

Asian Credit Daily

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Credit Research

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Market Commentary:

- The SGD SORA curve traded mostly lower last Friday, with short tenors trading 0-2bps lower, belly tenors trading 0-1bps lower, and the 10Y trading 1bp lower.
- Despite defaulting on its dollar bonds in October, Country Garden Holdings Co.'s ("COGARD") Chair, Yang Huiyan says that she's 'very confident' the company can repair its balance sheet and pledged the founding family support for the struggling property giant.
- Flows in SGD corporates were moderate, with flows in BNP 5.9%-PERP, HSBC 5.3% '33s, and SINTEC 5.5%-PERP.
- Last Friday, Bloomberg Asia USD Investment Grade spreads tightened by 3bps to 103bps and Asia USD High Yield spreads tightened by 27bps to 788bps, per Bloomberg.

Credit Summary:

- **CapitaLand Investment Ltd ("CLI")**: CLI is expecting fair value losses on its portfolio of investment properties. According to CLI, it is facing continuing challenges for deal making, fundraising and operational pressures especially in China, Australia, Europe, the UK and the US.
- **Keppel Corporation Ltd ("KEP")**: KEP (through its Infrastructure Division) has signed memorandum of understandings ("MOU") with three different partners to jointly pursue opportunities to accelerate the transition to clean energy and the development of sustainable fuel projects across the Asia-Pacific region.

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Credit Headlines:

CapitaLand Investment Ltd (“CLI”)

- CLI is expecting fair value losses on its portfolio of investment properties. According to CLI, it is facing continuing challenges for deal making, fundraising and operational pressures especially in China, Australia, Europe, the UK and the US.
- As a result of the fair value losses, CLI is expecting to report a significant decrease in total PATMI.
- Outside of fair value changes, CLI indicated that its core operating earnings have not been significantly impacted and operating cashflow remains stable.
- The fair value losses by CLI are not unexpected, aligning with Frasers Property Ltd (“FPL”)'s previously disclosed FY2023 results which revealed substantial fair value losses on their investment properties. FPL, a significant property group based in Singapore is a separate SGD credit issuer. (Company, OCBC)

Keppel Corporation Ltd (“KEP”)

- KEP (through its Infrastructure Division) and GenZero (an investment platform company owned by Temasek focusing on accelerating decarbonation) have signed a memorandum of understanding (“MOU”) to jointly pursue opportunities to accelerate the transition to clean energy and the development of sustainable fuel projects across the Asia-Pacific region.
- Under the MOU, the two parties will carry out feasibility studies to co-develop projects that are aimed at facilitating the early retirement of coal-fired power plants, as well as Southeast Asia’s pivot to cleaner energy alternatives, such as solar power or geothermal energy.
- Both parties will explore bioenergy fuel projects in areas such as biomethane, biomethanol and Sustainable Aviation Fuel (“SAF”) in the Asia Pacific.
- KEP has also signed a MOU with Abu Dhabi Future Energy Company PJSC (“Masdar”) to jointly collaborate on opportunities for decarbonisation and sustainability solutions in ASEAN and the Middle East. Under the MOU, Keppel and Masdar will establish a strategic partnership to explore solutions to support the development and deployment of utility-scale renewable projects in ASEAN and to facilitate cross-border flow of low-carbon energy through energy storage and grid transmission systems. Both Keppel and Masdar will also jointly explore the feasibility of co-developing large scale floating solar photovoltaics systems in Singapore and its region.
- The partners will jointly identify and pursue opportunities in Energy-as-a-Service, Waste-to-Energy and advanced, high energy-efficiency desalination treatment in the Middle East.
- An MOU was also signed with AM Green (wholly-owned and controlled by the founders of Hyderabad-based Greenko Group), to jointly explore opportunities to produce biogenic carbon-based sustainable fuels, such as bio and green methanol, second-generation (2G) ethanol and SAF. (Company)

Key Market Movements:

	11-Dec	1W chg (bps)	1M chg (bps)		11-Dec	1W chg	1M chg
iTraxx Asiax IG	99	1	-15	Brent Crude Spot (\$/bbl)	76.1	-2.5%	-6.6%
iTraxx SovX APAC	20	0	0	Gold Spot (\$/oz)	2,002	-1.4%	2.8%
iTraxx Japan	64	1	-7	CRB Commodity Index	263	-2.9%	-3.9%
iTraxx Australia	77	3	-3	S&P Commodity Index - GSCI	532	-3.1%	-4.7%
CDX NA IG	61	-1	-6	VIX	12.4	-2.2%	-12.8%
CDX NA HY	104	0	1	US10Y Yield	4.25%	-1bp	-41bp
iTraxx Eur Main	67	--	-7				
iTraxx Eur XO	368	0	-36	AUD/USD	0.656	-1.0%	2.8%
iTraxx Eur Snr Fin	76	0	-9	EUR/USD	1.077	-0.6%	0.7%
iTraxx Eur Sub Fin	138	-2	-20	USD/SGD	1.343	-0.4%	1.2%
				AUD/SGD	0.881	0.6%	-1.6%
USD Swap Spread 10Y	-39	-1	-3	ASX200	7,203	1.1%	3.2%
USD Swap Spread 30Y	-67	0	2	DJIA	36,248	0.0%	5.7%
				SPX	4,604	0.2%	4.3%
China 5Y CDS	62	3	-10	MSCI Asiax	612	-0.6%	2.1%
Malaysia 5Y CDS	43	3	-9	HSI	16,145	-3.0%	-6.2%
Indonesia 5Y CDS	74	0	-9	STI	3,096	0.4%	-0.3%
Thailand 5Y CDS	43	1	-11	KLCI	1,441	-0.7%	-0.3%
Australia 5Y CDS	17	1	-3	JCI	7,147	0.8%	5.0%
				EU Stoxx 50	4,523	2.4%	7.8%

Source: Bloomberg

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New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
08-Dec-2023	WLB Asset VI Pte Ltd	Fixed	USD	88	4-Year	7.25%	N.A.
08-Dec-2023	Changxing Urban Construction Investment Group Co Ltd	Fixed	USD	150	3-Year	6.80%	7.00%
08-Dec-2023	CDL Properties Ltd	Fixed	SGD	170	5-Year	3.73%	N.A.

Source: Bloomberg

Mandates: India Vehicle Finance mandated banks to arrange a series of fixed income investor meetings/conference calls in Asia, Europe and the US starting 11 December for a potential offering of a 6.5Y door to door maturity 144A/Reg S benchmark size senior secured bond which will be issued by Sansar Vehicle Finance Trust Dec 2022.

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