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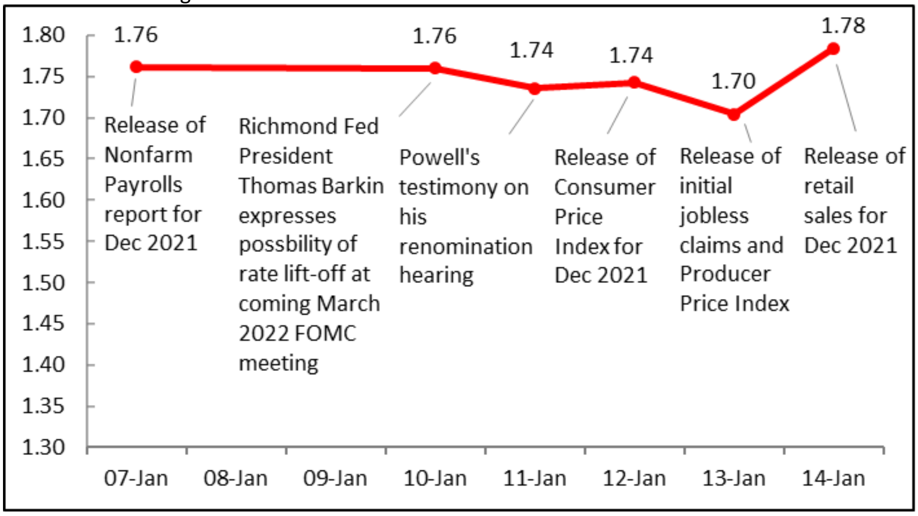
# Credit Week in Brief

## Markets

**Figure 1: 10Y UST Yields, %**

Source: Bloomberg




**Rising yields, as investors closely monitor economic data and the Fed's rhetoric:**

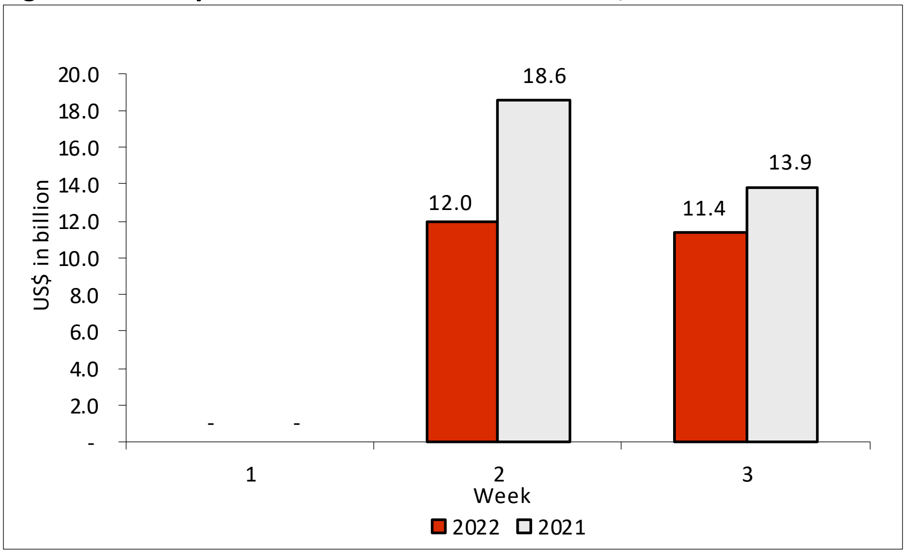
- Last Monday, UST 10Y yields remained mostly unchanged at 1.76% following a consistent rise over the prior week. In line with broad market expectations, Richmond Fed President Thomas Barkin expressed the possibility of rate lift-off at the FOMC meeting coming March 2022. UST 10Y yields retreated 2bps lower on Tuesday, amidst Fed Chairman Powell's testimony on his nomination hearing for a second term as Chairman of the Fed. On Wednesday, UST 10Y yields remained mostly unchanged at 1.74% amidst the release of an as-expected December Consumer Price Index ("CPI") by the US Bureau of Labor Statistics. While December 2021's CPI came in at a 40-year record high y/y increase of 7.0%, this was in line with Bloomberg median estimates of 7.0%. CPI rose by 0.5% m/m, which was slightly above Bloomberg median estimates of 0.4%.
- Following, UST 10Y yields traded 4bps lower to 1.70% on Thursday despite hawkish comments by Fed governors Brainard, Harker and Evans, as investors repositioned their portfolios amidst risk-off sentiments. This came amidst the release of higher-than-expected initial jobless claims by the US Department of Labor, and lower-than-expected m/m Producer Price Index ("PPI") for final demand released by the US Bureau of Labor Statistics. Initial jobless claims for the previous week came in at 230,000, which was higher than Bloomberg median estimates of 200,000, while PPI for final demand in December 2021 came in at a 0.2% increase from the previous month, lower than Bloomberg median estimates of 0.4%. On Friday, UST 10Y yields traded 8bps higher to a close at a 2-year record high of 1.78% as investors priced in higher inflation expectations. This came amidst lower-than-expected retail sales for December 2021 released by the US Census Bureau, which registered a decline of 1.9% m/m, below Bloomberg median consensus of a 0.1% m/m decline. This pointed towards the persistence of inflation-exacerbating supply chain bottlenecks,

which have led to goods shortages and hence the pulling forward of holiday sales before December, denting December's retail sales.
- W/w, 10Y UST Yields rose 2bps, as investors continued to closely monitor economic data releases and the Fed's policy trajectory. (Bloomberg, OCBC)

**Lower supply compared to first week issuances in the US primary market:**
- The IG space saw issuances falling to USD41.6bn from 37 issuers last week, representing a 34% w/w decline from USD63.5bn issuances in the prior week. According to Bloomberg, option adjusted spreads for investment grade bonds widened w/w.
  - Sector-wise, option adjusted spreads widened the most for consumer non-cyclical companies, and narrowed the most for companies in the Other Industrial sector.
  - With yields remaining volatile and whipsawing up and down, issuances in the US high-grade primary market fell compared to the first week of 2022. Entering into a four-day work week with the Martin Luther King Jr. holiday on Monday and with companies entering into blackout periods, Bloomberg reports that lower issuances are expected this week, with around USD15bn of bonds expected to be priced according to preliminary estimates.
  - The largest deal of the week came from Societe Generale SA which priced a USD5bn deal in 5 parts – (1) a USD750mn 4NC3 bond at SOFR+105bps, (2) a USD1.25bn 4NC3 bond at T+105bps, (3) a USD1.25bn 6NC5 bond at T+130bps, (4) a USD1bn 11NC10 bond at T+160bps and (5) a USD750mn 21NC20 bond at T+190bps. Per Bloomberg, the orderbook for this USD5bn deal peaked at USD12.75bn and settled at around USD11.35bn, or ~2.3x covered. This allowed dealers to tighten spreads of ~20bps on average. Net proceeds are expected to be used for general corporate purposes.
  - The second largest deal of the week came from Prosus NV, which priced a USD3.25bn deal in 3 parts – (1) a USD1bn 5-year bond at 3.257%, (2) a USD1bn 10-year bond at 4.193% and (3) a USD1.25bn 30-year bond at 4.987%. Per Bloomberg, the orderbook for this bond peaked at USD9.7bn and settled at USD8.6bn, or ~2.6x covered. This allowed dealers to tighten spreads of ~27bps on average. Net proceeds are expected to be used for financing organic and inorganic growth. (Bloomberg, OCBC)
- HY issuances fell to USD6.9bn from 15 issuers last week, a 2% w/w decline from issuances of USD7.1bn in the prior week. According to Bloomberg, option adjusted spreads for US high-yield bonds narrowed w/w.
  - Sector-wise, option adjusted spreads widened the most for banks, but narrowed the most for companies in the Finance industry.
  - Similar to the US high-grade primary market, issuances fell in the second week of 2022, against the current backdrop of volatile yields.
  - The largest deal of the week came from CCO Holdings LLC which priced a USD1.2bn 10NC5 bond at 4.75%. The issuance was upsized from USD1bn to USD1.2bn, and net proceeds will be used for general corporate purposes, including financing of potential buybacks of the company's stock to repay certain indebtedness.
  - The second largest deal of the week came from Algonquin Power & Utilities Corp, which priced a USD750mn 60NC5.25 bond at 4.75%, tightening from an IPT of 5% area. Net proceeds will be used to finance the Kentucky Power

Acquisition and to fund the company's previously disclosed growth opportunities. (Bloomberg, OCBC)

**Figure 2: Weekly Asiadollar bond issuance volume, USDbn**




Source: Bloomberg

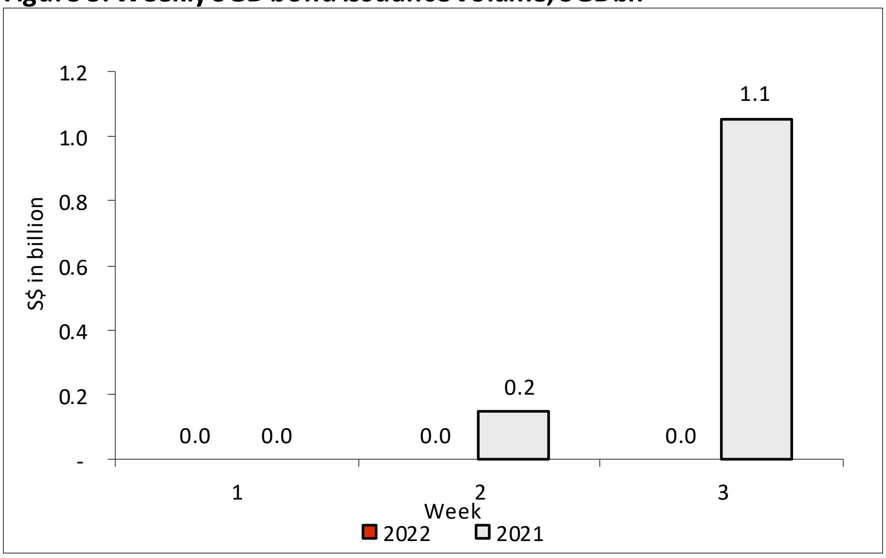
**Heavy flows gave way to heavy sentiments in Asiadollar:**

- Issuance last week dropped slightly in Asiadollar with USD11.4bn priced against USD12bn in the prior week as sentiments were dragged from ongoing developments in the China property space that has spread across the credit spectrum. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 9bps to 126bps, and the Bloomberg Barclays Asia USD HY Index average OAS widened 98bps to 1036bps.
- Key developments include:
  - Concerns surrounding Country Garden Holdings Co following a report that it was unable to generate sufficient interest in a potential convertible bond deal. Country Garden is China's largest developer in China by contracted sales with the USD700mn COGARD 3.3% '31s trading around ~70c on the dollar.
  - Logan Group answering queries on the existence of privately placed debt as issues with previously undisclosed liabilities for other HY property developers spread. Logan Group's LOGPH 5.25% '23s dropped 11.5 cents to a record low 65.5 cents after reports surfaced that there were USD812mn of guarantees on outstanding obligations due through 2023.
  - Ratings on Guangzhou R&F Properties Co., Ltd. lowered on completion of its distressed exchange offer.
  - Bloomberg calculations based on full-year government figures released yesterday that real estate financing received by property developers fell ~19% y/y in December 2021, the sharpest decline in more than seven years. In addition, home sales by value declined 19.6% y/y, a sixth consecutive monthly drop, while property investment shrank 14%.
- This offset solid appetite for investment grade debt as issuers are likely looking to issue to avoid higher rates. The biggest deal of the week was China Construction Bank Corporation's ("CCB") USD2bn 2.85% 10yr non-call 5 Tier 2 bond at a reoffer price of 99.764 to yield 2.901%. Books were reportedly close

to USD4bn including USD800mn in JLM interest. This USD deal follows CCB's RMB80bn Tier 2 issue in 2021 to solidify its capital position ahead of higher minimum capital requirements related to total loss absorbing capacity ("TLAC") regulations. In October 2021, China through the People's Bank of China (PBOC), the China Banking and Insurance Regulatory Commission and the Ministry of Finance issued TLAC rules for systemically important banks to meet by 2025. CCB may also be building capacity to support ongoing stresses in China's high yield property market, consistent with their systemically important role.

- Aside from that, it was a decent week for diversity:
  - Singapore Airlines Ltd ("SIA") priced a USD600mn USD 7Y bond at T + 180bps, tightening from initial price guidance of T + 210bps. This is the second USD bond deal for the company with use of proceeds for this new bond for aircraft purchases, general corporate and working capital purposes.
  - Korea National Oil Corp priced a USD1.5bn deal across 3 tranches: (1) a USD550mn 3.25-year senior unsecured bond at T+60bps, tightening from an IPT of T+80bps area, (2) a USD550mn 5.25-year senior unsecured bond at T+70bps, tightening from an IPT of T+95bps area, and (3) a USD400mn 10.25-year senior unsecured bond at T+90bps, tightening from an IPT of T+120bps area.
  - India Clean Energy priced a USD400mn 5.25NC3.5 green senior secured bond at 4.5%, tightening from an IPT of 4.8% area.
  - Beijing Gas Singapore Capital Corp (Guarantor: Beijing Gas Group Co Ltd) has priced a USD500mn 3-year senior unsecured green bond at T+75bps, tightening from an IPT of T+115bps area.
  - Thailand-based Electricity Generating Public Company Limited ("EGAT"), has arranged investor calls commencing 13 January for its proposed USD senior unsecured bonds offering.
- While underlying trends are supportive, the over-arching environment looks challenging, especially on the technical front. As at time of writing, almost all issues from last week are trading a shade under par according to Bloomberg. (Bloomberg, OCBC)

**Figure 3: Weekly SGD bond issuance volume, SGDbn**




Source: Bloomberg

**Singapore banks bulking up in the region:**

- Primary markets in SGD were mostly quiet last week. Maxi-Cash Financial Services Corporation Ltd ("Maxi-Cash"), a pawnshop operator and true high yield issuer priced SGD36.75mn last week, where this new money will be combined with the MSFSSP 6.05% '25s (new amount outstanding SGD60mn) issued from Maxi-Cash's earlier exchange offer on the existing MSFSSP 6.35% '22s. Directors and controlling shareholders or their associates will hold ~40% of the entire issue according to the company. A change of control applies on the bond. Today, the Housing & Development Board ("HDB"), a statutory body, has launched a 7Y deal that is looking to raise SGD950mn (upsized from launch). The secondary market last week generally traded heavy.
- Singapore corporate developments last week were concentrated in the financial institution segment with United Overseas Bank ("UOB", Issuer profile: Positive (2)) announcing that it has entered into an agreement to buy Citigroup's consumer banking business in Indonesia, Malaysia, Thailand and Vietnam at an acquisition cost of SGD915mn plus the net asset value ("NAV") of the businesses at completion. Assuming that NAV stays constant, the ticket size may reach ~SGD4.9bn, translating into an acquisition multiple of ~1.2x on a price-to-book basis. The equity market is liking the transaction while we see the transaction as credit supportive.
- DBS Group Holdings Ltd was previously reported as being interested in Citigroup's Indonesian assets and is still possibly pursuing Citigroup's larger Taiwanese assets which are reportedly worth anywhere from USD2bn to USD4bn although nothing has been confirmed as of writing. Standard Chartered PLC is also interested in Citigroup's Taiwanese business.
- In other corporate developments, Olam International Ltd ("Olam", Issuer profile: Neutral (5)) has just announced a consent solicitation exercise ("CSE") on its bonds and perpetuals. As highlighted in our SGD Credit Outlook 2022, Olam is in the midst of a corporate restructuring where the restructuring is expected to constitute a significant disposal under the bond documentation. We are reviewing the CSE details and would update in due course.
- Outperforming expectations, Singapore reported an 18.4% y/y increase in non-oil domestic exports. As detailed in OCBC's Head of Research and Strategy's report "S'pore's NODX grew for the second year in 2021", this was in part driven by a sharp pickup in pharmaceutical exports. (Bloomberg, Reuters, Informa Global Markets, OCBC)

**AirAsia into food delivery and ride hailing business:**

- The Central Bank of Malaysia, Bank Negara Malaysia ("BNM") will announce its policy rate on 20 Jan 2022. In a poll conducted of 23 economists, it was suggested that BNM will keep its overnight policy rate unchanged at 1.75% until end of June and start tightening only from 3rd quarter onwards.
- 10Y MGS bond stayed flat at 3.602% ahead of BNM Monetary Policy Committee's statement. Trading volume for MGS was lower w/w at MYR215.32mn (11 Jan 2022:654.5mn) per BNM website. In the corporate bonds space, per BIX Malaysia, secondary market was vibrant with a rise of 13% in market volume at MYR576mn. For primary issuance, Perbadanan Kemajuan Negeri Selangor (PKNS), a Selangor state development corporation focusing on the real estate sector issued MYR200mn of Sukuk Al Murabaha bonds in two tranches.

- For upcoming issuance, KPJ Healthcare Bhd ("KPJ") who is a leading private healthcare provider in Malaysia is proposing a MYR3bn Sukuk Wakalah programme. Proceeds from the issuance will be used to finance its expansion, working capital requirements, general corporate purpose and finance/ refinance existing and future borrowings in accordance with its sustainability framework. Bonds will be issued via KPJ's wholly owned subsidiary, Point Zone (M) Sdn Bhd. The Sukuk programme has been assigned a preliminary rating of AA by local rating agency, MARC.
- The Malaysian Ringgit stayed flat w/w against the USD last week while the equity market started this week with a bearish sentiment as investors continued on profit taking strategy in heavyweights like banking and oil and gas. KLSE is close today (18 Jan 2022) due to the Thaipusam festival.
- Highway operator, MEX II Sdn Bhd (MEX II) failed to make coupon payments on its MYR1.3bn Sukuk due on 31 December 2021. The bonds have since been suspended and Malaysia's local rating agency MARC has downgraded the sukuk Murabahah programme bond to default rating, D. Meanwhile, MEX I Capital Bhd which is a related company to MEX II is planning to issue two Islamic bonds with total value of more than MYR3bn.
- AirAsia Group Bhd ("AirAsia") who provides airline operating services is looking to diversify into food delivery and ride-hailing business. AirAsia aims to become Asia's largest food delivery and ride-hailing company following the successful acquisition of local online food delivery platform, Delivereat. Delivereat was acquired for RM41mn via AirAsia's digital logistics venture, Teleport.
- Malaysia Airports Holdings Berhad ("MAHB") registered an increase in monthly passenger movements for airports under its management which includes Istanbul Sabiha Gokcen International Airport ("ISG") in Turkey. The figure crossed the 5mn mark for the first time in December 2021. The growth in passenger traffic is attributed to domestic travel in Malaysia, implementation of the Vaccinated Travel Lane ("VTL") between Singapore and Malaysia and the resumption of umrah travel. (BIX, BNM, Bernama, The Edge, The Star, Bloomberg)

**More open than shut in Indonesia:**

- Indonesia's local bond market has opened with two issuers listing multi-tranche issues in the past few weeks - paper products manufacturer PT Lontar Papyrus Pulp and Paper Industry priced a IDR1.5tr three tranche issue while state owned construction company PT Hutama Karya Persero priced IDR1.3tr across six tranches.
- COVID-19 cases though are being watched in case renewed restrictions cause parts of the economy to shut down again. Last weekend's confirmed cases that are likely linked to the Omicron strain rose to the highest in more than three months. For now though, the government is keeping an open mind with the government starting its booster vaccination program with priority given to the elderly and other vulnerable groups. The government is also lifting travel bans on countries and reducing quarantine requirements.
- Technical pressures though could dampen further issuance as the government seeks to drive the economy in 2022. According to data from the Ministry of Finance that was compiled by Bloomberg, net foreign outflows from Indonesia bonds have accelerated with yields rising, while average spreads on Indonesian credit widened last week.

- Fundamental concerns are also playing out and impacting Indonesian credit, in particular commodity related issuers. Indonesia's coal export ban is continuing despite several shipments being allowed to leave while the government recently flagged that it is studying an export tax on nickel pig iron and ferronickel as part of broader efforts for Indonesia to ship refined products as opposed raw commodities with export taxes aimed at funding downstream investment in the nickel industry.
- In the pipeline is PT Integrasi Jaringan Ekosistem, a subsidiary of Indonesian IT services company PT Solusi Sinergi Digital Tbk, that is planning to issue IDR600bn of 5-year bonds. Proceeds will be used to repay bank loans and for capital expenditure including its fibre-optic network development project across PT Kereta Api Indonesia (Persero)'s railway of 2,800 kilometres in Java. (Bloomberg, Jakarta Post, IDN Financials, OCBC)

**China to support growth:**

- Last week there was RMB341.9bn of bonds (excluding CDs) priced in primary markets, increasing 51.9% w/w. Industrial Bank Co Ltd ("Industrial Bank"), a commercial bank based in Fuzhou, Fujian province priced RMB25bn in a 10NC5 bond while the rest of the issuances were dispersed. On 11 January 2022, Industrial Bank announced that it has received approval from the China Banking and Insurance Regulatory Commission ("CBIRC") to sell up to RMB110bn of bonds where proceeds are targeted to replenish capital and optimise its debt structure.
- The RMB appreciated by 0.40% w/w against the USD, ending at RMB6.3531 on 14 January 2022. The China 10Y government bond yield rallied 3bps to 2.79% on Friday.
- As detailed in OCBC's China Economist's report "What China did differently in 2021 could be the policy ammunition for 2022", China's GDP growth decelerated to +4.0% y/y in 4Q2021, better than market expectation. For the full year 2021, China's GDP grew by +8.1% y/y. The report further explains that unlike other major economies, China has been ahead of the curve in tightening including prudent monetary policy, strict debt management and tightening property measures.
- Yesterday, the People's Bank of China ("PBOC") cut the interest rate on RMB700bn of one-year medium-term lending facility ("MLF") loans by 10bps, larger than analysts' expectations and also cut rates on the 7-day reverse repo by 10bps. These moves point towards further monetary easing this year to support growth.
- Henan province issued RMB38.2bn of special-purpose bonds in a multi-tranche deal last week, the first issuer of this bond type in 2022. Use of proceeds will be used to finance projects in transportation, the renovation of old neighbourhoods, municipal and industrial parks as well as healthcare and education. Local governments are being encouraged to use their annual quota as early as possible in a bid to boost the economy per reporting by Yicai Global. The full quota for 2022 for special bonds will be determined at high-level meetings in March 2022 and is expected to be higher than RMB3 trillion.
- In other infrastructure developments, the State Grid Corporation of China, among China's largest local currency bond issuers, is reportedly targeting to spend ~RMB500bn on infrastructure projects in 2022, including construction of electricity transmission lines and hydropower.

- Reigniting discussions over China's changing demographics and consequent economic repercussions, the country recorded a birth rate of 7.52 births per 1,000 people in 2021, among the lowest among major economies globally. More immediately, China's zero-COVID policy is being challenged, with more cities reporting local Omicron transmissions ahead of Winter Olympics and Chinese New Year season.
- In corporate developments, China Cinda Asset Management Co Ltd ("Cinda") announced that it will not be proceeding with the 20%-stake investment in Chongqing Ant Consumer Finance Co Ltd, the consumer finance arm of Ant Group. On 24 December 2021, Cinda had entered into a subscription agreement on the investment, where the transaction was subject to approvals from authorities. Ant Group had been undergoing a restructuring to meet regulatory requirements with the latest announcement from Cinda posing a roadblock to such plans. (Bloomberg, Reuters, Xinhua, Caixin, Yicai Global, OCBC)

**Bumper issuances in Australia while battling the Omicron wave:**

- AUD9.45bn was raised last week. Commonwealth Bank of Australia was the largest issuer, pricing a dual-tranche 5-year floating (AUD3.1bn) and fixed (AUD900mn) notes totaling AUD4.0bn at ASW+70bps and 2.43% respectively. Meanwhile, Sumitomo Mitsui Banking Corp priced a dual-tranche deal, with the AUD900mn 5-year at BBSW+57bps while the AUD600mn 3-year at BBSW+78bps and Bank of Nova Scotia priced a dual-tranche deal totaling AUD1.2bn, with the AUD450mn 5-year tranche at BBSW+87bps and the AUD750mn 1-year tranche at BBSW+25bps. Other notable issuers include BNG Bank NV (AUD500mn), Landeskreditbank Baden-Wuerttemberg Foerderbank (AUD500mn) and Asian Infrastructure Investment Bank (AUD500mn). The COVID situation is still developing in Australia. According to CNA, 74 deaths were registered today in New South Wales, Victoria and Queensland, which exceeds the previous national high of 57 last Thursday. 1.3mn infections were recorded in the recent two weeks, out of 1.6mn total infections since the start of the pandemic.
- Australia corporates and government entities have been impacted by staff shortages. Victoria declared a "code brown" in hospitals, which allows hospitals to cancel non-urgent health services and cancel staff leave. Meanwhile, Australian businesses face challenges as consumer confidence has dipped with the significant staff shortages that have been reported. Aside from restaurant owners who are hit, developers may face delays in construction as their suppliers face delays. The Australian Fresh Produce Alliance which saw 20% to 30% staff shortages have warned that food could rot at farm gates without sufficient staffing.
- The Bloomberg Australian Corporate Average OAS was little changed, falling 1bps w/w to close at 1.10% while 10Y Australia Yield similarly fell slightly by 1bps w/w to 1.85% last Friday. S&P/ASX 200 dipped 0.8% w/w last Friday to close at 7393.859. (The Guardian, Bloomberg, AFR, CNA, OCBC)

**Waste Not:**

- In Singapore, the National Environment Agency (NEA) will be distributing recycling bins to each household to raise the country's domestic recycling rate. Currently, 3 out of 5 households recycle. This campaign is in line with Singapore aims for a 70% overall recycling rate by 2030 under the Zero Waste Masterplan and the Singapore Green Plan. Full article can be found here and here.

- In New York, a law that was first passed in 2019 – Food Donation and Food Scraps Recycling Law will take effect this year. Colleges, grocery stores and hotels are required to donate excess edible food and recycle all remaining food scraps if they are within 25 miles of an organics recycler. According to the New York State Department of Environmental Conservation (DEC), about 40% of food produced in the country goes uneaten, while approximately 2.2 million New Yorkers faced food insecurity.
- CIMB Bank Berhad (CIMB) priced a 5.5Y, fixed rate USD500m Sustainable Development Goals (SDG) bond. The bond is priced at T+70bps with a yield of 2.189%. The USD SDG bond will comply with CIMB group's updated SDG Bond and Sukuk Framework which is aligned with guidelines issued by International Capital Market Association (ICMA). The framework was assessed by a second party opinion provider, Sustainalytics as credible and impactful.
- An Australian company based in Queensland failed to make coupon payment on its two USD55mn green bonds sold in 2020 which were due on 6 Jan 2022. Energy Storage Pty Ltd will go into default if no payments are made by this week, the notes will join a handful of green bonds that have defaulted. According to data compiled by Bloomberg, 5 bonds out of the global pool of more than 5,300 green bonds have defaulted so far.
- The Japanese government is looking to use social bond issuances to tackle its aging population. Last year, a total of JPY9bn (USD78.6mn) was raised to fund housing for seniors. Daiwa Securities Living Investment Corp. will be raising JPY2bn (USD17.5mn) of social debt on 18 Jan 2022 to refinance investments in facilities for elderly. Per Bloomberg's article, increasingly there will be more social bonds whose proceeds are earmarked for elderly services, education and healthcare in Japan.
- CRISIL announced on 14 Jan 2022 that it will start disclosing the impact of ESG parameters when assigning credit ratings. Assessment will be done utilizing a proprietary framework though its ability to perform such assessment will depend on ESG information availability. In India, mandatory non-financial disclosures on sustainability for the largest publicly traded companies is still pending. CRISIL is a global analytical company providing ratings, research, risk and policy advisory services based in India and it's a subsidiary of S&P Global.
- Toucan, a decentralized finance, or DeFi project launched in October 2021 is aiming to use blockchain technology to overhaul the voluntary carbon market with clearer pricing and ownership data. According to Toucan, to-date 17mn metric tonnes of carbon credits used for offsetting greenhouse-gas emissions are now virtually tied to newly-created cryptocurrency tokens (Base Carbon Tonne or BCT tokens). BCT represent one tonne of carbon from carbon credit issued by Verra registry, one of the most established carbon registries. As of writing, BCT is trading at USD5.20 per CoinMarketCap. The main buyers of BCT tokens are traders that is using BCT tokens to buy another new digital currency Klima which is operated by KlimaDAO. DAO stands for decentralized autonomous organisation, which as a group that organises crypto projects collectively. KlimaDAO allows traders to use BCT tokens to buy Klima tokens and in turn the BCT tokens are kept in KlimaDAO's "treasury". This effectively remove carbon credits from circulation and shrinking the available carbon credits that can be used for offsets. The anonymous developers of KlimaDAO said via Discord messaging app that this should push up carbon credits prices,

making carbon offsetting projects more profitable. However, Margaret Kim, CEO of Gold Standard, another established carbon registry, said that Klima undermines the transparency of the carbon market. More details can be found here.

- According to data compiled by Bloomberg, YTD issuances of sustainability-linked bond (SLB) is at USD63.95bn with the European region dominating overall issuances. As of writing, there are 109 SLB deals.
- Lastly, YTD green, social, sustainability and sustainability-linked bond sales from governments and corporates total USD73.6bn. (ESG Today, ECO Watch, CNA, Wall Street Journal, Bloomberg, OCBC)

OCBC Bank

**Key Market Movements**

| | 18-Jan | 1W chg (bps) | 1M chg (bps) |
|---|---|---|---|
| **iTraxx Asiax IG** | 90 | 11 | 6 |
| **iTraxx SovX APAC** | 24 | 2 | 2 |
| **iTraxx Japan** | 48 | 0 | -1 |
| **iTraxx Australia** | 71 | 5 | 4 |
| **CDX NA IG** | 53 | 2 | 0 |
| **CDX NA HY** | 108 | 0 | 0 |
| **iTraxx Eur Main** | 53 | 2 | 1 |
| **US 10Y Yield** | 1.83% | 9 | 43 |
| **Singapore 10Y Yield** | 1.82% | -7 | 20 |
| **Malaysia 10Y Yield** | 3.61% | -7 | 6 |
| **Indonesia 10Y Yield** | 6.40% | -4 | -4 |
| **China 10Y Yield** | 2.75% | -6 | -15 |
| **Australia 10Y Yield** | 1.95% | 5 | 36 |
| **USD Swap Spread 10Y** | 6 | -1 | -1 |
| **USD Swap Spread 30Y** | -18 | -1 | 1 |
| **Malaysia 5Y CDS** | 53 | 5 | 5 |
| **Indonesia 5Y CDS** | 87 | 8 | 8 |
| **China 5Y CDS** | 48 | 5 | 4 |
| **Australia 5Y CDS** | 14 | 0 | 0 |

| | 18-Jan | 1W chg | 1M chg |
|---|---|---|---|
| **Brent Crude Spot ($/bbl)** | 87.53 | 4.55% | 19.06% |
| **Gold Spot ($/oz)** | 1813.02 | -0.47% | 1.23% |
| **CRB** | 245.43 | 3.17% | 9.01% |
| **CPO** | 5320.00 | 0.38% | 9.04% |
| **GSCI** | 596.76 | 3.89% | 10.45% |
| **VIX** | 21.42 | 10.41% | -0.70% |
| **SGD/USD** | 0.74 | -0.11% | -1.31% |
| **MYR/USD** | 0.24 | -0.21% | -1.05% |
| **IDR/USD** | 0.07 | 0.51% | -0.23% |
| **CNY/USD** | 0.16 | -0.35% | -0.37% |
| **AUD/USD** | 0.72 | -0.29% | 1.08% |
| **DJIA** | 35912 | -0.88% | 1.54% |
| **SPX** | 4663 | -0.30% | 0.91% |
| **MSCI Asiax** | 801 | 0.92% | 3.00% |
| **HSI** | 24113 | 1.57% | 3.97% |
| **STI** | 3280 | 1.03% | 5.41% |
| **KLCI** | 1543 | -0.47% | 2.72% |
| **JCI** | 6614 | -0.51% | 0.18% |
| **CSI300** | 4813 | 0.32% | -2.85% |
| **ASX200** | 7409 | 0.25% | 1.43% |

*Source: Bloomberg*

# Treasury Research & Strategy

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**Explanation of Issuer Profile Rating / Issuer Profile Score**

**Positive ("Pos") –** The issuer's credit profile is either strong on an absolute basis or expected to improve to a strong position over the next six months.

**Neutral ("N") –** The issuer's credit profile is fair on an absolute basis or expected to improve / deteriorate to a fair level over the next six months.

**Negative ("Neg") –** The issuer's credit profile is either weaker or highly geared on an absolute basis or expected to deteriorate to a weak or highly geared position over the next six months.

To better differentiate relative credit quality of the issuers under our coverage, we have further sub-divided our Issuer Profile Ratings into a 7-point Issuer Profile Score scale.

| IPR | Positive | | Neutral | | | Negative | |
|---|---|---|---|---|---|---|---|
| IPS | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

**Explanation of Bond Recommendation**

**Overweight ("OW") –** The bond represents **better relative value** compared to other bonds from the same issuer, or bonds of other issuers with similar tenor and comparable risk profile.

**Neutral ("N") –** The represents **fair relative value** compared to other bonds from the same issuer, or bonds of other issuers with similar tenor and comparable risk profile.

**Underweight ("UW") –** The represents **weaker relative value** compared to other bonds from the same issuer, or bonds of other issuers with similar tenor and comparable risk profile.

**Please note that Bond Recommendations are dependent on a bond's price, underlying risk-free rates and an implied credit spread that reflects the strength of the issuer's credit profile. Bond Recommendations may not be relied upon if one or more of these factors change.**

**Other**

**Suspension –** We may suspend our issuer rating and bond level recommendation on specific issuers from time to time when OCBC is engaged in other business activities with the issuer. Examples of such activities include acting as a joint lead manager or book runner in a new issue or as an agent in a consent solicitation exercise. We will resume our coverage once these activities are completed. We may also suspend our issuer rating and bond level recommendation in the ordinary course of business if (1) we believe the current issuer profile is incorrect and we have incomplete information to complete a review; or (2) where evolving circumstances and increasingly divergent outcomes for different investors results in less conviction on providing a bond level recommendation.

**Withdrawal ("WD") –** We may withdraw our issuer rating and bond level recommendation on specific issuers from time to time when corporate actions are announced but the outcome of these actions are highly uncertain. We will resume our coverage once there is sufficient clarity in our view on the impact of the proposed action.

**Analyst Declaration**

The analyst(s) who wrote this report and/or her or his respective connected persons held financial interests in the following above-mentioned issuers or companies as at the time of the publication of this report: Singapore Airlines Ltd, GuocoLand Ltd, Oxley Holdings Ltd, Suntec Real Estate Investment, Mapletree Commercial Trust, Frasers Hospitality Trust, United Overseas Bank Ltd, CapitaLand Integrated Commercial Trust, Aims APAC REIT, Lendlease Global Commercial REIT, and Ascott Residence Trust.