

Market Commentary

- The SGD swap curve bull flattened, with the shorter tenors trading 1-2bps lower while the belly and longer tenors traded 2-4bps 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 5bps to 741bps. The HY-IG Index Spread tightened 5bps to 541bps.
- Flows in SGD corporates were heavy, with flows in SINTEC 4.1%-PERPs, HSBC 4.7%-PERPs, STANLN5.375%-PERPs, FPLSP 4.98%-PERPs, CAPLSP 3.65%-PERPs, HSBC 5%-PERPs and ARASP 5.2%-PERPs.
- 10Y UST Yields gained 2bps to 0.67% due to continuing demand for safe haven assets despite new economic stimulus to finance the recovery.

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

zhiqiseow@ocbc.com

Credit Summary:

- [Century Sunshine Group Holdings Ltd \(“CENSUN”\)](#) | **Issuer Profile: Unrated:** CENSUN has provided an update with regards to its filing of a winding up petition together with an application for the appointment of joint provisional liquidators (“JPL”) for debt restructuring purposes. CENSUN has added that the production and sales of its business have been negatively affected by COVID-19 since early 2020. Given the default, we have officially ceased coverage of CENSUN though will continue monitoring the situation on an unrated basis.
- [Commerzbank AG \(“CMZB”\)](#) | **Issuer Profile: Neutral (4):** CMZB’s search for a new CEO and Supervisory Board Chairman looks to be a prolonged affair with the search for a CEO to also include external candidates. It remains uncertain how a proposed restructuring of CMZB would take shape, although it is clear the current strategy needs revising.

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Credit Headlines

Century Sunshine Group Holdings Ltd (“CENSUN”) | Issuer Profile: Unrated

- CENSUN has provided an update with regards to its filing of a winding up petition together with an application for the appointment of joint provisional liquidators (“JPL”) for debt restructuring purposes.
- Per CENSUN, the JPL application is tentatively intended to be heard before the Grand Court of the Cayman Islands between 15 July 2020 to 17 July 2020.
- CENSUN has added that the production and sales of its business have been negatively affected by COVID-19 since early 2020 and based on the unaudited management accounts for CENSUN-consolidated for 1Q2020, reported revenue was HKD546mn. For FY2019, reported revenue was HKD4.3bn (on an equal basis HKD1.1bn per quarter).
- Given the default, we have officially ceased coverage of CENSUN though will continue monitoring the situation on an unrated basis. We [last held CENSUN’s issuer profile at Negative \(7\)](#). (Company, OCBC)

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

- CMZB’s search for a new CEO and Supervisory Board Chairman looks to be a prolonged affair with the search for a CEO to also include external candidates. As a result, the process will likely be in phases with the appointment of a Supervisory Board Chairman first and then a search for a CEO. Previously, CMZB were contemplating an internal CEO appointment which would be fast and could be done before the current chairman leaves in August.
- Current CEO Martin Zielke will stay on until the end of the year or a successor is appointed. It remains uncertain how a proposed restructuring of CMZB would take shape, although it is clear the current strategy needs revising. It has been reported that as part of a new strategy that Mr Zielke was planning to present last week at a supervisory board meeting, job cuts would be raised to 10,000 or a net reduction of 8,000-9,000 including new hires -- and a reduction in the branch network from 1,000 branches to around 200 and 200-300 self-service outlets. (Bloomberg, OCBC)

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Key Market Movements

	9-Jul	1W chg (bps)	1M chg (bps)		9-Jul	1W chg	1M chg
iTraxx Asiax IG	81	-1	-4	Brent Crude Spot (\$/bbl)	43.28	0.32%	5.10%
iTraxx SovX APAC	43	-2	0	Gold Spot (\$/oz)	1,808.69	1.88%	5.44%
iTraxx Japan	59	0	2	CRB	141.96	2.89%	2.53%
iTraxx Australia	82	-1	-2	GSCI	337.25	3.62%	3.96%
CDX NA IG	73	-1	1	VIX	28.08	-7.72%	1.85%
CDX NA HY	101	1	-1	CT10 (%)	0.658%	-1.15	-16.75
iTraxx Eur Main	62	-2	-3				
iTraxx Eur XO	364	-5	4	AUD/USD	0.699	0.97%	0.43%
iTraxx Eur Snr Fin	73	-3	-3	EUR/USD	1.134	0.93%	0.03%
iTraxx Eur Sub Fin	151	-6	-13	USD/SGD	1.391	0.30%	-0.09%
iTraxx Sovx WE	18	-1	-1	AUD/SGD	0.972	-0.67%	-0.46%
USD Swap Spread 10Y	-3	-1	-2	ASX 200	5,956	-1.28%	-3.08%
USD Swap Spread 30Y	-49	1	-2	DJIA	26,067	0.99%	-4.42%
US Libor-OIS Spread	20	-4	-4	SPX	3,170	2.25%	-1.16%
Euro Libor-OIS Spread	4	-1	-7	MSCI Asiax	700	4.99%	7.59%
				HSI	26,129	6.97%	4.28%
China 5Y CDS	45	-2	-3	STI	2,669	2.27%	-4.46%
Malaysia 5Y CDS	66	-2	-1	KLCI	1,584	4.56%	0.53%
Indonesia 5Y CDS	123	-1	7	JCI	5,076	3.29%	0.82%
Thailand 5Y CDS	41	-1	1	EU Stoxx 50	3,286	1.79%	-1.04%

Source: Bloomberg

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New Issues

- Kaisa Group Holdings Ltd. priced a USD400mn 3.2NC2.2 bond at 10%, tightening from IPT of 10.375% area and another USD300mn 4.75NC2.75 bond at 11.5%, tightening from IPT of 11.75% area respectively.
- Overseas Chinese Town (Asia) Holdings Limited (Guarantor: Overseas Chinese Town Enterprises Limited Company) priced a USD500mn Perp NC3 bond at 4.5%, tightening from IPT of 4.95% area.
- Yango Justice International Limited (Guarantor: Yango Group Co., Ltd.) priced a USD300mn 3.75NCNP2.25 bond at 7.85%, tightening from IPG of 8.35% area (yield-to-put).
- Inventive Global Investments Ltd. (Guarantor: ABC International Holdings Ltd.) priced a USD450mn 3-year bond at T+140bps, tightening from IPG of T+180bps area.
- Studio City Finance Limited priced a USD500mn 5NC2 bond at 6% and another USD500mn 7.5NC3 bond at 6.5%.
- PTT Public Company Limited has arranged investor calls commencing 8 July 2020 for its proposed USD bond offering.
- NongHyup Bank has arranged investor calls commencing 9 July 2020 for its proposed USD bond offering.
- Hangzhou Finance and Investment Group Co., Ltd. has mandated banks for possible USD bond offering.

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New Issues

Date	Issuer	Size	Tenor	Pricing
08-Jul-20	Kaisa Group Holdings Ltd.	USD400mn USD300mn	3.2NC2.2 4.75NC2.75	10% 11.5%
08-Jul-20	Overseas Chinese Town (Asia) Holdings Limited (Guarantor: Overseas Chinese Town Enterprises Limited Company)	USD500mn	Perp-NC3	4.5%
08-Jul-20	Yango Justice International Limited (Guarantor: Yango Group Co., Ltd.)	USD300mn	3.75NCNP2.25	7.85%
08-Jul-20	Inventive Global Investments Ltd. (Guarantor: ABC International Holdings Ltd.)	USD450mn	3-year	T+140bps
08-Jul-20	Studio City Finance Limited	USD500mn USD500mn	5NC2 7.5NC3	6% 6.5%
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

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

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