

Market Commentary

- The SGD swap curve traded higher yesterday by 1-3bps across the tenors.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 139bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 1bps to 616bps. The HY-IG Index Spread tightened 2bps to 478bps.
- There were heavy flows SGD corporates yesterday including in STSP 3.3%-PERPs, MINTSP 3.15%-PERPs, LREIT 4.2%-PERPs, CAPLSP 2.9%'32s, KITSP 4.75%-PERPs, OLAMSP 4%'26s, ESRCAY 5.65%-PERPs, CATHAY 3.375%'23s, STANLN 5.375%-PERPs, OUECT 3.95%'26s and HSBC 4.7%-PERPs.
- UST 10Y Yields gained 1bps to 1.61% as economic data continues to show signs of inflationary pressure in the economy. The ISM Manufacturing PMI registered 61.2 in May, up from 60.7 in April, signalling expansion in the overall economy.

Credit Research

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Credit Summary:

- **[Industry View – REITs & Property](#)**: Retail landlords have committed to abide by a new code of conduct on the leasing of retail premises in Singapore. The code is aimed at making lease negotiations between landlords and retail tenants fairer and more balanced. The code of conduct sets out fair guidelines for lease negotiations in 11 areas including rental structure, third-party fees, pre-termination by landlords or tenants and data sharing.

Asian Credit Daily

Credit Headlines

Industry View – REITs & Property

- Retail landlords have committed to abide by a new code of conduct on the leasing of retail premises in Singapore. The code is aimed at making lease negotiations between landlords and retail tenants fairer and more balanced.
- The retail landlords include CapitaLand (“CAPL” | Issuer Profile: Neutral (3)), City Developments (“CDL” | Issuer Profile: Neutral (4)), Frasers Property Retail which is part of Frasers Property Group (“FPL” | Issuer Profile: Neutral (5)), Mercatus Co-operative, UOL Group, Guocoland (“GUOCO” | Issuer Profile: Neutral (5)), and SPH REIT (“SPHR” | Issuer Profile: Neutral (4)).
- The code of conduct sets out fair guidelines for lease negotiations in 11 areas including rental structure, third-party fees, pre-termination by landlords or tenants and data sharing. The code also sets out a process for resolving disputes after lease agreements have been signed. (Straits Times, OCBC)

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Key Market Movements

| | 2-Jun | 1W chg (bps) | 1M chg (bps) | | 2-Jun | 1W chg | 1M chg |
|------------------------------|-------|-----------------|-----------------|----------------------------------|----------|--------|--------|
| iTraxx Asiax IG | 86 | 0 | 7 | Brent Crude Spot (\$/bbl) | 70.70 | 2.66% | 5.13% |
| iTraxx SovX APAC | 26 | -1 | 0 | Gold Spot (\$/oz) | 1,898.43 | 0.09% | 5.89% |
| iTraxx Japan | 46 | 0 | -2 | CRB | 208.44 | 2.70% | 4.35% |
| iTraxx Australia | 59 | -1 | -1 | GSCI | 528.08 | 2.69% | 4.39% |
| CDX NA IG | 51 | -2 | 0 | VIX | 17.9 | -2.72% | -3.82% |
| CDX NA HY | 110 | 0 | 0 | CT10 (%) | 1.616% | 4.07 | -0.95 |
| iTraxx Eur Main | 50 | -2 | -1 | | | | |
| | | | | | | | |
| iTraxx Eur XO | 246 | -10 | -4 | AUD/USD | 0.777 | 0.31% | 0.05% |
| iTraxx Eur Snr Fin | 58 | -2 | -1 | EUR/USD | 1.222 | 0.26% | 1.33% |
| iTraxx Eur Sub Fin | 108 | -9 | -1 | USD/SGD | 1.322 | 0.18% | 0.59% |
| iTraxx Sovx WE | 6 | 0 | 0 | AUD/SGD | 1.027 | -0.11% | 0.54% |
| | | | | | | | |
| USD Swap Spread 10Y | -2 | 2 | -2 | ASX 200 | 7,177 | 1.20% | 2.16% |
| USD Swap Spread 30Y | -27 | 3 | -1 | DJIA | 34,575 | 0.53% | 2.07% |
| US Libor-OIS Spread | 5 | -1 | -4 | SPX | 4,202 | 0.12% | 0.50% |
| Euro Libor-OIS Spread | -6 | -1 | -1 | MSCI Asiax | 902 | 2.43% | 2.01% |
| | | | | HSI | 29,468 | 1.93% | 2.59% |
| China 5Y CDS | 37 | -1 | 0 | STI | 3,187 | 2.04% | -0.96% |
| Malaysia 5Y CDS | 46 | 0 | 0 | KLCI | 1,586 | 0.90% | -0.98% |
| Indonesia 5Y CDS | 76 | -1 | -2 | JCI | 5,947 | 3.02% | -0.80% |
| Thailand 5Y CDS | 40 | 0 | 0 | EU Stoxx 50 | 4,072 | 0.88% | 2.44% |
| Australia 5Y CDS | 15 | 0 | -12 | | | | |

Source: Bloomberg

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New Issues

- China State Construction Finance Cayman I Ltd (Guarantor: China State Construction International Holdings Limited) priced a USD500mn PerpNC5 at 3.4%, tightening from IPT of 3.75% area.
- China Hongqiao Group Ltd (Guarantor: China Hongqiao Investment Limited, Hongqiao Investment (Hong Kong) Limited, Hongqiao (HK) International Trading Limited) priced a USD500mn 3-year senior unsecured bond at 6.25%, tightening from IPT of 6.6% area.
- Zhenro Properties Group Ltd priced a USD340mn 3.25NC2.25 senior note at 7.4%, tightening from IPT of 7.8% area.
- Korea Development Bank Singapore branch priced a USD100mn 5-year senior unsecured bond at 3-month US Libor + 25bps.
- Keppel Infrastructure Trust priced a SGD300mn PerpNC10 at 4.3%, tightening from IPG of 4.55% area.
- Bayfront Infrastructure Management Pte. Ltd. has mandated banks for its proposed USD sustainability bond offering.

| Date | | Size | Tenor | Pricing |
|-----------|---|----------|------------|--------------------------|
| 1-June-21 | China State Construction Finance Cayman I Ltd (Guarantor: China State Construction International Holdings Limited) | USD500mn | PerpNC5 | 3.4% |
| 1-June-21 | China Hongqiao Group Ltd (Guarantor: China Hongqiao Investment Limited, Hongqiao Investment (Hong Kong) Limited, Hongqiao (HK) International Trading Limited) | USD500mn | 3-year | 6.25% |
| 1-June-21 | Zhenro Properties Group Ltd | USD340mn | 3.25NC2.25 | 7.4% |
| 1-June-21 | Korea Development Bank Singapore branch | USD100mn | 5-year | 3-month US Libor + 25bps |
| 1-June-21 | Keppel Infrastructure Trust | SGD300mn | PerpNC10 | 4.3% |

Source: OCBC, Bloomberg

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