

### Market Commentary

- The SGD swap curve bear steepened yesterday, with shorter tenors trading 1-2bps higher and belly tenors trading 2-3bps higher. Longer tenors traded 4-5bps higher except for the 15-year which traded 3bps higher.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 2bps to 147bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 4bps to 664bps. The HY-IG Index Spread tightened 2bps to 517bps.
- There were very minimal flows in SGD corporates yesterday.
- 10Y UST remained mostly unchanged at 1.09% after U.S. Treasury secretary nominee Janet Yellen urged for tax cuts enacted in 2017 to be repealed. Breakeven rates on the 10-year Treasury Inflation-Protected Securities rose to a two-year high of 2.11%.

### 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:

- [Oxley Holdings Ltd \("OHL"\)](#) | **Issuer Profile: Negative (6)**: OHL entered into a strategic partnership with Pavilion for the development of Oxley Towers, which is 12,554 sqm in the middle of Kuala Lumpur City Centre with a gross development value of SGD1.1bn.
- [ARA LOGOS Logistics Trust \("ALOG"\)](#) | **Issuer Profile: Neutral (4)**: ALOG announced it has received valid acceptances and excess applications representing ~2.3x the total number of preferential offering units available. The preferential offering was to raise ~SGD50mn in new equity.
- [First Real Estate Investment Trust \("FIRT"\)](#) | **Issuer Profile: Negative (7)**: FIRT has completed an extraordinary general meeting yesterday where unitholders have overwhelmingly voted in favour to (1) Approve the proposed lease agreement restructuring with its tenants in Indonesia and (2) Approve the proposed whitewash resolution.
- [Keppel Infrastructure Trust \("KIT"\)](#) | **Issuer Profile: Neutral (4)**: KIT announced that it has entered into a facility agreement with certain unnamed lenders where the lenders have granted a SGD300mn term loan facility in relation to the acquisition financing for Philippine Tank Storage International (Holdings) Inc.
- [Sembcorp Industries Ltd \("SCI"\)](#) | **Issuer Profile: Neutral (4)**: SCI announced that its Group Chief Financial Officer, Mr Graham Cockroft has decided to leave the company on 28 February 2021. Separately, SCI has appointed Mr Lim Ming Yan as independent director.
- **Industry Outlook – Financial Institutions**: Per Bloomberg, Australian banks will stop accepting mortgage deferrals ahead of the end of formal deferral programs at the end of March 2021. Of note is that the bulk of prior mortgage deferrals in Australia have now commenced repayments so the impact may not be as significant.
- [HSBC Holdings PLC \("HSBC"\)](#) | **Issuer Profile: Neutral (3)**: HSBC Chairman Mark Tucker indicated an acceleration of plans to expand in Asia as part of its proposed strategy revamp which will be announced in late February together with its FY2020 results.

## Asian Credit Daily

### Credit Headlines

#### **Oxley Holdings Ltd (“OHL”) | Issuer Profile: Negative (6)**

- OHL entered strategic partnership with Pavilion for the development of Oxley Towers, which is 12,554 sqm in the middle of Kuala Lumpur City Centre with a gross development value of SGD1.1bn.
- We think the partnership could help quicken the pace to unlock asset value in Malaysia. (Company, OCBC)

#### **ARA LOGOS Logistics Trust (“ALOG”) | Issuer Profile: Neutral (4)**

- ALOG announced it has received valid acceptances and excess applications representing ~2.3x the total number of preferential offering units available. The preferential offering was to raise ~SGD50mn in new equity.
- As the preferential offering was over-subscribed, LOGOS Units No. 1, an entity which is indirectly majority owned by ARA Asset Management and ALOG’s largest shareholder will not be allotted any excess new units. Post-completion, LOGOS Units No. 1 will hold 10.7%-stake in the REIT. (Company, OCBC)

#### **First Real Estate Investment Trust (“FIRT”) | Issuer Profile: Negative (7)**

- FIRT has completed an extraordinary general meeting (“EGM”) yesterday where unitholders have overwhelmingly voted in favour to (1) Approve the proposed lease agreement restructuring with its tenants in Indonesia (2) Approve the proposed whitewash resolution. With the approval of the whitewash resolution, unitholders other than Clifford Development Pte Ltd (wholly owned subsidiary of OUE) and its concert parties have waived their rights to receive a general offer for their units in FIRT.
- Given that the two resolutions have passed, we expect FIRT to launch an equity rights issue to raise SGD158.2mn of gross proceeds in due course. Out of this, SGD140mn will go towards paying down bank debt as required by its bank lenders. (Company, OCBC)

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

- KIT announced that it has entered into a facility agreement with certain unnamed lenders where the lenders have granted a SGD300mn term loan facility in relation to the acquisition financing for the Philippine Tank Storage International (Holdings) Inc, an entity which owns the [Philippines Coastal Storage & Pipeline Corporation \(“PCSPC”\)](#).
- In December 2020, KIT announced that it will be buying 80%-stake in the asset. For now, we maintain KIT’s issuer profile at Neutral (4), albeit with a cautious outlook over rising leverage. (Company, OCBC)

**Asian Credit Daily****Credit Headlines****Sembcorp Industries Ltd ("SCI") | Issuer Profile: Neutral (4)**

- SCI announced that its Group Chief Financial Officer ("CFO"), Mr Graham Cockroft has decided to leave the company on 28 February 2021 to return home to New Zealand.
- No replacement was named yet with the company stating that it is working to bring on a successor to the CFO role and will make an announcement in due course.
- Mr Cockroft was appointed as CFO since September 2018. Prior to SCI, he was the CFO of Contact Energy Ltd, an integrated energy company listed in New Zealand.
- Separately, SCI has appointed Mr Lim Ming Yan as independent director. Mr Lim is the Chairman of the Singapore Business Federation and Workforce Singapore (a statutory board). Prior to his retirement, Mr Lim was the President and Group Chief Executive Officer at CapitaLand Ltd ("CAPL", Issuer profile: Neutral (3)). (Company, Business Times, OCBC)

**Industry Outlook – Financial Institutions**

- Per Bloomberg, Australian banks will stop accepting mortgage deferrals ahead of the end of formal deferral programs at the end of March 2021. National Australia Bank Ltd ("NAB", Issuer Profile: Positive (2)) will apparently stop from today but will continue to provide support on an individual basis rather than as part of any deferral program.
- Of note is that the bulk of prior mortgage deferrals in Australia have now commenced repayments so the impact may not be as significant. Data from several Australian banks compiled by the Australian Banking Association indicate that a total of 436,139 home loans were in a payment deferral as at 24 June but this had reduced to 90,819 by 16 December 2020.
- End of these deferral programs will therefore not reflect in 1HFY2021 results for the majority of Australian banks we cover as their reporting year end is 30 September. Recent economic data from Australia including job listings indicate that the recovery is underway however progress of this will remain susceptible to developments with COVID-19. (Bloomberg, OCBC)

**HSBC Holdings PLC ("HSBC") | Issuer Profile: Neutral (3)**

- HSBC Chairman Mark Tucker indicated an acceleration of plans to expand in Asia as part of its proposed strategy revamp which will be announced in late February together with its FY2020 results.
- The [last strategy announcement](#) which was significant in itself happened at the same time last year however there is now a more urgent need to restructure following the impacts of COVID-19.
- Key points of focus are likely to be wealth, South Asia and China's Greater Bay Area, including Hong Kong. Geopolitical concerns though will continue to be an influence in 2021, with HSBC recently getting negative press for freezing bank accounts in Hong Kong of pro-democracy activists and shareholder activists voicing opposition to certain parts of [HSBC's ambition to prioritise financing and investment that supports the transition to a net zero global economy by 2050](#), particularly plans to provide financing to clients to support their own transition to a low carbon footprint. (Company, Bloomberg, OCBC)

### Key Market Movements

	20-Jan	1W chg (bps)	1M chg (bps)		20-Jan	1W chg	1M chg
iTraxx Asiax IG	62	0	4	Brent Crude Spot (\$/bbl)	55.90	-1.20%	6.97%
iTraxx SovX APAC	27	0	1	Gold Spot (\$/oz)	1,842.30	-0.17%	-1.84%
iTraxx Japan	51	0	0	CRB	174.85	1.23%	5.04%
iTraxx Australia	61	1	3	GSCI	432.33	1.48%	5.96%
CDX NA IG	50	1	-5	VIX	23.24	-3.49%	7.74%
CDX NA HY	109	0	0	CT10 (%)	1.097%	1.39	15.09
iTraxx Eur Main	50	1	-2				
iTraxx Eur XO	257	6	-6	AUD/USD	0.771	-0.28%	1.63%
iTraxx Eur Snr Fin	61	2	-2	EUR/USD	1.214	-0.15%	-0.86%
iTraxx Eur Sub Fin	116	2	-5	USD/SGD	1.328	-0.05%	0.35%
iTraxx Sovx WE	8	0	0	AUD/SGD	1.024	0.23%	-1.31%
USD Swap Spread 10Y	0	-1	0	ASX 200	6,783	1.44%	1.61%
USD Swap Spread 30Y	-26	-1	1	DJIA	30,931	-0.25%	2.49%
US Libor-OIS Spread	15	-2	0	SPX	3,799	-0.02%	2.41%
Euro Libor-OIS Spread	-7	-1	-1	MSCI Asiax	910	1.71%	10.55%
				HSI	29,642	4.83%	11.86%
China 5Y CDS	31	1	3	STI	2,996	0.63%	5.16%
Malaysia 5Y CDS	42	1	4	KLCI	1,602	-0.63%	-3.06%
Indonesia 5Y CDS	74	2	5	JCI	6,322	-1.15%	3.56%
Thailand 5Y CDS	39	1	3	EU Stoxx 50	3,595	-0.46%	1.40%
Australia 5Y CDS	15	0	1				

Source: Bloomberg

## Asian Credit Daily

### New Issues

- SK Battery America Inc (Guarantor: SK Innovation Co Ltd) priced a USD300mn 3-year bond at T+150bps, tightening from IPT of T+195bps area and a USD700mn 5-year bond at T+175bps, tightening from IPT of T+220bps area.
- CICC Hong Kong Finance 2016 MTN Ltd (Guarantor: China International Capital Corp Hong Kong Ltd) priced a USD1bn 3-year bond at T+142.5bps, tightening from IPT of T+180bps area and a USD500mn 5-year bond at T+155bps, tightening from IPT of T+200bps area.
- Kaisa Group Holdings Ltd priced a USD300mn re-tap of its KAISAG 10.875%'23s at 9.85%, tightening from IPT of 10.2% area.
- BOC Aviation Ltd priced a USD100mn re-tap of its BOCAVI 1.75%'26s at T+150bps.
- The Lao People's Democratic Republic has arranged investor calls commencing 19 January for its proposed USD bond offering.
- Woori Bank has arranged investor calls commencing 20 January for its proposed USD bond offering.

Date	Issuer	Size	Tenor	Pricing
19-Jan-21	SK Battery America Inc (Guarantor: SK Innovation Co Ltd)	USD300mn USD700mn	3-year 5-year	T+150bps T+175bps
19-Jan-21	CICC Hong Kong Finance 2016 MTN Ltd (Guarantor: China International Capital Corp Hong Kong Ltd)	USD1bn USD500mn	3-year 5-year	T+142.5bps T+155bps
19-Jan-21	Kaisa Group Holdings Ltd	USD300mn	KAISAG 10.875%'23s	9.85%
19-Jan-21	BOC Aviation Ltd	USD100mn	BOCAVI 1.75%'26s	T+150bps
18-Jan-21	Sinic Holdings Group Co Ltd	USD250mn	364-day	9.125%
18-Jan-21	Ronshine China Holdings Ltd	USD300mn	4NC2	7.1%
18-Jan-21	FEC Finance Ltd (Guarantor: Far East Consortium International Limited)	USD235mn	3-year	5.1%
18-Jan-21	Xinyuan Real Estate Co Ltd	USD170mn	3NP2	14%
18-Jan-21	Aspial Treasury Pte. Ltd.	SGD75mn	3-year	6.15%

Source: OCBC, Bloomberg

## Treasury Research & Strategy

---

### Macro Research

**Selena Ling***Head of Research & Strategy*[LingSSSelena@ocbc.com](mailto:LingSSSelena@ocbc.com)**Howie Lee***Thailand, Korea &**Commodities*[HowieLee@ocbc.com](mailto:HowieLee@ocbc.com)**Tommy Xie Dongming***Head of Greater China**Research*[XieD@ocbc.com](mailto:XieD@ocbc.com)**Carie Li***Hong Kong & Macau*[carierli@ocbcwh.com](mailto:carierli@ocbcwh.com)**Wellian Wiranto***Malaysia & Indonesia*[WellianWiranto@ocbc.com](mailto:WellianWiranto@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 Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

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).