

Asian Credit Daily

Monday, January 18, 2021

Market Commentary

- The SGD swap **curve** traded mostly flat last Friday (with the exception of the one-day and one-year trading 7bps and 1bps higher respectively).
- The Bloomberg Barclays Asia USD IG Bond Index average OAS remained mostly unchanged at 149bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 12bps to 669bps. The HY-IG Index Spread tightened 12bps to 519bps.
- Flows in SGD corporates were heavy, with flows in OLAMSP 5.375%-PERPs, SIASP 3.13%'27s, SRENVX 3.125%'35s, CS 5.625%-PERPs, F 4.125%'24s and SOCGEN 6.125%-PERPs.
- 10Y UST fell 5bps to 1.08% after the Commerce Department reported a greater-than-expected 0.7% fall in retail sales in December and details about Biden's American Rescue Plan were unveiled.

Credit Research

Andrew Wong

+65 6530 4736

WongVKAM@ocbc.com

Ezien Hoo, CFA

+65 6722 2215

EzienHoo@ocbc.com

Wong Hong Wei, CFA

+65 6722 2533

WongHongWei@ocbc.com

Seow Zhi Qi, CFA

+65 6530 7348

zhiqiseow@ocbc.com

Credit Summary:

- [Ascott Residence Trust \("ART"\)](#) | Issuer profile: Neutral (5): ART announced a negative profit guidance for FY2020.

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Credit Headlines

Ascott Residence Trust (“ART”) | Issuer profile: Neutral (5)

- ART announced a negative profit guidance for FY2020. Based on ART’s preliminary review of its draft and unaudited financial statements:
 - ART’s income available for distribution for FY2020 is expected to reduce by 40-50% y/y (taking into account the realised exchange gains and partial distribution of divestment gains).
 - ART’s distribution per stapled security is expected to reduce by 60-70% y/y.
 - ART expects to record a decline in the value of its portfolio by approximately 6-8%, resulting in unrealised fair value losses of SGD325 million to SGD345 million (net of tax and non-controlling interests), resulting in a negative total return for FY2020 compared to the positive SGD216.3mn of total return in FY2019.
- As at 31 December 2020, ten of ART properties were temporarily closed. As at 30 September 2020, ART has ~SGD305mn cash on hand and SGD550mn in undrawn credit facilities. (Company).

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Key Market Movements

	18-Jan	1W chg (bps)	1M chg (bps)		18-Jan	1W chg	1M chg
iTraxx Asiax IG	62	2	5	Brent Crude Spot (\$/bbl)	54.53	-2.03%	4.34%
iTraxx SovX APAC	28	1	2	Gold Spot (\$/oz)	1,823.58	-1.10%	-3.07%
iTraxx Japan	51	1	0	CRB	175.25	1.10%	5.28%
iTraxx Australia	61	2	4	GSCI	431.74	0.98%	5.81%
CDX NA IG	52	1	-1	VIX	24.34	12.89%	12.84%
CDX NA HY	109	0	0	CT10 (%)	1.084%	-6.25	13.73
iTraxx Eur Main	51	2	2				
iTraxx Eur XO	260	6	15	AUD/USD	0.769	-0.05%	0.93%
iTraxx Eur Snr Fin	62	2	4	EUR/USD	1.208	-0.62%	-1.48%
iTraxx Eur Sub Fin	120	6	9	USD/SGD	1.331	0.00%	-0.26%
iTraxx Sovx WE	9	0	0	AUD/SGD	1.024	0.05%	-1.20%
USD Swap Spread 10Y	0	-1	0	ASX 200	6,661	-0.54%	-0.22%
USD Swap Spread 30Y	-26	0	1	DJIA	30,814	-0.91%	2.10%
US Libor-OIS Spread	14	0	-1	SPX	3,768	-1.48%	1.59%
Euro Libor-OIS Spread	-7	-1	-1	MSCI Asiax	891	0.70%	8.32%
				HSI	28,455	1.96%	7.38%
China 5Y CDS	31	2	4	STI	2,988	0.15%	4.89%
Malaysia 5Y CDS	42	3	6	KLCI	1,619	0.12%	-2.01%
Indonesia 5Y CDS	74	3	7	JCI	6,373	1.85%	4.41%
Thailand 5Y CDS	39	3	5	EU Stoxx 50	3,600	-1.25%	1.52%
Australia 5Y CDS	15	1	1				

Source: Bloomberg

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New Issues

- Jiayuan International Group Ltd priced a USD300mn 2.5-year bond at 13.5%, tightening from IPT of 13.85% area.
- Hanhui International Ltd (Guarantor: Shandong Guohui Investment Co Ltd) priced a USD240mn 5-year bond at 3.15%, tightening from IPT of 3.5% area.
- Rudong County Jinxin Traffic Engineering Construction Investment Co. Ltd. priced a USD150mn 3-year bond at 2.8%, tightening from IPT of 3.1% area.
- China Aoyuan Group Ltd priced a USD188mn 1-year bond at 4.2%.
- Longchuang Group Ltd. (Guarantor: Hong Kong Liuteng International Ltd.) priced a USD97mn 364-day bond at 2.75%.
- PT Indonesia Infrastructure Finance has arranged investor calls commencing 18 January for its proposed USD bond offering.

Date	Issuer	Size	Tenor	Pricing
15-Jan-21	Jiayuan International Group Ltd	USD300mn	2.5-year	13.5%
15-Jan-21	Hanhui International Ltd (Guarantor: Shandong Guohui Investment Co Ltd)	USD240mn	5-year	3.15%
15-Jan-21	Rudong County Jinxin Traffic Engineering Construction Investment Co. Ltd.	USD150mn	3-year	2.8%
15-Jan-21	China Aoyuan Group Ltd	USD188mn	1-year	4.2%
15-Jan-21	Longchuang Group Ltd. (Guarantor: Hong Kong Liuteng International Ltd.)	USD97mn	364-day	2.75%
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%

Source: OCBC, Bloomberg

Treasury Research & Strategy

Macro Research

Selena Ling*Head of Research & Strategy*LingSSSelena@ocbc.com**Howie Lee***Thailand, Korea &**Commodities*HowieLee@ocbc.com**Tommy Xie Dongming***Head of Greater China**Research*XieD@ocbc.com**Carie Li***Hong Kong & Macau*carierli@ocbcwh.com**Wellian Wiranto***Malaysia & Indonesia*WellianWiranto@ocbc.com**Terence Wu***FX Strategist*TerenceWu@ocbc.com

Credit Research

Andrew Wong*Credit Research Analyst*WongVKAM@ocbc.com**Ezien Hoo***Credit Research Analyst*EzienHoo@ocbc.com**Wong Hong Wei***Credit Research Analyst*WongHongWei@ocbc.com**Seow Zhi Qi***Credit Research Analyst*ZhiQiSeow@ocbc.com

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