

Market Commentary

- The SGD swap curve was range-bound yesterday, with most of the tenors trading 0-1bps higher, while the 15-year traded 1bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS remained mostly unchanged at 164bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 8bps to 748bps. The HY-IG Index Spread widened 8bps to 583bps.
- Flows in SGD corporates were moderate, with flows in STANLN 5.375%-PERPs and UBS 4.85%-PERPs.
- 10Y UST Yields remained mostly unchanged at 0.73% despite a bigger-than-expected increase in U.S. producer prices in September and following comments from Treasury Secretary Mnuchin stating that a stimulus deal would be unlikely before the presidential election.

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Credit Summary:

- [Fraser's Hospitality Trust \("FHREIT"\)](#) | **Issuer Profile: Neutral (5):** FHREIT's Sponsor, Fraser's Property Limited has announced a profit guidance for the financial year ended 30 September 2020. The group expects impairment and fair value losses on a portion of its portfolio of properties, primarily its hospitality properties.
- [Mapletree North Asia Commercial Trust \("MNACT"\)](#) | **Issuer Profile: Neutral (4):** MNACT announced that it has received another SGD21mn as partial payments on account of estimated insurance claims for property damage and revenue loss due to business interruption.
- [Westpac Banking Corporation \("Westpac"\)](#) | **Issuer Profile: Positive (2):** Westpac has announced the consolidation of its Asia, Europe and US businesses into three branches located in Singapore, London and New York. Products will also be reduced and focused on Institutional banking as well as areas where Westpac retains scale and capability according to management.

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Credit Headlines

Frasers Hospitality Trust (“FHREIT”) | Issuer Profile: Neutral (5)

- FHREIT’s Sponsor, Frasers Property Limited (“FPL”) has announced a profit guidance for the financial year ended 30 September 2020. FHREIT is consolidated at the FPL level.
- Important updates that are relevant to FHREIT as follows:
 - The group is in the process of finalising valuations conducted on the Group’s portfolio of properties as at 30 September 2020. Based on preliminary results, the group expects impairment and fair value losses on a portion of its portfolio of properties, primarily its hospitality properties.
 - The group’s hospitality business has been severely affected by widespread international travel restrictions, and decline in occupancies as well as temporary closures of its hospitality properties.
- FHREIT will be announcing its full year results for the financial year ended 30 September 2020 on 30 October 2020. (Company, OCBC)

Mapletree North Asia Commercial Trust (“MNACT”) | Issuer Profile: Neutral (4)

- MNACT announced that it has received another SGD21mn as partial payments on account of estimated insurance claims for property damage and revenue loss due to business interruption. To date, MNACT has received a total of SGD46mn.
- The assessment and agreement of the full quantum of revenue loss and property damage recoverable from insurance claims remains in progress. (Company, OCBC)

Westpac Banking Corporation (“Westpac”) | Issuer Profile: Positive (2)

- Westpac has announced the consolidation of its Asia, Europe and US businesses into three branches located in Singapore, London and New York. As a consequence, offices in China (Beijing, Shanghai), HK SAR, Mumbai and Jakarta will close over the next 1-2 years.
- As part of the streamlining of international operations, products will also be reduced and focused on Institutional banking as well as areas where Westpac retains scale and capability according to management. This will allow Westpac to focus on its core Australian and New Zealand businesses. According to management, the changes are not expected to impact earnings and should improve the bank’s capital efficiency through a AUD5bn reduction in risk weighted assets eventually.
- Moves to focus on domestic markets where banks have a competitive advantage and hence better returns are not new for Australian banks and are due to an expectation of pressured returns in the coming years. (Company, Bloomberg, OCBC)

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Key Market Movements

	15-Oct	1W chg (bps)	1M chg (bps)		15-Oct	1W chg	1M chg
iTraxx Asiax IG	66	-2	9	Brent Crude Spot (\$/bbl)	43.36	0.05%	6.98%
iTraxx SovX APAC	31	-1	-1	Gold Spot (\$/oz)	1,899.18	0.28%	-2.81%
iTraxx Japan	66	0	6	CRB	151.51	1.34%	2.54%
iTraxx Australia	66	-2	5	GSCI	362.20	2.47%	4.94%
CDX NA IG	56	1	-12	VIX	26.4	-10.45%	3.17%
CDX NA HY	106	0	-1	CT10 (%)	0.721%	-6.46	4.17
iTraxx Eur Main	54	0	0				
iTraxx Eur XO	329	8	15	AUD/USD	0.714	-0.31%	-2.18%
iTraxx Eur Snr Fin	71	0	8	EUR/USD	1.175	-0.09%	-0.83%
iTraxx Eur Sub Fin	137	-2	6	USD/SGD	1.358	0.04%	0.25%
iTraxx Sovx WE	11	0	-2	AUD/SGD	0.969	0.46%	2.55%
USD Swap Spread 10Y	4	0	3	ASX 200	6,226	2.02%	5.61%
USD Swap Spread 30Y	-34	1	2	DJIA	28,514	0.74%	1.85%
US Libor-OIS Spread	16	2	-1	SPX	3,489	2.02%	2.57%
Euro Libor-OIS Spread	-3	0	-2	MSCI Asiax	749	1.53%	2.86%
China 5Y CDS	39	-2	3	HSI	24,667	2.86%	-0.27%
Malaysia 5Y CDS	47	-2	2	STI	2,556	0.68%	2.81%
Indonesia 5Y CDS	95	-3	3	KLCI	1,523	2.26%	-0.52%
Thailand 5Y CDS	43	-1	6	JCI	5,176	3.43%	1.47%
Australia 5Y CDS	15	-1	0	EU Stoxx 50	3,273	1.23%	-1.77%

Source: Bloomberg

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New Issues

- The Bank of East Asia Ltd. priced a USD650mn Perp NC5 AT1 bond at 5.825%, tightening from IPT of 6.25% area.
- SMC Global Power Holdings Corp. priced a USD400mn Perp NC5 bond at 7%, tightening from IPT of 7.3% area.
- Fantasia Holdings Group Company Ltd. priced a USD200mn 3NC2 bond at 10.15%, tightening from IPT of 10.45% area.
- Greenland Global Investment Limited priced a USD250mn 1.5-year bond at 6.95%, tightening from IPT of 7.15% area.
- Shangrao City Construction Investment Development Group Co. Ltd. priced a USD300mn 3-year bond at 4.375%, tightening from IPT of 4.8% area.
- Union Bank of the Philippines has arranged investor calls commencing 14 October for its proposed USD 5Y bond offering.
- Blossom Joy Ltd., (Guarantor: COFCO (Hong Kong) Ltd) has arranged investor calls commencing 14 October for its proposed USD bond offering.
- KB Capital Co., Ltd. has arranged investor calls commencing 15 October for its proposed USD bond offering.

Date	Issuer	Size	Tenor	Pricing
14-Oct-20	The Bank of East Asia Ltd.	USD650mn	Perp NC5 AT1	5.825%
14-Oct-20	SMC Global Power Holdings Corp.	USD400mn	Perp NC5	7.0%
14-Oct-20	Fantasia Holdings Group Company Ltd.	USD200mn	3NC2	10.15%
14-Oct-20	Greenland Global Investment Limited	USD250mn	1.5-year	6.95%
14-Oct-20	Shangrao City Construction Investment Development Group Co. Ltd.	USD300mn	3-year	4.375%
13-Oct-20	Ocean Laurel Co. Limited (Guarantor: China Merchants Commerce Financial Leasing Ltd.)	USD350mn	5-year	T+218bps
13-Oct-20	Shinhan Card Co Ltd	USD400mn	5-year	T+107.5bps
13-Oct-20	United Overseas Bank	USD100mn	30-year	Zero-Coupon
12-Oct-20	Fortune Star BVI Ltd (Guarantor: Fosun International Ltd.)	USD400mn	5NC3	5.95%

Source: OCBC, Bloomberg

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