

## Asian Credit Daily

Tuesday, December 6, 2022

### Market Commentary

- The SGD SORA curve traded mostly higher yesterday, with shorter tenors trading 4-5bps higher, belly tenors trading 2-3bps higher and 10Y trading 2bps higher.
- There were light flows in SGD yesterday.
- UST 10Y yields rose by 8bps to 3.57% as risk off sentiments strengthened following an unexpected pick up in the US services sector. The Institute for Supply Management's ("ISM") services index rose to 56.5 in November, increasing from 54.4 in the prior month and above Bloomberg median estimates of 53.5, as businesses commented that there was increasing demand in the services sector, which accounts for more than two-thirds of US economic activity. Separately, the S&P Global US Services Purchasing Managers Index ("PMI") final figures for November came in at 46.2, rising just slightly from prior month's 46.1 and showed contraction, although markets will look towards the wider ISM survey as a better indicator of real activity. The surprise uptick in services data coupled with the stronger-than-expected jobs data last Friday showed more evidence of strong underlying momentum in the economy, although that is unlikely to sway the Federal Reserve ("Fed") from downsizing subsequent rate hikes as telegraphed in recent comments.

### Credit Summary:

- **Olam Group Ltd ("OG") | Issuer Profile: Neutral (5):** OG announced that its food, feed and fibre operating group, namely Olam Agri, has obtained a USD2bn (~SGD2.7bn) 18-month bridge financing facility which will be used to support the reorganisation plan at the company. The facility may also be used for corporate purposes.
- **Metro Holdings Ltd ("METRO") | Issuer Profile: Neutral (4):** METRO announced that it extended a USD120mn shareholder loan to Top Spring International Holdings Limited ("TSI"), a 16.17%-owned associated company of METRO under ticker "3688 HK", by 2 years to 26 November 2024. The USD120mn loan was first established on 26 October 2018 with a repayment date on 26 November 2020. Yet, the repayment date was further extended for two years to 26 November 2022.

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### Credit Headlines

#### **Olam Group Ltd (“OG”) | Issuer Profile: Neutral (5):**

- OG announced that its food, feed and fibre operating group, namely Olam Agri, has obtained a USD2bn (~SGD2.7bn) 18-month bridge financing facility which will be used to support the reorganisation plan at the company. The facility may also be used for corporate purposes.
- The bridge financing has Olam Global Agri Treasury Pte. Ltd. as Borrower. The facility is guaranteed by OG. The terms of the facility include provisions that facilitate the ongoing re-organisation plan.
- In March 2022, OG announced the proposed minority stake sale of the Olam Agri segment to the Saudi Agricultural and Livestock Investment Company (“SALIC”) for USD1.24bn (~SGD1.68bn). Following which, OG will indirectly own a 64.6%-stake in this business whilst an IPO and demerger of Olam Agri may still occur in the future. A further stake sale of up to 10% is also being considered. (Company, OCBC)

#### **Metro Holdings Ltd (“METRO”) | Issuer Profile: Neutral (4):**

- METRO announced that it extended a USD120mn shareholder loan to Top Spring International Holdings Limited (“TSI”), a 16.17%-owned associated company of METRO under ticker “3688 HK”, by 2 years to 26 November 2024. The USD120mn loan was first established on 26 October 2018 with a repayment date on 26 November 2020. Yet, the repayment date was further extended for two years to 26 November 2022.
- According to TSI’s Annual Report 2021, interest rate of the USD120mn shareholder loan was 11% and Metro’s stake in TSI was 16.17%.
- The existing USD120mn shareholder loan was extended by two parties namely METRO and Lee Kim Tah Holdings Limited (“LKTHL”), which advanced USD95mn and USD25mn respectively to TSI. This latest round of 2-year shareholder loan extension will see METRO takeover the USD25mn shareholder loan previous extended by LKTHL.
- The additional USD25mn loan commitment is unlikely to have any significant effect on METRO in our view. (Company, OCBC)

### Key Market Movements

	6-Dec	1W chg (bps)	1M chg (bps)		6-Dec	1W chg	1M chg
iTraxx Asiax IG	128	-13	-64	<b>Brent Crude Spot (\$/bbl)</b>	83.39	0.43%	-15.40%
iTraxx SovX APAC	27	-1	-7	<b>Gold Spot (\$/oz)</b>	1,772.25	1.28%	5.77%
iTraxx Japan	78	-4	-20	<b>CRB</b>	270.35	-0.94%	-5.98%
iTraxx Australia	86	-5	-28	<b>GSCI</b>	593.76	-1.60%	-10.84%
CDX NA IG	80	-1	-8	<b>VIX</b>	20.75	-6.57%	-15.48%
CDX NA HY	101	0	1	<b>CT10 (%)</b>	3.570%	-17.42	-58.85
iTraxx Eur Main	90	-1	-17				
<b>iTraxx Eur XO</b>	456	-4	-64	<b>AUD/USD</b>	0.672	0.40%	3.64%
<b>iTraxx Eur Snr Fin</b>	99	-1	-16	<b>EUR/USD</b>	1.051	1.76%	4.91%
<b>iTraxx Eur Sub Fin</b>	179	-2	-27	<b>USD/SGD</b>	1.355	1.37%	3.38%
<b>iTraxx Sovx WE</b>	5	0	0	<b>AUD/SGD</b>	0.910	0.96%	-0.24%
<b>USD Swap Spread 10Y</b>	-3	1	-4	<b>ASX 200</b>	7,314	0.84%	6.12%
<b>USD Swap Spread 30Y</b>	-39	6	10	<b>DJIA</b>	33,947	0.29%	4.76%
<b>US Libor-OIS Spread</b>	24	-9	-8	<b>SPX</b>	3,999	0.88%	6.05%
<b>Euro Libor-OIS Spread</b>	246	-1	24	<b>MSCI Asiax</b>	637	4.55%	15.88%
				<b>HSI</b>	19,518	7.22%	20.77%
<b>China 5Y CDS</b>	76	-3	-19	<b>STI</b>	3,262	-0.43%	4.22%
<b>Malaysia 5Y CDS</b>	75	1	-22	<b>KLCI</b>	1,469	-0.54%	2.14%
<b>Indonesia 5Y CDS</b>	94	1	-31	<b>JCI</b>	6,987	-0.43%	-0.83%
<b>Thailand 5Y CDS</b>	58	-5	-24	<b>EU Stoxx 50</b>	3,957	0.53%	7.27%
<b>Australia 5Y CDS</b>	27	-1	-5				

Source: Bloomberg

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### New Issues

- There were no new issues priced yesterday.

### 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

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