

Market Commentary

- The SGD swap curve traded mostly higher yesterday, with shorter tenors trading at 1-2bps higher. Belly tenors traded 2-3bps higher while longer tenors traded 2-4bps higher.
- There were heavy flows in mostly SGD perpetuals yesterday, including UOBSP 2.55%-PERPs, AIA 2.9%-PERPs, LREIT 4.2%-PERPs, KITSP 4.3%-PERPs, OLAMSP 4%'26s and STSP 3.3%-PERPs.
- UST 10Y Yields advanced 9bps to 1.58% against the backdrop of a more hawkish stance by the Federal Reserve as they inch towards tapering asset purchases. Meanwhile, the dot plot also showed that central bankers expect rate hikes in 2023, a year ahead of prior estimates.

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Credit Summary:

- [Commerzbank AG \("CMZB"\)](#) | **Issuer Profile: Neutral (4):** CMZB announced the promotion of Chief Financial Officer Bettina Orlopp to deputy Chief Executive Officer and extended her contract for the next five years.
- [HSBC Holdings PLC \("HSBC"\)](#) | **Issuer Profile: Neutral (3):** HSBC has reportedly agreed to sell its French retail unit to private equity firm Cerberus. The sale is part of the bank's ongoing significant restructure that aims to reduce risk-weighted assets, reduce jobs, and shift its investment focus towards Asia.
- [UBS Group AG \("UBS"\)](#) | **Issuer Profile: Neutral (3):** Per Bloomberg, UBS launched its Green Funding Framework yesterday. This will enable UBS to issue green bonds. UBS also recently announced its plan to develop a road map to achieving net zero greenhouse gas emissions across all its operations by 2050, with climate at the core of its sustainability strategy.
- [Singapore Airlines Ltd \("SIA"\)](#) | **Issuer Profile: Neutral (5):** Passenger traffic (measured in revenue passenger-kilometres) grew on the back of a calibrated increase in passenger capacity (measured in available seat kilometres) over the past 12 months, which saw SIA Group's passenger capacity rise to around 27% of pre-Covid-19 levels by May 2021.
- [Suntec REIT \("SUN"\)](#) | **Issuer Profile: Neutral (4):** SUN has sold its 30% interest in 9 Penang Road, Singapore to Haiyi Holdings Pte Ltd for SGD295.5mn, representing a 5.7% premium over the latest valuation and 30.3% higher than the total development cost.

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Credit Headlines

Commerzbank AG (“CMZB”) | Issuer Profile: Neutral (4)

- CMZB announced the promotion of Chief Financial Officer Bettina Orlopp to deputy Chief Executive Officer and extended her contract for the next five years.
- Ms Orlopp was rumoured to have been previously passed over for the Chief Executive Officer role which eventually went to Manfred Knof. Ms Orlopp was potentially viewed as a flight risk however this move looks to provide management stability as CMZB proceeds through its restructuring and turnaround.
- In other management news, CMZB also split management of the retail unit from Sabine Schmittroth who will remain in charge of Human Resources. (Bloomberg, OCBC)

HSBC Holdings PLC (“HSBC”) | Issuer Profile: Neutral (3)

- HSBC has reportedly agreed to sell its French retail unit to private equity firm Cerberus. The sale is part of the bank's ongoing significant restructure that aims to reduce risk-weighted assets, reduce jobs, and shift its investment focus towards Asia.
- This follows the recent sale of around 80 New York City metro-area branches and an online-deposit business to Citizens Financial Group Inc. and the sale of its west coast business including 10 branches and around 50,000 customer relationships to Cathay Bank.
- HSBC is seeking to exit the domestic mass market retail banking businesses and focus on offering banking and wealth management services to an international wealthy customer base. (Bloomberg, OCBC)

UBS Group AG (“UBS”) | Issuer Profile: Neutral (3)

- Per Bloomberg, UBS launched its Green Funding Framework yesterday. This will enable UBS to issue green bonds.
- UBS also recently announced its plan to develop a road map to achieving net zero greenhouse gas emissions across all its operations by 2050, with climate at the core of its sustainability strategy.
- UBS's framework is in line with the International Capital Markets Association Green Bond Principles 2021 and supported by a Second Party Opinion from Sustainalytics and a pre-issuance certification from Climate Bonds Initiative.
- A Global Investor Call to introduce the newly established Green Funding Framework will take place later this week (Bloomberg, OCBC)

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Credit Headlines

Singapore Airlines Ltd ("SIA") | Issuer Profile: Neutral (5)

- Passenger traffic (measured in revenue passenger-kilometres) grew on the back of a calibrated increase in passenger capacity (measured in available seat kilometres) over the past 12 months, which saw SIA Group's passenger capacity rise to around 27% of pre-Covid-19 levels by May 2021.
- Passenger load factor for May rose 5.7ppt y/y to 14.3%.
- SIA Cargo registered a monthly cargo load factor of 87.7% in May 2021, which was 12.8 ppt higher y/y, as cargo traffic (measured in freight tonne kilometres) rose by 72.9% on the back of a capacity expansion of 47.7%. All route regions recorded year-on-year increases in cargo load factor during the month. (OCBC, Company)

Suntec REIT ("SUN") | Issuer Profile: Neutral (4)

- SUN has sold its 30% interest in 9 Penang Road, Singapore to Haiyi Holdings Pte Ltd for SGD295.5mn, representing a 5.7% premium over the latest valuation and 30.3% higher than the total development cost.
- Net proceeds from the divestment is expected to be ~SGD88.2mn, resulting in an estimated net gain of SGD66.5mn. SUN will use the proceeds to pare down bank borrowings as well as to redeploy to acquire assets. Aggregate leverage is expected to dip from 44.4% to 42.9% as a result. (Company, OCBC)

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Key Market Movements

	17-Jun	1W chg (bps)	1M chg (bps)		17-Jun	1W chg	1M chg
iTraxx Asiax IG	83	0	-1	Brent Crude Spot (\$/bbl)	73.58	1.46%	5.93%
iTraxx SovX APAC	25	-1	-1	Gold Spot (\$/oz)	1,817.31	-4.28%	-2.66%
iTraxx Japan	45	-2	-3	CRB	210.17	-0.47%	2.05%
iTraxx Australia	58	-1	-2	GSCI	529.98	-0.36%	1.74%
CDX NA IG	49	-1	-2	VIX	18.15	1.45%	-7.96%
CDX NA HY	110	0	0	CT10 (%)	1.586%	15.38	-6.32
iTraxx Eur Main	48	-1	-4				
iTraxx Eur XO	236	-5	-20	AUD/USD	0.762	-1.73%	-1.85%
iTraxx Eur Snr Fin	55	-2	-5	EUR/USD	1.199	-1.45%	-1.31%
iTraxx Eur Sub Fin	108	-9	-1	USD/SGD	1.336	-0.87%	0.00%
iTraxx Sovx WE	5	0	-1	AUD/SGD	1.018	0.86%	1.94%
USD Swap Spread 10Y	-3	0	2	ASX 200	7,349	1.08%	4.63%
USD Swap Spread 30Y	-30	1	2	DJIA	34,034	-1.20%	-0.86%
US Libor-OIS Spread	3	-2	-5	SPX	4,224	0.10%	1.45%
Euro Libor-OIS Spread	-6	0	0	MSCI Asiax	883	-0.67%	3.92%
				HSI	28,437	-1.20%	0.86%
China 5Y CDS	36	0	-2	STI	3,140	-0.73%	1.94%
Malaysia 5Y CDS	44	0	-3	KLCI	1,578	-0.10%	-0.32%
Indonesia 5Y CDS	73	-1	-4	JCI	6,079	0.51%	4.19%
Thailand 5Y CDS	37	0	-2	EU Stoxx 50	4,152	1.34%	3.62%
Australia 5Y CDS	15	0	-12				

Source: Bloomberg

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New Issues

- Gajah Tunggal Tbk PT (Guarantors: Prima Sentra Megah PT and Filamendo Sakti PT) priced a USD175mn 5NC2 bond at 9.375%.
- Wipro IT Services LLC (Guarantor: Wipro Ltd) priced a USD750mn 5-year guaranteed senior unsecured at T+80bps, tightening from IPT of T+110bps area.
- Fantasia Holdings Group Company Ltd. priced a USD200mn 3-year secured bond at 12.5%.
- eHi Car Services Ltd priced a USD450mn 3.5-year senior unsecured bond at 8%.
- Sino-Ocean Capital Holding Ltd. has arranged investor calls commencing 16 June for its proposed USD bond offering.

Date		Size	Tenor	Pricing
16-June-21	Gajah Tunggal Tbk PT (Guarantors: Prima Sentra Megah PT and Filamendo Sakti PT)	USD175mn	5NC2	9.375%
16-June-21	Wipro IT Services LLC (Guarantor: Wipro Ltd)	USD750mn	5-year	T+80bps
16-June-21	Fantasia Holdings Group Company Ltd.	USD200mn	3-year	12.5%
16-June-21	eHi Car Services Ltd	USD450mn	3.5-year	8%

Source: OCBC, Bloomberg

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