

Market Commentary:

- The SGD SORA OIS curve traded lower last Friday with shorter and belly tenors trading 3-4bps lower while 10Y traded 3bps lower.
- Flows in SGD corporates were moderate, with flows in LLCAU 3.9%-PERP, HSBC 5.25%-PERP & STANLN 5.3%-PERP.
- As per Bloomberg, Moody's downgraded China Vanke Co Ltd's long-term corporate family rating to Caa2 from Caa1 while outlook remains negative, attributing to the firm's deteriorating liquidity and sizable near-term debt maturities.
- Meanwhile, Moody's affirmed New Oriental Education & Technology Group Inc's long-term corporate family rating at Ba1, upgrading the outlook to positive from stable.
- In other news by Bloomberg, Mandarin Oriental International announced that Alibaba Group Holdings Ltd and Ant Group Co Ltd have agreed to acquire the top 13 floors of One Causeway Bay as their headquarters in Hong Kong for USD925mn.
- Bloomberg Asia USD Investment Grade spreads traded flat at 64bps and Bloomberg Asia USD High Yield spreads widened by 4bps to 357bps respectively. (Bloomberg, OCBC)
- There were no notable issuances in the Asiadollar & Singdollar market last Friday and yesterday.

Credit Summary:

- **First Real Estate Investment Trust ("FIRT"):** FIRT have entered into a conditional sale and purchase agreement with PT. Lippo Karawaci Tbk ("LPKR") to divest Imperial Aryaduta Hotel & Country Club ("IAHCC") for a divestment consideration of IDR332.2bn (~SGD25.9mn).
- **Sembcorp Industries Ltd ("SCI"):** Sembcorp Utilities Pte Ltd, a wholly-owned subsidiary of SCI and Sarawak Energy Berhad (collectively, the Consortium), has been granted Conditional Approval by the Energy Market Authority of Singapore ("EMA") to import an estimated 1GW of renewable energy from Sarawak to Singapore. SP PowerInterconnect will support the project as technical partner.

Credit Headlines

First Real Estate Investment Trust ("FIRT")

- FIRT have entered into a conditional sale and purchase agreement with PT. Lippo Karawaci Tbk ("LPKR") to divest Imperial Aryaduta Hotel & Country Club ("IAHCC") for a divestment consideration of IDR332.2bn (~SGD25.9mn).
- The divestment consideration represents a premium of (1) 22.2% over its initial investment cost of SGD21.2mn (current rate: ~IDR272bn) in December 2006 and (2) 0.65% over the average of the two independent valuation as of 30 June 2025.
- The net proceeds for FIRT are expected to be SGD25.5mn after considering the disposal fees and expenses.
- We view this disposal a credit positive event as FIRT is selling its non-core legacy asset at a premium. The proceeds could be used to redeem SGD33.25mn FIRTSP 4.9817%-PERP on the next reset date on 8 July 2026 in our view. FIRT had flagged for a few years that it had been looking to sell this non-core asset.
- Besides, FIRT on 13 January 2025 received a preliminary non-binding letter of intent ("LOI") from PT Siloam International Hospitals Tbk ("Siloam") to acquire FIRT's portfolio of hospital assets in Indonesia. We believe this potential disposal to SILOAM will improve the credit fundamentals of FIRT, which previously mentioned it will increase portfolio in developed markets to >50% of AUM (Currently: 25%). Should the disposal proceeds be utilised to invest in assets located in developed regions, this would improve FIRT's income stability through revenue diversification away from a few major tenants, more stable income from developed regions and reduced forex impacts (versus the current exposure to a volatile IDR). (Company, OCBC)

Sembcorp Industries Ltd ("SCI")

- Sembcorp Utilities Pte Ltd, a wholly-owned subsidiary of SCI and Sarawak Energy Berhad (collectively, the Consortium), has been granted Conditional Approval by the Energy Market Authority of Singapore ("EMA") to import an estimated 1GW of renewable energy from Sarawak to Singapore. SP PowerInterconnect will support the project as technical partner.
- Operations are anticipated to commence around 2035 with the imported electricity generated mainly from hydropower. (Company)

Mandates:

- Korea East-West Power Co, Ltd. May issue a USD-denominated 3Y to 5.5Y bond.

Key Market Movements

	21-Oct	1W chg (bps)	1M chg (bps)		21-Oct	1W chg	1M chg
iTraxx Asiax IG	69	-0	6	Brent Crude Spot (\$/bbl)	61.0	-2.3%	-8.6%
				Gold Spot (\$/oz)	4,361	5.3%	16.4%
iTraxx Japan	57	-3	0	CRB Commodity Index	296	1.3%	-0.8%
iTraxx Australia	71	-0	7	S&P Commodity Index - GSCI	545	-0.3%	-0.2%
CDX NA IG	52	-1	1	VIX	18.2	-4.2%	18.0%
CDX NA HY	107	0	-1	US10Y Yield	3.98%	-5bp	-15bp
iTraxx Eur Main	56	-1	0				
iTraxx Eur XO	270	-6	2	AUD/USD	0.652	0.5%	-1.2%
iTraxx Eur Snr Fin	60	-1	0	EUR/USD	1.165	0.4%	-1.3%
iTraxx Eur Sub Fin	102	-2	-1	USD/SGD	1.293	0.4%	-0.9%
				AUD/SGD	0.843	-0.1%	0.4%
USD Swap Spread 10Y	-46	-1	3	ASX200	9,087	2.1%	3.6%
USD Swap Spread 30Y	-75	-0	5	DJIA	46,707	1.4%	0.8%
				SPX	6,735	1.2%	1.1%
China 5Y CDS	45	-1	9	MSCI Asiax	904	3.4%	2.9%
Malaysia 5Y CDS	43	-1	3	HSI	25,859	-0.1%	-2.6%
Indonesia 5Y CDS	81	-1	2	STI	4,329	-2.2%	0.6%
Thailand 5Y CDS	44	-0	6	KLCI	1,607	-0.9%	0.6%
Australia 5Y CDS	11	-0	1	JCI	8,089	-1.7%	0.5%
				EU Stoxx 50	5,681	2.0%	4.1%

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
lavanyavenkateswaran@ocbc.com

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

Jonathan Ng
ASEAN Economist
jonathannq4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyionq1@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
Credit Research Analyst
mengteechin@ocbc.com

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