

## Asian Credit Daily

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### Credit Research

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### Market Commentary:

- The SGD SORA traded mostly flat last Friday, short tenors trading -2 to +1bps, belly tenors trading 0-1bps higher, and the 10Y trading 1bp higher.
- According to Bloomberg, China Evergrande Group (“EVERRE”) will showcase its revised debt restructuring proposal for offshore creditors to Hong Kong’s High Court today in attempt to avoid a possible liquidation. Ad-hoc bondholders who hold more than USD6bn of the developer’s USD19bn offshore notes demands debt to be swapped for controlling stakes in EVERRE’s two Hong Kong listed subsidiaries, Evergrande Property Services Group and China Evergrande New Energy Vehicle Group Ltd. The developer’s ability to satisfy this group of bondholders remains a key determining factor.
- Flows in SGD corporates were moderate, with flows in HSBC 5.3% '34s, and HSBC 5.3% '33s.
- Last Friday, Bloomberg Asia USD Investment Grade spreads widened by 4bps to 109bps and Asia USD High Yield spreads widened by 1bps to 818bps, per Bloomberg.

### Credit Summary:

- **Industry Outlook – Financial Institutions, Credit Agricole SA (“CASA”), Credit Agricole Group (“CAG”), BNP Paribas SA (“CCB”):** CAG, CASA and BNP have announced the results of the European Central Bank’s 2023 Supervisory Review and Evaluation Process (“SREP”).

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### Credit Headlines:

#### Industry Outlook – Financial Institutions, Credit Agricole SA (“CASA”), Credit Agricole Group (“CAG”), BNP Paribas SA (“CCB”)

- CAG, CASA and BNP have announced the results of the European Central Bank’s 2023 Supervisory Review and Evaluation Process (“SREP”).
- For BNP, the minimum common equity tier 1 (“CET1”) requirement as at 1 January 2024 is 10.02%. This includes 1.50% for the global systemically important banks (“G-SIB”) buffer, 2.50% for the capital conservation buffer, 1.11% for Pillar 2 requirement and 0.41% for the countercyclical buffer. This amount excludes the Pillar 2 guidance.
  - BNPP’s CET1 ratio was 13.44% as at 30 September 2023, up 110bps from 12.3% as at 31 December 2022. The YTD movement reflects the sale of Bank of the West. BNPP’s capital position was well above its CET1 requirement of 9.79% that translates to a EUR25.5bn distance to its Maximum Distributable Amount (“MDA”) restrictions level.
- For CAG, the minimum CET1 ratio is 9.7% from 1 January 2024, including Pillar 1 and Pillar 2 capital requirements and the capital conservation buffer of 2.5%, G-SIB buffer of 1% and a countercyclical buffer at 0.75%. CASA’s minimum requirement is 8.5%, including Pillar 1 and Pillar 2 capital requirements, a conservation buffer of 2.5% and a countercyclical buffer of 0.62%.
  - CAG’s phased in CET1 capital ratio was 17.5% (17.3% on a fully loaded basis) as at 30 September 2023, down 10bps from 31 December 2022. The buffer to its 9.3% Supervisory Review and Evaluation Process threshold was 820bps. The distance to its Maximum Distributable Amount (“MDA”) trigger which is defined as the lowest of the respective distances to the SREP requirements for CET1, Tier 1 and total capital was 768bps or EUR47bn in capital as at 30 September 2023 (796bps or EUR46bn in capital as at 31 December 2022). (Company, OCBC)

### Key Market Movements:

	4-Dec	1W chg (bps)	1M chg (bps)		4-Dec	1W chg	1M chg
iTraxx Asiax IG	98	0	-22	<b>Brent Crude Spot (\$/bbl)</b>	78.3	-2.1%	-7.8%
iTraxx SovX APAC	20	0	0	<b>Gold Spot (\$/oz)</b>	2,084	3.5%	5.4%
iTraxx Japan	63	-2	-9	<b>CRB Commodity Index</b>	271	-0.5%	-3.9%
iTraxx Australia	74	-3	-9	<b>S&amp;P Commodity Index - GSCI</b>	549	-0.2%	-5.1%
CDX NA IG	61	-3	-10	<b>VIX</b>	12.6	1.4%	-15.3%
CDX NA HY	104	1	3	<b>US10Y Yield</b>	4.25%	-14bp	-33bp
iTraxx Eur Main	66	-4	-12				
iTraxx Eur XO	367	-15	-52	<b>AUD/USD</b>	0.666	0.7%	2.6%
iTraxx Eur Snr Fin	77	-4	-14	<b>EUR/USD</b>	1.087	-0.8%	1.4%
iTraxx Eur Sub Fin	139	-10	-28	<b>USD/SGD</b>	1.335	0.1%	1.2%
				<b>AUD/SGD</b>	0.888	-0.6%	-1.3%
<b>USD Swap Spread 10Y</b>	-36	-1	-7	<b>ASX200</b>	7,125	2.0%	2.1%
<b>USD Swap Spread 30Y</b>	-66	1	0	<b>DJIA</b>	36,246	2.4%	6.4%
				<b>SPX</b>	4,595	0.8%	5.4%
<b>China 5Y CDS</b>	59	-2	-12	<b>MSCI Asiax</b>	616	0.0%	2.8%
<b>Malaysia 5Y CDS</b>	41	-1	-15	<b>HSI</b>	16,729	-4.5%	-5.3%
<b>Indonesia 5Y CDS</b>	74	-1	-11	<b>STI</b>	3,103	0.5%	-1.3%
<b>Thailand 5Y CDS</b>	43	-2	-16	<b>KLCI</b>	1,453	0.3%	0.2%
<b>Australia 5Y CDS</b>	16	-2	-4	<b>JCI</b>	7,131	1.7%	5.0%
				<b>EU Stoxx 50</b>	4,419	1.1%	5.8%

Source: Bloomberg

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### New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
01-Dec-2023	Guangzhou Development District Holding Group Co Ltd	Green Fixed	USD	500	2-Year	6.30%	6.75%

Source: Bloomberg

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