

Asian Credit Daily

3 July 2024

Market Commentary:

- The SGD SORA curve broadly traded higher yesterday. The 1Y tenor traded 1bps lower, short tenors traded flat to 1bps higher while the belly and the 10Y tenors traded 2bps higher.
- Flows in SGD corporates were heavy, with flows in HSBC 5.25%-PERP, UBS 5.6%-PERP, AIA 5.1%-PERP, UBS 5.75%-PERP.
- China Vanke Co. experienced a slowdown in home sales growth in June, despite signs of improvement in other parts of China's struggling housing market per Bloomberg. The developer reported a 7.9% m/m increase in contracted sales, reaching RMB25.13bn (USD3.46bn). This growth rate is lower than the 12% m/m increase observed in May. In comparison to the previous year, home sales in June were 31% lower.
- Bloomberg Asia USD Investment Grade widened by 1bps to 81bps while Bloomberg Asia USD High Yield widened by 5bps to 496bps. (Bloomberg, OCBC)

Credit Summary:

- **Sembcorp Industries Ltd (“SCI”)**: SCI announced that its wholly-owned subsidiary, Sembcorp Power Pte Ltd (“Sembcorp Power”), has entered into long-term power purchase agreements (“PPAs”) with subsidiaries of GSK, a global biopharma company.
- **Singapore Telecommunications Ltd (“SingTel”)**: SingTel may continue selling stakes in Bharti Airtel after its 1QFY2025 results, according to Moneycontrol.

Credit Headlines:**Sembcorp Industries Ltd (“SCI”)**

- SCI announced that its wholly-owned subsidiary, Sembcorp Power Pte Ltd (“Sembcorp Power”), has entered into long-term power purchase agreements (“PPAs”) with subsidiaries of GSK, a global biopharma company. The PPAs have tenures of up to 10 years, commencing on 1 January 2025.
- Under the PPAs, Sembcorp Power will supply up to 10MW of electricity to all three of GSK’s manufacturing sites in Singapore. SCI will also be supplying up to 87,600MWh of renewable energy certificates annually to GSK from SCI’s solar projects that will enable GSK’s manufacturing operations in Singapore to achieve its 100% purchased renewable electricity target. (Company)

Singapore Telecommunications Ltd (“SingTel”)

- **More Airtel stakes may be sold:** SingTel may continue selling stakes in Bharti Airtel after its 1QFY2025 results, according to Moneycontrol. Moneycontrol is an Indian financial and business portal providing market coverage.
- **Had already been selling:** In recent years, SingTel had already sold 3.3% direct stake for SGD2.53bn, followed by another 0.8% direct stake for SGD937mn reducing its effective stake to 28.9%.
- **Part of capital recycling by SingTel?:** As a recap, SingTel had identified SGD6bn of monetizable assets for capital recycling, which will be used to fund growth initiatives such as GPU-as-a-Service. We estimate currently SingTel holds a ~9% direct stake in AirTel which is worth over SGD12bn at current market prices. (Company, OCBC)

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
02 Jul	Sumitomo Mitsui Financial Group Inc	Fixed	USD	750	5Y	T+93bps	T+120 to 125bps
02 Jul	Sumitomo Mitsui Financial Group Inc	FRN	USD	500	5Y	SOFR+117bps	SOFR Equivalent
02 Jul	Sumitomo Mitsui Financial Group Inc	Fixed	USD	900	7Y	T+103bps	T+130 to 135bps
02 Jul	Sumitomo Mitsui Financial Group Inc	Fixed	USD	1350	10Y	T+113bps	T+140 to 145bps
02 Jul	Sumitomo Mitsui Financial Group Inc	Sub Fixed (Tier 2)	USD	1000	20Y	T+113bps	T+145 to 150bps
02 Jul	ANZ Bank New Zealand Ltd	Sub Fixed (Tier 2)	USD	500	10NC5	T+150bps	T+180bps area
02 Jul	China Citic Bank Corp Ltd/London	Green, FRN	USD	300	3Y	SOFR+55bps	SOFR+105bps area
02 Jul	China Merchants Bank Co Ltd/Sydney	Green, FRN	USD	400	3Y	SOFR+54bps	SOFR+105bps area
02 Jul	National Australia Bank Ltd	FRN	USD	500	5Y	SOFR+83bps	NA
02 Jul	Toronto-Dominion Bank	Perp (AT1)	SGD	250	NC5	5.7%	5.8% area

Mandates:

- There are no Asiadollar mandates for today.

Key Market Movements

	3-Jul	1W chg (bps)	1M chg (bps)		3-Jul	1W chg	1M chg
iTraxx Asiax IG	98	-3	2	Brent Crude Spot (\$/bbl)	86.7	1.7%	10.7%
				Gold Spot (\$/oz)	2,329	1.4%	-0.9%
iTraxx Japan	52	-1	2	CRB Commodity Index	292	0.1%	1.1%
iTraxx Australia	69	-2	5	S&P Commodity Index - GSCI	584	1.2%	3.7%
CDX NA IG	51	-3	1	VIX	12.0	-6.3%	-8.2%
CDX NA HY	107	0	0	US10Y Yield	4.43%	10bp	4bp
iTraxx Eur Main	57	-5	6				
iTraxx Eur XO	307	-17	16	AUD/USD	0.667	0.4%	-0.2%
iTraxx Eur Snr Fin	67	-6	9	EUR/USD	1.074	0.6%	-1.5%
iTraxx Eur Sub Fin	118	-11	14	USD/SGD	1.357	0.1%	-0.8%
				AUD/SGD	0.906	-0.3%	-0.6%
USD Swap Spread 10Y	-42	-2	-6	ASX200	7,729	-0.7%	-0.4%
USD Swap Spread 30Y	-80	-2	-6	DJIA	39,332	0.6%	2.0%
				SPX	5,509	0.7%	4.3%
China 5Y CDS	66	-1	5	MSCI Asiax	694	-0.6%	1.2%
Malaysia 5Y CDS	45	-1	-1	HSI	17,847	-1.3%	-3.0%
Indonesia 5Y CDS	77	-2	6	STI	3,414	2.5%	2.0%
Thailand 5Y CDS	44	-1	1	KLCI	1,605	0.9%	0.5%
Australia 5Y CDS	13	0	-4	JCI	7,142	3.4%	1.5%
				EU Stoxx 50	4,906	-0.6%	-1.9%

Source: Bloomberg

Macro Research

Selena Ling

Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming

Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)

Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong

Hong Kong & Taiwan Economist
herberhtwong@ocbc.com

Lavanya Venkateswaran

Senior ASEAN Economist
lavyanavenkateswaran@ocbc.com

Ahmad A Enver

ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng

ASEAN Economist
jonathanng4@ocbc.com

Ong Shu Yi

ESG Analyst
shuyiong1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA

Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong

FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong

Head of Credit Research
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

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.: 193200032W