is 51%-owned by KIT and 49%-owned by Keppel Energy has managed to obtain a seven year SGD700mn sustainability-linked loan for refinancing. KIT was facing SGD1.3bn of short term debt as at 31 March 2020, representing 60% of gross debt (including lease liabilities, excluding notes payable to non-controlling interests). With the successful refinancing of the KMC debt, this reduces short term refinancing risk at KIT. The loan is an amortising loan with 50% to be repaid between June 2023 to June 2026 and a 50% balloon due at maturity on 30 June 2027. This means that distributable cash flow that may be upstreamed by KMC to KIT would be lower although within our expectations of a Neutral (4) issuer profile, as such we maintain this.
- [Mapletree Industrial Trust \("MINT"\)](#) | **Issuer Profile: Neutral (3)**: Following yesterday's announcement on acquiring the remaining 60% stake in the 14 data centres in the US, MINT has raised SGD410.0mn (more than its initial target of at least SGD350mn). SGD302.6mn of the proceeds will be used to fund the acquisition and SGD100.9mn will be used to repay MINT's debt and fund general corporate and working capital purposes. While some funds will go towards repaying debt, we expect MINT's eventual aggregate leverage to be lower than 38.7% but still stay within the 38% handle.

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Credit Headlines

Keppel Infrastructure Trust (“KIT”) | Issuer Profile: Neutral (4) and Keppel Corp Ltd (“KEP”) | Issuer Profile: Neutral (4)

- KIT and Keppel Energy Pte Ltd (“Keppel Energy”, indirect wholly-owned subsidiary of KEP) announced that their Keppel Merlimau Cogen (“KMC”) power plant, which is 51%-owned by KIT and 49%-owned by Keppel Energy has managed to obtain a seven year SGD700mn sustainability-linked loan for refinancing.
- The sustainability-linked loan is linked to carbon emission targets for KMC, including benchmarking the plant’s carbon emissions intensity against national indices and demonstrating continuous improvement in the plant’s carbon emissions intensity. Interest rate on the facility will be subsequently reduced on a tiered basis if pre-set targets are met.
- KIT was facing SGD1.3bn of short term debt as at 31 March 2020, representing 60% of gross debt (including lease liabilities, excluding notes payable to non-controlling interests). With the successful refinancing of the KMC debt, this reduces short term refinancing risk at KIT.
- The loan is an amortising loan with 50% to be repaid between June 2023 to June 2026 and a 50% balloon due at maturity on 30 June 2027.
- Under the terms of the loan, the facility will be cancelled and all amounts will be payable and will need to be prepaid if (1) KEP ceases to own (directly or indirectly) the majority stake in the KIT trustee-manager (namely Keppel Infrastructure Fund Management Pte Ltd “KIFM”) and Keppel Energy does not acquire 51%-stake in KMC from KIT or if (2) KIFM ceases to be the trustee-manager of KIT at any time throughout the term of the loan facility and a majority-owned (direct or indirect) subsidiary of KEP is not appointed as the replacement trustee-manager and Keppel Energy does not acquire 51%-stake of KMC from KIT.
- The capacity tolling agreement at KMC, entered into with Keppel Electric Pte Ltd (an indirect wholly-owned subsidiary of KEP), is valid until 2030 (with an extension option to 2040), as such the new loan has an amortisation structure versus the balloon payment structure in the earlier loan that has come due.
- With an amortising loan, this means that distributable cash flow that may be upstreamed by KMC to KIT would be lower although within our expectations of a Neutral (4) issuer profile as such we maintain this. (Company, OCBC)

Mapletree Industrial Trust (“MINT”) | Issuer Profile: Neutral (3)

- Following [yesterday’s announcement on acquiring the remaining 60% stake in the 14 data centres in the US](#), MINT has raised SGD410.0mn (more than its initial target of at least SGD350mn). The private placement was 8.2x oversubscribed at the top end of the issue price range of SGD2.80 per new unit.
- SGD302.6mn of the proceeds will be used to fund the acquisition and SGD100.9mn will be used to repay MINT’s debt and fund general corporate and working capital purposes (including the costs to redevelop Kolam Ayer 2 Flatted Factory Cluster). Finally, the balance SGD6.5mn will be used to pay the fees and expenses incurred by MINT in connection with the private placement. While some funds will go towards repaying debt, we expect MINT’s eventual aggregate leverage to be lower than 38.7% but still stay within the 38% handle. (Company, OCBC)

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Key Market Movements

	24-Jun	1W chg (bps)	1M chg (bps)		24-Jun	1W chg	1M chg
iTraxx Asiax IG	84	0	-22	Brent Crude Spot (\$/bbl)	42.33	3.98%	20.50%
iTraxx SovX APAC	44	0	-14	Gold Spot (\$/oz)	1,769.10	2.44%	2.15%
iTraxx Japan	57	1	-21	CRB	138.59	1.70%	6.99%
iTraxx Australia	84	0	-23	GSCI	329.77	2.53%	10.69%
CDX NA IG	75	4	-13	VIX	31.37	-6.83%	11.40%
CDX NA HY	100	-1	5	CT10 (%)	0.720%	-1.79	6.10
iTraxx Eur Main	65	0	-15				
iTraxx Eur XO	378	6	-101	AUD/USD	0.695	0.93%	6.16%
iTraxx Eur Snr Fin	74	0	-20	EUR/USD	1.132	0.68%	3.87%
iTraxx Eur Sub Fin	158	0	-42	USD/SGD	1.388	0.42%	2.68%
iTraxx Sovx WE	19	0	-9	AUD/SGD	0.964	-0.51%	-3.28%
USD Swap Spread 10Y	-1	1	-1	ASX 200	5,961	-0.51%	8.44%
USD Swap Spread 30Y	-49	2	-4	DJIA	26,156	-0.51%	6.91%
US Libor-OIS Spread	23	-1	-9	SPX	3,131	0.21%	5.95%
Euro Libor-OIS Spread	8	-1	-11	MSCI Asiax	658	2.05%	11.91%
				HSI	24,889	1.67%	8.54%
China 5Y CDS	48	-1	-4	STI	2,634	-1.34%	5.36%
Malaysia 5Y CDS	70	1	-26	KLCI	1,504	-1.48%	4.67%
Indonesia 5Y CDS	126	5	-50	JCI	4,942	-0.93%	8.70%
Thailand 5Y CDS	42	-1	-11	EU Stoxx 50	3,299	1.73%	13.54%
Australia 5Y CDS	0	0	-2				

Source: Bloomberg

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New Issues

- Mega Wisdom Global Limited (Guarantor: Fortune Joy Ventures Limited and Sino-Ocean Capital Holding Limited) priced a USD300mn 364-day bond at 5.625%, tightening from IPT of 6.125% area.
- Ronshine China Holdings Limited priced a USD160mn re-tap of its RONXIN 7.35%'23s, tightening from IPT of 7.30% area.
- Agile Group Holdings Limited priced a USD500mn 4.5NC2.5 bond at 5.75%, tightening from IPT of 6.125% area.
- NWD Finance BVI Ltd (Guarantor: New World Development Co Ltd) priced a USD200mn re-tap of its NWDEVL 5.25% PerpNC6 at 5.25%.
- Jingrui Holdings Limited priced a USD40mn re-tap of its JINGRU 12%'22s at 12%.
- Swiss Re Finance (UK) Plc (Guarantor: Swiss Re Ltd.) has mandated banks for its proposed SGD bond offering.
- HPCL-Mittal Energy has arranged investor calls commencing 24 June 2020 for its proposed USD bond offering.

Date	Issuer	Size	Tenor	Pricing
23-Jun-20	Mega Wisdom Global Limited (Guarantor: Fortune Joy Ventures Limited and Sino-Ocean Capital Holding Limited)	USD300mn	364-day	5.625%
23-Jun-20	Ronshine China Holdings Limited	USD160mn	RONXIN 7.35%'23s	7.35%
23-Jun-20	Agile Group Holdings Limited	USD500mn	4.5NC2.5	5.75%
23-Jun-20	NWD Finance BVI Ltd (Guarantor: New World Development Co Ltd)	USD200mn	NWDEVL 5.25% PerpNC6	5.25%
23-Jun-20	Jingrui Holdings Limited	USD40mn	JINGRU 12%'22s	12.0%
22-Jun-20	Fortune Star (BVI) Limited (Guarantor: Fosun International Limited)	USD600mn	4NC3	6.85%
22-Jun-20	PT Perusahaan Listrik Negara (Persero)	USD500mn USD1bn	10-year 30-year	3.1% 4.1%
22-Jun-20	CLP Power Hong Kong Financing Limited (Guarantor: CLP Power Hong Kong Limited)	USD750mn USD250mn	10-year 15-year	T+160bps T+190bps
22-Jun-20	Minor International PCL (Guarantor: Bangkok Bank PCL)	USD300mn	PERPNC3	3.1%
22-Jun-20	China South City Holdings Ltd	USD125mn	CSCHCN 10.875%'22s	10.875%
19-Jun-20	Jingrui Holdings Limited	USD110mn	2.25-year	12.0%

Source: OCBC, Bloomberg

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