

### Market Commentary

- The SGD SORA curve traded mostly lower last Friday, with shorter tenors trading 7-10bps lower, belly tenors trading 9-10bps lower and 10Y trading 11bps lower.
- There were heavy flows in SGD last Friday, with flows BNP 5.25%'32s, ANZ 4.5%'32s, ABNANV 5.5%'32s, BACR 8.3%-PERPs, STANLN 5.375%-PERPs.
- UST 10Y yields fell by 1bps to 3.49% amidst fresh labour market data for November which suggested little weakness in the resilient labour market. Nonfarm payrolls increased by 263,000 in November, significantly above Bloomberg median estimates of 200,000 although slightly below prior month's revised figure of 284,000 as US employers hired more workers than expected while the US unemployment rate remained at 3.7%, in line with Bloomberg median estimates. More concerning for the Federal Reserve ("Fed") perhaps was the increase in average hourly earnings, which rose by 0.6% m/m and contributed to a 5.1% y/y growth. Separately, Chicago Fed president Charles Evans commented that he sees a "slightly higher" peak policy rate despite the "step down" in the pace of subsequent rate hikes while Fed vice chairman of supervision Michael Barr (non-voting member) indicated his support for slowdown in the pace of subsequent rate hikes, echoing Fed chairman Jerome Powell's sentiments last Wednesday.

### Credit Summary:

- **Credit Suisse Group AG ("CS") | Issuer Profile: Neutral (5):** In a Bloomberg television interview late last week, Chairman Axel Lehmann highlighted that client outflows were coming to an end and had "basically stopped" whilst the bank was seeing some assets return in Switzerland.
- **DBS Group Holdings Ltd ("DBS") | Issuer Profile: Positive (2):** DBS announced that it will call the SGD250mn 3.80% Tier 2s at first call on 20 January 2023. The Tier 2 has a maturity date of 20 January 2028 and a reset spread of 1.10%.
- **Lendlease Group ("LLC") | Issuer Profile: Neutral (3):** Per Australian Securities Exchange Limited's ("ASX") announcement, LLC will be removed from A&P/ASX50 ("ASX50") Index on 19 December 2022 post quarterly rebalance of the ASX50 index. LLC will be replaced by Pilbara Minerals Limited.

### Credit Research

**Andrew Wong, CESGA**

+65 6530 4736

[WongVKAM@ocbc.com](mailto:WongVKAM@ocbc.com)

**Ezien Hoo, CFA, CESGA**

+65 6722 2215

[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)

**Wong Hong Wei, CFA, CESGA**

+65 6722 2533

[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)

## Asian Credit Daily

### Credit Headlines

#### **Credit Suisse Group AG (“CS”) | Issuer Profile: Neutral (5):**

- In a Bloomberg television interview late last week, Chairman Axel Lehmann highlighted that client outflows were coming to an end and had “basically stopped” whilst the bank was seeing some assets return in Switzerland.
- Accelerated outflows at the start of 4Q2022 were a focus of CS market update and revised outlook for 4Q2022 provided in late November that drove further negative sentiments towards CS as reflected in credit default swaps and the share price (although CS recent rights issue was also a factor in share price movements). As a recap, we recently lowered our issuer profile on CS from Neutral (4) to Neutral (5) to reflect its current weakened credit profile that (1) is no longer comparable to other Neutral (4) Financial Institutions under our coverage and (2) is unlikely to improve in the near term.
- Mr Lehmann further mentioned that CS liquidity was improving. The bank’s liquidity position was also under a spotlight recently with the market update confirming that regulatory liquidity ratios buffers at certain legal entities were breached although at a group level, the liquidity coverage ratio has been maintained.
- Finally, it has been reported in Bloomberg that CS new investment bank that will house the Investment Bank’s capital markets and advisory activities, CS First Boston, has attracted investments from Saudi Arabia’s Crown Prince and former Barclays Plc chief executive Bob Diamond’s Atlas Merchant Capital. The Crown Prince’s investment follows Saudi National Bank’s 9.9% stake from the recent capital raising. (Bloomberg, OCBC)

#### **DBS Group Holdings Ltd (“DBS”) | Issuer Profile: Positive (2):**

- DBS announced that it will call the SGD250mn 3.80% Tier 2s at first call on 20 January 2023. The Tier 2 has a maturity date of 20 January 2028 and a reset spread of 1.10%. (Company, OCBC)

#### **Lendlease Group (“LLC”) | Issuer Profile: Neutral (3):**

- Per Australian Securities Exchange Limited’s (“ASX”) announcement, LLC will be removed from A&P/ASX50 (“ASX50”) Index on 19 December 2022 post quarterly rebalance of the ASX50 index. LLC will be replaced by Pilbara Minerals Limited.
- ASX50 index measures the performance of 50 of the largest and most liquid index-eligible stocks listed on the ASX by float-adjusted market capitalization. For simplicity without adjusting for free floating shares of stock. As of 2 December 2022, LLC’s market cap of AUD5.18bn was the smallest (50th) among all the existing members of ASX50 and was equivalent to 0.27% of ASX50 total market capitalization of AUD1,943bn. (Company, OCBC)

### Key Market Movements

	5-Dec	1W chg (bps)	1M chg (bps)		5-Dec	1W chg	1M chg
iTraxx Asiax IG	133	-11	-59	<b>Brent Crude Spot (\$/bbl)</b>	87.01	4.59%	-11.73%
iTraxx SovX APAC	27	-2	-7	<b>Gold Spot (\$/oz)</b>	1,806.35	3.73%	7.80%
iTraxx Japan	77	-3	-21	<b>CRB</b>	276.69	1.26%	-3.78%
iTraxx Australia	86	-5	-28	<b>GSCI</b>	611.52	1.09%	-8.17%
CDX NA IG	78	-4	-11	<b>VIX</b>	19.06	-7.02%	-22.36%
CDX NA HY	101	1	2	<b>CT10 (%)</b>	3.528%	-15.32	-63.04
iTraxx Eur Main	88	-4	-19				
iTraxx Eur XO	444	-19	-75	<b>AUD/USD</b>	0.683	2.71%	5.42%
iTraxx Eur Snr Fin	98	-4	-18	<b>EUR/USD</b>	1.056	2.14%	5.40%
iTraxx Eur Sub Fin	175	-7	-32	<b>USD/SGD</b>	1.348	2.35%	3.95%
iTraxx Sovx WE	5	0	0	<b>AUD/SGD</b>	0.920	-0.34%	-1.38%
<b>USD Swap Spread 10Y</b>	-4	-1	-5	<b>ASX 200</b>	7,342	1.56%	6.52%
<b>USD Swap Spread 30Y</b>	-40	5	9	<b>DJIA</b>	34,430	0.24%	6.25%
<b>US Libor-OIS Spread</b>	27	-5	-6	<b>SPX</b>	4,072	1.13%	7.99%
<b>Euro Libor-OIS Spread</b>	246	2	24	<b>MSCI Asiax</b>	625	5.59%	13.79%
				<b>HSI</b>	19,220	11.11%	18.93%
<b>China 5Y CDS</b>	77	-7	-18	<b>STI</b>	3,276	1.12%	4.67%
<b>Malaysia 5Y CDS</b>	75	-3	-22	<b>KLCI</b>	1,472	-0.97%	2.35%
<b>Indonesia 5Y CDS</b>	92	-7	-33	<b>JCI</b>	7,035	0.25%	-0.15%
<b>Thailand 5Y CDS</b>	58	-10	-25	<b>EU Stoxx 50</b>	3,978	0.39%	7.85%
<b>Australia 5Y CDS</b>	27	-1	-5				

Source: Bloomberg

### New Issues

- There were no new issues priced last Friday.

### Temporary Suspension

- Do note that our official coverage on **Credit Agricole SA** is temporarily suspended due to OCBC's other business.

## Treasury Research & Strategy

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### Macro Research

**Selena Ling**

*Head of Strategy & Research*

[LingSSSelena@ocbc.com](mailto:LingSSSelena@ocbc.com)

**Tommy Xie Dongming**

*Head of Greater China Research*

[XieD@ocbc.com](mailto:XieD@ocbc.com)

**Wellian Wiranto**

*Malaysia & Indonesia*

[WellianWiranto@ocbc.com](mailto:WellianWiranto@ocbc.com)

**Keung Ching (Cindy)**

*Hong Kong & Macau*

[cindyckung@ocbcwh.com](mailto:cindyckung@ocbcwh.com)

**Herbert Wong**

*Hong Kong & Macau*

[herberthwong@ocbcwh.com](mailto:herberthwong@ocbcwh.com)

**Ong Shu Yi**

*Environmental, Social & Governance (ESG)*

[ShuyiOng1@ocbc.com](mailto:ShuyiOng1@ocbc.com)

### FX/Rates Strategy

**Frances Cheung**

*Rates Strategist*

[FrancesCheung@ocbc.com](mailto:FrancesCheung@ocbc.com)

**Christopher Wong**

*FX Strategist*

[christopherwong@ocbc.com](mailto:christopherwong@ocbc.com)

### Credit Research

**Andrew Wong**

*Credit Research Analyst*

[WongVKAM@ocbc.com](mailto:WongVKAM@ocbc.com)

**Ezien Hoo**

*Credit Research Analyst*

[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)

**Wong Hong Wei**

*Credit Research Analyst*

[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)

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