

Credit Research

Andrew Wong, CESGA
WongVKAM@ocbc.com

Ezien Hoo, CFA, CESGA
EzienHoo@ocbc.com

Wong Hong Wei, CFA, CESGA
WongHongWei@ocbc.com

Chin Meng Tee, CFA, CESGA
MengTeeChin@ocbc.com

Market Commentary:

- The SGD SORA traded mostly lower yesterday, short tenors trading -3 to +1bps, belly tenors trading 2-4bps lower, and the 10Y trading 5bps lower.
- According to Bloomberg, Moody's has changed the outlook on China's government credit ratings to negative from stable while retaining a long-term rating of A1 on Tuesday. The downgrade was due to increased credit risk posed by increased fiscal stimulus and prolonged downturn of its property market.
- China Evergrande Group ("EVERRE") received notices from Guangzhou Intermediate People's Court for the claim on Jinbi Property of approximately RMB2bn with estimated interest of RMB152mn. This was in respect of the RMB2bn deposit certificate pledge guarantees of the property enforced by banks.
- Flows in SGD corporates were moderate, with flows in BACR 7.3%-PERP, LLOYDS 5.25% '33s, and BNP 5.9%-PERP.
- Yesterday, Bloomberg Asia USD Investment Grade spreads widened by 1bp to 109bps and Asia USD High Yield spreads widened by 8bps to 822bps, per Bloomberg.

Credit Summary:

- **CapitaLand China Trust ("CLCT"):** CLCT is divesting CapitaMall Shuangjing to an unrelated third party at an agreed price of RMB842mn (~SGD157.8mn), which represents an exit yield of 2.8%.
- **Singapore Technologies Telemedia Pte Ltd ("SINTEC"):** SINTEC announced that it will not be redeeming its SGD350mn 5% PERP on the first call date on 17 January 2024.

Asian Credit Daily

Credit Headlines:

CapitaLand China Trust (“CLCT”)

- CLCT is divesting CapitaMall Shuangjing to an unrelated third party at an agreed price of RMB842mn (~SGD157.8mn), which represents an exit yield of 2.8%. The agreed price is higher than the valuation of RMB616mn as at 31 December 2022. The net gain of the divestment is approximately RMB133.1mn (~SGD25mn).
- The divestment is targeted for completion in 1Q2024, which would generate net proceeds of RMB690.7mn (~SGD129.5mn). The divestment is small relative to CLCT’s total assets of SGD5.2bn.
- CLCT is divesting because the mall is predominantly master-leased which would require significant capital outlay and planning downtime to repurpose the building. This is also in-line with CLCT’s target to reduce its exposure to retail properties.
- Following the divestment, CLCT would own a portfolio of 10 shopping malls, five business parks and four logistics parks.
- If the proceeds are entirely used to repay debt, we expect aggregate leverage of CLCT to reduce from 42.4% to ~39%, based on 30 September 2023 financials. (Company, OCBC)

Singapore Technologies Telemedia Pte Ltd (“SINTEC”)

- SINTEC announced that it will not be redeeming its SGD350mn 5% PERP on the first call date on 17 January 2024.
- This is not surprising as this perpetual is not structured with reset on the first call date, with the next reset on 17 January 2029.
- According to SINTEC, in arriving at its decision not to exercise the redemption, it took into account the unfavourable market conditions for the issuance of similar perpetual securities at lower yield, prudent management of the capital structure and flexibility to exercise the perpetual on subsequent call dates. (Company, OCBC)

Key Market Movements:

	6-Dec	1W chg (bps)	1M chg (bps)		6-Dec	1W chg	1M chg
iTraxx Asiax IG	101	2	-19	Brent Crude Spot (\$/bbl)	77.2	-7.1%	-9.3%
iTraxx SovX APAC	20	0	0	Gold Spot (\$/oz)	2,021	-1.2%	2.1%
iTraxx Japan	64	-1	-8	CRB Commodity Index	266	-2.7%	-5.5%
iTraxx Australia	75	0	-8	S&P Commodity Index - GSCI	540	-3.3%	-6.6%
CDX NA IG	63	-1	-9	VIX	12.9	1.3%	-13.8%
CDX NA HY	104	0	3	US10Y Yield	4.18%	-7bp	-46bp
iTraxx Eur Main	67	1	-11				
iTraxx Eur XO	370	3	-48	AUD/USD	0.658	-0.6%	1.4%
iTraxx Eur Snr Fin	77	-1	-14	EUR/USD	1.079	-1.6%	0.7%
iTraxx Eur Sub Fin	139	-2	-27	USD/SGD	1.340	-0.6%	0.8%
				AUD/SGD	0.882	0.0%	-0.6%
USD Swap Spread 10Y	-38	0	-1	ASX200	7,148	1.6%	2.1%
USD Swap Spread 30Y	-67	3	4	DJIA	36,125	2.0%	6.1%
				SPX	4,567	0.3%	4.8%
China 5Y CDS	63	4	-8	MSCI Asiax	609	-1.5%	-0.9%
Malaysia 5Y CDS	43	2	-13	HSI	16,328	-3.9%	-9.1%
Indonesia 5Y CDS	76	1	-9	STI	3,074	-0.3%	-3.3%
Thailand 5Y CDS	44	1	-15	KLCI	1,450	0.3%	-1.0%
Australia 5Y CDS	17	-1	-4	JCI	7,101	0.8%	3.2%
				EU Stoxx 50	4,453	2.4%	7.1%

Source: Bloomberg

New Issues: There were no new issues priced yesterday.

Global Markets Research & Strategy

Macro Research

Selena Ling

Head of Strategy & Research

LingSSSelena@ocbc.com

Tommy Xie Dongming

Head of Greater China Research

XieD@ocbc.com

Keung Ching (Cindy)

Hong Kong & Macau

cindyckeung@ocbcwh.com

Herbert Wong

Hong Kong & Macau

herberhtwong@ocbcwh.com

Lavanya Venkateswaran

Senior ASEAN Economist

lavanayavenkateswaran@ocbc.com

Ahmad A Enver

ASEAN Economist

ahmad.enver@ocbc.com

Jonathan Ng

ASEAN Economist

JonathanNg4@ocbc.com

Ong Shu Yi

ESG

ShuyiOng1@ocbc.com

FX/Rates Strategy

Frances Cheung

Rates Strategist

FrancesCheung@ocbc.com

Christopher Wong

FX Strategist

christopherwong@ocbc.com

Credit Research

Andrew Wong

Credit Research Analyst

WongVKAM@ocbc.com

Ezien Hoo

Credit Research Analyst

EzienHoo@ocbc.com

Wong Hong Wei

Credit Research Analyst

WongHongWei@ocbc.com

Chin Meng Tee

Credit Research Analyst

MengTeeChin@ocbc.com

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