

Credit Research

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Market Commentary:

- The movements of SGD SORA traded mostly lower yesterday, with shorter tenors trading 1-2bps lower, belly tenors trading 2-4bps lower, and the 10Y trading 3bps lower.
- Flows in SGD corporates were heavy, with flows in HSBC 4.5% '29s, HSBC 5.3% '33s, STANLN 5.375%-PERP, UOBSP 5.25%-PERP, TMGSP 5.5% '28s, ACAFP 4.85% '33s, OLGSP 5.375%-PERP, AIA 2.9%-PERP, SPOST 4.35%-PERP and HSBC 5.25% '32s
- Federal Reserve officials are signaling the plan to maintain interest rates in June while retaining the option to hike further in coming months, steering market expectations ahead of a key employment report this Friday.
- Spreads of Asia USD Investment Grade widened by 1bps to 128bps while Asia USD High Yield tightened by 2bps to 1023bps, per Bloomberg.

Credit Summary:

- **Lippo Malls Indonesia Retail Trust ("LMRT"):** LMRT announced they have elected not to pay distributions to the holders of the SGD120mn LMRTSP 8.096%-PERP.

Asian Credit Daily

Credit Headlines:

Lippo Malls Indonesia Retail Trust (“LMRT”)

- As expected, LMRT announced they have elected not to pay distributions to the holders of the SGD120mn LMRTSP 8.096%-PERP.
- The action is expected given that LMRT has already elected not to pay distributions to another SGD perpetual, LMRTSP 6.4751%-PERP in March 2023.
- Post this announcement, the dividend stopper provisions are applicable, meaning that LMRT is not allowed to pay distributions to unitholders and perpetual holders of SGD140mn LMRTSP 6.4751%-PERP.
- LMRT’s outlook remains challenging amidst slower-than-expected recovery in Indonesia retail and high refinancing risks. No new developments have been shared by LMRT since the earnings results briefing on 2 May 2023. LMRT previously mentioned that:
 - They are in an active discussion with the banks to refinance the existing debt facilities.
 - They are seeking to have a comprehensive solution to bondholders and banks. LMRT has not considered a haircut to the debt holders.
 - They have engaged independent agents to divest non-core assets, yet the interest was very weak. (Company, OCBC)

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Key Market Movements:

	1-Jun	1W chg (bps)	1M chg (bps)		1-Jun	1W chg	1M chg
iTraxx Asiax IG	123	-3	-3	Brent Crude Spot (\$/bbl)	73.0	-4.2%	-7.9%
iTraxx SovX APAC	22	0	-2	Gold Spot (\$/oz)	1,961	1.0%	-1.1%
iTraxx Japan	73	-1	-7	CRB Commodity Index	254	-2.8%	-4.7%
iTraxx Australia	83	-4	-5	S&P Commodity Index - GSCI	528	-4.2%	-5.7%
CDX NA IG	75	-2	-2	VIX	17.9	-3.2%	11.6%
CDX NA HY	101	0	0	US10Y Yield	3.67%	-15bp	10bp
iTraxx Eur Main	82	-1	-1				
iTraxx Eur XO	433	-4	0	AUD/USD	0.651	0.0%	-1.8%
iTraxx Eur Snr Fin	93	-2	-6	EUR/USD	1.068	-0.4%	-2.7%
iTraxx Eur Sub Fin	173	-5	-15	USD/SGD	1.352	0.2%	-1.2%
				AUD/SGD	0.880	0.1%	0.7%
USD Swap Spread 10Y	3	1	0	ASX200	7,111	-0.4%	-3.1%
USD Swap Spread 30Y	-40	2	0	DJIA	32,908	-0.4%	-3.4%
				SPX	4,180	0.8%	0.3%
China 5Y CDS	67	-1	-3	MSCI Asiax	617	-0.4%	-2.1%
Malaysia 5Y CDS	65	-2	-5	HSI	18,268	-4.4%	-8.2%
Indonesia 5Y CDS	89	-2	-4	STI	3,162	-1.4%	-3.3%
Thailand 5Y CDS	56	1	6	KLCI	1,385	-1.2%	-2.2%
Australia 5Y CDS	26	0	-1	JCI	6,633	-1.7%	-4.1%
				EU Stoxx 50	4,218	-1.1%	-3.2%

Source: Bloomberg

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
31-May-23	Cagamas Global PLC (Guarantor: Cagamas Bhd)	-	SGD	150	1-year	4.200%	N.A.
31-May-23	Hong Kong Government International Bond	Green Bond	USD	500	3-year	T+30bps	T+65bps
31-May-23	Hong Kong Government International Bond	Green Bond	USD	750	5-year	T+35bps	T+70bps
31-May-23	Hong Kong Government International Bond	Green Bond	USD	1,000	10-year	T+40bps	T+80bps

Source: OCBC, Bloomberg

Mandates:

- Nil

