

**Asian Credit Daily**

19 April 2024

**Market Commentary:**

- The SGD SORA curve traded lower yesterday, with short tenors trading 1-4bps lower, belly tenors trading 4-5bps lower and 10Y trading 5bps lower.
- Flows in SGD corporates were heavy, with flows in BNP 5.9%-PERP, HSBC 4.75% '34s, BPCEGP 5% '34s, UBS 5.75%-PERP, BACR 7.3%-PERP, AIA 2.9%-PERP, SLHSP 3.5% '30s, BNP 4.75% '34s.
- HNA Group (International) Co. has received a winding up petition in a Hong Kong court from private creditor Golden Morning Hong Kong Ltd. Wang Chunying, spokeswoman of the People's Bank of China and State Administration of Foreign Exchange, mentioned that the regulator will continue to open up China's bond market and expand its size through increased holdings of Chinese bonds by Financial Institutions and promotion of domestic bonds to become qualified collateral offshore.
- Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 81bps while Asia USD High Yield spreads tightened by 13bps to 601bps. (Bloomberg, OCBC)

**Credit Summary:**

- **CapitaLand Integrated Commercial Trust ("CICT"):** CICT reported 1Q2024 business update. Results are decent, with credit metrics stable q/q.

**Key Market Movements**

	19-Apr	1W chg (bps)	1M chg (bps)		19-Apr	1W chg	1M chg
iTraxx Asiax IG	114	3	14	Brent Crude Spot (\$/bbl)	90.3	-0.2%	3.3%
				Gold Spot (\$/oz)	2,408	2.7%	11.6%
iTraxx Japan	53	5	7	CRB Commodity Index	296	0.1%	3.0%
iTraxx Australia	72	6	10	S&P Commodity Index - GSCI	586	-2.0%	0.6%
CDX NA IG	58	3	9	VIX	18.0	20.7%	30.2%
CDX NA HY	105	-1	-2	US10Y Yield	4.52%	0bp	23bp
iTraxx Eur Main	60	1	8				
iTraxx Eur XO	335	9	33	AUD/USD	0.637	-1.5%	-2.5%
iTraxx Eur Snr Fin	69	2	10	EUR/USD	1.062	-0.2%	-2.3%
iTraxx Eur Sub Fin	123	2	18	USD/SGD	1.365	-0.3%	-1.7%
				AUD/SGD	0.870	1.3%	0.8%
USD Swap Spread 10Y	-38	0	-1	ASX200	7,523	-3.4%	-2.3%
USD Swap Spread 30Y	-76	-1	-2	DJIA	37,775	-1.8%	-3.4%
				SPX	5,011	-3.6%	-3.2%
China 5Y CDS	71	-2	5	MSCI Asiax	640	-2.0%	-1.0%
Malaysia 5Y CDS	46	0	8	HSI	16,180	-3.2%	-2.1%
Indonesia 5Y CDS	78	-1	10	STI	3,172	-1.4%	0.0%
Thailand 5Y CDS	46	-1	5	KLCI	1,548	-0.2%	0.2%
Australia 5Y CDS	15	0	-1	JCI	7,089	-2.3%	-3.4%
				EU Stoxx 50	4,937	-0.6%	-1.4%

*Source: Bloomberg*

**Credit Headlines:****CapitaLand Integrated Commercial Trust (“CICT”)**

- CICT reported 1Q2024 business update. **Results are decent, with credit metrics stable q/q.**
- **Net property income rose 6.3% y/y to SGD293.7mn**, with increase in retail (+6.0% y/y to SGD107.3mn), office (+7.6% y/y to SGD100.0mn) and integrated development (+5.1% y/y to SGD86.4mn).
- **Rent reversion up 7.2% for retail, 14.1% for office.** Rent reversion was similar between suburban (+7.2%) and downtown (7.1%) malls. Meanwhile, CICT’s Singapore office portfolio average rent rose 1.3 ppts q/q to SGD10.63 psf per month.
- **Tenant sales up 2.1% for retail portfolio**, with outperformance in suburban (+3.1%) relative to downtown (+1.7%) malls. CICT benefited from a strong domestic market and tourism rebound from 30-day visa waiver between Singapore and China. However, we note that for downtown malls, tenant sales growth has lagged shopper traffic growth (+1.7%) while suburban malls shopper traffic growth (+3.0%) was in-line with its tenant sales growth.
- **Tenant sales up for all key trade categories**, including Beauty & Health (+7.9%), Food & Beverages (+4.9%), Supermarket (+1.3%), Digital & Appliance (+1.0%), Fashion & Accessories (+0.6%).
- **Portfolio occupancy fell 0.3 ppts q/q to 97.0%**, mainly due to dips in the office portfolio (-0.9 ppts q/q to 95.8%) while occupancy inched up for retail (+0.2 ppts q/q to 98.7%) and integrated development (+0.4 ppts q/q to 98.9%). Decline in office portfolio occupancy is seen in Singapore (-1.0 ppts q/q to 97.5%) and Germany (-2.4 ppts q/q to 92.1%). The decline in occupancy for Singapore is attributable to CapitaGreen which saw occupancy fell q/q to 89.3% (4Q2023: 97.6%).
- **Retention rate remains high for retail (88.1%) and office (84.2%).** Top leasing enquiries by trade categories for retail are Food & Beverages, Beauty & Health, Fashion & Accessories while the top leasing enquiries by trade categories for office are Financial Services, IT & Communications, Business Consultancy.
- **CICT provided updates on its ongoing AEI.** IMM Building Phase 1 & 2 AEI space have achieved 75% committed occupancy, including leases under advanced negotiations. Gallileo Frankfurt achieved 93% committed occupancy, following lease agreement with ECB, with leased area to be handed over from 2H2025.
- **Credit metrics remain stable**, with aggregate leverage flattish q/q at 40.0% (4Q2023: 39.9%) and reported interest coverage remaining at 3.1x (4Q2023: 3.1x) despite average cost of debt inching up to 3.5% (31 December 2023: 3.4%). (Company, OCBC)

**New Issues:**

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
18 Apr	LG Electronics Inc	Fixed	USD	500	3Y	T+95bps	T+135bps area
18 Apr	LG Electronics Inc	Fixed	USD	300	5Y	T+110bps	T+150bps area
18 Apr	Puma International Financing SA (Guarantor: Puma Energy Holdings Pte Ltd)	Fixed	USD	500	5NC2	7.75%	7.875%-8%
18 Apr	Yinson Production Financial Services Pte. Ltd. (Singapore) (Guarantor: Yinson Acacia Ltd, Yinson Production West Africa Pte Ltd)	Fixed	USD	500	5NC3	9.625%	10.25%-10.5%
18 Apr	Perenti Finance Pty Ltd (Guarantors: Perenti Ltd and certain of its subsidiaries)	Fixed	USD	350	5NC2	7.50%	7.875%-8%

**Mandates:**

- Muthoot Finance Limited has appointed bookrunners for investor update calls commencing 19 April 2024 for a potential benchmark sized 144A/Regulation S USD-denominated senior secured bond with 4 years door to door tenor and 3 years weighted average life.

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