

Credit Research

Andrew Wong, CESGA

WongVKAM@ocbc.com

Ezien Hoo, CFA, CESGA

EzienHoo@ocbc.com

Wong Hong Wei, CFA, CESGA

WongHongWei@ocbc.com

Chin Meng Tee, CFA

MengTeeChin@ocbc.com

Market Commentary:

- The movements of SGD SORA traded mostly higher Thursday, with shorter tenors trading 2-4bps higher, belly tenors trading 2-3bps higher, and the 10Y trading 2bps higher.
- Flows in SGD corporates were heavy, with flows in HSBC 4.5% '29s, HSBC 5.3% '33s, STANLN 5.375%-PERP, and UBS 4.85%-PERP.
- According to Bloomberg, Investment Grade Asian dollar bond spreads tightened for the fourth consecutive week following US labour data released last Friday.
- Asia USD Investment Grade spreads tightened by 5bps to 128bps, and Asia USD High Yield spreads tightened by 26bps to 989bps, per Bloomberg.

Credit Summary:

- **Sembcorp Industries Ltd ("SCI"):** SCI announced that as part of its ongoing strategic initiatives to maximise shareholder value, the company has commenced a process to explore the potential divestment of its waste management business and its energy from waste plant.
- **Frasers Logistics & Commercial Trust ("FLCT"):** FLCT announced that Anthea Lee Meng Hoon ("Lee") will be replacing outgoing Mr Robert Stuart Claude Wallace as CEO of the manager of FLCT from 14 August 2023, subject to regulatory approval.
- **UBS Group AG ("UBS") and Credit Suisse Group AG ("CS"):** It has been reported in the Financial Times that UBS may delay the release of its 2Q2023 results from 25 July to end August given the accounting complexities of the merger as well as to provide time for the finalisation of government support surrounding the merger as well as plans for CS's domestic business.

Asian Credit Daily

Credit Headlines:

Sembcorp Industries Ltd (“SCI”)

- SCI announced that as part of its ongoing strategic initiatives to maximise shareholder value, the company has commenced a process to explore the potential divestment of its waste management business and its energy from waste plant. A financial advisor has been appointed.
- Discussions are preliminary and no definitive transaction has been entered into. (Company)

Frasers Logistics & Commercial Trust (“FLCT”)

- FLCT announced that Anthea Lee Meng Hoon (“Lee”) will be replacing outgoing Mr Robert Stuart Claude Wallace as CEO of the manager of FLCT from 14 August 2023, subject to regulatory approval.
- Lee has over 26 years of experience, including a stint at Investments of Keppel REIT Management Ltd (Oct 2006 to Apr 2015) and positions in Keppel DC REIT Management Pte Ltd including as its CEO (Apr 2015 to present). (Company)

UBS Group AG (“UBS”) and Credit Suisse Group AG (“CS”)

- It has been reported in the Financial Times that UBS may delay the release of its 2Q2023 results from 25 July to end August given the accounting complexities of the merger as well as to provide time for the finalisation of government support surrounding the merger as well as plans for CS’s domestic business.
- As a recap:
 - It was previously reported that UBS and the Swiss government have yet to agree on the terms of the CHF9bn state guarantee. Per reports, UBS and the government are also still discussing the regulatory impact of the acquisition on capital requirements and liquidity as well as the definitive terms of the Loss Protection Agreement. Both parties are also still deciding what happens should losses exceed the CHF14bn covered by the Loss Protection Agreement.
 - In an amendment filing to the US Securities and Exchange commission in late May, UBS announced that it is expected to finalise its plans for the Swiss banking businesses of the combined entity within 3Q2023. UBS highlighted that no decision has been made on the structure of the Swiss business (ie a single brand domestically (or internationally) or a potential spin-off of any material CS business units) and the UBS board is considering all options.
- In other developments:
 - UBS released a statement indicating that it could complete the acquisition of CS as early as 12 June although the closing of the deal remains subject to certain conditions.
 - CS has repaid a CHF100bn emergency liquidity facility provided by the Swiss National Bank during the merger per comments from Swiss government, Finance Minister Karin Keller-Sutter. (Company, Bloomberg, Financial Times)

Asian Credit Daily

Key Market Movements:

	5-Jun	1W chg (bps)	1M chg (bps)		5-Jun	1W chg	1M chg
iTraxx Asiax IG	115	-9	-18	Brent Crude Spot (\$/bbl)	76.8	-0.3%	2.0%
iTraxx SovX APAC	21	-2	-4	Gold Spot (\$/oz)	1,946	0.1%	-3.5%
iTraxx Japan	72	0	-8	CRB Commodity Index	260	0.5%	-0.7%
iTraxx Australia	80	-3	-15	S&P Commodity Index - GSCI	546	-0.2%	0.0%
CDX NA IG	71	-4	-9	VIX	14.6	-23.7%	-15.1%
CDX NA HY	102	1	2	US10Y Yield	3.72%	-8bp	28bp
iTraxx Eur Main	77	-3	-9				
iTraxx Eur XO	410	-16	-39	AUD/USD	0.661	1.0%	-2.1%
iTraxx Eur Snr Fin	88	-3	-15	EUR/USD	1.070	-0.1%	-2.9%
iTraxx Eur Sub Fin	166	-5	-31	USD/SGD	1.351	0.2%	-1.9%
				AUD/SGD	0.893	-0.8%	0.3%
USD Swap Spread 10Y	5	3	3	ASX200	7,228	0.1%	0.1%
USD Swap Spread 30Y	-38	3	3	DJIA	33,763	3.0%	0.3%
				SPX	4,282	3.2%	3.5%
China 5Y CDS	60	-6	-14	MSCI Asiax	632	1.3%	-0.2%
Malaysia 5Y CDS	59	-6	-13	HSI	19,066	2.8%	-4.9%
Indonesia 5Y CDS	84	-5	-12	STI	3,192	-0.5%	-2.7%
Thailand 5Y CDS	52	-2	1	KLCI	1,381	-1.5%	-3.5%
Australia 5Y CDS	26	0	-1	JCI	6,658	-0.7%	-3.7%
				EU Stoxx 50	4,324	-0.3%	-0.4%

Source: Bloomberg

New Issues: There were no new issues priced since last Thursday.

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

Keung Ching (Cindy)

Hong Kong & Macau
cindyckung@ocbcwh.com

Herbert Wong

Hong Kong & Macau
herberthtwong@ocbcwh.com

Lavanya Venkateswaran

Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ahmad A Enver

ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng

ASEAN Economist
JonathanNg4@ocbc.com

Ong Shu Yi

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

Chin Meng Tee

Credit Research Analyst
MengTeeChin@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced, or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate.

This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation, or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally. There may be conflicts of interest between Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited, OCBC Investment Research Private Limited, OCBC Securities Private Limited or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).