

Asian Credit Daily

2 July 2024

Market Commentary:

- The SGD SORA curve traded higher yesterday, with short tenors trading 1-3bps higher, belly tenors trading 4-5bps higher and 10Y trading 6bps higher.
- Flows in SGD corporates were heavy, with flows in HSBC 5.25%-PERP, UBS 5.6%-PERP, MFCCN 4.275% '34s, CAPLSP 3.8% '31s, BNP 4.75% '34s, HSBC 4.75% '34s, HSBC 5.25% '32s, AIA 2.9%-PERP.
- Major mutual funds in China are requesting bond brokers to reduce their trading fees. Previously, these fees were passed on to investors; however, a new rule implemented by the China Securities Regulatory Commission in July has prohibited this practice.
- Asiadollar issuance volumes have paused at the start of 2H2024 following the heaviest issuance week for 17 months in the last week of June. Combined with record 1H2024 local currency issuance according to Bloomberg, total Asia ex-Japan corporate issuance is estimated at ~USD1.3bn. Bond supply has come from the USD loan market in Asia (excluding bilateral loans) which has fallen to their lowest level since 2010 according to Bloomberg (in contrast, USD loan sales globally are up 37% y/y in 1H2024). This has been driven by the higher funding costs in USD relative to local currency bonds and bank financing.
- Bloomberg Asia USD Investment Grade tightened by 2bps to 80bps while Bloomberg Asia USD High Yield widened by 1bps to 491bps. (Bloomberg, OCBC)
- There were no notable issuances in the Asiadollar and Singdollar market yesterday.

Credit Summary:

- **UBS Group AG (“UBS”):** UBS has completed the merger of Swiss entities’ UBS Switzerland AG and Credit Suisse (Schweiz) AG.

Credit Headlines:

UBS Group AG (“UBS”)

- UBS has completed the merger of Swiss entities’ UBS Switzerland AG and Credit Suisse (Schweiz) AG. Credit Suisse (Schweiz) AG has been deregistered from the Commercial Register of the Canton of Zurich and no longer exists as a separate entity with UBS Switzerland AG taking over all its rights and obligations.
- Next will be the migration of clients and operations from Credit Suisse (Schweiz) AG to UBS platforms which will take place in 2025 and will be gradual per UBS’s statement. (Company)

Mandates:

- Astrea 8 Pte. Ltd. is planning to launch a Reg S transaction comprising of (i) one class of SGD-denominated “Class A-1 Bonds” and (ii) one class of USD-denominated “Class A-2 Bonds”.

Key Market Movements

	2-Jul	1W chg (bps)	1M chg (bps)		2-Jul	1W chg	1M chg
iTraxx Asiax IG	98	-3	3	Brent Crude Spot (\$/bbl)	86.7	2.0%	6.2%
				Gold Spot (\$/oz)	2,332	0.5%	-0.8%
iTraxx Japan	53	0	3	CRB Commodity Index	292	-1.1%	0.5%
iTraxx Australia	70	-2	5	S&P Commodity Index - GSCI	585	0.4%	2.0%
CDX NA IG	52	-2	3	VIX	12.2	-8.3%	-5.4%
CDX NA HY	106	0	0	US10Y Yield	4.45%	20bp	-5bp
iTraxx Eur Main	58	-3	7				
iTraxx Eur XO	310	-10	19	AUD/USD	0.665	0.0%	-0.6%
iTraxx Eur Snr Fin	67	-4	10	EUR/USD	1.074	0.2%	-1.5%
iTraxx Eur Sub Fin	120	-8	16	USD/SGD	1.358	-0.3%	-0.9%
				AUD/SGD	0.903	-0.3%	-0.3%
USD Swap Spread 10Y	-42	-1	6	ASX200	7,742	-1.2%	0.5%
USD Swap Spread 30Y	-80	-2	5	DJIA	39,170	-0.6%	1.2%
				SPX	5,475	0.5%	3.7%
China 5Y CDS	66	-3	4	MSCI Asiax	698	0.2%	4.0%
Malaysia 5Y CDS	45	-2	-1	HSI	17,719	-1.7%	-2.0%
Indonesia 5Y CDS	78	-1	7	STI	3,343	0.5%	0.2%
Thailand 5Y CDS	45	0	2	KLCI	1,601	1.0%	0.3%
Australia 5Y CDS	13	0	-4	JCI	7,140	3.6%	2.4%
				EU Stoxx 50	4,930	-0.4%	-1.1%

Source: Bloomberg

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