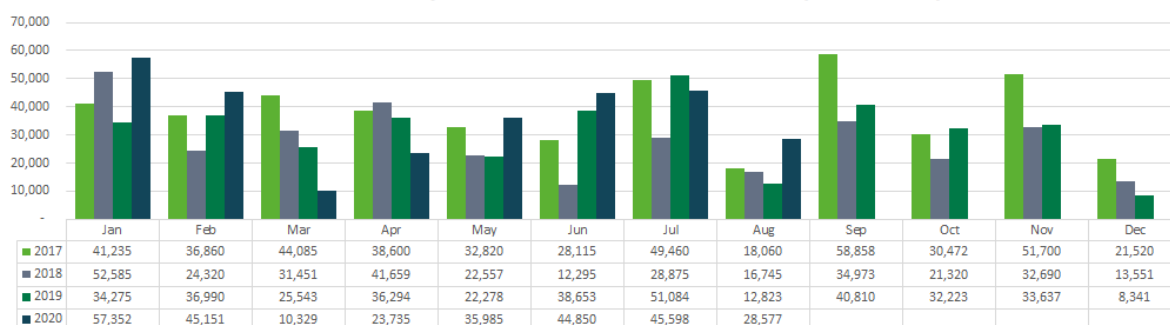


APAC US\$ SUPPLY STATS

Issuance declines in August but by less than usual

- The month of August is a typically subdued affair in the APAC US\$ primary bond market, with only the month of December producing less issuance volume in the past couple of years.
- However, while supply did indeed decline sharply from what was a busy month in July, the US\$28.577bn of total issuance (including Japan) that did materialize in August 2020 did at least mark a decent jump from those previous year's volumes.
- That in a month which continued to offer regional issuers across the rating spectrum attractive funding opportunities, supported by a keenness of yield-hungry investors to add inventory in the low rate environment, consistent with a broader appetite for risk.

APAC US\$ Monthly Issuance Volumes 2017-2020 YTD (US\$ millions)



Country breakdown

China maintained its dominant position at the top of the pile in August 2020 with a contribution of US\$17.527bn, with the equivalent 61.3% of the total raised by Chinese offshore issuers boasting the jurisdiction's largest monthly market share in percentage terms so far this year.

Japanese issuers contributed US\$5.95bn in August 2020, equating to 20.8% of the monthly total, which was sufficient for the jurisdiction to maintain its silver medal position for a fourth consecutive month.

APAC US\$ SUPPLY STATS cont'd

Meanwhile, a contribution of US\$1.5bn from Australian/NZ and Malaysian borrowers was enough for those countries to share third spot with 5.2% apiece, the latter courtesy of a rare US\$1.5bn 2-part 10 and 30-year conventional/sukuk transaction from Axiata Group Berhad

That was only the second month so far this year when Malaysian headquartered issuers were active in the public US\$ bond market, after the jumbo US\$6bn 3-part exercise issued by Petronas in April.

The other US\$2.1bn sold by regional APAC issuers in August 2020 was provided by borrowers from India, South Korea and the Philippines, amounting to a combined market share of 7.3%.

Aug US\$ Issuance (mn) Country Breakdown



China US\$ Monthly Issuance Volume (mn)





APAC US\$ SUPPLY STATS cont'd

APAC Ex-China US\$ Monthly Issuance (mn) by Country (US\$)



Sector breakdown

August 2020 was a particularly productive month for the non-property corporate sector which jumped to first place with a contribution of US\$9.59bn or 33.6% of the monthly total, having trailed in last place in the more active prior month of July.



APAC US\$ SUPPLY STATS cont'd

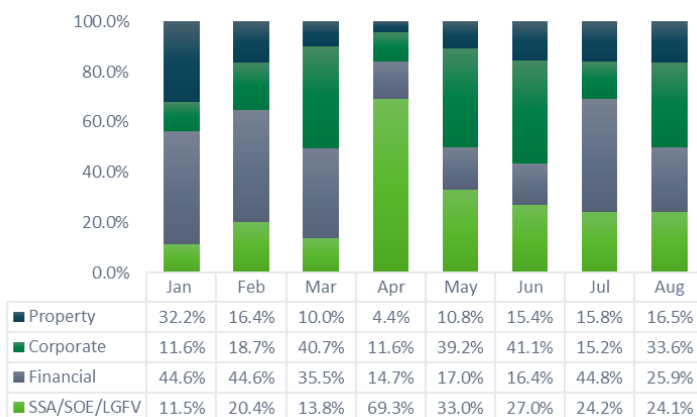
That largely came at the expense of financial issuers which saw their market share fall to 25.9% in August 2020 from 44.8% the month before, although the equivalent US\$7.4bn of supply raised in August 2020 was still enough to put the sector into second place, albeit only slightly ahead of SSA/SOE/LGFV's which provided 24.1% of the monthly total with a contribution of US\$6.88bn, broadly unchanged in percentage terms from the month before

Meanwhile, the US\$4.7068bn sold by property companies in August accounted for 16.5% of the overall total, fairly consistent with the 15-16% that industry borrowers contributed in the previous couple of months.

Aug US\$ Issuance (mn) Sector Breakdown



APAC US\$ Monthly Issuance (mn) Sector Breakdown (%)





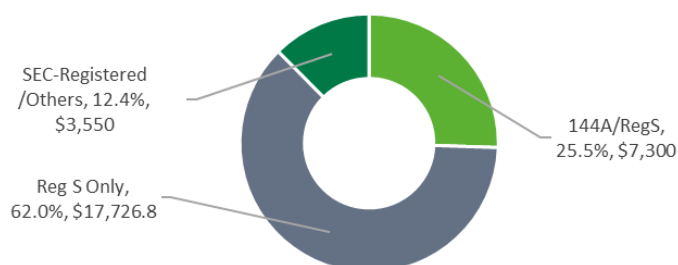
APAC US\$ SUPPLY STATS cont'd

Type breakdown

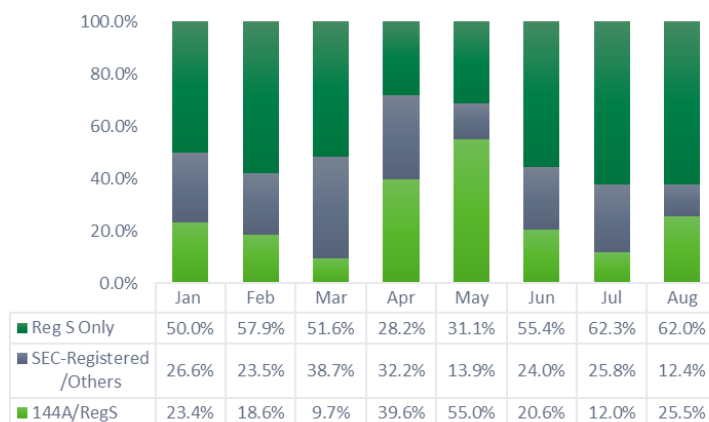
RegS only issuance was dominant once again in August 2020, making up 62% of total monthly issuance with a contribution of US\$17.7268bn, which was almost unchanged from the previous month in percentage terms with RegS supply accounting for 62.3% in what marked its most dominant month in 2020 so far.

In second place with a contribution of US\$7.3bn or 25.5% of the monthly total in August 2020 was 144A/RegS supply at the expense of SEC-registered/Others which effectively swapped their respective market shares in percentage terms compared to July.

Aug US\$ Issuance (mn) Market Type Breakdown



APAC US\$ Monthly Issuance (mn) Market Type Breakdown (%)





APAC US\$ SUPPLY STATS cont'd

Rating Breakdown

APAC investment grade borrowers were as usual dominant in August 2020 with a contribution of US\$21.45bn, amounting to a total market share of 75.1%. That was fairly consistent with the trend in recent months since IG borrower's market share declined from 89.5% in May to 76.8% in June.

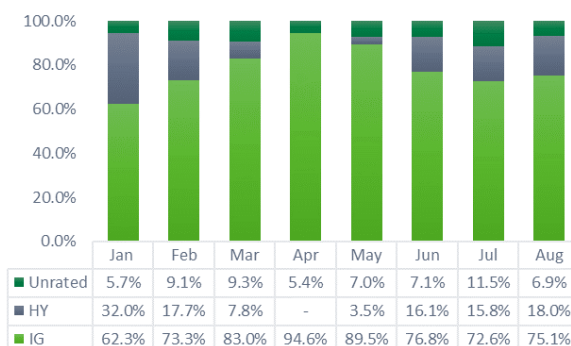
High yield names maintained second place with US\$5.15bn, equating to 18% of total APAC US\$ supply in August 2020, again fairly similar to its performance in recent months in percentage terms but still enough to mark its second biggest contribution so far this year. It was only beaten by the sharply higher 32% of total issuance that high yield issuers provided in January when the market was still firing on all cylinders in the new year pre-coronavirus.

Unrated issues made up the other US\$1.9768bn or 6.9% in August 2020 (note that the rating breakdown is based on the actual issue ratings and not those of the borrower themselves nor the guarantor).

Aug US\$ Issuance (mn) Rating Breakdown



APAC US\$ Monthly Issuance (mn) Rating Breakdown (%)





APAC US\$ SUPPLY STATS cont'd

Maturity Breakdown

APAC US\$ deals in August 2020, the short-end of the curve was the target of choice for the largest number of borrowers, where the 0-3.5-year bucket accommodated US\$10.677bn of issuance or 37.4% of the overall total.

That can in part be attributed to Chinese property companies which capitalized on obliging market conditions to take care of forthcoming redemptions, a scenario also reflected by the constructive month for high yield issuers highlighted previously.

This ranks as the most active month in percentage terms for this maturity bucket since March 2020, although that doesn't really tell the whole story as the APAC US\$ primary bond market was closed for business for much of the month due to coronavirus, with just US\$10.329bn making it over the line in the month.

The second most popular maturity bucket for regional US\$ issuers in August 2020 was 3.5-6-year one, with the 5-year tenor actually the most popular single maturity during the month, reinforcing the popularity of the shorter-end of the curve overall.

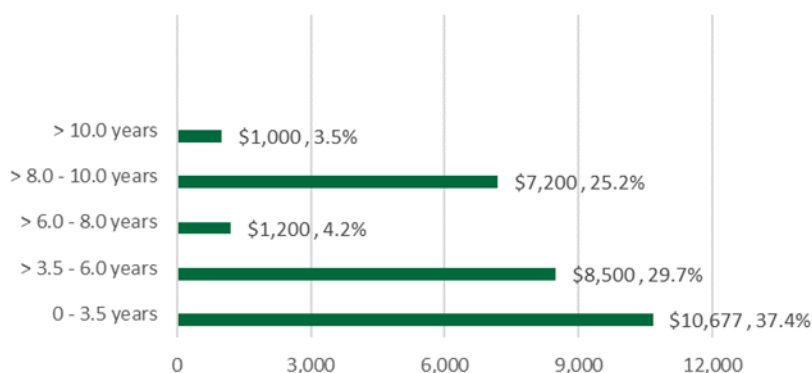
The benchmark 10-year maturity was also a popular choice for a number of investment grade names as illustrated by the US\$7.2bn or 25.2% of the monthly total targeted at maturities from 8-10 years in August.

What has also been noticeable in the past couple of months especially has been a lack of longer-term issuance, i.e. maturities of over 10-years which contributed just US\$1bn or 3.5% of the overall total in August, roughly in line with July 2020.

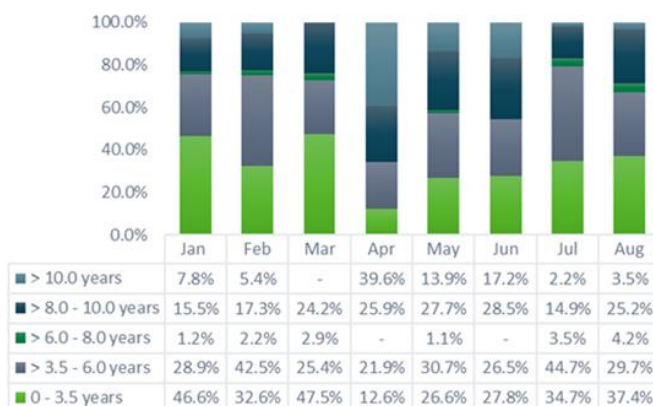
That is a far cry from the 39.6% of the monthly total which deals with maturities in excess of 10-years contributed in April, when the primary market tentatively re-opened for regional investment grade issuers which proved keen to extend their maturity profiles amid coronavirus economic uncertainty.

APAC US\$ SUPPLY STATS cont'd

Aug US\$ Issuance (mn) Tenor Breakdown



APAC US\$ Monthly Issuance (mn) Tenor Breakdown (%)



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