

Market Commentary

- The SGD SORA curve traded mostly lower yesterday, with shorter tenors trading 4bps to 6bps lower, belly tenors trading 5bps to 6bps lower and 10Y trading 6bps lower.
- There were light flows in SGD yesterday.
- UST 10Y yields rose by 6bps to 3.48% as markets await key inflation figures for clues on whether Federal Reserve officials will be able to notch down their aggressive tightening campaign. Today's Producer Price Index for November is one of the final pieces of data Fed policymakers will see before their Dec. 13-14 policy meeting. Initial jobless claims came in at 230,000, in line with consensus forecast, and higher than last week's results of 225,000.

Credit Research

Andrew Wong, CESGA

+65 6530 4736

WongVKAM@ocbc.com

Ezien Hoo, CFA, CESGA

+65 6722 2215

EzienHoo@ocbc.com

Wong Hong Wei, CFA, CESGA

+65 6722 2533

WongHongWei@ocbc.com

Credit Summary:

- **Credit Suisse Group AG ("CS") | Issuer Profile: Neutral (5):** CS announced the completion of its rights offering that forms part of its planned CHF4.0bn capital raising with 98.2% of the rights exercised for the issuance of ~873mn new shares. The remaining ~16mn of new shares where the rights were not exercised will be sold in the market at or above the offer price of CHF 2.52 per share.
- **CapitaLand Ascendas Real Estate Investment Trust ("AREIT") | Issuer Profile: Neutral (3):** AREIT has secured two term loan facilities worth SGD300mn, according to an SGX filing. The loan facilities will mature in 2027 and 2028.
- **Keppel Corporation Limited ("KEP") | Issuer Profile: Neutral (5):** At an extraordinary general meeting ("EGM") yesterday, KEP shareholders have voted overwhelmingly in favour for Keppel Offshore & Marine Pte Ltd (without the legacy rigs and stakes in Floatel International Limited and Dyna-Mac Holdings Ltd ("KOM Opco")) to be acquired by Sembcorp Marine Ltd ("SMM") as part of a transaction to combine KOM Opco and SMM into becoming a larger company.
- **Capitaland Group Pte Ltd ("CAPL") | Issuer Profile: Neutral (4) and Capitaland Investment Ltd ("CLIV") | Issuer Profile: Unrated:** CLIV (a SGD-corporate credit issuer that is ~53%-owned by CAPL) announced a number of senior management appointments, including a new COO.

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

- CS announced the completion of its rights offering that forms part of its planned CHF4.0bn capital raising with 98.2% of the rights exercised for the issuance of ~873mn new shares. The remaining ~16mn of new shares where the rights were not exercised will be sold in the market at or above the offer price of CHF 2.52 per share.
- Gross proceeds of the rights offering are expected to be ~ CHF2.24bn. Together with the previous share placement to qualified investors that raised gross proceeds of CHF1.76bn, the total amount raised is ~CHF4.0bn which should add ~140bps to CS’ CET1 ratio. As at 30 September 2022, CS’ CET1 ratio was 12.6%, down 90bps q/q and below management guidance of 13-14% due to the 3Q2022 pre-tax loss along with the deferred tax impairment.
- CS announced additional updates on its restructuring plan:
 - The sale of a significant portion of its Securitized Products Group (“SPG”) and related financing businesses to entities and funds managed by affiliates of Apollo Global Management is expected to close in the first half of 2023 and will further add to CS’s CET1 capital ratio.
 - CS has also completed HoldCo and AT1 issuances for 2022 including ~USD5bn of HoldCo debt since the Strategy Update on 27 October 2022. Given this, along with the capital raising and planned SPG sale and other actions, CS’ average daily liquidity coverage ratio for 4Q2022 to-date was above 140%.
 - Cost transformation actions initiated as of 8 December 2022 are expected to represent ~80% of the 2023 cost base reduction target of ~CHF1.2bn.
- 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. We expect though that CS’ credit profile will remain stable at this level over the next 12 months and supported by its still acceptable capital buffers that has been reinforced by the recently approved and partially completed capital raising.
- We will look to raise the issuer profile on (1) the continued progress of CS’ transitioning initiatives, (2) a recovery in client confidence and (3) a sustainable improvement in earnings. (Company, OCBC)

CapitaLand Ascendas Real Estate Investment Trust (“AREIT”) | Issuer Profile: Neutral (3)

- AREIT has secured two term loan facilities worth SGD300mn, according to an SGX filing. The loan facilities will mature in 2027 and 2028.
- It is an event of default if CapitaLand Ascendas REIT Management Limited, the manager of AREIT, is removed and no replacement or substitute manager is appointed in accordance with the terms of the trust deed constituting AREIT. (Company)

Credit Headlines

Keppel Corporation Limited (“KEP”) | Issuer Profile: Neutral (5)

- At an extraordinary general meeting (“EGM”) yesterday, KEP shareholders have voted overwhelmingly in favour for Keppel Offshore & Marine Pte Ltd (without the legacy rigs and stakes in Floatel International Limited and Dyna-Mac Holdings Ltd (“KOM Opco”)) to be acquired by Sembcorp Marine Ltd (“SMM”) as part of a transaction to combine KOM Opco and SMM into becoming a larger company.
- The EGM also sought approval for KEP to distribute its stake in the enlarged SMM to KEP shareholders.
- 99.96% of votes were cast in support of the proposals. (Company)

Capitaland Group Pte Ltd (“CAPL”) | Issuer Profile: Neutral (4) and Capitaland Investment Ltd (“CLIV”) | Issuer Profile: Unrated

- CLIV (a SGD-corporate credit issuer that is ~53%-owned by CAPL) announced a number of senior management appointments:
 - Mr Andrew Geoffrey Lim, currently CLIV’s Group Chief Financial Officer (“Group CFO”) will assume the newly created position of Group Chief Operating Officer (“Group COO”) with effect from 1 January 2023. In his new role, Mr Lim will focus on facilitating and stewarding CLIV’s deal sourcing, investment and operations in the various markets across the fund and lodging platforms. This is aimed at enabling CLIV to more effectively connect investors (ie: clients of CLIV) to various fund and REIT vehicles in line with their investment mandates and interests. Mr Lim will also oversee sustainability, risk management and compliance across CLIV. Prior to CLIV, Mr Lim was Group CFO at CAPL and earlier an investment banker at HSBC Bank.
 - Mr Paul Tham, currently CLIV’s Deputy Group CFO, will succeed Mr Lim as Group CFO.
 - Ms Janine Gui, currently Managing Director & Head of Group Strategic Investment, has been appointed as Chief M&A Officer.
 - Ms Kng Hwee Tin, currently CEO, China Capital Markets and CEO, Finance & Corporate Services, CLI China, has been appointed Group Chief Risk Officer.
 - Ms Quah Ley Hoon joined as Chief People and Culture Officer effective on 1 December 2022. Prior to her current appointment, Ley Hoon was the Chief Executive of the Maritime and Port Authority Singapore (“MPA”) and earlier, was Chief Editor at CNA. (Company, OCBC)

Key Market Movements

	9-Dec	1W chg (bps)	1M chg (bps)		9-Dec	1W chg	1M chg
iTraxx Asiax IG	134	1	-52	Brent Crude Spot (\$/bbl)	76.90	-10.13%	-17.00%
iTraxx SovX APAC	28	2	-5	Gold Spot (\$/oz)	1,794.25	-0.19%	5.13%
iTraxx Japan	78	1	-14	CRB	266.40	-4.67%	-4.78%
iTraxx Australia	91	5	-19	GSCI	572.50	-7.80%	-9.72%
CDX NA IG	82	4	-11	VIX	22.29	12.35%	-14.56%
CDX NA HY	101	-1	2	CT10 (%)	3.469%	-1.70	-62.31
iTraxx Eur Main	92	4	-15				
iTraxx Eur XO	470	26	-54	AUD/USD	0.680	0.10%	5.69%
iTraxx Eur Snr Fin	102	4	-16	EUR/USD	1.058	0.42%	5.67%
iTraxx Eur Sub Fin	181	7	-25	USD/SGD	1.350	0.15%	3.94%
iTraxx Sovx WE	5	0	0	AUD/SGD	0.917	0.13%	-1.66%
USD Swap Spread 10Y	-2	2	-2	ASX 200	7,185	-1.59%	2.65%
USD Swap Spread 30Y	-36	4	13	DJIA	33,781	-1.78%	3.90%
US Libor-OIS Spread	22	-6	-13	SPX	3,964	-2.77%	5.73%
Euro Libor-OIS Spread	247	0	18	MSCI Asiax	627	0.33%	11.48%
				HSI	19,484	4.33%	19.11%
China 5Y CDS	75	-1	-18	STI	3,238	-0.65%	2.29%
Malaysia 5Y CDS	80	5	-13	KLCI	1,469	-0.89%	1.55%
Indonesia 5Y CDS	103	11	-23	JCI	6,804	-3.08%	-3.76%
Thailand 5Y CDS	60	3	-23	EU Stoxx 50	3,921	-1.59%	5.18%
Australia 5Y CDS	29	1	-2				

Source: Bloomberg

New Issues

- There were no new issues priced yesterday

Treasury Research & Strategy

Macro Research

Selena Ling*Head of Strategy & Research*LingSSSelena@ocbc.com**Tommy Xie Dongming***Head of Greater China Research*XieD@ocbc.com**Wellian Wiranto***Malaysia & Indonesia*WellianWiranto@ocbc.com**Keung Ching (Cindy)***Hong Kong & Macau*cindyckung@ocbcwh.com**Herbert Wong***Hong Kong & Macau*herberthwong@ocbcwh.com**Ong Shu Yi***Environmental, Social & Governance (ESG)*ShuyiOng1@ocbc.com

FX/Rates Strategy

Frances Cheung*Rates Strategist*FrancesCheung@ocbc.com**Christopher Wong***FX Strategist*christopherwong@ocbc.com

Credit Research

Andrew Wong*Credit Research Analyst*WongVKAM@ocbc.com**Ezien Hoo***Credit Research Analyst*EzienHoo@ocbc.com**Wong Hong Wei***Credit Research Analyst*WongHongWei@ocbc.com

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