

Market Commentary

- The SGD swap curve bear steepened yesterday, with the shorter and belly tenors trading 1-3bps higher while the longer tenors traded 4-6bps higher.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS remained mostly unchanged at 154bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 679bps. The HY-IG Index Spread tightened 2bps to 525bps.
- There were minimal flows in SGD corporates.
- 10Y UST Yields fell 3bps to 0.91%, after news reported that Pfizer could only ship half of the COVID-19 vaccines planned for 2020 due to supply chain issues.

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Credit Summary:

- [Keppel Infrastructure Trust \("KIT"\)](#) | **Issuer Profile: Neutral (4):** Basslink Pty Ltd ("Basslink"), announced that the project financing for the Basslink Interconnector has been extended by six months. Basslink Interconnector is a high voltage, direct current monopole electricity interconnector between the electricity grids of the States of Victoria and Tasmania in Australia which has been affected by outages and gone into technical default on the project financing in November 2018. In conjunction with the ongoing arbitration between Basslink and the State of Tasmania, it was announced yesterday that the arbitrator has awarded the State of Tasmania AUD38.5m (~SGD38.1mn) against Basslink. In a statement issued by Basslink, Basslink's Chief Executive Officer stated that the company will need some time to review the decisions and consider the implications. In the meantime, Basslink continues to operate efficiently and reliably, connecting Tasmania to the national electricity market. While KIT owns Basslink, there is no contractual recourse to KIT for the project financing and KIT does not rely on distributable cash flow from Basslink for payments to capital providers at the holding company level.
- [Industry Outlook - Singapore Property](#): The Government Land Sales Programme has been announced for 1H2021. This includes 1605 private residential units (including 590 ECs) under the confirmed list and 5440 private residential units (including 700 ECs) under the reserve list. This is a material increase from 2H2020's confirmed list of 1370 private residential units (including 615 ECs) and reserve list of 5300 private residential units (including 590 ECs).

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Credit Headlines

Keppel Infrastructure Trust ("KIT") | Issuer Profile: Neutral (4)

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- In conjunction with the ongoing arbitration between Basslink and the State of Tasmania, it was announced yesterday that the arbitrator has awarded the State of Tasmania AUD38.5m (~SGD38.1mn) against Basslink.
- The arbitrator has (1) Determined that Basslink was liable to indemnify the State of Tasmania and has declared that the cable failure in 2015 was not a force majeure event (2) Declared that Basslink's claim for unpaid fees of AUD31mn (~SGD30.8mn) against Hydro Tasmania (the state-owned electricity company which is the customer of Basslink) in relation to the period under the outage is not recoverable and (3) Declared that Basslink was in breach of the Basslink Services Agreement.
- In a statement issued by Basslink, Basslink's Chief Executive Officer stated that the company will need some time to review the decisions and consider the implications. In the meantime, Basslink continues to operate efficiently and reliably, connecting Tasmania to the national electricity market.
- While KIT owns Basslink, there is no contractual recourse to KIT for the project financing and KIT does not rely on distributable cash flow from Basslink for payments to capital providers at the holding company level. Based on our interpretation, the arbitration also does not legally implicate KIT but rather at the Basslink level only. KIT deemed that provision for disputed claims with the State of Tasmania was not required in its 2019 annual report.
- It remains to be seen if the arbitration amounts will be borne at the KIT level given the non-recourse nature of this asset. However, in the worse-case scenario of assumption of arbitration payment by KIT, KIT's cash balance will fall to ~SGD494mn (30 September 2020: SGD532mn), and somewhat increasing net debt levels by 2.2%. (Company, OCBC)

Industry Outlook - Singapore Property

- The Government Land Sales ("GLS") Programme has been announced for 1H2021. This includes 1605 private residential units (including 590 ECs) under the confirmed list and 5440 private residential units (including 700 ECs) under the reserve list. This is a material increase from 2H2020's confirmed list of 1370 private residential units (including 615 ECs) and reserve list of 5300 private residential units (including 590 ECs).
- We note that 2H2020's supply was lower due to the economic contraction and uncertain business outlook, though 1H2021's numbers remain somewhat low compared to historical levels (~2000 units) due to continued uncertainties in economic and labour market conditions. In addition, the government has not introduced new sites for commercial or hotel use for 1H2021. (URA, OCBC)

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Key Market Movements

	4-Dec	1W chg (bps)	1M chg (bps)		4-Dec	1W chg	1M chg
iTraxx Asiax IG	57	-3	-10	Brent Crude Spot (\$/bbl)	48.71	1.90%	22.66%
iTraxx SovX APAC	26	-1	-6	Gold Spot (\$/oz)	1,840.47	2.95%	-3.28%
iTraxx Japan	54	-3	-13	CRB	159.31	-0.67%	6.99%
iTraxx Australia	57	-2	-10	GSCI	386.68	-0.23%	8.99%
CDX NA IG	50	-2	-8	VIX	21.28	0.14%	-28.04%
CDX NA HY	109	0	4	CT10 (%)	0.908%	7.06	14.50
iTraxx Eur Main	46	-3	-12				
iTraxx Eur XO	243	-22	-96	AUD/USD	0.744	0.70%	3.58%
iTraxx Eur Snr Fin	57	-3	-19	EUR/USD	1.215	1.53%	3.58%
iTraxx Eur Sub Fin	107	-5	-37	USD/SGD	1.334	0.34%	1.84%
iTraxx Sovx WE	9	0	-2	AUD/SGD	0.992	-0.35%	-1.78%
USD Swap Spread 10Y	-1	-1	-3	ASX 200	6,632	0.47%	9.40%
USD Swap Spread 30Y	-31	1	2	DJIA	29,970	0.32%	7.62%
US Libor-OIS Spread	15	0	0	SPX	3,667	1.02%	6.48%
Euro Libor-OIS Spread	-4	1	-1	MSCI Asiax	809	0.11%	8.93%
				HSI	26,729	-0.34%	7.40%
China 5Y CDS	28	-2	-10	STI	2,822	-1.23%	12.18%
Malaysia 5Y CDS	34	-2	-11	KLCI	1,628	1.00%	11.17%
Indonesia 5Y CDS	68	-4	-25	JCI	5,823	1.09%	14.06%
Thailand 5Y CDS	35	-1	-11	EU Stoxx 50	3,517	0.18%	11.26%
Australia 5Y CDS	14	0	-1				

Source: Bloomberg

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New Issues

- E-House China Enterprise Holdings Ltd priced a USD200mn 2.5-year bond at 7.875%, tightening from IPT of 8.1% area.
- Hefei Xingtai Holding Group Co. Ltd. priced a USD100mn 3-year bond at 3.0%.
- CDL Properties Ltd. priced an SGD130mn 5-year bond at 1.65%.
- SND International (BVI) Co., Ltd. (Guarantor: Suzhou SND Group Company Ltd.) has arranged investor calls commencing 4 December 2020 for its proposed USD bond offering.

Date	Issuer	Size	Tenor	Pricing
3-Dec-20	E-House China Enterprise Holdings Ltd	USD200mn	2.5-year	7.875%
3-Dec-20	Hefei Xingtai Holding Group Co. Ltd.	USD100mn	3-year	3.0%
3-Dec-20	CDL Properties Ltd.	SGD130mn	5-year	1.65%
2-Dec-20	Republic of the Philippines	USD1.25bn USD1.5bn	10.5-year 25-year	T+70bps 2.65%
2-Dec-20	China Huaneng Group Hong Kong Treasury Management Holding Ltd (Guarantor: China Huaneng Group Co Ltd)	USD500mn USD500mn	PerpNC3 PerpNC5	2.85% 3.08%
2-Dec-20	NWD Finance BVI Ltd (Guarantor: New World Development Company Limited)	USD700mn	PerpNC3	4.8%
2-Dec-20	Hejun Shunze Investment Co., Limited (Guarantor: Sichuan Languang Development Co Ltd)	USD300mn	2.25-year	10.4%
1-Dec-20	Airport Authority	USD750mn USD750mn	PerpNC5.5 PerpNC7.5	2.1% 2.4%
1-Dec-20	Fortune Star BVI Ltd (Guarantor: Fosun International Limited)	USD300mn	FOSUNI 5.95%'25s	5.4%
1-Dec-20	Yango Cayman Investment Ltd (Guarantor: Fujian Yango Group Co Ltd)	USD75mn	YANGOG 11.875%'23s	11.875%
1-Dec-20	Kaisa Group Holdings Ltd	USD250mn	364-day	7%
1-Dec-20	Prosus N.V.	USD1.5bn	30-year	T+215bps
26-Nov-20	Sunac China Holdings Limited	USD120mn USD200mn	SUNAC 6.65%'24s SUNAC 7%'25s	6.8% 7%

Source: OCBC, Bloomberg

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