

**Market Commentary:**

- The SGD SORA curve traded higher last Friday, with short tenors trading 2-3bps higher, while belly tenors traded 3bps higher and 10Y tenors trading 3bps higher.
- Flows in SGD corporates were moderate, with flows in UBS 5.75%-PERP, UOBSP 5.25%-PERP, BPCEGP 5% '34s.
- China Vanke Co. has reportedly restructured a portion of its privately issued debt into asset-backed securities, enabling the company to postpone previously deferred payments. According to insiders, the existing non-standard debt notes, which were originally held by insurers, were exchanged this month for newly issued commercial mortgage-backed securities in equal proportions.
- Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 76bps while Asia USD High Yield spreads widened by 1bps to 496bps. (Bloomberg, OCBC)

**Credit Summary:**

- **Julius Baer Group Ltd ("JBG"):** JBG is reportedly looking at acquiring peer Swiss private bank EFG International AG ("EFG") although reports by Reuters indicate that EFG has pushed back on the possibility.
- **ABN Amro Bank N.V. ("ABN"):** ABN released a statement confirming that one of its suppliers, AddComm, was attacked by ransomware that resulted in unauthorised access to data of ABN clients. ABN's systems were not affected and there are no indications that the data has been used.
- **Mapletree Logistics Trust ("MLT"):** Ms Ng Kiat has resigned as Chief Executive Officer ("CEO") and Executive Director of Mapletree Logistics Trust Management Ltd, the REIT Manager of MLT. She will relinquish her role on 22 July 2024.
- **Lendlease Group ("LLC"):** LLC announced their strategy update. We believe it is positive for debt holders as LLC is committed to (1) simplify its business, (2) reduce capital and gearing, (3) focus in domestic market while we expect (4) a larger proportion of income will be generated from the Investment segment (which is relatively stable) post exit of overseas Construction and Development segments.
- **Hongkong Land Holdings Ltd ("HKL") and The Hongkong Land Company Ltd ("HKCL"):** HKL released 1Q2024 business update. 1Q2024 results were mixed with underlying profit stable y/y though weaknesses were seen in China residential property and HKSAR office. That said, the impact is manageable due to HKL's healthy credit metrics and strong recurring income from Investment Properties.

**Key Market Movements**

	27-May	1W chg (bps)	1M chg (bps)		27-May	1W chg	1M chg
iTraxx Asiax IG	92	2	-20	Brent Crude Spot (\$/bbl)	82.2	-1.8%	-8.1%
				Gold Spot (\$/oz)	2,337	-3.6%	0.1%
iTraxx Japan	48	1	-5	CRB Commodity Index	294	0.2%	-0.9%
iTraxx Australia	64	1	-8	S&P Commodity Index - GSCI	582	-1.0%	-2.4%
CDX NA IG	49	1	-3	VIX	11.9	-0.5%	-20.6%
CDX NA HY	107	0	1	US10Y Yield	4.47%	5bp	-18bp
iTraxx Eur Main	51	1	-4				
iTraxx Eur XO	289	3	-23	AUD/USD	0.663	-0.5%	1.0%
iTraxx Eur Snr Fin	59	1	-4	EUR/USD	1.085	-0.1%	1.2%
iTraxx Eur Sub Fin	104	1	-8	USD/SGD	1.349	-0.1%	0.8%
				AUD/SGD	0.895	0.4%	-0.2%
USD Swap Spread 10Y	-37	-1	0	ASX200	7,773	-1.1%	2.6%
USD Swap Spread 30Y	-74	0	3	DJIA	39,070	-2.3%	2.2%
				SPX	5,305	0.0%	4.0%
China 5Y CDS	61	3	-8	MSCI Asiax	691	-1.7%	5.1%
Malaysia 5Y CDS	45	1	-2	HSI	18,609	-4.8%	5.4%
Indonesia 5Y CDS	72	3	-4	STI	3,317	0.1%	1.1%
Thailand 5Y CDS	42	1	-3	KLCI	1,619	0.2%	2.8%
Australia 5Y CDS	14	0	0	JCI	7,222	0.6%	1.6%
				EU Stoxx 50	5,035	-0.6%	0.6%

Source: Bloomberg

**Credit Headlines:****Julius Baer Group Ltd (“JBG”)**

- JBG is reportedly looking at acquiring peer Swiss private bank EFG International AG (“EFG”) although reports by Reuters indicate that EFG has pushed back on the possibility.
- EFG had revenue generating assets under management of CHF142.2bn as at 31 December 2023, much smaller than the CHF427bn reported by JBG as at the same date. In its interim management statement for the four months ended 30 April 2024, JBG’s assets under management was CHF471bn as at 30 April 2024.
- EFG is ~45% owned by EFG Bank European Financial Group that is in turned owned by the Latsis family per Bloomberg. The second largest shareholder at ~19.6% is Brazil’s Banco BTG Pactual SA, while Boris Collardi, the former chief executive officer of JBG and a member of EFG’s board owns ~3.5%.
- FY2023 performance for both entities were divergent:
  - EFG announced record profit in FY2023 of CHF303mn, up 50% y/y on strong net interest income performance and net commission income with CHF6.2bn in net new assets and a CET1 ratio of 17.0% as at 31 December 2023.
  - JBG reported a 52% y/y drop in net profit to CHF454mn reflecting CHF606mn in net credit losses driven by problematic exposures in the private debt business and changes in its management composition and compensation including Chief Executive Officer Philipp Rickenbacher stepping down by mutual agreement with the board.
- Both JBG and the Swiss private banking industry is in a state of flux currently following the events of 2023 and remain subject to heightened government and regulatory focus in terms of ensuring future systemic stability.
- As we mentioned last week, there still remains some uncertainty with regards the future developments of JBG despite some constructive trends in the interim management statement for the four months ended 30 April 2024 that confirms its fundamentals for the time being. In particular, there are no new developments on changes in management composition and what changes if any there may be to risk tolerance following Chief Executive Officer Philipp Rickenbacher stepping down at the announcement of the FY2023 results and deputy Chief Executive Officer and Chief Operations Officer Nic Dreckmann being appointed on an interim basis. This likely will influence any significant corporate actions for the time being. (Company, Reuters, Bloomberg, OCBC)

**ABN Amro Bank N.V. (“ABN”)**

- ABN released a statement confirming that one of its suppliers, AddComm, was attacked by ransomware that resulted in unauthorised access to data of ABN clients. ABN’s systems were not affected and there are no indications that the data has been used.
- ABN has ceased use of AddComm’s services for the time being and reported the data breach to the Dutch Data Protection Authority and regulators. (Company, OCBC)

**Mapletree Logistics Trust (“MLT”)**

- Ms Ng Kiat has resigned as Chief Executive Officer (“CEO”) and Executive Director of Mapletree Logistics Trust Management Ltd, the REIT Manager of MLT. She will relinquish her role on 22 July 2024.
- Ms Ng, the long-time CEO of MLT, will assume new responsibilities at Mapletree Investments Pte Ltd (“MAPL”, MLT’s sponsor).
- Ms Jean Kam Sok Kam, presently the Head of Investment of the REIT Manager, has been appointed as CEO and Executive Director of the REIT Manager. Ms Kam joined the REIT Manager in September 2007 and was previously with JTC Corporation.
- The changes are part of succession planning at MLT. We see this as a credit neutral event. (Company, OCBC)

**Lendlease Group (“LLC”)**

- LLC announced their strategy update. **We believe it is positive for debt holders as LLC is committed to (1) simplify its business, (2) reduce capital and gearing, (3) focus in domestic market while we expect (4) a larger proportion of income will be generated from the Investment segment (which is relatively stable) post exit of overseas Construction and Development segments.**
- LLC will exit all overseas Construction and Development segments (mostly concentrated in the US and UK) while focusing in Australia, which has better profit margins. Post the restructuring, LLC is aiming to be Australia’s leading integrated real estate business (Construction + Development) with a strong international investment management capability.
- By exiting these overseas segments, LLC will generate a capital of AUD4.5bn, of which AUD2.8bn materialise within next 12 months.
- With the additional capital, LLC will prioritise to:
  - Reduce gearing with a revised target range of 5%-15% by end of FY2026 (down from 10%-20%).
  - Return capital to shareholders through share buyback (initially AUD500mn).
  - Invest in future growth with stringent return hurdles.
- However, impairments of AUD1.15bn to AUD1.475bn are expected to incur in FY2024 from exiting these overseas businesses, though these impairments are non-cash in nature and are not anticipated to affect Core Operating Profit After Tax. (Company, OCBC)

**Hongkong Land Holdings Ltd (“HKL”) and The Hongkong Land Company Ltd (“HKCL”)**

- HKL released 1Q2024 business update. **1Q2024 results were mixed with underlying profit stable y/y though weaknesses were seen in China residential property and HKSAR office. That said, the impact is manageable due to HKL’s healthy credit metrics and strong recurring income from Investment Properties.**
- **1Q2024 underlying profit was stable y/y**, with total contributions from the Investment and Development Properties businesses also broadly unchanged. For Investment Properties, better performance from the luxury retail portfolio across the region and Singapore office offset lower contributions from HKSAR office.
- **Weaker residential market in China though manageable:** In China, buyer sentiment toward the residential sector has continued to deteriorate, with reduced sales and pricing. HKL’s 1Q2024 contracted sales in China fell 36% y/y to USD262mn. Moreover, a non-cash impairment charge of USD200mn to USD300mn will be reflected in 1H2024 as projected sales prices are lower than development costs. However, this review will have no material impact according to HKL.
- **Healthy credit metrics:** As at 31 March 2024, net gearing remained stable q/q at 16% (end-2023: 17%) and committed liquidity (cash and unused committed borrowing facilities) was USD3.1bn (end-2023: USD4.0bn).
- **HKSAR office weakness continued though vacancy improved:** Amidst weak office segment in HKSAR, rental reversion remained negative in 1Q2024. However, HKL’s committed vacancy improved by 0.2ppts q/q to 6.6% as at 31 March 2024. There are only 7% of the leases are expiring in 2Q2024 – 4Q2024.
- **Singapore office remained solid:** HKL’s office in Singapore continued to report positive rental reversion in 1Q2024 amidst tight supply. Meanwhile, committed vacancy remained low at 1.0% as at 31 March 2024 (end-2023: 0.9%). (Company, OCBC)

**New Issues:**

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
23 May	Coastal Emerald Ltd (Guarantor: Shandong Hi-Speed Group Co Ltd)	Fixed	USD	900	PerpNC3	6.5%	6.95% area
24 May	China Everbright Bank Co. Ltd. of Sydney	FRN	USD	150	3Y	SOFRIX+54bps	N.A
24 May	Zhengjin Financial International BVI Co Ltd (Guarantor: Jinan Shizhong Finance Investment Group Co Ltd)	Fixed	USD	100	1Y	7.2%	N.A
24 May	Chongqing Xinsuangquan Urban Construction And Development Co Ltd (Guarantor: Tianfu Bond Insurance Co Ltd)	Fixed	USD	69	3Y	7.5%	N.A
24 May	Jinyun State Owned Assets Investment And Operation Group Co., Ltd.	Sustainability, Fixed	USD	51.7	3Y	6.8%	N.A

**Mandates:**

- There are no Asiadollar mandates for today.

## Macro Research

**Selena Ling**  
Head of Strategy & Research  
[LingSSSelena@ocbc.com](mailto:LingSSSelena@ocbc.com)

**Tommy Xie Dongming**  
Head of Greater China Research  
[XieD@ocbc.com](mailto:XieD@ocbc.com)

**Keung Ching (Cindy)**  
Hong Kong & Macau  
[Cindyckung@ocbcwh.com](mailto:Cindyckung@ocbcwh.com)

**Herbert Wong**  
Hong Kong & Macau  
[HerberhtWong@ocbc.com](mailto:HerberhtWong@ocbc.com)

**Lavanya Venkateswaran**  
Senior ASEAN Economist  
[LavanyaVenkateswaran@ocbc.com](mailto:LavanyaVenkateswaran@ocbc.com)

**Ahmad A Enver**  
ASEAN Economist  
[Ahmad.Enver@ocbc.com](mailto:Ahmad.Enver@ocbc.com)

**Jonathan Ng**  
ASEAN Economist  
[JonathanNg4@ocbc.com](mailto:JonathanNg4@ocbc.com)

**Ong Shu Yi**  
ESG Analyst  
[ShuyiOng1@ocbc.com](mailto:ShuyiOng1@ocbc.com)

## FX/Rates Strategy

**Frances Cheung, CFA**  
Rates Strategist  
[FrancesCheung@ocbc.com](mailto:FrancesCheung@ocbc.com)

**Christopher Wong**  
FX Strategist  
[ChristopherWong@ocbc.com](mailto:ChristopherWong@ocbc.com)

## Credit Research

**Andrew Wong**  
Credit Research Analyst  
[WongVKAM@ocbc.com](mailto:WongVKAM@ocbc.com)

**Ezien Hoo, CFA**  
Credit Research Analyst  
[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)

**Wong Hong Wei, CFA**  
Credit Research Analyst  
[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)

**Chin Meng Tee, CFA**  
Credit Research Analyst  
[MengTeeChin@ocbc.com](mailto:MengTeeChin@ocbc.com)

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