

Market Commentary

- The SGD swap curve fell yesterday, with all tenors trading 2-3bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS remained mostly unchanged at 200bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 7bps to 745bps. The HY-IG Index Spread tightened 7bps to 545bps.
- Flows in SGD corporates were heavy, with flows in SINTEC 4.1%-PERPs, CS 5.375%-PERPs, HSBC 5%-PERPs, HSBC 4.7%-PERPs, FPLSP 4.98%-PERPs, METRO 4.3%'24s and STANLN 5.375%-PERPs.
- 10Y UST Yields fell 4bps to 0.64% as the US struggled to balance worsening the COVID-19 situation with the need of economic reopening.

Credit Research

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Credit Summary:

- [ARA LOGOS Logistics Trust \(“ALOG”, formerly Cache Logistics Trust\)](#) | **Issuer Profile: Neutral (4):** Mr. Daniel Cerf, the current CEO of ALOG’s REIT manager will be retiring, with his last day of service on 14 August 2020. Ms. Karen Lee Kiah Ling who is most recently Head of Asset & Investment Management of LOGOS SE Asia Pte Ltd (“LOGOS SE”) will replace Mr. Cerf with effect from 15 August 2020. On 5 March 2020, ARA acquired an undisclosed majority stake in a real estate asset manager and the LOGOS Group (“LOGOS”), a logistics property developer and manager. As part of the acquisition, ARA completed the transfer of its full ownership in the ALOG REIT Manager and its ~10%-stake in ALOG to LOGOS. ARA continues to retain control of ALOG via LOGOS.
- **Industry Outlook – Financial Institutions;** [Commonwealth Bank of Australia \(“CBA”\)](#) | **Issuer Profile: Positive (2);** [National Australia Bank Ltd \(“NAB”\)](#) | **Issuer Profile: Positive (2);** [Westpac Banking Corp \(“Westpac”\)](#) | **Issuer Profile: Positive (2);** [Australia & New Zealand Banking Group Ltd \(“ANZ”\)](#) | **Issuer Profile: Positive (2):** The Australian Bankers Association (“ABA”) announced the planned implementation by Australian banks of the next phase of repayment support for borrowers as the end of the initial six month deferral period ends. The measures are to ensure a smooth transition to the next phase of support for the economy and avoid a credit ‘cliff’ when the first six month deferral period ends.

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Credit Headlines

ARA LOGOS Logistics Trust (“ALOG”, formerly Cache Logistics Trust) | Issuer Profile: Neutral (4)

- Mr. Daniel Cerf, the current CEO of ALOG’s REIT manager will be retiring, with his last day of service on 14 August 2020.
- Ms. Karen Lee Kiah Ling who is most recently Head of Asset & Investment Management of LOGOS SE Asia Pte Ltd (“LOGOS SE”) will replace Mr. Cerf with effect from 15 August 2020. Ms. Lee has been appointed as CEO-Designate and her appointment as CEO is subject to relevant approvals from authorities. At LOGOS SE, Ms. Lee was responsible for overseeing the asset management strategic planning for LOGOS’ South East Asia business and responsible for growing the Singapore portfolio of LOGOS.
- Prior to her current position, Ms. Lee was with Ascendas Funds Management(S) Limited, the REIT manager of Ascendas Real Estate Investment Trust.
- On 5 March 2020, ARA acquired an undisclosed majority stake in a real estate asset manager and the LOGOS Group (“LOGOS”), a logistics property developer and manager. As part of the acquisition, ARA completed the transfer of its full ownership in the ALOG REIT Manager and its ~10%-stake in ALOG to LOGOS. ARA continues to retain control of ALOG via LOGOS. We see this change as credit neutral for now though ALOG may be mobilized for capital recycling impacting ALOG’s future credit profile. (Company, OCBC)

Industry Outlook – Financial Institutions; Commonwealth Bank of Australia (“CBA”) | Issuer Profile: Positive (2); National Australia Bank Ltd (“NAB”) | Issuer Profile: Positive (2); Westpac Banking Corp (“Westpac”) | Issuer Profile: Positive (2); Australia & New Zealand Banking Group Ltd (“ANZ”) | Issuer Profile: Positive (2)

- The Australian Bankers Association (“ABA”) [announced the planned implementation](#) by Australian banks of the next phase of repayment support for borrowers as the end of the initial six month deferral period ends.
- The next phase appears more targeted and on a case by case basis aimed at customers with reduced incomes and ongoing financial difficulty who can apply for a restructure or variation of their loans or a 4 month extension to the current deferral period. Per the ABA, restructuring options including maturity extensions, interest only conversion, debt consolidation or a combination of these measures. At the same time, the ABA has encouraged those borrowers who can restart repayments to do so at the end of the six month deferral period.
- These measures are to ensure a smooth transition to the next phase of support for the economy and avoid a credit ‘cliff’ when the first six month deferral period ends.
- The next phase was developed together with the Australian Prudential Regulation Authority and Australian Securities and Investment Commission with an interim authorization from the Australian Competition and Consumer Commission. (ABA, Bloomberg, OCBC)

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Key Market Movements

	8-Jul	1W chg (bps)	1M chg (bps)		8-Jul	1W chg	1M chg
iTraxx Asiax IG	80	-2	-1	Brent Crude Spot (\$/bbl)	43.08	4.69%	1.84%
iTraxx SovX APAC	43	-3	2	Gold Spot (\$/oz)	1,796.45	1.49%	5.77%
iTraxx Japan	58	-1	1	CRB	141.56	3.30%	2.95%
iTraxx Australia	81	-3	-1	GSCI	335.18	3.29%	4.21%
CDX NA IG	74	-1	8	VIX	29.43	-7.39%	14.03%
CDX NA HY	100	0	-4	CT10 (%)	0.646%	-2.95	-22.89
iTraxx Eur Main	63	-2	1				
iTraxx Eur XO	365	-5	24	AUD/USD	0.694	0.39%	-1.13%
iTraxx Eur Snr Fin	72	-5	3	EUR/USD	1.128	0.22%	-0.16%
iTraxx Eur Sub Fin	152	-10	-3	USD/SGD	1.396	-0.14%	-0.56%
iTraxx Sovx WE	18	-1	-1	AUD/SGD	0.969	-0.53%	0.58%
USD Swap Spread 10Y	-3	-1	-1	ASX 200	6,004	1.17%	0.08%
USD Swap Spread 30Y	-49	-1	-2	DJIA	25,890	1.15%	-6.10%
US Libor-OIS Spread	20	-3	-3	SPX	3,145	3.02%	-2.69%
Euro Libor-OIS Spread	4	-2	-7	MSCI Asiax	688	5.66%	6.14%
				HSI	25,976	6.89%	4.84%
China 5Y CDS	45	-2	1	STI	2,661	2.76%	-4.85%
Malaysia 5Y CDS	65	-4	1	KLCI	1,567	4.38%	0.67%
Indonesia 5Y CDS	121	-4	11	JCI	4,987	1.67%	-1.65%
Thailand 5Y CDS	41	-2	2	EU Stoxx 50	3,322	2.71%	-1.33%

Source: Bloomberg

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New Issues

- TCL Technology Investments Limited priced a USD300mn 5-year bond at T+157.5bps, tightening from IPT of T+215bps area.
- Bocom Leasing Management Hong Kong Company Limited priced a USD350mn 3-year bond at T+165bps, tightening from IPT of T+200bps area and another USD450mn 5-year FRN at 3m-US LIBOR+170bps, tightening from IPT of 3m-US LIBOR+210bps area.
- Royal Capital BV (Guarantor: International Container Terminal Services Inc.) priced a USD300mn Perp-NC 2026 bond at 5.2%, tightening from IPT of 5.625% area.
- Metropolitan Bank & Trust Company priced a USD500mn 5.5-year bond at T+200bps, tightening from IPT of T5+235bps area.
- Greentown China Holdings Ltd. priced a USD300mn 5NC3Y bond at 5.65%, tightening from IPT of 6.20% area.
- ABC International Holdings Ltd. has mandated banks for possible USD bond offering.

Date	Issuer	Size	Tenor	Pricing
07-Jul-20	TCL Technology Investments Limited	USD300mn	5-year	T+157.5bps
07-Jul-20	Bocom Leasing Management Hong Kong Company Limited	USD350mn USD450mn	3-year 5-year	T+165bps 3m-US LIBOR+170bps
07-Jul-20	Royal Capital BV (Guarantor: International Container Terminal Services Inc.)	USD300mn	Perp-NC 2026	5.2%
07-Jul-20	Metropolitan Bank & Trust Company	USD500mn	5.5-year	T+200bps
07-Jul-20	Greentown China Holdings Ltd.	USD300mn	5NC3Y	5.65%
06-Jul-20	Shinhan Financial Group Co Ltd	USD500mn	5.5-year	T+105bps
06-Jul-20	BDO Unibank, Inc.	USD600mn	5.5-year	T+190bps
06-Jul-20	Shanghai Port Group (BVI) Development 2 Co., Limited (Guarantor: Shanghai International Port (Group) Co., Ltd.)	USD300mn USD700mn	5-year 10-year	T+125bps T+172.5bps
06-Jul-20	Shimao Group Holdings Limited	USD300mn	10NC5	4.6%
06-Jul-20	Modern Land (China) Co., Limited	USD250mn	2Y4M	12.375%
06-Jul-20	Sunac China Holdings Limited	USD600mn USD400mn	3NC2 5NC3	6.75% 7.3%

Source: OCBC, Bloomberg

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