

Market Commentary

- The SGD swap curve flattened last Friday, with the shorter tenors trading 0-1bps higher while the belly and longer tenors traded 0-2bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 3bps to 176bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 66bps to 764bps. The HY-IG Index Spread widened 63bps to 588bps.
- Flows in SGD corporates were heavy, with flows in OCBCSP 3%-PERPs, STANLN 5.375%-PERPs, SOCGEN 6.125%-PERPs, UBS 4.85%-PERPs, HSBC 4.7%-PERPs, UOBSP 4%-PERPs and CS 5.625%-PERPs.
- 10Y UST Yields fell 1bps to 0.66% after the Commerce Department announced that US durable goods orders increased only 0.4%, well below estimates of 1.8% and the 11.7% jump in July. Separately, the S&P 500 was up by 1.6%.

Credit Research

Andrew Wong

+65 6530 4736

WongVKAM@ocbc.com

Ezien Hoo, CFA

+65 6722 2215

EzienHoo@ocbc.com

Wong Hong Wei, CFA

+65 6722 2533

WongHongWei@ocbc.com

Seow Zhi Qi, CFA

+65 6530 7348

zhqiseow@ocbc.com

Credit Summary:

- [Mapletree North Asia Commercial Trust \("MNACT"\)](#) | **Issuer Profile: Neutral (4):** MNACT, along with its Sponsor, Mapletree Investments Pte Ltd ("MAPL") is acquiring an office building called "The Pinnacle Gangnam" in Seoul. The agreed property value is KRW452bn (~SGD528.4mn), ~1.5% lower than the independent valuation of KRW458.8mn (~SGD536.4mn) as at 15 September 2020. MNACT is expected to fund the acquisition by debt and aggregate leverage is expected to increase to 41.4%.
- [Commerzbank AG \("CMZB"\)](#) | **Issuer Profile: Neutral (4):** CMZB has announced the appointment of Manfred Knof, as its new CEO to replace current CEO Martin Zielke who will remain in the post until 1 January 2021. Mr Knof is currently the head of German retail banking at Deutsche Bank AG, where he was tasked to restructure Deutsche Bank AG's domestic retail operations. His priority at CMZB will be the bank's significant restructuring, which could involve job cuts of around 10,000, reduction of CMZB's branch network, and a scale back of the bank's foreign operations.

Asian Credit Daily

Credit Headlines

Mapletree North Asia Commercial Trust (“MNACT”) | Issuer Profile: Neutral (4)

- MNACT, along with its Sponsor, Mapletree Investments Pte Ltd (“MAPL”) is acquiring an office building called “The Pinnacle Gangnam” in Seoul. The agreed property value is KRW452bn (~SGD528.4mn), ~1.5% lower than the independent valuation of KRW458.8mn (~SGD536.4mn) as at 15 September 2020. MNACT will hold a 50.0% interest in the property, while MAPL will hold 49.95% and an independent third-party investor will hold the balance 0.05% interest. MNACT’s total acquisition cost is KRW228.9bn (~SGD267.6mn)
- The property was completed in 2011 and comprises a 20 storey freehold office building with six underground floors. The property is located in Seoul’s Gangnam business district. ~97% of the property’s leases have fixed annual rental escalations of ~2% to 3%. Occupancy rate was 89.6% as at 31 July 2020, with a weighted average lease expiry of 2.8 years by monthly gross rental income.
- MNACT is expected to fund the acquisition by debt and aggregate leverage is expected to increase to 41.4%. The acquisition is expected to complete by 31 December 2020.
- MNACT’s investment mandate which currently includes HKSAR, Tier-1 cities and key Tier-2 cities in China, and Japan, will be expanded to include South Korea. (Bloomberg, OCBC)

Commerzbank AG (“CMZB”) | Issuer Profile: Neutral (4)

- CMZB has announced the appointment of Manfred Knof, as its new CEO to replace current CEO Martin Zielke who will remain in the post until 1 January 2021.
- Mr Knof is currently the head of German retail banking at Deutsche Bank AG, where he was tasked to restructure Deutsche Bank AG’s domestic retail operations. At CMZB, his task looks to be broader in scope and size as he will have to implement CMZB’s significant restructuring that could involve job cuts of around 10,000, reducing CMZB’s branch network (20% of branches or 200 out of 1,000 branches have already been permanently closed following their temporary closure due to COVID-19, 3 years ahead of initial plans to close this number by 2023) and scaling back CMZB’s foreign operations.
- Mr Knof’s recent role with Deutsche Bank AG could be a facilitator to future merger talks should CMZB’s restructuring face challenges and performance of Germany’s largest privately owned financial institutions continue to be under pressure. [As mentioned last week](#), a key theme to come out from the Bank of America Merrill Lynch Annual Financials CEO Conference is the drive for consolidation in banking, particularly Europe where banking industries are highly fragmented. Consolidation has started in Spain (CaixaBank SA and Bankia SA) and Italy (Intesa Sanpaolo SpA and Unione di Banche Italiane SpA) and been discussed or explored in Switzerland ([UBS and CS](#)) and Germany ([CMZB and Deutsche Bank AG](#) (Unrated by OCBC Credit Research)). (Bloomberg, OCBC)

Asian Credit Daily

Key Market Movements

	28-Sep	1W chg (bps)	1M chg (bps)		28-Sep	1W chg	1M chg
iTraxx Asiax IG	78	4	16	Brent Crude Spot (\$/bbl)	41.70	0.63%	-7.44%
iTraxx SovX APAC	37	3	3	Gold Spot (\$/oz)	1,860.78	-2.70%	-5.30%
iTraxx Japan	69	9	7	CRB	148.36	0.36%	-3.31%
iTraxx Australia	77	4	13	GSCI	348.23	-2.74%	-3.26%
CDX NA IG	59	7	-7	VIX	26.38	2.13%	14.90%
CDX NA HY	104	-2	-1	CT10 (%)	0.661%	-0.48	-6.01
iTraxx Eur Main	61	4	7				
iTraxx Eur XO	358	31	35	AUD/USD	0.704	-2.52%	-4.39%
iTraxx Eur Snr Fin	81	4	20	EUR/USD	1.163	-1.21%	-2.30%
iTraxx Eur Sub Fin	162	10	33	USD/SGD	1.377	-1.05%	-1.35%
iTraxx Sovx WE	12	-1	-1	AUD/SGD	0.969	1.51%	3.21%
USD Swap Spread 10Y	3	2	3	ASX 200	5,966	2.46%	-1.78%
USD Swap Spread 30Y	-33	3	5	DJIA	27,174	-1.75%	-5.16%
US Libor-OIS Spread	14	0	-3	SPX	3,298	-0.63%	-5.97%
Euro Libor-OIS Spread	-2	1	-2	MSCI Asiax	697	-3.06%	-5.24%
				HSI	23,235	-4.99%	-8.60%
China 5Y CDS	51	7	16	STI	2,472	-1.02%	-2.65%
Malaysia 5Y CDS	57	5	10	KLCI	1,509	0.17%	-1.05%
Indonesia 5Y CDS	119	11	22	JCI	4,946	-2.24%	-7.50%
Thailand 5Y CDS	48	4	9	EU Stoxx 50	3,137	-4.47%	-5.38%
Australia 5Y CDS	18	2	4				

Source: Bloomberg

Asian Credit Daily

New Issues

- Woori Card Co., Ltd priced a USD100mn 5-year bond at 3m-US LIBOR+100bps
- ZhongAn Online P&C Insurance Co., Ltd. priced a USD100mn re-tap of ZHONAN 3.5%'26s.

Date	Issuer	Size	Tenor	Pricing
25-Sep-20	Woori Card Co., Ltd.	USD100mn	5-year	3m-US LIBOR+100bps
25-Sep-20	ZhongAn Online P&C Insurance Co., Ltd.	USD100mn	ZHONAN 3.5%'26s	3.5%
24-Sep-20	Huarong Finance 2019 Co Ltd (Guarantor: China Huarong International Holdings Ltd)	USD250mn USD600mn USD350mn	PerpNC5 3-year 10-year	4.25% T+205bps T+300bps
24-Sep-20	Overseas-Chinese Banking Corporation Limited	SGD200mn	PerpNC10	3.0%
23-Sep-20	Perenti Finance Pty Ltd (Guarantor: Perenti Global Ltd)	USD450mn	5NC2	6.50%
23-Sep-20	CFLD Cayman Investment Ltd (Guarantor: China Fortune Land Development Co. Ltd)	USD330mn	2-year	8.75%
23-Sep-20	Kaisa Group Holdings Ltd	USD200mn	PerpNC3	10.875%
23-Sep-20	Powerlong Real Estate Holdings Ltd	USD150mn	PWRLNG 6.25%'24s	5.9%
23-Sep-20	Korea National Oil Corp	USD400mn USD300mn	5-year 10-year	T+70bps T+100bps
23-Sep-20	TSMC Global Ltd.	USD1bn USD750mn USD1.25bn	5-year 7-year 10-year	T+50bps T+60bps T+80bps
22-Sep-20	China Merchants Bank Co Ltd/Luxembourg Branch	USD300mn	3-year	T+95bps
22-Sep-20	China Merchants Bank Singapore Branch	USD400mn	3-year	3m-US LIBOR+85bps
22-Sep-20	Zhejiang Baron BVI Co Ltd (Guarantors: Hangzhou Jianggan District Urban Construction & Comprehensive Development Co Ltd)	USD200mn	3-year	2.8%
22-Sep-20	DianJian Haiyu Ltd. (Guarantor: Power Construction Corp. of China)	USD300mn	PerpNC5	3.45%
22-Sep-20	China Development Bank Financial Leasing Co Ltd	USD700mn	10NC5	T+275bps

Source: OCBC, Bloomberg

Treasury Research & Strategy

Macro Research

Selena Ling

Head of Research & Strategy

LingSSSelena@ocbc.com

Howie Lee

Thailand, Korea &

Commodities

HowieLee@ocbc.com

Tommy Xie Dongming

Head of Greater China

Research

XieD@ocbc.com

Carie Li

Hong Kong & Macau

carierli@ocbcwh.com

Wellian Wiranto

Malaysia & Indonesia

WellianWiranto@ocbc.com

Dick Yu

Hong Kong & Macau

dicksnyu@ocbcwh.com

Terence Wu

FX Strategist

TerenceWu@ocbc.com

Credit Research

Andrew Wong

Credit Research Analyst

WongVKAM@ocbc.com

Ezien Hoo

Credit Research Analyst

EzienHoo@ocbc.com

Wong Hong Wei

Credit Research Analyst

WongHongWei@ocbc.com

Seow Zhi Qi

Credit Research Analyst

ZhiQiSeow@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).