

Market Commentary

- The SGD swap curve traded lower on Friday, with shorter tenors trading 3-4bps lower, belly tenors trading 1-4bps lower, and longer tenors trading 2-3bps lower.
- There were heavy flows in SGD corporates on Friday, with flows in STSP 3.3%-PERPs, CS 5.625%-PERPs, NTUCSP 3.1%'50s and OHLSP 6.9%'24s.
- UST 10Y yields traded 4bps higher to 1.76% on Friday, amidst the release of the Nonfarm Payrolls report for December 2021 by the US Department of Labor. While nonfarm payrolls increased less than expected, positive aspects including a lower-than-expected unemployment rate and higher-than-expected wage growth were sufficient to fuel investors' inflationary concerns and expectations of earlier monetary policy tightening by the Fed. Nonfarm payrolls for December 2021 came in at a 199,000 increase, which was lower than Bloomberg median consensus of 450,000.

Credit Research

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Credit Summary:

- **Credit Suisse Group AG ("CS") | Issuer Profile: Neutral (4):** CS has won a court order permitting it to seek documents from SoftBank Group Corp. ("Softbank"), as part of a lawsuit tied to the collapse of its USD10bn Greensill Capital ("GC") supply chain funds. CS is currently seeking to recoup around USD2.7bn to repay investors under the USD10bn funds. CS' Neutral (4) issuer profile remains appropriate for now, although its credit profile is in a state of transition, in our view.
- **SPH REIT ("SPHR") | Issuer Profile: Neutral (4):** SPHR reported its 1QFY2022 key business and operational update for the quarter ended 30 Nov 2021. SPHR maintained a high occupancy rate of 98.8% across all of its properties located in Singapore and Australia, a slight increase from 97.9% from a year ago. Following this business and operational update, we continue to hold SPHR at Neutral (4) Issuer Profile.

Asian Credit Daily

Credit Headlines

Credit Suisse Group AG ("CS") | Issuer Profile: Neutral (4):

- CS has won a court order permitting it to seek documents from SoftBank Group Corp. ("Softbank"), as part of a lawsuit tied to the collapse of its USD10bn [Greensill Capital \("GC"\)](#) supply chain funds. These funds collapsed earlier this year as several receivables in the funds were found to be under stress as trade credit insurance was not renewed.
- Including cash holdings, CS has USD7.2bn in total to pay investors and is currently seeking to recoup the shortfall from insurance or liquidation proceeds to repay investors under the USD10bn funds.
- Most of the USD2.7bn outstanding is connected to overdue loan payments from a few borrowers including Kattera Inc., a U.S.-based construction company in which SoftBank was a major investor. Other borrowers undergoing restructuring include U.S. coal miner Bluestone Resources Inc. and Sanjeev Gupta's GFG Alliance Ltd.
- Given that CS has a relative lack of control in the restructuring processes of these borrowers, the potential shortfall and impact on CS financials remain an overhang on the bank. CS' Neutral (4) issuer profile remains appropriate for now although its credit profile is in a state of transition, in our view. (Bloomberg, OCBC)

SPH REIT ("SPHR") | Issuer Profile: Neutral (4):

- SPHR reported 1QFY2022 key business and operational update for the quarter ended 30 Nov 2021. SPHR maintained a high occupancy rate of 98.8% across all of its properties located in Singapore and Australia for 1QFY2022 ended 30 November 2021, a slight increase from 97.9% from a year ago. It also reported improved weighted average lease expiry ("WALE") to 2.9 years from 2.6 years by gross rental income ("GRI"), and maintained the WALE of 5.5 years by net lettable assets (NLA) from 1QFY2021.
- Tenant sales continued to be impacted by the Covid-19 restriction measures. In Singapore, tenant sales in 1QFY2022 in Paragon and The Clementi Mall reached 97% of 1QFY2021, though still remaining below pre-COVID levels.
- For properties in Australia, Westfield Marion Shopping Centre saw tenant sales recovering to pre-Covid levels – an increase of 6% y/y. Meanwhile, Figtree Grove Shopping Centre's tenant sales recovered close to pre-Covid-19 levels in November, following the lifting of lockdown measures from Oct 10, 2021 in Sydney.
- SPHR also reported its capital management, with a cost of debt at 1.68% (excluding perpetuals) and a weighted average term to maturity of 2.7 years. SPHR has approximately SGD155mn debt maturing in 2022, with a revolving credit facility of SGD225mn that remains undrawn.
- SPHR is considered to be in an offer period as a result of the possible chain offer, following the offer to privatise Singapore Press Holdings Ltd (SPH) made by Cuscaden Peak. Accordingly, SPHR will issue the notice of books closure date and distribution payment date announcement for its first quarter financial period from 1 September 2021 to 30 November 2021 after the appointed financial adviser and auditor of SPHR have completed their respective reports. Announcement will be made in due course. If the sponsor of SPHR, SPH is privatised, we do not see a direct impact on SPHR. SPHR's credit metrics remain manageable with reported aggregate leverage at 30.3% which is lower than its peers, and an interest coverage ratio of 7.3 times as at 31 Aug 2021.
- Management continues to be cautiously optimistic even as the Omicron variant situation continues to evolve. Following this business and operational update, we continue to hold SPHR at Neutral (4) Issuer Profile. (Company, OCBC)

Key Market Movements

| | 10-Jan | 1W chg (bps) | 1M chg (bps) | | 10-Jan | 1W chg | 1M chg |
|-----------------------|--------|-----------------|-----------------|---------------------------|----------|--------|--------|
| iTraxx Asiax IG | 80 | 3 | -4 | Brent Crude Spot (\$/bbl) | 81.60 | 3.32% | 8.58% |
| iTraxx SovX APAC | 22 | 1 | -1 | Gold Spot (\$/oz) | 1,794.84 | -0.37% | 0.67% |
| iTraxx Japan | 48 | 2 | -2 | CRB | 237.90 | 2.38% | 5.31% |
| iTraxx Australia | 66 | 3 | -5 | GSCI | 578.11 | 3.02% | 6.21% |
| CDX NA IG | 53 | 3 | -1 | VIX | 18.76 | 8.94% | 0.37% |
| CDX NA HY | 108 | -1 | 0 | CT10 (%) | 1.762% | 25.19 | 28.87 |
| iTraxx Eur Main | 50 | 3 | -2 | | | | |
| | | | | | | | |
| iTraxx Eur XO | 252 | 10 | -8 | AUD/USD | 0.719 | -0.03% | 0.22% |
| iTraxx Eur Snr Fin | 59 | 4 | -2 | EUR/USD | 1.136 | 0.52% | 0.38% |
| iTraxx Eur Sub Fin | 112 | 4 | -5 | USD/SGD | 1.355 | -0.11% | 0.70% |
| iTraxx Sovx WE | 4 | 0 | -1 | AUD/SGD | 0.974 | -0.06% | 0.51% |
| | | | | | | | |
| USD Swap Spread 10Y | 7 | 0 | -3 | ASX 200 | 7,443 | -0.03% | 1.21% |
| USD Swap Spread 30Y | -18 | 0 | -4 | DJIA | 36,232 | -0.29% | 0.72% |
| US Libor-OIS Spread | 8 | -1 | -3 | SPX | 4,677 | -1.87% | -0.74% |
| Euro Libor-OIS Spread | -9 | -1 | 0 | MSCI Asiax | 785 | -0.70% | -1.48% |
| | | | | HSI | 23,493 | 0.94% | -2.09% |
| China 5Y CDS | 43 | 4 | -1 | STI | 3,217 | 2.64% | 2.59% |
| Malaysia 5Y CDS | 47 | 3 | -3 | KLCI | 1,541 | -0.50% | 3.52% |
| Indonesia 5Y CDS | 78 | 4 | 0 | JCI | 6,701 | 1.82% | 0.73% |
| Thailand 5Y CDS | 27 | 0 | -2 | EU Stoxx 50 | 4,306 | 0.17% | 2.54% |
| Australia 5Y CDS | 14 | 0 | 0 | | | | |

Source: Bloomberg

Asian Credit Daily

New Issues

- India Clean Energy priced a USD400mn 5.25NC3.5 green senior secured bond at 4.5%, tightening from an IPT of 4.8% area.
- Woori Bank has arranged investor calls commencing 10 January for its proposed USD senior unsecured sustainability bond offering.

| Date | Issuer | Size | Tenor | Pricing |
|-----------|--------------------|----------|-----------|---------|
| 07-Jan-22 | India Clean Energy | USD400mn | 5.25NC3.5 | 4.5% |

Source: OCBC, Bloomberg

Temporary Suspension

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

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