

Market Commentary

- The SGD swap slightly fell yesterday, with belly tenors trading 0-2bps lower and longer tenors trading 2-3bps lower, except for the 20-year which traded within range.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 150bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 11bps to 681bps. The HY-IG Index Spread tightened 10bps to 531bps.
- There were very minimal flows in SGD corporates on Monday.
- 10Y UST gained 5bps to 1.13% after Federal Reserve Chairman Jerome Powell indicated that the Fed will allow inflation to rise above its target of 2% and a report that President-elect Joe Biden will soon announce a USD1.9tr stimulus package.

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Credit Summary:

- [First Real Estate Investment Trust \("FIRT"\)](#) | **Issuer profile: Negative (7):** FIRT announced their 2H2020 and FY2020 financial results. For 2020, rental and other income fell 30.9% y/y to SGD79.6mn while net property and other income fell 31.4% y/y to SGD77.5mn. FIRT also reported SGD401.4mn in net fair value losses on investment properties which dragged the REIT to recognise a loss for the period after income tax of SGD352.4mn. Gross debt was SGD492.4mn as at 31 December 2020 while FIRT faces SGD195.5mn of debt due in 2021.
- [Oxley Holdings Ltd \("OHL"\)](#) | **Issuer Profile: Negative (6):** Following the pricing of USD80mn 4.5% secured convertible notes last week, OHL announced it has repurchased USD38.825mn of OHLSP 6.375% '21s and SGD1.25mn OHLSP 6.5% '23s for a consideration of USD37.86mn and SGD1.06mn respectively.

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Credit Headlines

First Real Estate Investment Trust ("FIRT") | Issuer profile: Negative (7)

- FIRT announced their 2H2020 and FY2020 financial results. For 2020, rental and other income fell 30.9% y/y to SGD79.6mn while net property and other income fell 31.4% y/y to SGD77.5mn. This was driven by a two month rental relief for all tenants for May and June 2020 and an additional two months rental relief for September and October 2020 extended to tenants in Indonesia (namely, PT Lippo Karawaci Tbk ("LK") and PT Metropolis Propertindo Utama ("MPU")).
- FIRT also reported SGD401.4mn in net fair value losses on investment properties which dragged the REIT to recognise a loss for the period after income tax of SGD352.4mn (2019: profit after income tax of SGD48.9mn). As at 31 December 2020, FIRT's investment properties were valued at SGD939.7mn (down 29.9% y/y). On [29 November 2020](#), FIRT announced the proposed rental restructuring terms with its tenants in Indonesia. The fall in valuation is mainly attributable to the new rental terms which is worse off than the existing terms. Dragged by the lower asset value, as at 31 December 2020, FIRT's reported aggregate leverage is 49.0%, right below MAS's aggregate leverage cap of 50%.
- Gross debt was SGD492.4mn as at 31 December 2020 while FIRT faces SGD195.5mn of debt due in 2021. Out of SGD400mn of bank debt that was raised in 2018, banks have shown support towards refinancing SGD260mn of that debt, although [requiring FIRT to raise new equity to pay down SGD140mn of debt](#) as a condition. FIRT has announced a proposed equity rights issue to raise such funding in December 2020.
- The REIT will be holding an extraordinary general meeting on 19 January 2021 on the proposed restructuring of lease terms.
- The proposed rights issue to raise new equity will not be launched unless the resolution on the restructuring of lease terms is approved by equity holders. Our base case assumes that the FIRTSP 5.68%-PERP will not be called at first call in July 2021. We continue maintaining our Negative (7) call on the company. (Company, OCBC)

Oxley Holdings Ltd ("OHL") | Issuer Profile: Negative (6)

- Following the [pricing of USD80mn 4.5% secured convertible notes](#) last week, OHL announced it has repurchased USD38.825mn of OHLSP 6.375% '21s and SGD1.25mn OHLSP 6.5% '23s for a consideration of USD37.86mn and SGD1.06mn respectively.
- We note the cost savings given that the notes are repurchased below par while the repurchased notes carry a higher coupon than the convertible notes. (Company, OCBC)

Key Market Movements

	15-Jan	1W chg (bps)	1M chg (bps)		15-Jan	1W chg	1M chg
iTraxx Asiax IG	61	4	3	Brent Crude Spot (\$/bbl)	56.42	3.75%	12.19%
iTraxx SovX APAC	27	1	1	Gold Spot (\$/oz)	1,851.22	0.12%	-0.13%
iTraxx Japan	51	0	-2	CRB	176.77	2.59%	8.96%
iTraxx Australia	60	3	2	GSCI	436.94	3.21%	10.54%
CDX NA IG	50	1	-2	VIX	23.25	3.93%	-5.95%
CDX NA HY	109	0	0	CT10 (%)	1.119%	0.37	21.10
iTraxx Eur Main	49	2	1				
iTraxx Eur XO	249	3	0	AUD/USD	0.779	0.36%	2.99%
iTraxx Eur Snr Fin	61	3	2	EUR/USD	1.216	-0.49%	0.06%
iTraxx Eur Sub Fin	117	8	6	USD/SGD	1.324	0.10%	0.64%
iTraxx Sovx WE	9	1	0	AUD/SGD	1.031	-0.16%	-2.28%
USD Swap Spread 10Y	1	0	0	ASX 200	6,727	-0.45%	1.45%
USD Swap Spread 30Y	-25	1	3	DJIA	30,992	-0.16%	3.78%
US Libor-OIS Spread	16	1	2	SPX	3,796	-0.22%	4.06%
Euro Libor-OIS Spread	-6	1	0	MSCI Asiax	897	1.15%	10.15%
				HSI	28,497	3.44%	8.74%
China 5Y CDS	31	2	3	STI	3,000	3.20%	5.02%
Malaysia 5Y CDS	42	4	5	KLCI	1,636	2.04%	-2.29%
Indonesia 5Y CDS	73	5	4	JCI	6,428	4.46%	6.96%
Thailand 5Y CDS	38	3	3	EU Stoxx 50	3,641	0.52%	3.40%
Australia 5Y CDS	15	1	1				

Source: Bloomberg

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New Issues

- TaiChen Development (BVI) Limited (Guarantor: Longjitaihe Property Co., Ltd) priced a USD100mn 364-day bond at 12.5%, tightening from IPT of 12.9% area.
- Wheelock MTN (BVI) Limited (Guarantor: Wheelock and Company Limited) priced a USD500mn 5-year bond at T+190bps, tightening from IPT of T+230bps area.
- Sunkwan Properties Group Limited priced a USD185mn 364-day bond at 13.5%.
- BOC Aviation Ltd priced a USD400mn 5-year bond at T+150bps, tightening from IPT of T+180bps area.
- Huafa 2020 I Co Ltd (Guarantor: Zhuhai Huafa Group Co Ltd) priced a USD150mn re-tap of its ZHHFGR 2.8%'25s at 3.1%, tightening from IPT of 3.5% area.
- Guangxi Financial Investment Group Co., Ltd. (Guarantor: Guangxi Investment Group Co., Ltd.) priced a USD100mn re-tap of its GXFING 3.6%'23s at 4.7%.
- Hanhui International Ltd. (Guarantor: Shandong Guohui Investment Co.,) has mandated banks for a possible USD bond offering.
- SK Battery America Inc. has arranged investor calls commencing 14 January for its proposed USD bond offering.
- Korea Southern Power Co., Ltd has arranged investor calls commencing 19 January for its proposed USD bond offering.

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New Issues

Date	Issuer	Size	Tenor	Pricing
14-Jan-21	TaiChen Development (BVI) Limited (Guarantor: Longjitaihe Property Co., Ltd)	USD100mn	364-day	12.5%
14-Jan-21	Wheelock MTN (BVI) Limited (Guarantor: Wheelock and Company Limited)	USD500mn	5-year	T+190bps
14-Jan-21	Sunkwan Properties Group Limited	USD185mn	364-day	13.5%
14-Jan-21	BOC Aviation Ltd	USD400mn	5-year	T+150bps
14-Jan-21	Huafa 2020 I Co Ltd (Guarantor: Zhuhai Huafa Group Co Ltd)	USD150mn	ZHHFGR 2.8%'25s	3.1%
14-Jan-21	Guangxi Financial Investment Group Co., Ltd (Guarantor: Guangxi Invesmtnet Group Co., Ltd)	USD100mn	GXFING 3.6%'23s	4.7%
13-Jan-21	Singapore Airlines Ltd	USD500mn	5.5-year	T+260bps
13-Jan-21	DBS Bank Ltd	USD250mn	40-year	Zero-coupon
13-Jan-21	Xingcheng (BVI) Limited (Guarantor: Chengdu Xingcheng Investment Group Co Ltd)	USD445mn	5-year	2.9%
13-Jan-21	SK Hynix Inc	USD500mn USD1bn USD1bn	3-year 5-year 10-year	T+85bps T+105bps T+140bps
13-Jan-21	Tower Bersama Infrastructure Tbk PT	USD300mn	5-year	2.75%
13-Jan-21	Melco Resorts Finance Limited	USD250mn	MPEL 5.375%'29s	4.918%
12-Jan-21	Enrong International (Hong Kong) Ltd (Guarantor: Changzhou Eastern New City Construction Group Co.)	USD300mn	3-year	3.1%
12-Jan-21	China Cinda 2020 I Management Ltd (Guarantor: China Cinda HK Holdings Co Ltd)	USD500mn USD300mn USD400mn USD800mn	3-year 5-year 7-year 10-year	T+115bps T+140bps T+185bps T+195bps
12-Jan-21	China Huaneng Group Hong Kong Treasury Management Holding Ltd (Guarantor: China Huaneng Group Co Ltd)	USD500mn USD500mn	5-year 10-year	T+108bps T+155bps
12-Jan-21	Westwood Group Holdings Ltd (Guarantor: Yuexiu Property Company Limited)	USD600mn USD150mn	5-year 10-year	T+230bps T+265bps

Source: OCBC, Bloomberg

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