

Market Commentary

- The SGD swap curve mostly fell yesterday, with belly tenors trading 2-4bps lower and longer tenors trading 2-3bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 2bps to 145bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 8bps to 648bps. The HY-IG Index Spread tightened 6bps to 504bps.
- There were very minimal flows in SGD corporates yesterday.
- 10Y UST gained 3bps to 1.11% on the back of the announcement of future auctions for USD60bn of two-year notes, USD61bn of five-year notes and USD62bn of seven-year notes. The inflation breakeven rate for 10-year Treasury Inflation-Protected Securities jumped to 2.17% after Thursday's USD15bn auction.

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
zhiquiseow@ocbc.com

Credit Summary:

- **Industry Outlook – Singapore Property:** URA released the 4Q2020 real estate statistics. Private residential property prices rose 2.1% q/q in 4Q2020, which is in-line with flash estimates. Overall, private residential property prices increased 2.2% in 2020, led by RCR (+4.7% y/y) and OCR (+3.2% y/y) while CCR fell 0.4% y/y. Separately, in 2020, developers sold 9,982 units (2019: 9,912 units).
- **City Developments Ltd (“CDL”) | Issuer Profile: Neutral (4):** CDL provided guidance for its 2020 results. Provisions will be made for the investment in Sincere Property Group (“Sincere”) due to challenges in China’s real estate market. The quantum of the impairment will only be known when CDL releases its financial results as it is in the process of restructuring certain assets and the situation remains fluid. CDL’s investment in Sincere totals SGD1.8bn.
- **Frasers Centrepoint Trust (“FCT”) | Issuer Profile: Neutral (4):** FCT released its first quarter business update for the financial year ending September 2021 (“1QFY2021”). Portfolio occupancy was 96.4% (including pre-committed leases) while aggregate leverage was at 37.7%.

Asian Credit Daily

Credit Headlines

Industry Outlook – Singapore Property

- URA released the 4Q2020 real estate statistics. Private residential property prices rose 2.1% q/q in 4Q2020, which is in-line with flash estimates. Prices of properties in Core Central Region (“CCR”) increased 3.2% q/q while Rest of Central Region (“RCR”) increased 4.4% q/q and Outside Central Region (“OCR”) increased 1.8% q/q.
- Overall, private residential property prices increased 2.2% in 2020, led by RCR (+4.7% y/y) and OCR (+3.2% y/y) while CCR fell 0.4% y/y.
- In 2020, developers sold 9,982 units (2019: 9,912 units). As of 4Q2020, unsold units in the pipeline has fallen to 24,296 units (3Q2020: 26,483 units), though launched but unsold units increased 14.4% q/q to 6,126 (3Q2020: 5,353).
- We continue to view the outlook of [Singapore Property favourably](#) and expect private residential property prices to increase 5-8% in 2021, barring any change in policy. (URA, OCBC)

City Developments Ltd (“CDL”) | Issuer Profile: Neutral (4)

- CDL provided guidance for its 2020 results. Provisions will be made for the investment in Sincere Property Group (“Sincere”) due to challenges in China’s real estate market including China’s ‘three red-lines’ policy restricting bank borrowings and deterioration in market conditions.
- The quantum of the impairment will only be known when CDL releases its financial results as it is in the process of restructuring certain assets and the situation remains fluid. CDL cited that poor market conditions have derailed the divestment plan for some of Sincere’s retail and hospitality portfolio, which in turn exacerbates the liquidity situation.
- CDL’s investment in Sincere totals SGD1.8bn. CDL has ring-fenced its current financial exposure while looking to protect its position. CDL has formed a special working group to oversee and improve Sincere’s liquidity and profitability, including reviewing potential divestment of assets and restructuring existing liabilities.
- While the investment in Sincere continues to be a noticeable detraction, we continue to hold CDL at a Neutral (4) Issuer Profile as CDL’s exposure to Sincere is contained while CDL’s liquidity position is strong with cash of SGD3.3bn and another SGD1.4bn in undrawn committed bank facilities. (Company, OCBC)

Frasers Centrepoint Trust (“FCT”) | Issuer Profile: Neutral (4)

- FCT released its first quarter business update for the financial year ending September 2021 (“1QFY2021”). Over the quarter, FCT had divested Bedok Point and announced the divestment Anchorpoint as well as acquired balance stake in Asia Retail Fund.
- Portfolio occupancy was 96.4% (including pre-committed leases), with shopper traffic at 60-70% of pre-COVID level and tenants’ sales near pre-COVID level.
- FCT has renewed nearly one-quarter of the expiring leases due in FY2021. 29.6% of the leases by gross rental income will come due in FY2021.
- Aggregate leverage was higher at 37.7%. FCT has minimal debt maturing in 202, just SGD50mn. We continue to hold FCT at Neutral (4).

Asian Credit Daily

Key Market Movements

	22-Jan	1W chg (bps)	1M chg (bps)		22-Jan	1W chg	1M chg
iTraxx Asiax IG	60	-2	2	Brent Crude Spot (\$/bbl)	56.10	-0.57%	10.19%
iTraxx SovX APAC	27	-1	1	Gold Spot (\$/oz)	1,868.95	2.22%	0.44%
iTraxx Japan	50	-1	-2	CRB	175.16	-0.01%	6.27%
iTraxx Australia	59	-1	2	GSCI	433.36	0.01%	7.75%
CDX NA IG	51	-1	-5	VIX	21.32	-4.01%	-15.26%
CDX NA HY	109	0	0	CT10 (%)	1.114%	3.08	19.79
iTraxx Eur Main	49	-2	-3				
iTraxx Eur XO	250	-10	-13	AUD/USD	0.777	0.82%	3.23%
iTraxx Eur Snr Fin	60	-2	-4	EUR/USD	1.217	0.76%	0.09%
iTraxx Eur Sub Fin	114	-6	-8	USD/SGD	1.323	0.52%	0.99%
iTraxx Sovx WE	9	0	0	AUD/SGD	1.027	-0.30%	-2.16%
USD Swap Spread 10Y	1	1	1	ASX 200	6,820	1.56%	3.34%
USD Swap Spread 30Y	-26	1	1	DJIA	31,176	0.37%	3.18%
US Libor-OIS Spread	15	0	0	SPX	3,853	1.13%	4.28%
Euro Libor-OIS Spread	-6	1	0	MSCI Asiax	929	4.25%	13.40%
				HSI	29,928	5.02%	14.58%
China 5Y CDS	30	-1	2	STI	3,017	0.57%	6.71%
Malaysia 5Y CDS	40	-2	3	KLCI	1,595	-2.50%	-2.27%
Indonesia 5Y CDS	72	-2	3	JCI	6,414	-0.22%	6.48%
Thailand 5Y CDS	37	-1	1	EU Stoxx 50	3,618	-0.63%	3.46%
Australia 5Y CDS	15	0	1				

Source: Bloomberg

Asian Credit Daily

New Issues

- Power Finance Corp Ltd priced a USD500mn 10-year bond at 3.35%, tightening from IPT of 3.75% area.
- Sunac China Holdings Ltd priced a USD600mn 3.25NC2 bond at 5.95%, tightening from IPT of 6.5% area and a USD500mn 5NC3 bond at 6.5%, tightening from IPT of 7.05% area.
- Seaspan Corp priced a USD200mn 3-year sustainability-linked bond at 6.5%.

Date	Issuer	Size	Tenor	Pricing
21-Jan-21	Power Finance Corp Ltd	USD500mn	10-year	3.35%
21-Jan-21	Sunac China Holdings Ltd	USD600mn USD500mn	3.25NC2 5NC3	5.95% 6.5%
21-Jan-21	Seaspan Corp	USD200mn	3-year	6.5%
20-Jan-21	Fortune Star BVI Ltd (Guarantor: Fosun International Limited)	USD500mn	6NC4	5.05%
20-Jan-21	Champion Path Holdings Ltd. (Guarantor: SJM Holdings Ltd.)	USD500mn USD500mn	5NC3 7NC4	4.5% 4.85%
20-Jan-21	Indonesia Infrastructure Finance PT	USD150mn	5-year	1.75%
20-Jan-21	Korea Southern Power Co Ltd	USD450mn	5-year	T+40bps
20-Jan-21	Guangzhou Fineland Real Estate Development Co Ltd	USD103.75mn	2.5-year	13.6%
20-Jan-21	Asian Infrastructure Investment Bank/The	USD3bn	5-year	MS+6bps
20-Jan-21	Li & Fung Limited	USD100mn	LIFUNG 4.5%'25s	T+423.4bps
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

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

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).