

### Market Commentary

- The SGD swap curve slightly rose yesterday, with shorter and belly tenors trading 0-1bps higher while longer tenors traded 1-3bps higher, except for the 30-year which traded almost flat.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 148bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 17bps to 652bps. The HY-IG Index Spread widened 16bps to 504bps.
- There were very minimal flows in SGD corporates yesterday.
- 10Y UST gained 4bps to 1.08% after news that the Democrats will soon assume control of the U.S. government, increasing the likelihood of further stimulus spending.

### Credit Research

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### Credit Summary:

- **Industry Outlook – China Property:** The People's Bank of China ("PBOC") has issued a regulation to cap property loans by banks. The ratio of outstanding property loans to total loans will be capped at 40% and their outstanding mortgages as a proportion of total loans, will be capped at 32.5% for China's big four banks, China Development Bank, Bank of Communications and Postal Savings Bank of China.
- **United Overseas Bank ("UOB") | Positive (2):** UOB has priced Singapore's first capital securities (Additional Tier 1, "AT1"), with a reset coupon rate that references the Singapore Overnight Rate Average Overnight Indexed Swap rate, instead of the commonly used benchmark, the Singapore Swap Offer Rate.
- **Golden Agri-Resources Ltd ("GGR") | Issuer Profile: Negative (6):** GGR has announced the appointment of Mr Tony Kettinger as Chief Operating Officer. Mr Kettinger joins GGR from Cargill where he was Group Managing Director of the palm and coconut oils business, agriculture supply chain strategy and business development in the Asia-Pacific region.
- **Sembcorp Industries Ltd ("SCI") | Issuer Profile: Neutral (4):** Sembcorp Energy India Limited, a wholly owned subsidiary of Sembcorp Industries announced that it has won a new 400MW solar power project in a contested auction conducted by the Solar Energy Corporation of India.

## Asian Credit Daily

### Credit Headlines

#### Industry Outlook – China Property

- The People's Bank of China ("PBOC") has issued a regulation to cap property loans by banks. Each bank's outstanding property loans as a proportion of total loans, as well as its ratio of outstanding mortgages to total loans should be capped, as required.
- The ratio of outstanding property loans to total loans will be capped at 40% and their outstanding mortgages as a proportion of total loans, will be capped at 32.5% for China's big four banks, China Development Bank, Bank of Communications and Postal Savings Bank of China while the requirements vary for smaller banks.
- ~30% of outstanding loans with China's financial institutions were property loans in end-September 2020, though larger banks exposure is nearer to the ~40% cap.
- This property loan caps follows on from the "three red lines policy" which aims to limit debt that can be taken by property companies in China. In 2H2020, this was piloted on 12 property companies, though a broadening to more companies is expected in the near term. These policies are likely to curb growth in contracted sales in 2021. (Reuters, OCBC)

#### United Overseas Bank ("UOB") | Positive (2)

- UOB has priced Singapore's first capital securities (Additional Tier 1, "AT1"), with a reset coupon rate that references the Singapore Overnight Rate Average Overnight Indexed Swap ("SORA-OIS") rate, instead of the commonly used benchmark, the Singapore Swap Offer Rate ("SOR").
- The new UOB AT1 was priced at a coupon of 2.25% p.a, 181 basis points above the prevailing 5Y SORA-OIS as at 7 January 2021. If the bonds are not redeemed in 2026, the coupon will be reset based on 181 basis points above the 5Y SORA-OIS on the first call date. (Company)

#### Golden Agri-Resources Ltd ("GGR") | Issuer Profile: Negative (6)

- GGR has announced the appointment of Mr Tony Kettinger as Chief Operating Officer ("COO"). Mr Kettinger joins GGR from Cargill where he was Group Managing Director of the palm and coconut oils business, agriculture supply chain strategy and business development in the Asia-Pacific region. In his new role, Mr Kettinger will have a primary focus on the downstream business.
- Mr Kettinger has 25 years of experience, including 14 years in commercial and management positions in China. (Company)

#### Sembcorp Industries Ltd ("SCI") | Issuer Profile: Neutral (4)

- Sembcorp Energy India Limited ("SEIL"), a wholly owned subsidiary of Sembcorp Industries ("SCI") announced that it has won a new 400MW solar power project in a contested auction conducted by the Solar Energy Corporation of India ("SECI").
- The project is located in Rajasthan, India and will be connected to the Rajasthan state's transmission utility. The entire energy output will be sold to SECI under a 25-year long term power purchase agreement with expected commercial operation date in mid-2022. The project will be funded through a mix of internal funds and debt. (Company)

## Key Market Movements

	8-Jan	1W chg (bps)	1M chg (bps)		8-Jan	1W chg	1M chg
iTraxx Asiax IG	58	0	-1	Brent Crude Spot (\$/bbl)	54.38	5.92%	11.46%
iTraxx SovX APAC	25	0	-1	Gold Spot (\$/oz)	1,915.73	0.90%	2.41%
iTraxx Japan	51	0	-2	CRB	172.31	3.38%	8.41%
iTraxx Australia	56	-1	-2	GSCI	423.35	3.81%	9.57%
CDX NA IG	50	0	-1	VIX	22.37	-1.76%	5.02%
CDX NA HY	109	0	0	CT10 (%)	1.080%	16.63	16.16
iTraxx Eur Main	48	0	1				
iTraxx Eur XO	250	8	9	AUD/USD	0.777	1.00%	4.86%
iTraxx Eur Snr Fin	59	0	2	EUR/USD	1.227	0.44%	1.36%
iTraxx Eur Sub Fin	111	0	3	USD/SGD	1.324	-0.19%	0.99%
iTraxx Sovx WE	8	0	-1	AUD/SGD	1.029	-1.18%	-3.67%
USD Swap Spread 10Y	0	-1	-1	ASX 200	6,724	2.08%	0.54%
USD Swap Spread 30Y	-28	-3	0	DJIA	31,041	2.08%	3.23%
US Libor-OIS Spread	15	-1	1	SPX	3,804	1.92%	3.03%
Euro Libor-OIS Spread	-7	-1	-3	MSCI Asiax	865	2.64%	5.93%
				HSI	27,549	1.48%	4.73%
China 5Y CDS	28	0	-1	STI	2,907	1.32%	2.88%
Malaysia 5Y CDS	36	0	-1	KLCI	1,603	-2.52%	-1.76%
Indonesia 5Y CDS	67	-1	-3	JCI	6,154	1.95%	3.52%
Thailand 5Y CDS	35	0	-1	EU Stoxx 50	3,622	1.42%	2.74%
Australia 5Y CDS	14	0	0				

Source: Bloomberg

## Asian Credit Daily

### New Issues

- Haidilao International Holding Ltd priced a USD600mn 5-year bond at T+173bps, tightening from IPT of T+225bps area.
- Bank of China Ltd/Hong Kong priced USD500mn 3-year bond at T+72bps, tightening from IPT of T+110bps area.
- Huarong Leasing Management Hong Kong Co Ltd priced a USD300mn 363-day bond at 1.9%, tightening from IPT of 2.35% area.
- RongXingDa Development BVI Ltd (Guarantor: RiseSun Real Estate Development Co., Ltd.) priced a USD300mn 364-day bond at 8.95%, tightening from IPT of 9.15% area.
- Times China Holdings Ltd priced a USD350mn 6NC4 bond at 5.75%, tightening from IPT of 6.15% area.
- NWD MTN Ltd (Guarantor: New World Development Company Limited) priced a USD200mn 10-year bond at T+275bps, tightening from IPT of T+300bps area.
- Central China Real Estate Ltd priced a USD260mn 4.5NC2.5 green bond at 7.875%, tightening from IPT of 8% area.
- Changxing Urban Construction Investment Group Co. Ltd. priced a USD120mn 3-year bond at 4.2%.
- United Overseas Bank Limited priced a SGD150mn PerpNC5 at 2.25%.
- Beijing Capital Group Co., Ltd. has arranged investor calls commencing 7 January for its proposed USD bond offering.

Date	Issuer	Size	Tenor	Pricing
7-Jan-21	Haidilao International Holding Ltd	USD600mn	5-year	T+173bps
7-Jan-21	Bank of China Ltd/Hong Kong	USD500mn	3-year	T+72bps
7-Jan-21	Huarong Leasing Management Hong Kong Co Ltd	USD300mn	363-day	1.9%
7-Jan-21	RongXingDa Development BVI Ltd (Guarantor: RiseSun Real Estate Development Co., Ltd.)	USD300mn	364-day	8.95%
7-Jan-21	Times China Holdings Ltd	USD350mn	6NC4	5.75%
7-Jan-21	NWD MTN Ltd (Guarantor: New World Development Company Limited)	USD200mn	10-year	T+275bps
7-Jan-21	Central China Real Estate Ltd	USD260mn	4.5NC2.5	7.875%
7-Jan-21	Changxing Urban Construction Investment Group Co. Ltd	USD120mn	3-year	4.2%
7-Jan-21	United Overseas Bank Limited	SGD150mn	PerpNC5	2.25%
6-Jan-21	State Bank of India/London	USD600mn	5.5-year	T+140bps
6-Jan-21	Shriram Transport Finance Co Ltd	USD500mn	3-year	4.4%
6-Jan-21	Redsun Properties Group Ltd	USD350mn	4NC2	7.5%
6-Jan-21	Seazen Group Ltd	USD300mn	4.5NC2.5	4.45%
6-Jan-21	Golden Wheel Tiandi Holdings Co Ltd	USD85mn	GWTH 14.25%'23s	14.25%
6-Jan-21	Dexin China Holdings Co Ltd	USD150mn	DEXICN 9.95%'22s	9.45%
6-Jan-21	Zhongsheng Group Holdings Ltd	USD450mn	5-year	T+268bps
6-Jan-21	Logan Group Co Ltd	USD300mn	7NC4	4.5%

Source: OCBC, Bloomberg

## Treasury Research & Strategy

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