

Asian Credit Daily

5 April 2024

Market Commentary:

- The SGD SORA curve traded mixed yesterday, with short tenors trading from -1bps lower to 1bps higher, belly tenors trading 1bps higher and 10Y trading 2bps higher.
- Flows in SGD corporates were heavy, with flows in STTGDC 5.7%-PERP, HSBC 4.75% '34s, UBS 5.75%-PERP, BPCEGP 5% '34s, BNP 5.9%-PERP, MAPLSP 3.7%-PERP, DB 4.4% '28s, SINTEC 4.2%-PERP.
- The foreign currency bond sales of Indian companies outpaced offshore loans for the first time since 2021 according to Bloomberg as capital markets borrowings got cheaper than bank lending. Indian companies raised USD4.7bn via bonds versus USD2bn through loans in the first three months of 2024. Adani Green Energy Limited and Shriram Finance Limited were among the top bond issuers last quarter.
- Conversely, local currency bond sales in Thailand fell 24% y/y in 1Q2024 according to the Thai Bond Market Association due to issuer expectations of rate cuts and ample liquidity.
- Finally, global green bond and sustainability bond sales had a record quarter in 1Q2024 with USD187.7bn and USD64.3bn issued respectively according to Bloomberg. Driving green bond sales, which remain the largest bond type within the green, social, sustainability and sustainability-linked ("GSSSL") credit market, are governments with sovereigns accounting for 40% of 1Q2024 green bond sales.
- Bloomberg Asia USD Investment Grade spreads widened by 2bps to 85bps while Asia USD High Yield spreads widened by 5bps to 596bps, respectively. (Bloomberg, OCBC)

Credit Summary:

- **Industry Outlook - Singapore Property:** Only 1 bid for each GLS site: The Urban Redevelopment Authority closed the tender for two sites, one at Zion Road and another at Upper Thomson Road yesterday.
- **Olam Group Limited ("OG"):** OG announced that its global agribusiness unit (focusing on food, feed and fibre), Olam Agri, has obtained a commodity Murabaha facility from a diversified group of global investors (including the UAE, Malaysia, Singapore and Hong Kong) totaling USD625mn.

Key Market Movements

	5-Apr	1W chg (bps)	1M chg (bps)		5-Apr	1W chg	1M chg
iTraxx Asiax IG	103	1	1	Brent Crude Spot (\$/bbl)	91.2	4.2%	11.1%
				Gold Spot (\$/oz)	2,278	2.2%	7.1%
iTraxx Japan	46	1	-4	CRB Commodity Index	296	3.3%	7.4%
iTraxx Australia	64	0	0	S&P Commodity Index - GSCI	599	4.4%	7.5%
CDX NA IG	53	2	1	VIX	16.4	27.9%	13.1%
CDX NA HY	107	-1	0	US10Y Yield	4.32%	12bp	16bp
iTraxx Eur Main	53	-1	-1				
iTraxx Eur XO	296	-2	-7	AUD/USD	0.659	1.1%	1.3%
iTraxx Eur Snr Fin	63	-1	-1	EUR/USD	1.084	0.5%	-0.1%
iTraxx Eur Sub Fin	112	-3	-5	USD/SGD	1.348	0.1%	-0.4%
				AUD/SGD	0.888	-1.0%	-1.7%
USD Swap Spread 10Y	-37	-1	1	ASX200	7,776	-0.6%	0.7%
USD Swap Spread 30Y	-74	-2	0	DJIA	38,597	-2.9%	0.0%
				SPX	5,147	-1.9%	1.3%
China 5Y CDS	73	1	6	MSCI Asiax	657	0.4%	2.6%
Malaysia 5Y CDS	43	0	2	HSI	16,725	1.5%	0.8%
Indonesia 5Y CDS	75	2	3	STI	3,235	0.3%	4.1%
Thailand 5Y CDS	45	0	2	KLCI	1,553	1.1%	1.1%
Australia 5Y CDS	15	-1	0	JCI	7,254	-0.8%	0.1%
				EU Stoxx 50	5,071	0.1%	3.6%

Source: Bloomberg

Credit Headlines:**Industry Outlook – Singapore Property**

- **Only 1 bid for each GLS site:** The Urban Redevelopment Authority closed the tender for two sites, one at Zion Road and another at Upper Thomson Road yesterday.
 - Zion Road site: A joint venture between City Developments Ltd (“CDL”) and Mitsui Fudosan put in the sole bid of SGD1.1bn (SGD1,202 psf ppr) for the site which could yield 1,170 residential units (including 435 serviced apartments).
 - Upper Thomson Road site: A joint venture between GuocoLand and Hong Leong Holdings put in the sole bid of SGD780mn (SGD904.60 psf ppr) for the 940-unit site.
- **Remains to be seen if government would accept the Zion Road bid:** The bid for the Zion Road site is 30.6% lower than similar plots in the area, such as the Jiak Kim Street parcel which was sold to Frasers Property in December 2017 for SGD955.4mn (SGD1,733 psf ppr). Previously, a GuocoLand-led consortium’s bid of SGD770.5mn (SGD984 psf ppr) for a white site in Marina South was rejected as it was deemed too low by the government.
- **Significantly lower demand by developers for large sites:** Both sites have not attracted much demand, likely because of the size of the plots. Recently, another Jurong Lake District White Site similarly attracted only one consortium.
- **CDL take on Zion Road site as the pilot site for long-stay serviced apartments:** The Zion Road site differs from the usual sites released by the government, as it is the government’s pilot for a new category of long-stay serviced apartments with minimum stay of 3 months. CDL’s CEO Sherman Kwek said that the project would complement CDL’s focus on expanding its living sector portfolio. (Company, OCBC)

Olam Group Limited (“OG”)

- OG announced that its global agribusiness unit (focusing on food, feed and fibre), Olam Agri, has obtained a commodity Murabaha facility from a diversified group of global investors (including the UAE, Malaysia, Singapore and Hong Kong) totaling USD625mn.
- This is Olam Agri’s debut Shariah-compliant financing facility which further diversifies Olam Agri’s funding mix with access to a new investor pool which provides financing on the basis of Shariah principles.
- The facility is initially guaranteed by Olam Group which will transfer to Olam Agri post the planned IPO and demerger of Olam Agri. Olam Global Agri Pte. Ltd. and Olam Global Agri Treasury Pte. Ltd. are the purchasers with a tenor of three years. (Company)

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
04 Apr	QNB Finance Ltd	Fixed	SGD	16.5	1.5Y	QNBK 4.08% '25s.	N.A

Mandates:

- There are no Asiadollar mandates today.
-

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
Cindyckeung@ocbcwh.com

Herbert Wong
Hong Kong & Macau
HerberhtWong@ocbc.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 Analyst
ShuyiOng1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Rates Strategist
FrancesCheung@ocbc.com

Christopher Wong
FX Strategist
ChristopherWong@ocbc.com

Credit Research

Andrew Wong
Credit Research Analyst
WongVKAM@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
EzienHoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
WongHongWei@ocbc.com

Chin Meng Tee, CFA
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 Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. 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).