

Market Commentary:

- The SGD SORA curve traded higher last Friday, with short tenors trading 2bps higher, belly tenors trading 2bps higher and 10Y trading 2bps higher.
- Flows in SGD corporates were heavy, with flows in GESP 3.928% '39s, TMGSP 5.25% '27s, UBS 5.75%-PERP, UOBSP 2.55%-PERP, UOBSP 3.58%-PERP, HSBC 4.75% '34s.
- Beijing has introduced a plan to address China's housing problems. This plan involves relaxing mortgage rules and providing a credit of RMB300bn (USD42bn) to assist government-backed firms in purchasing excess housing inventory from developers. Although property stocks experienced a significant rally following the announcement, many believe that the plan may be insufficient and too late to fully resolve the housing situation. Another measure introduced by Beijing is the reduction of minimum down-payment ratios for homebuyers and interest rates on mortgages.
- Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 78bps while Asia USD High Yield spreads tightened by 9bps to 505bps. (Bloomberg, OCBC)
- There were no notable bond issuers in the Asiadollar and Singdollar market last Friday.

Credit Summary:

- **Industry Outlook - Financial Institutions, Commerzbank AG ("CMZB") Deutsche Bank AG ("DB")** : Last week in covering CMZBs best quarterly result in 10 years, it was mentioned that management's expectations for 2024 are somewhat tempered by (1) easing policy interest rates (2) an uptick in risk results from the low base (3) future developments with regards to provisions for CMZB's Swiss franc mortgage portfolio at mBank and (4) ongoing uncertainties with regards current legal proceedings in Russia with damages awarded by a Russian court in March 2024.

Key Market Movements

	20-May	1W chg (bps)	1M chg (bps)		20-May	1W chg	1M chg
iTraxx Asiax IG	92	-7	-22	Brent Crude Spot (\$/bbl)	83.9	0.6%	-3.9%
				Gold Spot (\$/oz)	2,423	3.7%	4.1%
iTraxx Japan	49	-3	-6	CRB Commodity Index	294	1.5%	-1.5%
iTraxx Australia	64	-1	-12	S&P Commodity Index - GSCI	587	1.8%	-0.5%
CDX NA IG	49	-2	-5	VIX	12.0	-4.5%	-35.9%
CDX NA HY	107	0	1	US10Y Yield	4.41%	-8bp	-21bp
iTraxx Eur Main	51	-2	-7				
iTraxx Eur XO	289	-9	-36	AUD/USD	0.670	1.4%	3.9%
iTraxx Eur Snr Fin	58	-2	-8	EUR/USD	1.087	0.8%	2.1%
iTraxx Eur Sub Fin	106	-3	-13	USD/SGD	1.345	0.6%	1.2%
				AUD/SGD	0.901	-0.8%	-2.5%
USD Swap Spread 10Y	-36	0	3	ASX200	7,855	1.3%	3.8%
USD Swap Spread 30Y	-73	2	3	DJIA	40,004	1.2%	5.3%
				SPX	5,303	1.5%	6.8%
China 5Y CDS	60	-4	-11	MSCI Asiax	702	2.3%	11.5%
Malaysia 5Y CDS	44	-2	-5	HSI	19,554	5.5%	20.5%
Indonesia 5Y CDS	70	-1	-9	STI	3,313	0.7%	4.3%
Thailand 5Y CDS	42	-2	-5	KLCI	1,617	1.0%	4.5%
Australia 5Y CDS	13	0	-2	JCI	7,317	3.2%	3.2%
				EU Stoxx 50	5,064	-0.4%	3.0%

Source: Bloomberg

Credit Headlines:**Industry Outlook – Financial Institutions, Commerzbank AG (“CMZB”) Deutsche Bank AG (“DB”)**

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- Late last week was news that a Russian court has frozen the local assets of CMZB as well as DB and UniCredit SpA under lawsuits totalling over EUR1bn filed by a Gazprom PJSC venture. The claims relate to several European banks walking away from a financing a key natural gas project despite providing a performance bond due to sanctions against Russia.
- According to court documents, the amount of frozen assets is broken down as EUR93.7mn for CMZB, EUR238.6mn for DB and the bulk for Unicredit SpA at EUR462.7mn. DB responded to Bloomberg News that they see themselves as “fully protected” by an indemnification from a client as well as disclosing in its annual report that it has recognized a ~EUR260mn provision related to this reimbursement asset under the indemnification agreement.
- As for CMZB, the amount appears immaterial. The bank mentioned in its 1Q2024 results announcement that Russian exposures continue to reduce (EUR171mn as at 31 March 2024 against EUR344mn as at 31 December 2023 and EUR645mn as at 31 March 2023). CMZB also mentioned before this announcement that the Moscow Arbitration Court had released cash in bank accounts of CMZB that was previously held under a lawsuit by Transcapitalbank.
- We view the news as credit neutral (Company, Bloomberg, OCBC)

Mandates:

- Shandong Hi-Speed Group Co. is planning to issue a Regulation S offering of US dollar-denominated unsubordinated guaranteed perpetual securities.
 - PT Krakatau Posco is planning to issue an inaugural USD-denominated Reg S only fixed rate senior unsecured bond offering with expected tenor of 3- and/or 5Y.
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