

Market Commentary

- The SGD swap curve bull flattened yesterday, with the shorter tenors trading 1-2bps lower while the belly and longer tenors traded 1-3bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS remained mostly unchanged at 166bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 6bps to 654bps. The HY-IG Index Spread widened 6bps to 487bps.
- Flows in SGD corporates were heavy, with flows in LOGOHC 6%'23s, HSBC 5%-PERPs, OLAMSP 4%'26s, STANLN 4.4%'26s, HSBC 4.7%-PERPs, STANLN 5.375%-PERPs, CMZB 4.875%'27s, WINGTA 4.35%-PERPs, CMZB 4.2%'28s, UBS 4.85%-PERPs and UOBSP 4%-PERPs.
- 10Y UST Yields fell 4bps to 0.68%, as the decline in the US stock market boosted demand for safe haven US treasuries before the sale of USD35bn 10-year notes on Wed.

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Credit Summary:

- [Lendlease Group \("LLC"\)](#) | **Issuer Profile: Neutral (3)**: LLC completed the disposal of its Engineering business to Acciona Infrastructure Asia Pacific, with LLC guiding that the sale price is consistent with what is announced before (which we estimate at AUD160mn).
- [Keppel Corporation Ltd \("KEP"\)](#) | **Issuer Profile: Neutral (4)**: KEP priced JPY8bn (~SGD103.2mn) of 5Y bonds at 0.88% p.a., payable semi-annually. The proceeds from the bonds will be used by the company for general corporate or working capital purposes including refinancing of existing loans.
- [Wing Tai Holdings Ltd \("WINGTA"\)](#) | **Issuer Profile: Neutral (4)**: WINGTA is looking to repurchase in total up to SGD85mn of notes. We think WINGTA is repurchasing because of excess cash (SGD605.5mn) which greatly exceeds its near-term liabilities (SGD208.7mn) as of 30 June 2020. Net gearing had fallen h/h to 5% as of FY2020 (1HFY2020: 10%). While the outbreak of COVID-19 is expected to impact buying sentiments, WINGTA's full year results look decent with revenue growth of 15% y/y to SGD371.0mn.

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Credit Headlines

Lendlease Group (“LLC”) | Issuer Profile: Neutral (3)

- LLC completed the disposal of its Engineering business to Acciona Infrastructure Asia Pacific, with [LLC guiding that the sale price is consistent with what was announced before \(which we estimate at AUD160mn\)](#).
- The sale is credit positive because the earnings of the Engineering segment have been volatile, which generated a pre-tax negative impact of AUD550mn. Aside from the disposal proceeds, the disposal should also free up working capital for the group. (Company, OCBC)

Keppel Corporation Ltd (“KEP”) | Issuer Profile: Neutral (4)

- KEP priced JPY8bn (~SGD103.2mn) of 5Y bonds at 0.88% p.a., payable semi-annually. The proceeds from the bonds will be used by the company for general corporate or working capital purposes including refinancing of existing loans. KEPSP faces a SGD500mn maturity on its KEPSP 3.1% ‘20s on 12 October 2020 and in our view this first time samurai bond issue by KEP may go towards partly funding the SGD bond due.
- In SGD-implied terms, this would be ~1.73%. In contrast, the KEPSP 2.459% ‘25s are currently trading at a YTM of 2.69%, implying significant cost savings for the company. (Company, OCBC)

Wing Tai Holdings Ltd (“WINGTA”) | Issuer Profile: Neutral (4)

- WINGTA is looking to repurchase in total up to SGD85mn of notes, for the following bonds:
 - WINGTA 4% ‘21s: Up to SGD30mn at 102.55 plus accrued
 - WINGTA 4.5% ‘22s: Up to SGD25mn at 103.85 plus accrued
 - WINGTA 4.25% ‘23s: Up to SGD15mn at 103.85 plus accrued
 - WINGTA 4.7% ‘24s: Up to SGD15mn at 106.00 plus accrued
- We think WINGTA is repurchasing because of excess cash (SGD605.5mn) which greatly exceeds its near-term liabilities (SGD208.7mn) as of 30 June 2020. Net gearing had fallen h/h to 5% as of FY2020 (1HFY2020: 10%).
- While the outbreak of COVID-19 is expected to impact buying sentiments, WINGTA’s full year results look decent with revenue growth of 15% y/y to SGD371.0mn. This is due to higher contribution from development properties from additional units sold in Le Nouvel Ardmore (7 units sold worth SGD117.7mn) and progressive sales recognised from The M at Middle Road, which also sold decently (374 units sold in 1H2020 worth SGD512.2mn). Post circuit breaker, WINGTA continues to record sales at The M (16 units worth SGD23.4mn).
- Property development has propelled ahead to become the largest contributor for reported EBIT (+613% y/y to SGD100.3mn) though retail has taken a backseat (-82.8% y/y to SGD6.9mn) as stores such as UNIQLO were not open during the circuit breaker. Although investment properties used to be a source of stability to earnings, reported EBIT fell to negative SGD10.7mn (FY2019: +SGD53.0mn), impacted by SGD15.4mn fair value loss on investment properties.
- We continue to hold WINGTA at a Neutral (4) Issuer Profile. (Company, OCBC)

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Key Market Movements

	9-Sep	1W chg (bps)	1M chg (bps)		9-Sep	1W chg	1M chg
iTraxx Asiax IG	60	2	-7	Brent Crude Spot (\$/bbl)	39.66	-10.74%	-10.68%
iTraxx SovX APAC	32	1	-6	Gold Spot (\$/oz)	1,930.65	-0.63%	-4.77%
iTraxx Japan	60	1	-2	CRB	146.00	-4.79%	-0.58%
iTraxx Australia	62	2	-7	GSCI	335.58	-6.32%	-2.78%
CDX NA IG	69	7	3	VIX	31.46	19.12%	41.65%
CDX NA HY	105	-2	0	CT10 (%)	0.664%	1.64	10.01
iTraxx Eur Main	54	4	-1				
iTraxx Eur XO	329	23	-18	AUD/USD	0.722	-1.65%	0.94%
iTraxx Eur Snr Fin	63	6	-1	EUR/USD	1.177	-0.69%	0.30%
iTraxx Eur Sub Fin	132	11	-5	USD/SGD	1.371	-0.61%	0.23%
iTraxx Sovx WE	13	0	-1	AUD/SGD	0.989	1.06%	-0.73%
USD Swap Spread 10Y	0	-1	-1	ASX 200	5,881	-3.00%	-2.06%
USD Swap Spread 30Y	-38	-2	0	DJIA	27,501	-3.27%	0.25%
US Libor-OIS Spread	16	-2	-2	SPX	3,332	-4.81%	-0.58%
Euro Libor-OIS Spread	-1	0	0	MSCI Asiax	715	-2.85%	0.47%
				HSI	24,624	-2.23%	0.38%
China 5Y CDS	37	4	-4	STI	2,505	-1.33%	-1.60%
Malaysia 5Y CDS	46	3	-7	KLCI	1,519	-0.14%	-3.73%
Indonesia 5Y CDS	90	4	-19	JCI	5,244	-1.25%	1.95%
Thailand 5Y CDS	37	1	-3	EU Stoxx 50	3,267	-0.31%	0.45%
Australia 5Y CDS	15	1	-1				

Source: Bloomberg

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New Issues

- United Overseas Bank Ltd priced a USD600mn 10.5NC5.5 Tier 2 at T+152bps, tightening from IPT of T+195bps area.
- BOC Aviation Ltd priced a USD750mn 10-year bond at T+197.5bps, tightening from IPT of T+240bps area.
- Housing & Development Board priced a SGD800mn 5-year bond at 0.69%.
- Transurban Group, Linyi City Construction Investment Group Co., Ltd., Nissan Motor Co., Ltd. and ENN Energy Holdings Ltd. have arranged investor calls commencing 8 September 2020 for their proposed USD bond offerings respectively.

Date	Issuer	Size	Tenor	Pricing
8-Sep-20	United Overseas Bank Ltd	USD600mn	10.5NC5.5	T+152bps
8-Sep-20	BOC Aviation Ltd	USD750mn	10-year	T+197.5bps
8-Sep-20	Housing & Development Board	SGD800mn	5-year	0.69%
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

Source: OCBC, Bloomberg

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