

## Asian Credit Daily

17 May 2024

## Market Commentary:

- The SGD SORA curve traded lower yesterday, with short tenors trading 3-7bps lower, belly tenors trading 7bps lower and 10Y trading 7bps lower.
- Flows in SGD corporates were heavy, with flows in TMGSP 5.25% '27s, HSBC 4.75% '34s, HSBC 5.3% '34s, SINTEC 4.1%-PERP, CMZB 6.5% '34s, DB 4.4% '28s, MAPLSP 3.95%-PERP, AAREIT 5.375%-PERP.
- Country Garden Holdings Co. faces a winding up petition in the Hong Kong High Court today from creditor Ever Credit Ltd. that filed a petition at the end of February 2024 to liquidate the company due to non-payments on a term loan facility.
- According to Bloomberg, China's State Council will hold a meeting with key officials from the housing ministry, financial regulators, local governments and state banks today to collect feedback on further potential property market support measures, including a proposal for local state-owned enterprises to purchase excess inventory from distressed developers at steep discounts with loans provided by state banks. Most of the properties would then be converted into affordable housing. A draft plan is expected to be finalized in June.
- According to the 21st Century Business Herald, the China Securities Regulatory Commission (CSRC) has mandated that all its local bureaus report on their random checks of local debt. The CSRC has also dispatched its own staff to conduct inspections of these checks in various locations. Following the submission of their reports, certain local bureaus have been instructed to increase the frequency of their random inspections.
- Bloomberg Asia USD Investment Grade spreads widened by 1bps to 82bps while Asia USD High Yield spreads widened by 2bps to 534bps. (Bloomberg, OCBC)

## Credit Summary:

- **Lendlease Group ("LLC"):** As part of LLC's ongoing simplification strategy, LLC is selling a 50% stake of a life sciences real estate platform to a private equity firm, Warburg Pincus.

**Key Market Movements**

|                     | 17-May | 1W chg<br>(bps) | 1M chg<br>(bps) |                            | 17-May | 1W chg | 1M chg |
|---------------------|--------|-----------------|-----------------|----------------------------|--------|--------|--------|
| iTraxx Asiax IG     | 93     | -9              | -22             | Brent Crude Spot (\$/bbl)  | 83.4   | 0.7%   | -4.5%  |
|                     |        |                 |                 | Gold Spot (\$/oz)          | 2,377  | 0.7%   | 0.7%   |
| iTraxx Japan        | 48     | -4              | -5              | CRB Commodity Index        | 290    | 0.0%   | -1.5%  |
| iTraxx Australia    | 63     | -2              | -9              | S&P Commodity Index - GSCI | 582    | 0.5%   | -0.9%  |
| CDX NA IG           | 49     | -1              | -9              | VIX                        | 12.4   | -2.1%  | -31.8% |
| CDX NA HY           | 107    | 0               | 2               | US10Y Yield                | 4.37%  | -13bp  | -22bp  |
| iTraxx Eur Main     | 51     | -2              | -11             |                            |        |        |        |
| iTraxx Eur XO       | 290    | -8              | -50             | AUD/USD                    | 0.667  | 1.0%   | 3.6%   |
| iTraxx Eur Snr Fin  | 58     | -2              | -12             | EUR/USD                    | 1.086  | 0.8%   | 1.7%   |
| iTraxx Eur Sub Fin  | 106    | -3              | -21             | USD/SGD                    | 1.348  | 0.5%   | 1.0%   |
|                     |        |                 |                 | AUD/SGD                    | 0.899  | -0.5%  | -2.6%  |
|                     |        |                 |                 |                            |        |        |        |
| USD Swap Spread 10Y | -36    | 1               | 2               | ASX200                     | 7,852  | 1.3%   | 3.2%   |
| USD Swap Spread 30Y | -73    | 3               | 3               | DJIA                       | 39,869 | 1.2%   | 5.6%   |
|                     |        |                 |                 | SPX                        | 5,297  | 1.6%   | 5.5%   |
| China 5Y CDS        | 59     | -5              | -13             | MSCI Asiax                 | 700    | 2.9%   | 10.2%  |
| Malaysia 5Y CDS     | 44     | -3              | -5              | HSI                        | 19,377 | 4.5%   | 19.2%  |
| Indonesia 5Y CDS    | 70     | -3              | -9              | STI                        | 3,312  | 0.6%   | 5.0%   |
| Thailand 5Y CDS     | 41     | -2              | -5              | KLCI                       | 1,613  | 0.8%   | 4.7%   |
| Australia 5Y CDS    | 13     | 0               | -1              | JCI                        | 7,247  | 1.7%   | 1.6%   |
|                     |        |                 |                 | EU Stoxx 50                | 5,072  | 0.4%   | 3.2%   |

Source: Bloomberg

## Credit Headlines:

### Lendlease Group (“LLC”):

- As part of LLC’s ongoing simplification strategy, LLC is selling a 50% stake of a life sciences real estate platform to a private equity firm, Warburg Pincus.
- The transaction value is SGD129mn (AUD147mn) and the net cash proceeds to Lendlease Group is expected to be AUD66mn.
- Lendlease maintains its FY24 guidance of 7% ROE. It is noted that achieving this return remains conditional on execution of a few transactions, including this transaction and the previously announced sale of 12 Communities projects. (Company, OCBC)

**New Issues:**

| Date      | Issuer  | Description | Currency | Size (mn) | Tenor | Final Pricing | Initial Pricing    |
|-----------|---|-------------|----------|-----------|-------|---------------|--------------------|
| 16<br>May | Industrial & Commercial<br>Bank of China Ltd/Hong<br>Kong | FRN         | USD      | 1,000     | 3Y    | SOFR+48bps    | SOFR+95bps<br>area |

**Mandates:**

- There are no Asiadollar mandates today.
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