

Market Commentary

- The SGD swap curve bear steepened yesterday, with the shorter and belly tenors trading 1-4bps higher while the longer tenors traded 4-5bps higher.
- Flows in SGD corporates were heavy, with flows in OLAMSP 4%'26s, STANLN 5.375%-PERPs, KREITS 4.98%-PERPs, SPHRSP 4.1%-PERPs and CS 5.625%-PERPs.
- As the US market was closed on Monday to observe Labour Day, 10Y USTs remained unchanged.

Credit Research

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Credit Summary:

- [Sembcorp Industries Ltd \("SCI"\)](#) | **Issuer Profile: Neutral (4)** and [Sembcorp Marine Ltd \("SMM"\)](#) | **Issuer Profile: Unrated:** SCI's ~61%-owned subsidiary SMM announced the results of its rights issue. Valid acceptances and excess applications were received for ~9.4mn rights shares, representing approximately 90.2% of the ~10.5mn rights shares available. This means that the rights shares was undersubscribed, with the unsubscribed portion taken up by a wholly-owned subsidiary of Temasek under the sub-underwriting agreement. We estimate that SMM's minority interest investors took up ~47% of their pro-rata share. Of the rights share, 7.5mn (or ~72%) comprise the portion that is taken up by SCI. Following the rights issue, the earlier SGD1.5bn of debt that was extended to SMM will be fully converted into equity.

Asian Credit Daily

Credit Headlines

Sembcorp Industries Ltd (“SCI”) | Issuer Profile: Neutral (4) and Sembcorp Marine Ltd (“SMM”) | Issuer Profile: Unrated

- SCI’s ~61%-owned subsidiary SMM announced the results of its rights issue. Valid acceptances and excess applications were received for ~9.4mn rights shares, representing approximately 90.2% of the ~10.5mn rights shares available. This means that the rights shares was undersubscribed, with the unsubscribed portion taken up by a wholly-owned subsidiary of Temasek under the sub-underwriting agreement (“Temasek”).
- We estimate that SMM’s minority interest investors took up ~47% of their pro-rata share.
- Of the rights share, 7.5mn (or ~72%) comprise the portion that is taken up by SCI. Following the rights issue, the earlier SGD1.5bn of debt that was extended to SMM will be fully converted into equity.
- The new money to SMM which improves its cash position is ~SGD600mn. There is no new money from SCI. As such, we infer that ~SGD392mn were from minority interest investors while ~SGD208mn was from Temasek.
- The rights issue is the first step in a two-step transaction that will see SMM eventually being spun out of SCI. (Company, OCBC)

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Key Market Movements

| | 8-Sep | 1W chg (bps) | 1M chg (bps) | | 8-Sep | 1W chg | 1M chg |
|-----------------------|-------|-----------------|-----------------|---------------------------|----------|--------|--------|
| iTraxx Asiax IG | 59 | 0 | -8 | Brent Crude Spot (\$/bbl) | 42.21 | -7.39% | -4.93% |
| iTraxx SovX APAC | 32 | 0 | -6 | Gold Spot (\$/oz) | 1,929.20 | -2.08% | -4.84% |
| iTraxx Japan | 60 | -1 | -2 | CRB | 149.69 | -2.30% | 1.93% |
| iTraxx Australia | 61 | -2 | -8 | GSCI | 347.11 | -3.57% | 0.57% |
| CDX NA IG | 67 | 5 | 1 | VIX | 30.75 | 33.93% | 38.45% |
| CDX NA HY | 106 | -1 | 1 | CT10 (%) | 0.713% | 4.42 | 14.91 |
| iTraxx Eur Main | 53 | 1 | -2 | | | | |
| | | | | | | | |
| iTraxx Eur XO | 323 | 12 | -23 | AUD/USD | 0.728 | -1.21% | 1.86% |
| iTraxx Eur Snr Fin | 60 | 1 | -5 | EUR/USD | 1.182 | -0.81% | 0.66% |
| iTraxx Eur Sub Fin | 125 | 0 | -11 | USD/SGD | 1.367 | -0.41% | 0.50% |
| iTraxx Sovx WE | 13 | 0 | -2 | AUD/SGD | 0.996 | 0.81% | -1.35% |
| | | | | | | | |
| USD Swap Spread 10Y | 1 | 0 | -1 | ASX 200 | 5,999 | 0.77% | -0.09% |
| USD Swap Spread 30Y | -38 | -1 | 0 | DJIA | 28,133 | -1.82% | 2.55% |
| US Libor-OIS Spread | 17 | -1 | -1 | SPX | 3,427 | -2.31% | 2.26% |
| Euro Libor-OIS Spread | -1 | 0 | 0 | MSCI Asiax | 718 | -2.31% | 0.93% |
| | | | | HSI | 24,590 | -2.33% | 0.24% |
| China 5Y CDS | 35 | 2 | -6 | STI | 2,511 | -0.84% | -1.35% |
| Malaysia 5Y CDS | 45 | 0 | -9 | KLCI | 1,516 | -0.58% | -3.91% |
| Indonesia 5Y CDS | 89 | -2 | -20 | JCI | 5,230 | -0.16% | 1.68% |
| Thailand 5Y CDS | 37 | 0 | -3 | EU Stoxx 50 | 3,314 | 1.27% | 1.89% |
| Australia 5Y CDS | 15 | 0 | -1 | | | | |

Source: Bloomberg

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New Issues

- Logos Holdco Pte. (Guarantor: Logos Property Group Ltd.) priced a SGD120mn 3-year bond at 6.0%, tightening from IPT of 6.25% area.
- RBC Investor Services Trust Singapore Ltd. (in its capacity as trustee of Keppel REIT) priced a SGD150mn PerpNC5 bond at 3.15%, tightening from IPT of 3.50% area.
- Contemporary Ruiding Development Ltd. (Guarantor: Contemporary Amperex Technology Co.) has arranged investor calls commencing 7 September 2020 for its proposed USD bond offering.
- The Republic of Korea has arranged investor calls commencing 7 September 2020 for a possible USD bond offering.

| Date | Issuer | Size | Tenor | Pricing |
|----------|---|----------------------|-------------------|----------------------------------|
| 7-Sep-20 | Logos Holdco Pte. (Guarantor: Logos Property Group Ltd.) | SGD120mn | 3-year | 6.0% |
| 7-Sep-20 | RBC Investor Services Trust Singapore Ltd. (in its capacity as trustee of Keppel REIT) | SGD150mn | PerpNC5 | 3.15% |
| 3-Sep-20 | Bank of Communications Co Ltd/Hong Kong | USD350mn USD800mn | 3-year 5-year | 3m-US LIBOR+80bps T+105bps |
| 3-Sep-20 | Panther Ventures Ltd. (Guarantor: CK Asset Holdings Ltd.) | USD300mn | PerpNC3 | 3.80% |
| 3-Sep-20 | FPC Resources Limited (Guarantor: First Pacific Company Limited) | USD350mn | 7NC4 | 4.375% |
| 3-Sep-20 | Zhenro Properties Group Ltd | USD350mn | 4.4NC2.4 | 7.4% |
| 2-Sep-20 | China Merchants Bank Co Ltd/Hong Kong | USD800mn | 5-year | T+105bps |
| 2-Sep-20 | Kaisa Group Holdings Ltd | USD400mn | KAISAG 11.25%'25s | 10.75% |
| 2-Sep-20 | China South City Holdings Ltd | USD250mn | 2Y7M | 12.35% |
| 2-Sep-20 | Eastern Creation II Investment Holdings Ltd. (Guarantor: Beijing Infrastructure Investment Co.) | USD650mn | 3-year | T+108bps |
| 2-Sep-20 | Oversea-Chinese Banking Corp Ltd | USD1bn | 10NC5 | T+158bps |
| 2-Sep-20 | BOSCI (BVI) Limited | USD300mn | 3-year | T+110bps |
| 1-Sep-20 | Industrial & Commercial Bank of China Ltd/Singapore | USD800mn USD1bn | 3-year 5-year | T+90bps T+100bps |

Source: OCBC, Bloomberg

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