

### Market Commentary

- The SGD swap curve fell yesterday, with the shorter and belly tenors trading 1-3bps lower while the longer tenors traded 4bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 204bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 8bps to 778bps. The HY-IG Index Spread widened 6bps to 573bps.
- Flows in SGD corporates were heavy, with flows in SINTEC 4.1%-PERPs, CS5.625%-PERPs, HSBC 5%-PERPs, HSBC 4.7%-PERPs and PINGIN 2.25%'21s.
- 10Y UST Yields fell 2bps to 0.62% after data on Monday showed pending home sales spiked in May, which increased 44.3%, more than double the median estimate.

### Credit Research

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### Credit Summary:

- [Keppel Corporation Ltd \(“KEP”\)](#) | **Issuer Profile: Neutral (4)** and [Singapore Press Holdings \(“SPH”\)](#) | **Issuer Profile: Unrated:** Via indirect wholly-owned subsidiaries, KEP and SPH announced that they are entering into a joint venture to develop and operate data centre facilities at 82 Genting Lane, Singapore. KEP and SPH would hold a 60% and 40% respective stake in the joint venture. The maximum amount of funds contribution to the joint venture would be SGD209mn for KEP while this was ~SGD139.6mn for SPH.
- [Ascott Residence Trust \(“ART”\)](#) | **Issuer Profile: Neutral (4):** ART announced that the distribution rate for the perpetual priced in June 2015 (ie: the ARTSP 4.68%-PERP) has been reset to 3.07% from 30 June 2020 to (but excluding) the next reset date being 30 June 2025. ART had earlier announced that it would not be calling the perpetual at first call.
- [First Real Estate Investment Trust \(“FIRT”\)](#) | **Issuer Profile: Negative (6):** PT Tata Prima Indah, an indirect wholly-owned subsidiary of FIRT had earlier in October 2015 entered into a development works agreement with PT Saputra Karya (an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk) for the development of a proposed new hospital in Surabaya that was intended to replace the existing Siloam Hospitals Surabaya. Given that development works are no longer progressing, FIRT has today served a termination notice to terminate the development works agreement.
- [Singapore Airlines Ltd \(“SIA”\)](#) | **Issuer Profile: Neutral (5):** Virgin Australia Holdings Limited (“VAH”), SIA’s ~20%-owned associate has been under voluntary administration since 20 April 2020. The administrator announced that it has entered into a sale and implementation deed with Bain Capital, a private equity manager, which will result in the sale and recapitalisation of the business of VAH and its subsidiaries. The administration do not expect that there will be sufficient recoveries to repay VAH’s creditors in full.

**Asian Credit Daily****Credit Headlines****Keppel Corporation Ltd (“KEP”) | Issuer Profile: Neutral (4) and Singapore Press Holdings (“SPH”) | Issuer Profile: Unrated**

- Via indirect wholly-owned subsidiaries, KEP and SPH announced that they are entering into a joint venture to develop and operate data centre facilities at 82 Genting Lane, Singapore. The property, 82 Genting Lane is currently owned by another Singapore News and Publications Limited (another wholly-owned subsidiary of SPH), and this property would be redeveloped into a data centre.
- KEP and SPH would hold a 60% and 40% respective stake in the joint venture. The maximum amount of funds contribution to the joint venture would be SGD209mn for KEP while this was ~SGD139.6mn for SPH. (Company, OCBC)

**Ascott Residence Trust (“ART”) | Issuer Profile: Neutral (4)**

- ART announced that the distribution rate for the perpetual priced in June 2015 (ie: the ARTSP 4.68%-PERP) has been reset to 3.07% from 30 June 2020 to (but excluding) the next reset date being 30 June 2025. ART had earlier announced that it would not be calling the perpetual at first call.
- The perpetual is trading with an ask price of 97.5 (yield-in-perpetuity) of 3.48%. In our view, the limited downward move in ask price imply strong demand for yield in this environment of low rates. (Company, OCBC)

**First Real Estate Investment Trust (“FIRT”) | Issuer Profile: Negative (6)**

- PT Tata Prima Indah, an indirect wholly-owned subsidiary of FIRT had earlier in October 2015 entered into a development works agreement with PT Saputra Karya (an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk) for the development of a proposed new hospital in Surabaya that was intended to replace the existing Siloam Hospitals Surabaya.
- Given that [development works are no longer progressing](#), FIRT has today served a termination notice to terminate the development works agreement. FIRT has been in active discussions with stakeholders to reach a settlement on this matter. As at end-2019, FIRT has paid SGD27mn for the property. (Company, OCBC)

**Singapore Airlines Ltd (“SIA”) | Issuer Profile: Neutral (5)**

- Virgin Australia Holdings Limited (“VAH”), SIA’s ~20%-owned associate has been under voluntary administration since 20 April 2020. The administrator announced that it has entered into a sale and implementation deed with Bain Capital, a private equity manager, which will result in the sale and recapitalisation of the business of VAH and its subsidiaries. The administration do not expect that there will be sufficient recoveries to repay VAH’s creditors in full.
- In our view, this means that the likelihood for shareholders, including SIA for any recovery is very remote, though this development is not outside of expectations. Earlier in May 2020, SIA had confirmed that it has no requirement or obligation to provide capital to [Virgin Australia Holdings \(“VAH”\)](#).
- Given protracted discussions over the re-opening of international borders, we think recovery for international travel is likely going to be slow and we continue to expect SIA to rely on shareholder support. This is especially more so as compared to other major airlines, there have been no significant structural cuts to date on SIA’s cost base. (Company, OCBC)

## Asian Credit Daily

### Key Market Movements

	30-Jun	1W chg (bps)	1M chg (bps)		30-Jun	1W chg	1M chg
iTraxx Asiax IG	88	4	-13	Brent Crude Spot (\$/bbl)	41.71	-3.18%	18.06%
iTraxx SovX APAC	48	4	-6	Gold Spot (\$/oz)	1,772.03	0.20%	1.87%
iTraxx Japan	59	3	-9	CRB	137.04	-1.45%	3.62%
iTraxx Australia	90	5	-12	GSCI	324.51	-1.85%	5.68%
CDX NA IG	79	4	0	VIX	31.78	0.03%	15.52%
CDX NA HY	98	-2	-1	CT10 (%)	0.630%	-8.19	-2.27
iTraxx Eur Main	70	6	0				
iTraxx Eur XO	397	19	-15	AUD/USD	0.687	-0.84%	1.09%
iTraxx Eur Snr Fin	85	11	4	EUR/USD	1.125	-0.56%	0.98%
iTraxx Eur Sub Fin	176	18	2	USD/SGD	1.393	-0.15%	1.02%
iTraxx Sovx WE	19	0	-3	AUD/SGD	0.957	0.69%	-0.07%
USD Swap Spread 10Y	-2	0	-1	ASX 200	5,881	-1.24%	2.17%
USD Swap Spread 30Y	-50	-1	-1	DJIA	25,596	-1.65%	0.84%
US Libor-OIS Spread	25	2	-5	SPX	3,053	-2.07%	0.29%
Euro Libor-OIS Spread	7	0	-9	MSCI Asiax	646	-1.80%	7.37%
				HSI	24,301	-1.39%	5.84%
China 5Y CDS	52	4	-1	STI	2,574	-2.11%	2.52%
Malaysia 5Y CDS	76	6	-9	KLCI	1,494	-1.11%	1.44%
Indonesia 5Y CDS	136	10	-21	JCI	4,902	-0.35%	3.12%
Thailand 5Y CDS	45	3	-6	EU Stoxx 50	3,232	-0.30%	5.96%
Australia 5Y CDS	0	0	-2				

Source: Bloomberg

## Asian Credit Daily

### New Issues

- Times China Holdings Limited priced a USD300mn 5NC3 bond at 6.75%, tightening from IPT of 7% area.
- Golden Wheel Tiandi Holdings Company Limited priced a USD170mn 2.5NP1.5Y bond at 14.25%.
- Xingchang International Co. (Guarantor: Zhejiang Changxing Financial Holdings Group Co.) priced a USD160mn 3-year bond at 5.5%.
- AC Energy Finance International Ltd (Guarantor: AC Energy Inc) priced a USD60mn re-tap of its ACNRGY 4.75%'24s at 4.875%.
- National Group Corporation Pty Ltd has arranged investor calls commencing 30 June 2020 for its proposed USD bond offering.
- Zhejiang Changxing Financial Holdings Group Co. has mandated banks for a possible USD bond offering.

Date	Issuer	Size	Tenor	Pricing
29-Jun-20	Times China Holdings Limited	USD300mn	5NC3	6.75%
29-Jun-20	Golden Wheel Tiandi Holdings Company Limited	USD170mn	2.5NP1.5Y	14.25%
29-Jun-20	Xingchang International Co. (Guarantor: Zhejiang Changxing Financial Holdings Group Co.)	USD160mn	3-year	5.5%
29-Jun-20	AC Energy Finance International Ltd (Guarantor: AC Energy Inc)	USD60mn	ACNRGY 4.75%'24s	4.875%
25-Jun-20	Singapore Technologies Telemedia Pte Ltd	SGD375mn	PerpNC7	4.10%
24-Jun-20	China Aoyuan Group Limited	USD460mn	3.6NC2.6	6.35%
24-Jun-20	NagaCorp Limited (Guarantors: NagaCorp (HK) Limited, Nagaworld Limited, NagaCity Walk Limited, Naga 2 Land Limited and Naga 3 Company Limited)	USD350mn	4NC2	8.5%
24-Jun-20	New Oriental Education & Technology Group, Inc.	USD300mn	5-year	T+185bps
24-Jun-20	Swiss Re Finance (UK) PLC (Guarantor: Swiss Re Ltd.)	SGD350mn	15NC5	3.125%
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%

Source: OCBC, Bloomberg

# Treasury Research & Strategy

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