

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

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- 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)

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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