

Asian Credit Daily5 September 2024

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday, with shorter tenors trading 5-7bps lower, belly tenors and 10Y trading 7bps lower.
- Flows in SGD corporates were heavy, with flows in HSBC 5.25%-PERP, UBS 5.6%-PERP, ARTSP 4.6%-PERP, MLTSP 4.3%-PERP, TD 5.7%-PERP, UBS 5.75%-PERP, KITSP 4.9%-PERP, ESRCAY 5.65%-PERP, HSBC 4.75% '34s.
- Per Bloomberg, China is contemplating a two-step plan to reduce interest rates on approximately USD5.3trn worth of mortgages. The objective is to lower borrowing costs for millions of households and alleviate the profit pressure on the banking system. As per insiders, financial regulators have suggested a nationwide reduction of around 80bps on existing mortgages. This proposal also includes an expedited timeline for mortgage refinancing eligibility.
- Bloomberg Asia USD Investment Grade spreads widened by 2bps at 92bps while Bloomberg Asia USD High Yield spreads widened by 21bps to 557bps. (Bloomberg, OCBC)

Credit Summary:

- **Olam Group Limited (“OG”)**: Louis Dreyfus Co. (“LDC”) has received approval from Australia’s Foreign Investment Review Board for its proposed takeover of Namoi Cotton Ltd (“Namoi”).

Credit Headlines:**Olam Group Limited ("OG")**

- Louis Dreyfus Co. ("LDC") has received approval from Australia's Foreign Investment Review Board for its proposed takeover of Namoi Cotton Ltd ("Namoi"). Louis Dreyfus Co. is currently in a bidding war with OG's ~64.6%-owned subsidiary Olam Agri Holdings Limited ("Olam Agri") for Namoi.
- Namoi has previously recommended Olam Agri's slightly higher offer to its shareholders. LDC however has a ~20% stake in Namoi and is not supporting Olam Agri's offer as a competing bidder.
- The Australian Consumer and Competition Commission ("ACCC") has previously announced competition concerns over both LDC's and Olam Agri's proposed acquisition of Namoi with the ACCC recently announcing that it would not oppose the LDC bid following certain divestments and corporate actions by LDC. The ACCC is reportedly still assessing the Olam Agri bid. (Bloomberg, Company)

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
04 Sep	Export-Import Bank of Korea	Fixed	USD	700	3Y	4.1%	NA
04 Sep	Export-Import Bank of Korea	Fixed	USD	800	5Y	4.147%	NA
04 Sep	Canara Bank	Fixed	USD	300	5Y	T+125bps	T+155bps area
04 Sep	Nanshan Life Pte. Ltd. (Guarantor: Nan Shan Life Insurance Co Ltd)	Tier 2	USD	700	10Y	T+170bps	T+195bps area

Mandates:

- There were no new Asiadollar mandates yesterday.

Key Market Movements

	5-Sep	1W chg (bps)	1M chg (bps)		5-Sep	1W chg	1M chg
iTraxx Asiax IG	96	4	-9	Brent Crude Spot (\$/bbl)	73.0	-8.7%	-4.3%
				Gold Spot (\$/oz)	2,497	-1.0%	3.6%
iTraxx Japan	52	0	-8	CRB Commodity Index	270	-3.7%	0.5%
iTraxx Australia	63	2	-13	S&P Commodity Index - GSCI	520	-3.3%	-1.7%
CDX NA IG	52	2	-10	VIX	21.3	38.2%	-44.7%
CDX NA HY	106	-1	2	US10Y Yield	3.76%	-10bp	-3bp
iTraxx Eur Main	55	3	-11				
iTraxx Eur XO	298	13	-43	AUD/USD	0.673	-1.1%	3.5%
iTraxx Eur Snr Fin	62	2	-12	EUR/USD	1.108	0.0%	1.2%
iTraxx Eur Sub Fin	110	4	-22	USD/SGD	1.303	0.0%	1.7%
				AUD/SGD	0.876	1.1%	-1.7%
USD Swap Spread 10Y	-46	0	-3	ASX200	7,970	-0.9%	4.2%
USD Swap Spread 30Y	-82	-1	-1	DJIA	40,975	-0.7%	5.9%
				SPX	5,520	-1.9%	6.4%
China 5Y CDS	60	2	-9	MSCI Asiax	685	-2.2%	5.5%
Malaysia 5Y CDS	39	1	-7	HSI	17,444	-1.9%	4.5%
Indonesia 5Y CDS	70	3	-10	STI	3,456	1.5%	6.6%
Thailand 5Y CDS	38	2	-8	KLCI	1,675	1.3%	9.0%
Australia 5Y CDS	12	0	-1	JCI	7,714	1.1%	9.3%
				EU Stoxx 50	4,848	-1.3%	6.0%

Source: Bloomberg

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