

Market Commentary

- Shorter tenors traded 0-2bps higher, belly tenors traded 0-1bps lower and longer tenors traded 1-3bps lower across the SGD swap curve yesterday.
- There were heavy flows in SGD corporates yesterday, with flows in OLAMSP 5.5%-PERPs, OLAMSP 5.375%-PERPs, OLAMSP 4%'26s, OLAMSP 6%'22s, CS 5.625%-PERPs, UBS 4.85%-PERPs, SOCGEN 6.125%-PERPs, SINTEC 4.2%-PERPs, CAPLSP 3.65%-PERPs and STSP 3.3%-PERPs.
- UST 10Y yields remained relatively unchanged at 1.77% yesterday, with risk sentiment rebounding back within the day after falling slightly over concerns about the Fed's hawkishness and Russia-Ukraine tensions earlier in the day. This also came amidst the release of lower-than-expected preliminary US Purchasing Manager Index ("PMI") numbers released by Markit, with the preliminary Manufacturing PMI figure for January 2022 coming in at 55.0, versus Bloomberg median forecasts of 56.7.

Credit Research

Andrew Wong

+65 6530 4736

WongVKAM@ocbc.com

Ezien Hoo, CFA

+65 6722 2215

EzienHoo@ocbc.com

Wong Hong Wei, CFA

+65 6722 2533

WongHongWei@ocbc.com

Toh Su N

+65 6530 8355

TohSN@ocbc.com

Credit Summary:

- **CapitaLand Integrated Commercial Trust ("CICT") | Issuer Profile: Neutral (3):** CICT is selling JCube for SGD340.0mn to Tanglin R.E. Holdings Pte Ltd, which is wholly-owned by CapitaLand Group Pte Ltd, which is in turn indirectly wholly-owned by Temasek Holdings Pte Ltd. CICT is selling JCube to unlock value, and CICT will be looking to re-invest the proceeds into other investment opportunities being assessed in Singapore. We maintain CICT at a Neutral (3) Issuer Profile for now.
- **Frasers Logistics & Commercial Trust ("FLCT") | Issuer Profile: Neutral (3):** FLCT is selling Cross Street Exchange for SGD810.8mn at a 28.3% premium to book value of SGD632.0mn, as part of FLCT's strategy to re-weight into the logistics and industrial asset class. The divestment, assuming this is followed by net repayment of debt, will be positive to FLCT's credit profile in our view.
- **Olam International Ltd ("Olam") | Issuer Profile: Neutral (5):** Olam announced that its wholly-owned subsidiary Olam Americas, Inc ("OAI") has priced USD275mn of privately placed bonds, with proceeds from the issue to be used by for general corporate purposes. In our view, this signals that financing markets remain accessible amidst the corporate events that are occurring.

Asian Credit Daily

Credit Headlines

CapitaLand Integrated Commercial Trust ("CICT") | Issuer Profile: Neutral (3):

- CICT is selling JCube for SGD340.0mn to Tanglin R.E. Holdings Pte Ltd, which is wholly-owned by CapitaLand Group Pte Ltd, which is in turn indirectly wholly-owned by Temasek Holdings Pte Ltd. CICT is estimated to receive a net gain from divestment of SGD56.7mn.
- The sale price is also above the valuations of SGD278.0mn and SGD280.0mn using the appraisal methods provided by Savills and Colliers, and the net property income yield based on sale price is less than 4%.
- JCube is CICT's smallest Jurong East mall by NLA, with the other malls being Westgate and IMM Building. JCube has a committed occupancy of 95.5%.
- CICT is selling JCube to unlock value and CICT will be looking to re-invest the proceeds into other investment opportunities being assessed in Singapore. The intended use of proceeds, being specific to Singapore, is interesting given that CICT has purchased several properties in Australia in December 2021 (66 Goulburn Street, 100 Arthur Street, 101-1103 Miller St and Greenwood Plaza).
- We maintain CICT at a Neutral (3) Issuer Profile for now. (Company, OCBC)

Frasers Logistics & Commercial Trust ("FLCT") | Issuer Profile: Neutral (3):

- FLCT is selling Cross Street Exchange for SGD810.8mn, which is a 28.3% premium to book value of SGD632.0mn.
- This is part of FLCT's strategy to re-weight into the logistics and industrial asset class, which will increase to 66.9% (from 61.1%).
- The net proceeds of SGD802.7mn after taking into account divestment-related fees and expenses may be used to fund potential acquisitions, capex, repay debt or distribute to unitholders.
- According to FLCT, if 49.2% of the net proceeds are used to repay debt, aggregate leverage will reduce from 33.7% to 29.3%.
- The divestment, assuming this is followed by net repayment of debt, will be positive to FLCT's credit profile in our view. (Company, OCBC)

Olam International Ltd ("Olam") | Issuer Profile: Neutral (5)

- Olam announced that its wholly-owned subsidiary Olam Americas, Inc ("OAI") has priced USD275mn of privately placed bonds.
 - USD200mn 5Y USD-denominated bonds with a coupon of 3.05%
 - USD75mn 7Y USD-denominated bonds with a coupon of 3.25%
- Proceeds from the issue will be used by OAI and its US affiliates for general corporate purposes.
- As a recap, Olam is currently undergoing a broad based corporate reorganisation and in the midst of also parcelling out its debt (including bank debt and bonds) and perpetuums across its various parts. It was undisclosed in this announcement which is OAI's direct parent. However, in our view, this signals that financing markets remain accessible amidst the corporate events that are occurring. (Company, OCBC)

Key Market Movements

	25-Jan	1W chg (bps)	1M chg (bps)		25-Jan	1W chg	1M chg
iTraxx Asiax IG	90	1	10	Brent Crude Spot (\$/bbl)	86.79	-0.82%	13.99%
iTraxx SovX APAC	25	1	3	Gold Spot (\$/oz)	1,840.65	1.48%	1.57%
iTraxx Japan	50	1	2	CRB	245.59	0.07%	6.36%
iTraxx Australia	72	1	8	GSCI	601.58	0.81%	7.74%
CDX NA IG	58	3	9	VIX	29.9	55.81%	66.48%
CDX NA HY	107	-1	-2	CT10 (%)	1.765%	-10.82	27.26
iTraxx Eur Main	58	4	11				
iTraxx Eur XO	278	14	39	AUD/USD	0.715	-0.50%	-1.24%
iTraxx Eur Snr Fin	67	4	11	EUR/USD	1.132	-0.07%	-0.10%
iTraxx Eur Sub Fin	126	6	18	USD/SGD	1.344	0.49%	0.97%
iTraxx Sovx WE	4	0	0	AUD/SGD	0.961	0.99%	2.25%
USD Swap Spread 10Y	6	-1	-1	ASX 200	6,967	-5.96%	-6.11%
USD Swap Spread 30Y	-19	-1	-2	DJIA	34,365	-4.31%	-4.41%
US Libor-OIS Spread	6	-1	-5	SPX	4,410	-5.42%	-6.68%
Euro Libor-OIS Spread	-6	1	3	MSCI Asiax	785	-1.19%	0.53%
				HSI	24,298	0.77%	4.63%
China 5Y CDS	50	0	9	STI	3,241	-1.20%	4.26%
Malaysia 5Y CDS	58	1	13	KLCI	1,511	-2.08%	-0.37%
Indonesia 5Y CDS	89	1	13	JCI	6,615	0.01%	0.79%
Thailand 5Y CDS	30	0	3	EU Stoxx 50	4,054	-5.76%	-4.72%
Australia 5Y CDS	14	0	0				

Source: Bloomberg

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New Issues

- Pakistan Global Sukuk Programme Co Ltd/The priced a USD1bn 7-year senior unsecured bond at 7.95%, tightening from an IPT of 8.25%-8.375%.
- Hanwha Life Insurance Co Ltd priced a USD750mn 10NC5 Tier 2 subordinated sustainability bond at T+185bps, tightening from an IPT of T+200bps area.
- China Cinda 2020 I Management Ltd (Guarantor: China Cinda HK Holdings Co Ltd) priced a USD1bn 5-year senior unsecured bond at T+175bps, tightening from an IPT of T+210bps area.
- Guang Tao Investment Ltd (Guarantor: Zhuhai Huafa Properties) priced a USD200mn 364-day senior unsecured bond at 4.2%.

Date	Issuer	Size	Tenor	Pricing
24-Jan-22	Pakistan Global Sukuk Programme Co Ltd/The	USD1bn	7-year	7.95%
24-Jan-22	Hanhwa Life Insurance Co Ltd	USD750mn	10NC5	T+185bps
24-Jan-22	China Cinda 2020 I Management Ltd (Guarantor: China Cinda HK Holdings Co Ltd)	USD1bn	5-year	T+175bps
24-Jan-22	Guang Tao Investment Ltd (Guarantor: Zhuhai Huafa Properties)	USD200mn	364-day	4.2%

Source: OCBC, Bloomberg

Temporary Suspension

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

Treasury Research & Strategy

Macro Research

Selena Ling

Head of Research & Strategy
LingSSSelena@ocbc.com

Tommy Xie Dongming

Head of Greater China Research
XieD@ocbc.com

Wellian Wiranto

Malaysia & Indonesia
WellianWiranto@ocbc.com

Howie Lee

Thailand, Korea & Commodities
HowieLee@ocbc.com

Herbert Wong

Hong Kong & Macau
herberthtwong@ocbcwh.com

FX/Rates Strategy

Frances Cheung

Rates Strategist
FrancesCheung@ocbc.com

Terence Wu

FX Strategist
TerenceWu@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

Toh Su N

Credit Research Analyst
TohSN@ocbc.com

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