

### Market Commentary

- The SGD swap curve slightly rose last Friday, with belly tenors trading 1bps higher and longer tenors trading 1-2bps higher, except for the 20-year which traded almost flat.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS remained mostly unchanged at 145bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 4bps to 644bps. The HY-IG Index Spread tightened 4bps to 499bps.
- Flows in SGD corporates were heavy, with flows in OLAMSP 5.375%-PERPs, AVSING 3.375%'31s, OLAMSP 6%'22s, SOCGEN 6.125%-PERPs, UBS 4.85%-PERPs, F 4.125%'24s and MAPLSP 4.5%-PERPs.
- 10Y UST fell 2bps to 1.09% amidst critiques of the proposed stimulus plans and concerns regarding an extended economic recovery due to the coronavirus pandemic.

### Credit Research

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### Credit Summary:

- [CapitaLand Ltd \("CAPL"\)](#) | **Issuer Profile: Neutral (3)**: CAPL provided a negative profit guidance for 2020. Profit from business operations ("Operating PATMI") is expected to fall by 20% to 30% from SGD1.06bn recorded in 2019. Operating PATMI and Portfolio Gains ("Cash PATMI") is expected to fall by 35% to 45% from SGD1.49bn recorded in 2019. Fair value losses is expected to be in the range of SGD1.55bn to SGD1.65bn, representing 4.7% of the investment properties portfolio value (2019: gain of SGD674.8mn).

## Asian Credit Daily

### Credit Headlines

#### CapitaLand Ltd ("CAPL") | Issuer Profile: Neutral (3)

- CAPL provided a negative profit guidance for 2020.
- Profit from business operations (excluding any gains or losses from divestments, revaluations and impairments, "Operating PATMI") is expected to fall by 20% to 30% from SGD1.06bn recorded in 2019. The fall is in-line with 1H2020's results which saw operating PATMI fall by 27.7% y/y to SGD261.2mn
- Operating PATMI and Portfolio Gains ("Cash PATMI") is expected to fall by 35% to 45% from SGD1.49bn recorded in 2019. In comparison 1H2020's results saw Cash PATMI fall by 45.6% y/y to SGD270.2mn.
- However, fair value losses is expected to be in the range of SGD1.55bn to SGD1.65bn, representing 4.7% of the investment properties portfolio value (2019: gain of SGD674.8mn). This is partly attributable to its listed REITs, with CapitaLand Integrated Commercial Trust recording fair value losses of SGD393.6mn while Ascott Residence Trust is expecting to record SGD325mn to SGD345mn fair value losses. CAPL also expects to recognise impairment losses of SGD800mn to SGD900mn (2019: SGD31.6mn). As such, CAPL is expected to report a loss for 2020.
- Given that CAPL's credit metrics still look manageable with net gearing of 0.64x as of 3Q2020 and operating PATMI is still positive, we continue to hold CAPL at a Neutral (3) Issuer Profile for now. (Company, OCBC)

## Asian Credit Daily

## Key Market Movements

	25-Jan	1W chg (bps)	1M chg (bps)		25-Jan	1W chg	1M chg
iTraxx Asiax IG	61	-3	4	Brent Crude Spot (\$/bbl)	55.34	1.08%	7.90%
iTraxx SovX APAC	27	-1	1	Gold Spot (\$/oz)	1,856.23	0.81%	-1.45%
iTraxx Japan	51	0	-1	CRB	172.85	-2.22%	4.41%
iTraxx Australia	60	-2	1	GSCI	427.41	-2.18%	5.62%
CDX NA IG	51	-1	-2	VIX	21.91	-5.76%	1.76%
CDX NA HY	109	0	0	CT10 (%)	1.094%	1.05	17.09
iTraxx Eur Main	49	-2	1				
iTraxx Eur XO	253	-5	11	AUD/USD	0.772	0.48%	1.49%
iTraxx Eur Snr Fin	61	-3	2	EUR/USD	1.217	0.76%	-0.20%
iTraxx Eur Sub Fin	116	-5	1	USD/SGD	1.328	0.26%	0.14%
iTraxx Sovx WE	9	0	0	AUD/SGD	1.025	-0.23%	-1.34%
USD Swap Spread 10Y	3	2	2	ASX 200	6,813	2.26%	2.23%
USD Swap Spread 30Y	-24	2	1	DJIA	30,997	0.02%	2.64%
US Libor-OIS Spread	14	-1	-2	SPX	3,841	1.21%	3.74%
Euro Libor-OIS Spread	-6	1	0	MSCI Asiax	921	3.47%	13.06%
				HSI	29,448	3.06%	11.60%
China 5Y CDS	30	-2	2	STI	2,992	-0.44%	5.26%
Malaysia 5Y CDS	41	-2	4	KLCI	1,597	-1.86%	-2.71%
Indonesia 5Y CDS	73	-3	5	JCI	6,307	-1.04%	4.97%
Thailand 5Y CDS	38	-2	3	EU Stoxx 50	3,602	0.08%	1.67%
Australia 5Y CDS	15	0	1				

Source: Bloomberg

## Asian Credit Daily

### New Issues

- AVIC International Finance & Investment Ltd (Guarantor: AVIC International Holding Corp) priced a USD200mn Will Not Grow 5-year bond at T+253bps, tightening from IPT of T+295bps area.
- Korea Development Bank Singapore branch priced a USD100mn 3-year bond at 0.47%.
- DBS Bank Ltd. priced a USD150mn zero-coupon 40-year bond.
- PT Bukit Makmur Mandiri Utama has arranged investor calls commencing 22 January for its proposed USD bond offering.
- GMR Hyderabad International Airport Limited has arranged investor calls commencing 22 January for its proposed USD bond offering.

Date	Issuer	Size	Tenor	Pricing
22-Jan-21	AVIC International Finance & Investment Ltd (Guarantor: AVIC International Holding Corp)	USD200mn	WNG 5-year	T+253bps
22-Jan-21	Korea Development Bank Singapore branch	USD100mn	3-year	0.47%
22-Jan-21	DBS Bank Ltd.	USD150mn	40-year	Zero-coupon
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

## Treasury Research & Strategy

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