

Asian Credit Daily

6 May 2025

Market Commentary:

- The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading 3bps lower to flat, belly tenors trading 1bps higher and 10Y trading 2bps higher.
- Flows in SGD corporates were heavy, with flows in HSBC 5%-PERP, TMGSP 5.5% '28s, AAREIT 4.7%-PERP.
- Bloomberg has reported that Moody's considers tariff shocks to be a significant threat to Malaysia's sovereign credit rating, as they could disrupt economic growth and fiscal consolidation. Additionally, the government's potential increase in spending to mitigate the impact of US-imposed tariffs could delay or hinder fiscal consolidation, which poses risks to its credit rating.
- PT Medco Energi Internasional Tbk has proposed to repurchase all outstanding 7.375% senior notes due in 2026 that were issued by Medco Oak Tree, as indicated in a filing with the Singapore Stock Exchange. The company is also looking to buy back all outstanding 6.375% senior notes due in 2027 issued by Medco Bell.
- Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 91bps while Bloomberg Asia USD High Yield spreads traded flat at 537bps respectively. (Bloomberg, OCBC)

Credit Summary:

- **UBS Group AG ("UBS") / UBS AG ("UBSAG"):** UBS has agreed to settle a Credit Suisse Group AG ("CS") investigation by the US Department of Justice ("DoJ") related to tax evasion of US taxpayers booked in Switzerland and May 2014 settlement agreements between CS and the DoJ, Securities and Exchange Commission ("SEC"), the Federal Reserve and New York Department of Financial Services.

Credit Headlines

UBS Group AG ("UBS") / UBS AG ("UBSAG")

- UBS has agreed to settle a Credit Suisse Group AG ("CS") investigation by the US Department of Justice ("DoJ") related to tax evasion of US taxpayers booked in Switzerland and May 2014 settlement agreements between CS and the DoJ, Securities and Exchange Commission ("SEC"), the Federal Reserve and New York Department of Financial Services.
- Under this prior agreement, CS pled guilty to assisting US taxpayers in tax avoidance and undertook to report to and co-operate with US authorities in accordance with its obligations under the 2014 agreements. However, it was subsequently uncovered that there were potentially additional undeclared US assets by CS clients.
- Under the settlement agreement, CS through UBS will pay ~USD511mn in total including for US taxpayers booked in Singapore. CS also entered into a non-prosecution agreement regarding US taxpayers booked in Singapore that will fall away as long as UBS continues to fulfill the terms of the agreement which reportedly includes continuing to co-operate with the DoJ.
- UBS's recent 1Q2025 results refer to the DoJ investigation as part of its notes on provisions and contingent liabilities although a specific amount for this case was not disclosed. UBS has indicated that it expects to recognize a credit from the partial release of the contingent liability established with the CS acquisition as part of the purchase price allocation process while UBS AG is expected to record a charge in its 2Q2025 results. (Company, Bloomberg, OCBC)

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing
06 May	Korea Development Bank of New York	FRN	USD	200	2Y	SOFR+55bps
06 May	First Sponsor Group Limited	Fixed	SGD	128	5Y	3.495%

Mandates:

- PT Pertamina Hulu Energi may issue USD denominated 5Y/10Y bonds.
- Medco Cypress Tree Pte. Ltd. (guarantor: PT Medco Energi Internasional Tbk) may issue USD denominated 5NC2 Fixed bonds.

Key Market Movements

	6-May	1W chg (bps)	1M chg (bps)		6-May	1W chg	1M chg
iTraxx Asiax IG	94	-1	-21	Brent Crude Spot (\$/bbl)	61.2	-4.8%	-6.8%
				Gold Spot (\$/oz)	3,365	1.4%	12.8%
iTraxx Japan	70	0	-11	CRB Commodity Index	288	-3.2%	-0.0%
iTraxx Australia	90	-2	-9	S&P Commodity Index - GSCI	516	-2.4%	-1.3%
CDX NA IG	63	-4	-13	VIX	23.6	-6.0%	-47.8%
CDX NA HY	105	1	3	US10Y Yield	4.34%	14bp	35bp
iTraxx Eur Main	64	-2	-13				
iTraxx Eur XO	330	-12	-76	AUD/USD	0.645	1.1%	7.9%
iTraxx Eur Snr Fin	69	-3	-16	EUR/USD	1.131	-0.7%	3.7%
iTraxx Eur Sub Fin	121	-3	-31	USD/SGD	1.294	1.1%	4.5%
				AUD/SGD	0.835	-0.0%	-3.1%
USD Swap Spread 10Y	-52	3	-18	ASX200	8,156	1.1%	6.4%
USD Swap Spread 30Y	-88	1	-19	DJIA	41,219	2.5%	7.6%
				SPX	5,650	2.2%	11.4%
China 5Y CDS	60	-0	-17	MSCI Asiax	739	3.9%	4.1%
Malaysia 5Y CDS	61	-1	-17	HSI	22,650	3.0%	-0.9%
Indonesia 5Y CDS	96	1	-30	STI	3,857	1.2%	0.8%
Thailand 5Y CDS	61	2	-17	KLCI	1,540	1.2%	2.4%
Australia 5Y CDS	14	-1	-5	JCI	6,881	2.3%	5.7%
				EU Stoxx 50	5,283	2.2%	8.3%

Source: Bloomberg

Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberhtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavyanyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathannq4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyiong1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
mengteechin@ocbc.com

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