

Asian Credit Daily

17 July 2025

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading flat to 1bps higher while belly tenors and 10Y traded 2bps higher.
- Flows in SGD corporates were heavy, with flows in STSP 3.3%-PERP, STANLN 5.3%-PERP, HSBC 5.25%-PERP, MAPLSP 3.048% '40s, OLGPSP 5.375%-PERP.
- As per Bloomberg, New World Development Co. ("New World") is in early-stage discussions with the Hong Kong airport authority on its plan to sell its "11 Skies" mall to address liquidity pressures. The mall has been valued at a price range of HKD15bn to HKD17bn, a loss from the initial investment of HKD20bn. New World is accelerating asset sales, including in mainland China, as it rushes to strengthen its balance sheet.
- In other news by Bloomberg, China Vanke Co. ("Vanke") has sought to extend some domestic bank loans by up to 10 years to ease liquidity risk and gain breathing room on its repayment obligations. This move comes as the company faces significant financial pressure, including a projected first-half loss of up to USD1.67bn. While some banks are currently evaluating the proposals, others remain hesitant to proceed without further regulatory guidance, amid the deteriorating profitability and rising concerns over bad debt, with total non-performing loans in the banking system reaching a record RMB3.4tn as of March 2025.
- Bloomberg Asia USD Investment Grade spreads traded flat at 68bps and Bloomberg Asia USD High Yield spreads widened by 5bps to 365bps respectively. (Bloomberg, OCBC)

Credit Summary:

- **Barclays PLC ("Barclays"):** Barclays has been fined ~USD56mn by UK regulators which identified shortcomings in the bank's approach to assessing financial crime risks with two clients per Bloomberg.
- **City Development Ltd ("CDL"):** Philip Yeo is set to step down from the board and retire on 31 July 2025 as a non-independent and non-executive director after 16 years on the board.
- **Frasers Logistics & Commercial Trust ("FLCT"):** FLCT has entered into a sale and purchase agreement to divest its commercial property at 357 Collins Street, Melbourne, Victoria, Australia ("357 Collins Street") for AUD192.1mn (~SGD 161.4mn), net of outstanding lease incentive liabilities.
- **Frasers Centrepont Trust ("FCT"):** FCT has issued two statutory demands and a letter of demand to Cathey Cineplexes Pte. Ltd. ("CCPL") and its guarantor mm2 Asia Ltd. ("the Company") for a payment amounting to ~SGD3.26mn.

Credit Headlines

Barclays PLC ("Barclays")

- Barclays has been fined ~USD56mn by UK regulators which identified shortcomings in the bank's approach to assessing financial crime risks with two clients per Bloomberg.
- The bulk of the fine is tied to inadequacy in managing money laundering risk concerning a gold trader. (Bloomberg)

City Development Ltd ("CDL")

- Philip Yeo is set to step down from the board and retire on 31 July 2025 as a non-independent and non-executive director after 16 years on the board.
- Mr Yeo was previously involved in the family feud over CDL earlier in 2025, backing executive chairman Kwek Leng Beng. The feud ended with the drop of the lawsuit, but tension remained tense. (The Straits Times)

Frasers Logistics & Commercial Trust ("FLCT")

- FLCT has entered into a sale and purchase agreement to divest its commercial property at 357 Collins Street, Melbourne, Victoria, Australia ("357 Collins Street") for AUD192.1mn (~SGD 161.4mn), net of outstanding lease incentive liabilities. This represents a 0.6% premium over the independent valuation of AUD191mn as of 1 June 2025. However, this amount reflects a loss compared to its initial purchase price of SGD305.2mn in December 2012.
- The net proceeds from the proposed divestment, amounting to ~SGD159.3mn, may be used to fund potential acquisition opportunities, repay existing debt, and/or other general corporate and working capital requirements.
- The divestment is viewed as a strategic exit from the challenging Melbourne CBD office market, which has been adversely affected by the remote work culture, resulting in an elevated vacancy rate of 18.6%.
- 357 Collins Street accounts for ~1.8% of FLCT's net property income and ~2.4% of FLCT's total property value and by occupancy rate is the worst performing commercial property in FLCT portfolio (63.9%, as at 31 March 2025).
- This divestment is expected to positively impact FLCT's operational metrics, with the overall portfolio occupancy rate improving from 93.9% to 95.2%, and the weighted average lease expiry extending from 4.6 years to 4.8 years. Additionally, aggregate leverage is projected to improve from 36.1% (as at 31 March 2025) to 34.6%. (Company)

Frasers Centrepoint Trust ("FCT")

- FCT has issued two statutory demands and a letter of demand to Cathey Cineplexes Pte. Ltd. ("CCPL") and its guarantor mm2 Asia Ltd. ("the Company") for a payment amounting to ~SGD3.26mn.
- In response, the company and the board of CCPL are seeking legal advice regarding the matter and intends to engage with FCT to explore all available options. (Bloomberg)

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing
16 Jul	Shangri-La Hotel Limited (guarantor: Shangri-La Asia Ltd)	Fixed	SGD	300	7Y	3.48%
16 Jul	Korea Hydro & Nuclear Power Co., Ltd.	Green, FRN	USD	500	5Y	SOFR+79bps

Mandates:

- There were no notable mandates yesterday.

Key Market Movements

	17-Jul	1W chg (bps)	1M chg (bps)		17-Jul	1W chg	1M chg
iTraxx Asiax IG	73	1	-4	Brent Crude Spot (\$/bbl)	68.4	-0.3%	-10.5%
				Gold Spot (\$/oz)	3,330	0.2%	-1.7%
iTraxx Japan	61	-1	-3	CRB Commodity Index	303	0.5%	-3.5%
iTraxx Australia	72	1	-4	S&P Commodity Index - GSCI	545	-0.2%	-5.8%
CDX NA IG	52	2	-5	VIX	17.2	9.0%	-20.4%
CDX NA HY	107	-1	1	US10Y Yield	4.48%	13bp	9bp
iTraxx Eur Main	56	2	-2				
iTraxx Eur XO	285	7	-11	AUD/USD	0.646	-1.9%	-0.2%
iTraxx Eur Snr Fin	59	2	-3	EUR/USD	1.159	-0.9%	1.0%
iTraxx Eur Sub Fin	103	2	-7	USD/SGD	1.286	-0.5%	0.0%
				AUD/SGD	0.831	1.4%	0.2%
USD Swap Spread 10Y	-56	-1	-3	ASX200	8,639	0.6%	1.1%
USD Swap Spread 30Y	-87	-2	-0	DJIA	44,255	-0.5%	4.8%
				SPX	6,264	0.0%	4.7%
China 5Y CDS	46	0	-3	MSCI Asiax	812	1.1%	3.6%
Malaysia 5Y CDS	43	-0	-3	HSI	24,479	1.9%	2.1%
Indonesia 5Y CDS	75	1	-3	STI	4,158	2.0%	5.8%
Thailand 5Y CDS	44	1	-1	KLCI	1,518	-1.2%	0.4%
Australia 5Y CDS	10	0	-1	JCI	7,281	3.9%	1.7%
				EU Stoxx 50	5,357	-1.5%	1.3%

Source: Bloomberg

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