

### Market Commentary

- The SGD swap curve traded mostly higher yesterday, with shorter tenors trading at 1-2bps higher. Belly and longer tenors traded 0-1bps higher. Though, the 30Y traded at 1bps lower.
- There were heavy flows in SGD corporates yesterday, including KITSP 4.3%-PERPs, HSBC 5%-PERPs, AIA 2.9%-PERPs, LREIT 4.2%-PERPs and UBS 4.85%-PERPs.
- UST 10Y Yields remained mostly unchanged at 1.49% as investors await for upcoming monetary policy updates from the FOMC meeting. Meanwhile, producer prices rose 0.8% for May, ahead of a Dow Jones estimate of 0.6%, showing a higher-than-expected wholesale inflation.

### Credit Research

#### Andrew Wong

+65 6530 4736

[WongVKAM@ocbc.com](mailto:WongVKAM@ocbc.com)

#### Ezien Hoo, CFA

+65 6722 2215

[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)

#### Wong Hong Wei, CFA

+65 6722 2533

[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)

#### Seow Zhi Qi, CFA

+65 6530 7348

[zhiqiseow@ocbc.com](mailto:zhiqiseow@ocbc.com)

### Credit Summary:

- [Ascott Residence Trust \("ART"\)](#) | **Issuer profile: Neutral (5) and CapitaLand Ltd ("CAPL"): Neutral (3):** The Ascott Limited ("TAL", a wholly-owned subsidiary of CAPL and the main company within CAPL's hospitality business) and ART will jointly invest and develop a freehold student accommodation asset in downtown Columbia, South Carolina, USA for ~USD109.9mn (~SGD146.2mn). This is a greenfield development and ART's second student accommodation property.
- [Keppel Infrastructure Trust \("KIT"\)](#) | **Issuer profile: Neutral (4):** The media has reported that KIT continues to be interested in certain of Hyflux Ltd's ("HYF") assets, including the 30%-stake in SingSpring Trust (holds SingSpring Desalination Plant) which KIT does not already own. Currently, KIT owns a 70%-stake in SingSpring and has contractual rights to buy the 30%-stake. As at 31 December 2020, SingSpring Trust's asset value and net asset value was SGD120.7mn and SGD12.0mn respectively. Reportedly, KIT is also interested in TuasOne, a waste-to-energy plant that is owned by HYF. The project value of TuasOne was disclosed at SGD750mn by HYF, while the project financing portion was SGD653mn. KIT is Sponsored by Keppel Infrastructure Holdings Pte. Ltd. (a wholly-owned subsidiary of Keppel Corporation Ltd ("KEP") | **Issuer profile: Neutral (5)**). KEP holds a ~17%-stake in KIT which is held as a financial asset by KEP.

## Asian Credit Daily

### Credit Headlines

#### **Ascott Residence Trust (“ART”) | Issuer profile: Neutral (5) and CapitaLand Ltd (“CAPL”): Neutral (3)**

- The Ascott Limited (“TAL”, a wholly-owned subsidiary of CAPL and the main company within CAPL’s hospitality business) and ART will jointly invest and develop a freehold student accommodation asset in downtown Columbia, South Carolina, USA for ~USD109.9mn (~SGD146.2mn). This is a greenfield development and ART’s second student accommodation property.
- The 678-bed student accommodation will serve students at University of South Carolina, a public research university that is located nearby. Construction is scheduled to start in 3Q2021 and complete in 2Q2023.
- Initially, TAL and ART will hold a 45%-stake each in the project and the remaining 10% will be owned by a real estate developer and contractor based in the USA. Post stabilization of the property, the 10%-stake will be acquired by Ascott and ART. ART has priority to fully acquire the student accommodation from TAL.
- TAL has separately formed a partnership with the developer to invest and develop more student accommodation properties in the USA which could become a potential pipeline for ART. (Company)

#### **Keppel Infrastructure Trust (“KIT”) | Issuer profile: Neutral (4)**

- The media has reported that KIT continues to be interested in certain of Hyflux Ltd’s (“HYF”) assets, including the 30%-stake in SingSpring Trust (holds SingSpring Desalination Plant) which KIT does not already own. Currently, KIT owns a 70%-stake in SingSpring and has contractual rights to buy the 30%-stake. As at 31 December 2020, SingSpring Trust’s asset value and net asset value was SGD120.7mn and SGD12.0mn respectively.
- Reportedly, KIT is also interested in TuasOne, a waste-to-energy plant that is owned by HYF. The project value of TuasOne was disclosed at SGD750mn by HYF, while the project financing portion was SGD653mn.
- We think KIT may still be able to negotiate the price on these given that the judicial managers of HYF have applied for the water treatment company to be liquidated where the judicial managers aim to sell the assets as soon as possible.
- Last week, KIT announced the cessation of Mr Matthew Pollard as Chief Executive Officer (“CEO”) of Keppel Infrastructure Fund Management Pte Ltd, the trustee-manager of KIT to pursue other opportunities in the region. Mr Pollard was appointed as CEO in July 2018.
- The board has approved the appointment of Mr Jopy Chiang as the new CEO of the trustee-manager where his appointment to the role will be on 1 August 2021. Currently, Mr Chiang is Senior Vice President of the Investment Team (Infrastructure) at Keppel Capital Alternative Assets Pte Ltd/Keppel Capital International Pte Ltd.
- KIT is Sponsored by Keppel Infrastructure Holdings Pte. Ltd. (a wholly-owned subsidiary of Keppel Corporation Ltd (“KEP”) | Issuer profile: Neutral (5)). KEP holds a ~17%-stake in KIT which is held as a financial asset by KEP. (Business Times, Company)

## Asian Credit Daily

### Key Market Movements

	16-Jun	1W chg (bps)	1M chg (bps)		16-Jun	1W chg	1M chg
iTraxx Asiax IG	83	0	-1	Brent Crude Spot (\$/bbl)	74.27	2.84%	8.09%
iTraxx SovX APAC	25	-1	-2	Gold Spot (\$/oz)	1,857.01	-1.67%	-0.53%
iTraxx Japan	45	-2	-3	CRB	210.18	-0.49%	3.39%
iTraxx Australia	57	-1	-3	GSCI	529.68	-0.57%	2.85%
CDX NA IG	49	-2	-3	VIX	17.02	-0.29%	-9.52%
CDX NA HY	110	0	1	CT10 (%)	1.494%	0.31	-13.45
iTraxx Eur Main	47	-1	-3				
iTraxx Eur XO	232	-7	-18	AUD/USD	0.769	-0.58%	-1.00%
iTraxx Eur Snr Fin	55	-2	-4	EUR/USD	1.212	-0.46%	-0.23%
iTraxx Eur Sub Fin	108	-9	-1	USD/SGD	1.328	-0.25%	0.61%
iTraxx Sovx WE	6	0	-1	AUD/SGD	1.020	0.36%	1.69%
USD Swap Spread 10Y	-3	0	2	ASX 200	7,393	1.37%	5.40%
USD Swap Spread 30Y	-32	-2	0	DJIA	34,299	-0.87%	-0.24%
US Libor-OIS Spread	3	-2	-5	SPX	4,247	0.46%	1.74%
Euro Libor-OIS Spread	-6	0	0	MSCI Asiax	889	0.58%	4.92%
				HSI	28,639	-0.52%	2.18%
China 5Y CDS	36	0	-2	STI	3,175	0.24%	3.92%
Malaysia 5Y CDS	44	-1	-3	KLCI	1,581	-0.41%	-0.07%
Indonesia 5Y CDS	74	-2	-4	JCI	6,089	1.49%	2.54%
Thailand 5Y CDS	37	-2	-3	EU Stoxx 50	4,144	1.16%	3.14%
Australia 5Y CDS	15	0	-12				

Source: Bloomberg

## Asian Credit Daily

### New Issues

- ANZ New Zealand (Int'l) Limited (Guarantor: ANZ Bank New Zealand Ltd) priced a USD1.0bn 5-year senior unsecured bond at T+50bps, tightening from IPT of T+75bps area.
- Macquarie Group Ltd priced a USD950mn 6.25NC5.25 senior unsecured bond at T+85bps, tightening from IPT of T+105bps area, a USD300mn 6.25NC5.25 senior unsecured FRN at SOFR+92bps, tightening from IPT of SOFR equivalent area, and a USD1.0bn 11NC10 at T+120bps, tightening from IPT of T+140bps area.
- China Aoyuan Group Ltd priced a USD200mn 3NC2 senior bond at 8.25%.
- United Overseas Bank Limited priced a SGD600mn AT1 PerpNC7 at 2.55%, tightening from IPG of 2.85% area.

Date		Size	Tenor	Pricing
15-June-21	ANZ New Zealand (Int'l) Limited (Guarantor: ANZ Bank New Zealand Ltd)	USD1.0bn	5-year	T+50bps
15-June-21	Macquarie Group Ltd	USD950mn USD300mn USD1.0bn	6.25NC5.25 6.25NC5.25 11NC10	T+85bps SOFR+92bps T+120bps
15-June-21	China Aoyuan Group Ltd	USD200mn	3NC2	8.25%
15-June-21	United Overseas Bank Limited	SGD600mn	PerpNC7	2.55%

Source: OCBC, Bloomberg

# Treasury Research & Strategy

## Macro Research

**Selena Ling**
*Head of Research & Strategy*
[LingSSSelena@ocbc.com](mailto:LingSSSelena@ocbc.com)
**Tommy Xie Dongming**
*Head of Greater China*
*Research*
[XieD@ocbc.com](mailto:XieD@ocbc.com)
**Wellian Wiranto**
*Malaysia & Indonesia*
[WellianWiranto@ocbc.com](mailto:WellianWiranto@ocbc.com)
**Howie Lee**
*Thailand, Korea &*
*Commodities*
[HowieLee@ocbc.com](mailto:HowieLee@ocbc.com)
**Carie Li**
*Hong Kong & Macau*
[carierli@ocbcwh.com](mailto:carierli@ocbcwh.com)
**Herbert Wong**
*Hong Kong & Macau*
[herberhtwong@ocbcwh.com](mailto:herberhtwong@ocbcwh.com)

## FX/Rates Strategy

**Frances Cheung**
*Rates Strategist*
[FrancesCheung@ocbc.com](mailto:FrancesCheung@ocbc.com)
**Terence Wu**
*FX Strategist*
[TerenceWu@ocbc.com](mailto:TerenceWu@ocbc.com)

## Credit Research

**Andrew Wong**
*Credit Research Analyst*
[WongVKAM@ocbc.com](mailto:WongVKAM@ocbc.com)
**Ezien Hoo**
*Credit Research Analyst*
[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)
**Wong Hong Wei**
*Credit Research Analyst*
[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)
**Seow Zhi Qi**
*Credit Research Analyst*
[ZhiQiSeow@ocbc.com](mailto:ZhiQiSeow@ocbc.com)

This publication is solely for information purposes only and may not be published, circulated, reproduced, or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate.

This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation, or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally. There may be conflicts of interest between Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited, OCBC Investment Research Private Limited, OCBC Securities Private Limited or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).