

Asian Credit Daily

15 April 2024

Market Commentary:

- The SGD SORA curve traded lower last Friday, with short tenors trading 5-7bps lower, belly tenors trading 6-7bps lower and 10Y trading 6bps lower.
- Flows in SGD corporates were heavy, with flows in HSBC 4.75% '34s, STANLN 5.375%-PERP, STTGDC 5.7%-PERP, UBS 5.75%-PERP, BNP 4.75% '34s, BPCEGP 5% '34s, BNP 5.9%-PERP, BACR 7.3%-PERP, SINTEC 4.2%-PERP.
- Last Friday, S&P Global Ratings lowered its long-term issuer credit rating on Longfor Group Holdings Ltd to 'BB+' from 'BBB-', while lowering the rating on their senior unsecured notes to 'BB' from 'BB+'. This is due to Longfor's expected weak contracted sales in 2024 amidst prolonged industry downturn. S&P is forecasting the company's total contracted sales to decline by 22% in 2024 to RMB136bn. Longfor's contracted sales fell 53% year on year in the first quarter of 2024.
- Bloomberg Asia USD Investment Grade spreads widened by 1bps to 82bps while Asia USD High Yield spreads widened by 7bps to 587bps. (Bloomberg, OCBC)

Credit Summary:

- **Société Générale S.A. ("SocGen"):** On 12 April 2024, SocGen agreed to sell its Moroccan businesses (57.67% stake in Société Générale Marocaine de Banques and full stake in La Marocaine Vie) to Saham Group for EUR745mn.
- **Mapletree Investments Pte Ltd ("MAPL"):** MAPL has announced the acquisition of 8,192 operational beds across 19 cities in the UK and Germany, and an operating platform from Cuscaden Peak Investments Private Limited ("CPI") for ~SGD1.7bn. The acquisition solidifies MAPL's position as one of the largest owners of student housing assets in the UK.
- **BNP Paribas SA ("BNPP"):** BNPP announced that it has signed an agreement with Fosun Group to buy the latter's ~9% stake in Ageas SA, a Belgian insurer.

Key Market Movements

	15-Apr	1W chg (bps)	1M chg (bps)		15-Apr	1W chg	1M chg
iTraxx Asiax IG	111	7	10	Brent Crude Spot (\$/bbl)	90.3	0.0%	5.9%
				Gold Spot (\$/oz)	2,361	0.9%	9.5%
iTraxx Japan	48	1	1	CRB Commodity Index	298	0.1%	4.7%
iTraxx Australia	66	0	5	S&P Commodity Index - GSCI	598	-0.1%	4.0%
CDX NA IG	55	4	5	VIX	17.3	8.0%	20.1%
CDX NA HY	106	-1	-1	US10Y Yield	4.54%	12bp	23bp
iTraxx Eur Main	59	5	6				
iTraxx Eur XO	326	26	21	AUD/USD	0.648	-1.9%	-1.3%
iTraxx Eur Snr Fin	67	5	7	EUR/USD	1.065	-1.9%	-2.2%
iTraxx Eur Sub Fin	122	9	13	USD/SGD	1.361	-1.0%	-1.7%
				AUD/SGD	0.882	0.9%	-0.5%
USD Swap Spread 10Y	-38	0	0	ASX200	7,751	-0.5%	1.1%
USD Swap Spread 30Y	-75	0	0	DJIA	37,983	-2.4%	-1.9%
				SPX	5,123	-1.6%	0.1%
China 5Y CDS	73	2	4	MSCI Asiax	654	-0.5%	0.3%
Malaysia 5Y CDS	47	2	8	HSI	16,562	-1.0%	-0.9%
Indonesia 5Y CDS	79	4	9	STI	3,181	-1.2%	0.3%
Thailand 5Y CDS	47	2	5	KLCI	1,546	-0.5%	-0.4%
Australia 5Y CDS	15	-1	-1	JCI	7,287	0.0%	-1.3%
				EU Stoxx 50	4,955	-1.2%	-0.6%

Source: Bloomberg

Credit Headlines:**Société Générale S.A. ("SocGen")**

- On 12 April 2024, SocGen agreed to sell its Moroccan businesses (57.67% stake in Société Générale Marocaine de Banques and full stake in La Marocaine Vie) to Saham Group for EUR745mn.
- The deal is expected to complete by end of 2024, improving ~15bps on SocGen's CET1 ratio. However, the deal is also expected to have a negative impact of ~EUR75mn on SocGen's 1Q2024 results.
- It is worth pointing out that SocGen announced two disposals within days. On 11 April 2024, SocGen has signed a memorandum of understanding ("MOU") with Groupe BPCE with a view to sell its professional equipment financing businesses to Groupe BPCE for EUR1.1bn. This transaction with Groupe BPCE is expected to be completed in 1Q2025 and would have an estimated positive impact of ~25bps on the CET1 ratio.
- These disposals are part of the execution of SocGen's strategic roadmap presented in September 2023, targeting a streamlined, more synergetic and efficient business model, while strengthening the Group's capital base. (Company, Bloomberg)

Mapletree Investments Pte Ltd ("MAPL")

- MAPL has announced the acquisition of 8,192 operational beds across 19 cities in the UK and Germany, and an operating platform from Cuscaden Peak Investments Private Limited ("CPI") for ~SGD1.7bn. The acquisition solidifies MAPL's position as one of the largest owners of student housing assets in the UK.
- While MAPL is pivoting back to Asia, we note that student accommodation is a focus area for MAPL's developed market business outside of Asia.
- We expect the seller to be related to MAPL. As at 31 March 2023, MAPL owns a 19%-stake in Cuscaden Peak Pte Ltd (accounted for as a joint venture at MAPL) while per CPI's website, CPI is a wholly owned subsidiary of Cuscaden Peak Pte Ltd. (Company, OCBC)

BNP Paribas SA ("BNPP")

- BNPP announced that it has signed an agreement with Fosun Group to buy the latter's ~9% stake in Ageas SA, a Belgian insurer.
- The total consideration is estimated at ~EUR730mn, corresponding to a marginal impact on BNPP's CET1 ratio of ~2bps. (Company)

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
12 Apr	Malayan Banking Berhad	FRN	USD	100	5Y	SOFR+90bps	N.A

Mandates:

- Hyundai Card Co., Ltd., (“Hyundai Card”) is planning to issue USD-denominated Reg S only fixed rate senior unsecured bond offering with expected tenor of 3- or 5-year.
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