

Market Commentary

- Shorter tenors traded 3-5bps lower, belly tenors traded 0-3bps lower, while longer tenors traded 0-2bps higher (with the exception of the 30-year which traded 2bps lower) yesterday across the SGD swap curve.
- There were mostly light flows in SGD Corporates yesterday.
- UST 10Y yields traded 6bps higher to 1.71% yesterday, amidst the release of the FOMC's hawkish December meeting minutes. While acknowledging uncertainties posed by the Omicron variant, the meeting minutes unveiled plans by Fed officials to engage in more aggressive tightening, including plans to engage in balance sheet reduction as well as earlier and faster rate hikes. This 1.71% 10-year yield is the highest reading registered since April 2021.

Credit Research

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Credit Summary:

- **Industry Outlook – Singapore Credit Outlook 2022:** Our [Singapore Credit Outlook 2022](#) was published on **Friday** December 31st 2021. Key highlights include:
 - 2021 was a stand-out year for the Singapore corporate bond market, with total issuances of SGD25.3bn hitting a nine-year high. Of note was not only the quantity of bonds issued but also the quality, with several firsts and other positive developments in terms of issuers and issuance structures that highlight the growth and maturation of the SGD corporate bond market.
 - This was despite an evolving operating environment with investors keeping a close eye on inflation readings and developments on the COVID-19 front. These key influences will likely be a recurring theme in 2022.
 - ESG-related developments continued to accelerate through 2021. While this trend will undoubtedly continue in 2022, we expect further transition to a network of regulations focused on the 'how' to achieve a carbon neutral world. Sustainable Finance Disclosure Regulation is expected to help the journey, through promoting sustainable investments and discouraging greenwashing.
 - Financial Institutions' fundamentals continue to be broadly stable. We continue to be overweight bank capital instruments in a rising or volatile interest rate environment and with solid credit profiles and regulator pragmatism, we see write-down risk as low.
 - Asset values for Commercial REITs have held up, with property prices largely rising despite the pandemic. Industrial REITs have been resilient, and we expect this to continue into 1H2022. Hospitality REITs continue to be plagued by the pandemic, though leisure travel demand is strong.
 - Factors which drove the growth for private residential prices in 2021 may remain in 2022 to drive prices higher by 5-7% in 2022. The property cooling measure announced mid-Dec may nip the revival of enbloc cycle and foreigner demand in the bud, but will have limited impact.

Asian Credit Daily

Key Market Movements

	6-Jan	1W chg (bps)	1M chg (bps)		6-Jan	1W chg	1M chg
iTraxx Asiax IG	77	-2	-16	Brent Crude Spot (\$/bbl)	79.99	0.84%	9.46%
iTraxx SovX APAC	21	0	-3	Gold Spot (\$/oz)	1,811.35	-0.18%	1.84%
iTraxx Japan	46	0	-6	CRB	236.71	0.79%	6.03%
iTraxx Australia	64	2	-12	GSCI	575.15	1.12%	7.64%
CDX NA IG	52	2	-4	VIX	19.73	16.40%	-27.41%
CDX NA HY	109	-1	0	CT10 (%)	1.689%	18.11	25.52
iTraxx Eur Main	48	0	-9				
iTraxx Eur XO	243	-3	-37	AUD/USD	0.721	-0.58%	2.33%
iTraxx Eur Snr Fin	56	0	-10	EUR/USD	1.132	-0.07%	0.28%
iTraxx Eur Sub Fin	107	-2	-19	USD/SGD	1.357	-0.36%	0.84%
iTraxx Sovx WE	4	-1	0	AUD/SGD	0.979	0.14%	-1.43%
USD Swap Spread 10Y	6	-1	-4	ASX 200	7,472	-0.50%	3.13%
USD Swap Spread 30Y	-20	-2	-6	DJIA	36,407	-0.22%	3.35%
US Libor-OIS Spread	8	-3	-2	SPX	4,701	-1.93%	2.37%
Euro Libor-OIS Spread	-8	0	-1	MSCI Asiax	781	-0.15%	0.45%
				HSI	22,960	-0.66%	-1.67%
China 5Y CDS	40	-1	-11	STI	3,159	1.04%	1.37%
Malaysia 5Y CDS	45	-1	-14	KLCI	1,544	0.02%	4.08%
Indonesia 5Y CDS	74	-2	-12	JCI	6,662	0.97%	1.76%
Thailand 5Y CDS	25	-3	-7	EU Stoxx 50	4,392	2.50%	6.16%
Australia 5Y CDS	14	0	0				

Source: Bloomberg

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New Issues

- Export-Import Bank of Korea priced a USD3bn debt offering in 3 parts: (1) a USD1bn 3-year senior unsecured bond at T+25bps, tightening from an IPT of T+50bps area, (2) a USD1bn 5-year senior unsecured bond at T+30bps, tightening from an IPT of T+60bps area, (3) and a USD1bn 10-year senior unsecured green bond at T+50bps, tightening from an IPT of T+85bps area.
- Airport Authority priced a USD4bn debt offering in 4 parts: (1) a USD1bn 5-year senior unsecured green bond at T+42.5bps, tightening from an IPT of T+80bps area, (2) a USD1.2bn 10-year senior unsecured bond at T+80bps, tightening from an IPT of T+110bps area, (3) a USD1.2bn 30-year senior unsecured bond at T+120bps, tightening from an IPT of T+145bps area, (4) and a USD600mn 40-year senior unsecured bond at T+140bps, tightening from an IPT of T+170bps area.
- Korea National Oil Corporation has arranged investor calls commencing 06 January for its proposed USD senior unsecured bond offering.

Date	Issuer	Size	Tenor	Pricing
05-Jan-22	Export-Import Bank of Korea	USD1.0bn	3-year	T+25bps
		USD1.0bn	5-year	T+30bps
		USD1.0bn	10-year	T+50bps
05-Jan-22	Airport Authority	USD1.0bn	5-year	T+42.5bps
		USD1.2bn	10-year	T+80bps
		USD1.2bn	30-year	T+120bps
		USD600mn	40-year	T+140bps

Source: OCBC, Bloomberg

Temporary Suspension

- Do note that our official coverage on **Keppel Corporation Ltd** and **City Development Limited** is temporarily suspended due to OCBC's other business.

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