

Asian Credit Daily

Monday, April 12, 2021

Market Commentary

- The SGD swap curve mostly traded higher last Friday, with shorter tenors trading at 1-2bps higher. Belly tenors traded 2-3bps higher while longer tenors traded 3-5bps higher.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS remained mostly unchanged at 136bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 622bps. The HY-IG Index Spread tightened 2bps to 486bps.
- There were heavy flows in SGD corporates on Friday including flows in STSP 3.3%-PERPs and CS 5.625%-PERPs.
- 10Y UST Yields gained 4bps to 1.66% as the Producer Price Index, which measures wholesale price inflation, rose 1.0% in March compared to the 0.4% projected by economists.

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Credit Summary:

- [Frasers Hospitality Trust \("FHREIT"\)](#) | **Issuer Profile: Neutral (5)**: FHREIT announced that it will be redeeming the FHREIT 4.45%-PERP at first call on 12 May 2021. This is an upside surprise in our view, given that the hospitality sector is still facing a challenging outlook due to COVID-19 travel restrictions.
- [GuocoLand Ltd \("GUOL"\)](#) | **Issuer Profile: Neutral (5)**: GUOL announced that Choong Yee How will be retiring from GUOL as its Group President and Chief Executive Officer ("CEO"). Cheng Hsing Yao ("Mr Cheng") will be taking over as the Group Managing Director and Group CEO.

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Credit Headlines

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

- FHREIT announced that it will be redeeming the FHREIT 4.45%-PERP at first call on 12 May 2021. This is an upside surprise in our view, given that the hospitality sector is still facing a challenging outlook due to COVID-19 travel restrictions.
- Our earlier base case had assumed that the perpetual will not be called at first call, with distribution rate reset lower to ~3.5% p.a instead.
- By intent we had expected FHREIT to call the perpetual at a later date, though expected FHREIT to prioritise liquidity conservation in the near term. (Company, OCBC)

GuocoLand Ltd (“GUOL”) | Issuer Profile: Neutral (5)

- GUOL announced that Choong Yee How will be retiring from GUOL as its Group President and Chief Executive Officer (“CEO”). Cheng Hsing Yao (“Mr Cheng”) will be taking over as the Group Managing Director and Group CEO.
- Mr Cheng is not a new face to GUOL; Mr Cheng was previously the Chief Operating Officer of GuocoLand Singapore (2012-2013) and is the Group Managing Director of GuocoLand Singapore (2014-current). Mr Cheng also had prior experience in Ministry of National Development (2010-2012) and Urban Redevelopment Authority (2008-2010).
- Given Mr Cheng’s experiences, we believe GUOL may continue putting a high focus on Singapore (versus expansion overseas). (Company, OCBC)

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Key Market Movements

| | 12-Apr | 1W chg (bps) | 1M chg (bps) | | 12-Apr | 1W chg | 1M chg |
|------------------------------|--------|-----------------|-----------------|----------------------------------|----------|--------|---------|
| iTraxx Asiax IG | 71 | 8 | 9 | Brent Crude Spot (\$/bbl) | 63.28 | 1.82% | -8.58% |
| iTraxx SovX APAC | 27 | 1 | -2 | Gold Spot (\$/oz) | 1,741.78 | 0.78% | 0.85% |
| iTraxx Japan | 45 | 0 | -1 | CRB | 186.74 | 0.02% | -3.64% |
| iTraxx Australia | 62 | 0 | 0 | GSCI | 471.16 | -0.61% | -4.28% |
| CDX NA IG | 51 | 0 | -2 | VIX | 16.69 | -3.69% | -19.33% |
| CDX NA HY | 110 | 0 | 1 | CT10 (%) | 1.671% | -2.94 | 4.62 |
| iTraxx Eur Main | 51 | 0 | 3 | | | | |
| | | | | | | | |
| iTraxx Eur XO | 245 | 1 | 3 | AUD/USD | 0.762 | -0.42% | -1.87% |
| iTraxx Eur Snr Fin | 58 | 0 | 2 | EUR/USD | 1.190 | 0.73% | -0.45% |
| iTraxx Eur Sub Fin | 108 | -9 | -1 | USD/SGD | 1.342 | 0.01% | 0.22% |
| iTraxx Sovx WE | 5 | 0 | -1 | AUD/SGD | 1.022 | 0.44% | 2.10% |
| | | | | | | | |
| USD Swap Spread 10Y | 3 | -1 | 1 | ASX 200 | 6,965 | 2.00% | 2.93% |
| USD Swap Spread 30Y | -22 | 0 | 8 | DJIA | 33,801 | 1.95% | 3.12% |
| US Libor-OIS Spread | 11 | -2 | 0 | SPX | 4,129 | 2.71% | 4.70% |
| Euro Libor-OIS Spread | -6 | 0 | 0 | MSCI Asiax | 874 | -0.49% | -1.31% |
| | | | | HSI | 28,699 | 0.42% | -0.14% |
| China 5Y CDS | 38 | 5 | 6 | STI | 3,185 | 0.09% | 2.89% |
| Malaysia 5Y CDS | 46 | 2 | 4 | KLCI | 1,612 | 1.70% | -0.21% |
| Indonesia 5Y CDS | 85 | 0 | 3 | JCI | 6,070 | 0.98% | -4.53% |
| Thailand 5Y CDS | 41 | 2 | 1 | EU Stoxx 50 | 3,979 | 1.52% | 3.80% |
| Australia 5Y CDS | 15 | 0 | -12 | | | | |

Source: Bloomberg

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New Issues

- There were no new issues or mandates on Friday.

| Date | Issuer | Size | Tenor | Pricing |
|-----------|-----------------------------|----------|---------|----------|
| 08-Apr-21 | Korea Resources Corp | USD500mn | 5-year | T+100bps |
| 08-Apr-21 | Zhenro Properties Group Ltd | USD220mn | 363-day | 5.98% |

Source: OCBC, Bloomberg

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