

## Asian Credit Daily

16 April 2024

## Market Commentary:

- The SGD SORA curve traded lower yesterday, with short tenors trading 2-3bps lower, belly tenors trading 1-2bps lower and 10Y trading 1bps lower.
- Flows in SGD corporates were heavy, with flows in HSBC 4.75% '34s, UBS 5.75%-PERP, BNP 4.75% '34s, GESB 3.928% '39s, STTGDC 5.7%-PERP, BPCEGP 5% '34s, SINTEC 5%-PERP, STSP 3.3%-PERP, BNP 5.9%-PERP.
- China Vanke Co. ("Vanke") is preparing an asset package totaling about RMB130bn (USD18bn) to use as collateral as it seeks new bank loans. However, Vanke didn't disclose details of the asset package or any potential sales.
- Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 80bps while Asia USD High Yield spreads widened by 3bps to 590bps. (Bloomberg, OCBC)

## Credit Summary:

- **UBS AG ("UBS"):** Last week the Federal Council of Switzerland proposed that systematically important Swiss banks must hold significantly more capital against their foreign units, according to wide-ranging report on banking stability. Bank-specific capital levels should also be increased to take future risks into account. Should these proposals go through, more profits will need to be retained, instead of being distributed to equity holders. The government did not disclose the quantum of additional capital required in the report.
- **Singapore Airlines Ltd ("SIA"):** SIA reported its March 2024 operating data. On a group airline basis, passenger load was 87.7% in March 2024, increasing by 1.4 ppts versus the 86.3% in February 2024. In March 2023, passenger load factor was 89.0%. Passenger load factor was 84.5% in January 2020 (before COVID-19 went globally).

**Key Market Movements**

	16-Apr	1W chg (bps)	1M chg (bps)		16-Apr	1W chg	1M chg
iTraxx Asiax IG	112	9	12	Brent Crude Spot (\$/bbl)	90.7	1.4%	6.2%
				Gold Spot (\$/oz)	2,387	1.5%	10.5%
iTraxx Japan	50	3	3	CRB Commodity Index	298	0.1%	4.8%
iTraxx Australia	68	3	5	S&P Commodity Index - GSCI	597	0.2%	3.8%
CDX NA IG	57	6	8	VIX	19.2	26.6%	33.4%
CDX NA HY	105	-2	-1	US10Y Yield	4.61%	25bp	30bp
iTraxx Eur Main	60	6	7				
iTraxx Eur XO	335	32	34	AUD/USD	0.642	-3.1%	-2.1%
iTraxx Eur Snr Fin	67	5	8	EUR/USD	1.062	-2.2%	-2.3%
iTraxx Eur Sub Fin	124	11	17	USD/SGD	1.365	-1.5%	-1.9%
				AUD/SGD	0.877	1.7%	0.2%
USD Swap Spread 10Y	-39	-1	-3	ASX200	7,624	-2.6%	-0.6%
USD Swap Spread 30Y	-76	-2	-4	DJIA	37,735	-3.0%	-2.5%
				SPX	5,062	-2.7%	-1.1%
China 5Y CDS	73	4	6	MSCI Asiax	647	-2.1%	-0.8%
Malaysia 5Y CDS	47	5	9	HSI	16,332	-3.0%	-2.3%
Indonesia 5Y CDS	79	7	11	STI	3,144	-2.3%	-0.9%
Thailand 5Y CDS	46	2	5	KLCI	1,537	-1.2%	-1.0%
Australia 5Y CDS	15	-1	0	JCI	7,145	-0.8%	-3.2%
				EU Stoxx 50	4,984	-1.2%	0.0%

Source: Bloomberg

**Credit Headlines:****UBS AG (“UBS”)**

- Last week the Federal Council of Switzerland proposed that systematically important Swiss banks must hold significantly more capital against their foreign units, according to wide-ranking report on banking stability. Bank-specific capital levels should also be increased to take future risks into account. Should these proposals go through, more profits will need to be retained, instead of being distributed to equity holders. The government did not disclose the quantum of additional capital required in the report.
- In response to media questions posed by local media on analyst estimates that UBS would require additional capital of USD15bn to USD25bn, Switzerland’s finance minister opined that “those orders of magnitude are plausible”. (Reuters, Bloomberg, Tages-Anzeiger)

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- Group passenger carried was 3.29 million in March 2024, versus 3.06 million in the shorter month of February 2024 (March 2023: 2.72 million). Passenger capacity on a group airline basis was 14,467.4 million seat-kilometres in March 2024, increasing by 15.5% y/y.
- SIA cargo load factor was 60.0% in March 2024 versus 56.7% in February 2024 (March 2024: 55.1%). In March 2024, cargo load by million tonne-km increased by 15.6% y/y while capacity by million tonne-kilometres increased by 6.0% y/y. Per company, cargo load increased on the back of increased inventory flows by shippers as well as charters for various entertainment events. (Company, OCBC)

## New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
15 Apr	<b>Zhejiang Boxin Bvi Ltd (ZIBOXV)</b> (Keepwell Provider: Hangzhou Shangcheng District Urban Construction Investment Group Co Ltd ( SCUCIG )	Fixed	USD	200	1Y	6.2%	6.7% area

## Mandates:

- Guangzhou Finance Holdings Group Co., Ltd. is planning to issue a proposed Regulation S offering of U.S. dollar-denominated bonds with tenor of 2Y.
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