

Asian Credit Daily

18 June 2025

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 2-3bps lower, belly tenors and 10Y trading 2bps lower.
- Flows in SGD corporates were heavy, with flows in AIA 3.58% '35s, AAREIT 4.7%-PERP, SUNSP 4.48%-PERP, HSBC 5.25%-PERP.
- As per Bloomberg, New World Development Co. Ltd. ("New World") has made the interest payment on a dollar note, providing the company with some relief as it works to complete an HKD87.5bn loan refinancing deal. The firm had a USD5.05mn interest payment due on Monday for its 5.875% bond and failing to meet this obligation within 14 days of the due date could lead to a default. New World is currently dealing with HKD210.9bn in liabilities and is focusing on discussions with banks to secure a refinancing deal to alleviate its liquidity pressures.
- In other news by Bloomberg, Indonesian corporate bond sales are expected to reach a seven-year high in the first half of 2025 as borrowers refinance and investors seek to secure yields. Outside of Asia, the size of London's sterling corporate bond market is shrinking with British corporate borrowers opting instead for the larger US dollar and euro markets for funding
- Bloomberg Asia USD Investment Grade spreads widened by 1 bps to 73bps and Bloomberg Asia USD High Yield spreads tightened by 19bps to 454bps respectively. (Bloomberg, OCBC)

Credit Summary:

- **Singapore Telecommunications Limited ("SingTel"):** Optus Mobile Pty Ltd ("Optus"), a wholly owned subsidiary of SingTel, has admitted to engaging in unconscionable conduct while selling telecommunications products and services to several customers, following legal action initiated by the Australian Competition and Consumer Commission ("ACCC"). In an agreement announced today, the ACCC and Optus will jointly request that the Federal Court impose a total penalty of AUD100mn on Optus for violating the Australian Consumer Law.

Credit Headlines

Singapore Telecommunications Limited ("SingTel")

- **Optus requests for penalty after admitting to unconscionable conduct:** Optus Mobile Pty Ltd ("Optus"), a wholly owned subsidiary of SingTel, has admitted to engaging in unconscionable conduct while selling telecommunications products and services to several customers, following legal action initiated by the Australian Competition and Consumer Commission ("ACCC"). In an agreement announced today, the ACCC and Optus will jointly request that the Federal Court impose a total penalty of AUD100mn on Optus for violating the Australian Consumer Law. It will be up to the Court to determine the appropriateness of the penalty and to issue any additional orders.
- **Sales practices targeted the vulnerable:** Optus has acknowledged that its sales staff sold products and services to consumers who did not want or need them, could not use them, or could not afford what they were sold. In some instances, consumers were also pursued for debts arising from these sales. Many affected consumers were vulnerable, including those with mental disabilities, cognitive challenges, learning difficulties, financial dependence, unemployment, limited financial literacy, or non-native English speakers. A significant number were First Nations Australians from regional and remote areas.
- **Commitment to compensation and system enhancements:** Optus has agreed to an undertaking accepted by the ACCC to compensate affected consumers and enhance its internal systems, pending relevant court orders.
- **Manageable impacts:** Optus's FY2025 reported EBITDA was AUD2.22bn (+5.7% y/y), which would be sufficient to cover the penalty in our view.
- **Other ongoing lawsuits:** Optus was previously fined AUD1.5mn by the Australia Communications Media Authority for failing to upload customer details to the public emergency database. In addition, Optus suffered a significant network outage in November 2023. In September 2022, Optus reported a cyber-attack, and this is still the subject of an ongoing regulatory investigation. More than 100,000 current and former customers have reported joined a class-action lawsuit over the cyber-security breach. (Company, ACCC)

New Issues:

| Date | Issuer | Description | Currency | Size (mn) | Tenor | Final Pricing |
|--------|---|----------------------|----------|-----------|-------|---------------|
| 17 Jun | Shin Kong Life Singapore Pte Ltd (guarantor: Shin Kong Life Insurance Co Ltd) | Subordinated, Tier 2 | USD | 400 | 10Y | T+265bps |

Mandates:

- There were no notable mandates yesterday.

Key Market Movements

| | 18-Jun | 1W chg (bps) | 1M chg (bps) | | 18-Jun | 1W chg | 1M chg |
|---------------------|--------|-----------------|-----------------|----------------------------|--------|--------|--------|
| iTraxx Asiax IG | 77 | 6 | -3 | Brent Crude Spot (\$/bbl) | 76.4 | 9.6% | 16.9% |
| | | | | Gold Spot (\$/oz) | 3,381 | 0.8% | 4.7% |
| iTraxx Japan | 65 | 3 | 3 | CRB Commodity Index | 314 | 4.9% | 6.1% |
| iTraxx Australia | 76 | 4 | -4 | S&P Commodity Index - GSCI | 579 | 4.8% | 8.5% |
| CDX NA IG | 56 | 3 | 1 | VIX | 21.6 | 27.4% | 25.3% |
| CDX NA HY | 106 | -1 | -0 | US10Y Yield | 4.40% | -2bp | -8bp |
| iTraxx Eur Main | 58 | 3 | 0 | | | | |
| iTraxx Eur XO | 296 | 10 | -4 | AUD/USD | 0.649 | -0.2% | 0.5% |
| iTraxx Eur Snr Fin | 62 | 3 | 1 | EUR/USD | 1.150 | 0.1% | 2.3% |
| iTraxx Eur Sub Fin | 108 | 6 | 0 | USD/SGD | 1.285 | -0.0% | 0.8% |
| | | | | AUD/SGD | 0.834 | 0.2% | 0.3% |
| | | | | | | | |
| USD Swap Spread 10Y | -53 | -2 | 3 | ASX200 | 8,548 | -0.5% | 2.4% |
| USD Swap Spread 30Y | -87 | -2 | 5 | DJIA | 42,216 | -1.5% | -1.0% |
| | | | | SPX | 5,983 | -0.9% | 0.4% |
| China 5Y CDS | 49 | 6 | -3 | MSCI Asiax | 783 | -0.7% | 2.7% |
| Malaysia 5Y CDS | 46 | 4 | -6 | HSI | 23,724 | -2.6% | 1.6% |
| Indonesia 5Y CDS | 78 | 5 | -6 | STI | 3,916 | -0.1% | 0.5% |
| Thailand 5Y CDS | 45 | 3 | -8 | KLCI | 1,511 | -0.8% | -3.9% |
| Australia 5Y CDS | 11 | 0 | -1 | JCI | 7,130 | -1.3% | 0.3% |
| | | | | EU Stoxx 50 | 5,289 | -2.3% | -2.6% |

Source: Bloomberg

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