

Market Commentary

- The SGD swap curve traded lower yesterday, with shorter tenors trading at 1bps lower. Belly tenors traded 2-3bps lower while longer tenors traded 3-4bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 136bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 1bps to 626bps. The HY-IG Index Spread remained mostly unchanged at 490bps.
- There were heavy flows in SGD corporates yesterday, including SUNSP 3.8%-PERPs, AIA 2.9%-PERPs, KITSP 4.3%-PERPs, MINTSP 3.15%-PERPs, LREIT 4.2%-PERPs, OLAMSP 4%'26s, CS 5.625%-PERPs, OLAMSP 5.375%-PERPs, SRBJNG 4.11%'25s and STSP 3.3%-PERPs.
- UST 10Y Yields ticked marginally higher by 1bps to 1.57% amidst a lack of clear drivers and as investors continued to digest the worse-than-expected nonfarm payrolls data released last Friday.

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

zhiqiseow@ocbc.com

Credit Summary:

- [Keppel Corporation Ltd \("KEP"\)](#) | **Issuer profile: Neutral (5) and KrisEnergy Ltd ("KrisEnergy")** | **Issuer profile: Unrated:** Following KrisEnergy's announcement that the company will proceed into liquidation, KrisEnergy has received a notice from DBS Bank Ltd ("DBS") in relation to the revolving credit facility ("RCF") and Madison Pacific Trust Limited ("Madison Pacific") in relation to the credit facility agreement ("Cambodia Loan Facility") between KrisEnergy (Apsara) Company Ltd and KrisEnergy (Cambodia) Ltd (as borrowers), Kepinvest Singapore Pte. Ltd (as lender, a wholly-owned subsidiary of KEP) and Madison Pacific (as agent and security agent).
- [Macquarie Group Limited \("MQG"\)](#) | **Issuer Profile: Neutral (3):** Macquarie Infrastructure Corporation ("MIC") which is 16.3% owned by MQG, announced that it will be selling Atlantic Aviation to private equity firm KKR. MIC caters to the private aviation sector which is a subsegment that has been doing well within aviation during the pandemic. The sale does not impact our Neutral (3) issuer profile on MQG, who reported a record capital surplus of AUD8.8bn in its FY2021 results for the year ended 31 March 2021. Its CET1 ratio of 12.6% as at 31 March 2021 is above the regulatory minimum of around 8.5% that includes the capital conservation buffer (CCB), provision for internal capital buffers, forthcoming regulatory changes, and the [AUD500mn operational capital overlay](#). On an internationally comparable basis, the CET1 ratio was 16.2% as at 31 March 2021.

Asian Credit Daily

Credit Headlines

Keppel Corporation Ltd (“KEP”) | Issuer profile: Neutral (5) and KrisEnergy Ltd (“KrisEnergy”) | Issuer profile: Unrated

- Following KrisEnergy’s announcement that the company will proceed into liquidation, KrisEnergy has received a notice from:
 - DBS Bank Ltd (“DBS”) in relation to the revolving credit facility (“RCF”).
 - Madison Pacific Trust Limited (“Madison Pacific”) in relation to the credit facility agreement (“Cambodia Loan Facility”) between KrisEnergy (Apsara) Company Ltd and KrisEnergy (Cambodia) Ltd (as borrowers), Kepinvest Singapore Pte. Ltd (as lender, a wholly-owned subsidiary of KEP) and Madison Pacific (as agent and security agent).
- DBS has cancelled the total RCF commitments and declared that all loans are now payable on demand while under the Madison Pacific has also been notified of an event of default under the Cambodia Loan Facility.
- KEP is a lender to KrisEnergy and is economically exposed to the RCF (an off-balance sheet item). KEP also hold other assets in relation to KrisEnergy (eg: contract assets and investments in the KRISSP 0% ‘24s bonds). KEP announced that in aggregate, these amount to ~SGD423mn, in line with our expectations and we have factored this into our issuer profile of Neutral (5).
- KEP announced that it will recognise SGD318mn of losses in 1H2021 in respect of its exposures to KrisEnergy, which factors estimated recoverable amounts of the various assets at KrisEnergy. KEP holds first ranking security package over the assets of KrisEnergy. (Company, OCBC)

Macquarie Group Limited (“MQG”) | Issuer Profile: Neutral (3)

- Macquarie Infrastructure Corporation (“MIC”) which is 16.3% owned by MQG, announced that it will be selling Atlantic Aviation to private equity firm KKR. MIC caters to the private aviation sector which is a subsegment that has been doing well within aviation during the pandemic.
- KKR has agreed to pay USD4.48bn in cash, assumed debt and restructuring obligations with cash proceeds of USD3.3bn expected to be distributed to shareholders, including MQG. The deal is expected to complete in 4Q2021 following receipt of regulatory and shareholder approvals.
- The sale does not impact our Neutral (3) issuer profile on MQG, who reported a record capital surplus of AUD8.8bn in its FY2021 results for the year ended 31 March 2021. Its CET1 ratio of 12.6% as at 31 March 2021 is above the regulatory minimum of around 8.5% that includes the capital conservation buffer (CCB), provision for internal capital buffers, forthcoming regulatory changes, and the [AUD500mn operational capital overlay](#). On an internationally comparable basis, the CET1 ratio was 16.2% as at 31 March 2021. (Company, OCBC)

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Key Market Movements

| | 8-Jun | 1W chg (bps) | 1M chg (bps) | | 8-Jun | 1W chg | 1M chg |
|-----------------------|-------|-----------------|-----------------|---------------------------|----------|--------|--------|
| iTraxx Asiax IG | 84 | -2 | 5 | Brent Crude Spot (\$/bbl) | 70.82 | 0.81% | 3.72% |
| iTraxx SovX APAC | 26 | 0 | 0 | Gold Spot (\$/oz) | 1,896.52 | -0.21% | 3.29% |
| iTraxx Japan | 47 | 1 | -1 | CRB | 209.53 | 1.86% | 1.24% |
| iTraxx Australia | 59 | -1 | -1 | GSCI | 529.65 | 0.30% | 1.27% |
| CDX NA IG | 50 | -1 | 0 | VIX | 16.42 | -2.03% | -1.62% |
| CDX NA HY | 110 | 0 | 0 | CT10 (%) | 1.564% | -4.26 | -1.35 |
| iTraxx Eur Main | 49 | -1 | -1 | | | | |
| | | | | | | | |
| iTraxx Eur XO | 244 | -3 | -8 | AUD/USD | 0.775 | -0.10% | -1.07% |
| iTraxx Eur Snr Fin | 58 | -1 | -2 | EUR/USD | 1.218 | -0.26% | 0.43% |
| iTraxx Eur Sub Fin | 108 | -9 | -1 | USD/SGD | 1.323 | -0.06% | 0.19% |
| iTraxx Sovx WE | 6 | 0 | -1 | AUD/SGD | 1.025 | 0.05% | 1.27% |
| | | | | | | | |
| USD Swap Spread 10Y | -3 | -1 | 0 | ASX 200 | 7,272 | 1.81% | 2.69% |
| USD Swap Spread 30Y | -29 | -2 | 0 | DJIA | 34,630 | 0.29% | -0.42% |
| US Libor-OIS Spread | 5 | 0 | -3 | SPX | 4,227 | 0.53% | -0.14% |
| Euro Libor-OIS Spread | -6 | 0 | -2 | MSCI Asiax | 890 | -1.36% | 1.38% |
| | | | | HSI | 28,699 | -2.61% | 0.31% |
| China 5Y CDS | 37 | 0 | 0 | STI | 3,160 | -0.85% | -1.25% |
| Malaysia 5Y CDS | 46 | -1 | 0 | KLCI | 1,585 | 0.11% | -0.13% |
| Indonesia 5Y CDS | 76 | 0 | 0 | JCI | 6,020 | 1.22% | 1.54% |
| Thailand 5Y CDS | 39 | -1 | -2 | EU Stoxx 50 | 4,098 | 1.44% | 1.57% |
| Australia 5Y CDS | 15 | 0 | -12 | | | | |

Source: Bloomberg

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New Issues

- NagaCorp Ltd (Guarantors: NagaCorp HK Ltd, Nagaworld Ltd, Nagacity Walk Ltd, Naga 2 Land Ltd and Naga 3 Company Ltd and Ariston Sdn.Bhd) priced a USD200mn re-tap of its NAGACL 7.95%'24s at 6.625%, tightening from IPT of 6.875% area.
- Yango Cayman Investment Ltd (Guarantor: Fujian Yango Group Co Ltd) priced a USD90mn 3-year bond at 4%.
- Goucheng International Co., Ltd. priced a USD100mn 3-year senior unsecured bond at 3.48%.
- Suntec Real Estate Investment Trust priced a SGD150mn PerpNC5 at 4.25%, tightening from IPG of 4.45% area.
- China Everbright Bank Co., Hong Kong Branch has mandated banks for its proposed USD senior bond offering.
- Pacific Century Premium Developments Limited has arranged investor calls commencing 7 June for its proposed USD bond offering.

| Date | | Size | Tenor | Pricing |
|-----------|--|------------|------------------|---------|
| 7-June-21 | NagaCorp Ltd (Guarantors: NagaCorp HK Ltd, Nagaworld Ltd, Nagacity Walk Ltd, Naga 2 Land Ltd and Naga 3 Company Ltd and Ariston Sdn.Bhd) | USD200mn | NAGACL 7.95%'24s | 6.625% |
| 7-June-21 | Yango Cayman Investment Ltd (Guarantor: Fujian Yango Group Co Ltd) | USD90mn | 3-year | 4% |
| 7-June-21 | Goucheng International Co., Ltd. | USD100mn | 3-year | 3.48% |
| 7-June-21 | Suntec Real Estate Investment Trust | a SGD150mn | PerpNC5 | 4.25% |

Source: OCBC, Bloomberg

Treasury Research & Strategy

Macro Research

Selena Ling

Head of Research & Strategy

LingSSSelena@ocbc.com

Tommy Xie Dongming

Head of Greater China

Research

XieD@ocbc.com

Wellian Wiranto

Malaysia & Indonesia

WellianWiranto@ocbc.com

Howie Lee

Thailand, Korea &

Commodities

HowieLee@ocbc.com

Carie Li

Hong Kong & Macau

carierli@ocbcwh.com

Herbert Wong

Hong Kong & Macau

herberhtwong@ocbcwh.com

FX/Rates Strategy

Frances Cheung

Rates Strategist

FrancesCheung@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

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