

Market Commentary

- The SGD swap curve fell yesterday, with the shorter and belly tenors trading 1-2bps lower while the longer tenors traded 2-3bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS remained mostly unchanged at 169bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS remained mostly unchanged at 678bps. The HY-IG Index Spread remained mostly unchanged at 509bps.
- Flows in SGD corporates were heavy, with flows in HSBC 5%-PERPs, NTUCSP 3.1%'50s, OLAMSP 4%'26s, WINGTA 4.35%-PERPs, CATHAY 3.375%'23s, SIASP 3.13%'27s, GSHSP 5.2%'22s and STANLN 5.375%-PERPs.
- 10Y UST Yields gained 1bps to 0.67%, as markets awaited FOMC meeting on Wed and further Treasury debt issuance this week.

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:

- [Lippo Malls Indonesia Retail Trust \("LMRT"\)](#) | **Issuer Profile: Negative (6):** Jakarta has reimposed social restrictions for two weeks (14 Sep to 27 Sep) following rising COVID-19 cases. LMRT has 7 retail malls located within Indonesia, which will remain operational with an unchanged visitor capacity limit of 50%. Lippo Mall Puri (which LMRT is looking to acquire) is also operational. However, we expect visitors to the malls to plunge (at the heights in April, visitors to the malls fell to ~10% from Jan 2020 levels). Meanwhile, LMRT has 14 retail malls outside Jakarta not affected by this restriction.
- [Credit Suisse Group AG \("CS"\)](#) | **Issuer Profile: Neutral (4);** [UBS Group AG \("UBS"\)](#) | **Issuer Profile: Neutral (3):** Yesterday it was reported that the chairmen of UBS and CS had engaged in discussions on a merger with an agreement as early as next year. Subsequent reports indicate though that the concept of a merger was a component of a feasibility study by UBS as part of a regular thought-exercise on future strategic options but was yet to be discussed at board level or in formal discussions between UBS and CS.
- [Singapore Post Limited \("SPOST"\)](#) | **Issuer Profile: Neutral (3):** SPOST is adjusting its pricing structure and rates for package and parcel deliveries with effect from 15 October 2020. Pricing will be largely simplified to flat rates. For domestic delivery, the new pricing rates seems to be lower for most customers. And we think the cost of international delivery for customers is higher under the new pricing structure.

Asian Credit Daily

Credit Headlines

Lippo Malls Indonesia Retail Trust ("LMRT") | Issuer Profile: Negative (6)

- Jakarta has reimposed social restrictions for two weeks (14 Sep to 27 Sep) following rising COVID-19 cases.
- LMRT has 7 retail malls located within Indonesia, which will remain operational with an unchanged visitor capacity limit of 50%. Lippo Mall Puri (which LMRT is looking to acquire) is also operational. However, we expect visitors to the malls to plunge (at the heights in April, visitors to the malls fell to ~10% from Jan 2020 levels).
- Meanwhile, LMRT has 14 retail malls outside Jakarta not affected by this restriction.
- We continue to monitor developments at LMRT. (Company, OCBC)

Credit Suisse Group AG ("CS") | Issuer Profile: Neutral (4); UBS Group AG ("UBS") | Issuer Profile: Neutral (3)

- Yesterday it was reported that the chairmen of UBS and CS had engaged in discussions on a merger with an agreement as early as next year. Subsequent reports indicate though that the concept of a merger was a component of a feasibility study by UBS as part of a regular thought-exercise on future strategic options but was yet to be discussed at board level or in formal discussions between UBS and CS.
- While there would be synergies to such a combination and complimentary businesses, there would also be regulatory hurdles that ultimately could be a stumbling block to any deal. We will monitor any developments. (Bloomberg, OCBC)

Asian Credit Daily

Credit Headlines

Singapore Post Limited ("SPOST") | Issuer Profile: Neutral (3)

- SPOST is adjusting its pricing structure and rates for package and parcel deliveries with effect from 15 October 2020. Pricing will be largely simplified to flat rates.
- Domestic package delivery (i.e. letterbox)
 - Not tracked packages
 - Packages will cost a flat rate of SGD1.50 for up to 2kg with dimensions up to 32.4cm by 22.9cm by 6.5cm vs the previous pricing range of SGD0.90 to SGD3.50.
 - Poly M (i.e. plastic mailers) will cost a flat SGD2.00 for up to 2kg, regardless of size vs the previous pricing range of SGD2.00 to SGD2.90 for up to 1kg.
 - Tracked packages
 - Packages will cost a flat rate of SGD3.00 for up to 2kg with dimensions up to 32.4cm by 22.9cm by 6.5cm vs the previous pricing of SGD3.20 to SGD4.80.
 - SmartPac has two types – plastic mailers and box. The plastic mailers will cost a flat SGD3.20 for up to 2kg (vs previous SGD3.20 to SGD3.80) while the box will cost a flat SGD3.80 for up to 2kg (vs previous SGD4.70).
 - SPOST will deliver these packages within two working days, down from the previous service standard of three working days. Given the cap of 2kg, we think any deliveries beyond 2kg would fall into doorstep delivery (i.e. parcel).
- Domestic parcel delivery (i.e. doorstep)
 - Next-day doorstep delivery will cost a flat SGD6.00 with a maximum weight limit of 30kg with dimensions up to 60cm by 40cm by 30cm. Previously, this would cost between SGD6.00 to SGD16.00.
 - Two-hour doorstep delivery will cost between SGD15 and SGD25, same as before.
- International package delivery
 - The price structure will be revised to four weight tiers – 250g, 500g, 1kg and 2kg.
 - There are also two options – basic or registered (i.e. no tracking or tracked). The registered (i.e. tracked) option would cost more.
- International parcel delivery
 - All international destinations will also be reorganised into four zones (down from five)
 - Pricing will also be revised to four weight tiers – 2kg, 5kg, 10kg and 20kg. 20kg is the maximum acceptable weight per parcel.
 - There are also three services options (down from four) based on delivery speed. The options are 'express', 'fast' and 'normal by sea'. Free collection service will be made available for all.
 - SPOST will also be adding a new rate for delivery of paper documents of up to 1kg.
- For domestic delivery, the new pricing rates seem to be lower for most customers. We think the flat pricing structure is especially beneficial for customers mailing packages and parcels at or close to the weight limit.
- For international delivery, the first weight tier previously is 100g while the lowest tier post the change is 250g. Broadly, we think it would be more costly for customers to mail items significantly below 250g. Overall, we think the cost of international delivery for customers is higher under the new pricing structure. (Company, OCBC)

Key Market Movements

	15-Sep	1W chg (bps)	1M chg (bps)		15-Sep	1W chg	1M chg
iTraxx Asiax IG	60	-1	-7	Brent Crude Spot (\$/bbl)	39.61	-0.43%	-11.58%
iTraxx SovX APAC	32	0	-5	Gold Spot (\$/oz)	1,958.35	1.36%	-1.36%
iTraxx Japan	61	0	1	CRB	146.50	0.34%	-1.82%
iTraxx Australia	63	0	-8	GSCI	342.49	-1.33%	-2.75%
CDX NA IG	70	2	1	VIX	25.85	-15.93%	17.23%
CDX NA HY	106	1	2	CT10 (%)	0.671%	-0.81	-3.87
iTraxx Eur Main	56	2	0				
iTraxx Eur XO	328	-5	-26	AUD/USD	0.730	1.12%	1.12%
iTraxx Eur Snr Fin	66	5	0	EUR/USD	1.187	0.80%	0.02%
iTraxx Eur Sub Fin	136	7	-1	USD/SGD	1.363	0.56%	0.35%
iTraxx Sovx WE	13	0	-1	AUD/SGD	0.994	-0.54%	-0.75%
USD Swap Spread 10Y	0	0	1	ASX 200	5,897	-1.84%	-3.74%
USD Swap Spread 30Y	-36	2	5	DJIA	27,993	-0.50%	0.22%
US Libor-OIS Spread	17	0	-2	SPX	3,384	-1.27%	0.32%
Euro Libor-OIS Spread	-1	0	0	MSCI Asiax	723	1.18%	1.32%
				HSI	24,622	-0.01%	-2.23%
China 5Y CDS	37	1	-4	STI	2,498	-0.26%	-3.22%
Malaysia 5Y CDS	46	0	-7	KLCI	1,510	-0.61%	-3.49%
Indonesia 5Y CDS	93	3	-14	JCI	5,162	-1.31%	-1.64%
Thailand 5Y CDS	38	0	-3	EU Stoxx 50	3,317	0.08%	0.36%
Australia 5Y CDS	15	0	0				

Source: Bloomberg

Asian Credit Daily

New Issues

- The Export-Import Bank of Korea priced a USD400mn 5-year bond at T+50bps, tightening from IPT of T+95bps area and another USD500mn 10-year bond at T+65bps, tightening from IPT of T+105bps area.
- CNAC HK Finbridge Co Ltd (Guarantor: China National Chemical Corp Ltd) priced a USD600mn PerpNC3 at 3.35%, tightening from IPT of 3.7% area.
- CNAC HK Finbridge Co Ltd priced a USD600mn 5-year bond at T+185bps, tightening from IPT of T+235bps area, a USD1bn 10-year bond at T+235bps, tightening from IPT of T+275bps area and another USD200mn 30-year bond at 3.7%, tightening from IPT of 4.15% area respectively.
- Wanda Group Overseas Ltd (Guarantor: Dalian Wanda Group Co Ltd) priced a USD200mn 2.5-year bond at 9%, tightening from IPT of 9.25% area.
- Bank of China Ltd/Paris priced a USD500mn 3-year bond at T+90bps, tightening from IPT of T+90-93bps.
- Korea Development Bank priced a USD200mn 1.5-year bond at O/N SOFR+55bps.
- Logan Group Co Ltd priced a USD100mn 4NC3 bond at 4.25%.
- CapitaLand Treasury Ltd. (Guarantor: CapitaLand Ltd.) priced a SGD800mn 12-year bond at 2.9%, tightening from IPT of 3.125% area.
- Marubeni Corp. has arranged investor calls commencing 14 September for its proposed USD bond offering.
- AVIC International Finance & Investment Limited (Guarantor: AVIC International Holding Corporation) has arranged investor calls commencing 14 September for its proposed USD bond offering.
- Henan Water Conservancy Investment Group Co. has arranged investor calls commencing 14 September for its proposed USD bond offering.
- China Three Gorges Corporation has arranged investor calls commencing 14 September for its proposed USD bond offering.
- Industrial and Commercial Bank of China Ltd. has arranged investor calls commencing 14 September for its proposed USD AT1 Perp.

Asian Credit Daily

New Issues

Date	Issuer	Size	Tenor	Pricing
14-Sep-20	The Export-Import Bank of Korea	USD400mn USD500mn	5-year 10-year	T+50bps T+65bps
14-Sep-20	CNAC HK Finbridge Co Ltd (Guarantor: China National Chemical Corp Ltd)	USD600mn	PerpNC3	3.35%
14-Sep-20	CNAC HK Finbridge Co Ltd	USD600mn USD1bn USD200mn	5-year 10-year 30-year	T+185bps T+235bps 3.7%
14-Sep-20	Wanda Group Overseas Ltd (Guarantor: Dalian Wanda Group Co Ltd)	USD200mn	2.5-year	9%
14-Sep-20	Bank of China Ltd/Paris	USD500mn	3-year	T+90bps
14-Sep-20	Korea Development Bank	USD200mn	1.5-year	O/N SOFR+55bps
14-Sep-20	Logan Group Co Ltd	USD100mn	4NC3	4.25%
14-Sep-20	CapitaLand Treasury Ltd. (Guarantor: CapitaLand Ltd.) priced a SGD800mn 12-	SGD800mn	12-year	2.9%
10-Sep-20	Guangzhou Metro Investment Finance BVI Ltd (Guarantor: Guangzhou Metro Investment Finance HK Ltd)	USD500mn USD330mn	5-year 10-year	T+122.5bps T+160bps
10-Sep-20	Xinyuan Real Estate Co Ltd	USD300mn	3NP2	14.5%
10-Sep-20	Filinvest Development Cayman Islands (Guarantor: Filinvest Development Corp.)	USD200mn	5-year	4.25%
10-Sep-20	ENN Energy Holdings Ltd	USD750mn	10-year	T+200bps
10-Sep-20	Contemporary Ruiding Development Limited (Guarantor : Contemporary Ampere Technology Co., Limited)	USD1bn USD500mn	5-year 10-year	T+165bps T+200bps
10-Sep-20	HSBC Institutional Trust Services (Singapore) Ltd. (in its capacity as trustee of Ascendas Real Estate Investment Trust)	SGD300mn	PerpNC5	3.0%
9-Sep-20	The Republic of Korea	USD625mn	10-year	T+50bps
9-Sep-20	AIA Group Ltd	USD1.75b	20-year	T+175bps

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

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).