

**Asian Credit Daily**

4 October 2024

**Market Commentary:**

- The SGD SORA OIS curve traded higher yesterday, with shorter and belly tenors trading 4bps higher, and 10Y trading 5bps higher.
- Flows in SGD corporates were heavy, with flows in STANLN 5.3%-PERP, HSBC 5.25%-PERP, EREIT 6%-PERP, OUESP 4% '29s, KITSP 4.9%-PERP, UBS 5.75%-PERP, MAPLSP 3.7%-PERP, VRTVEN 3.3% '28s.
- Defaulted Chinese developer Shima Group Holdings Ltd. has introduced additional incentives to its restructuring plan. Furthermore, the company has announced that it has received approval from certain members of a significant group of creditors. In its filing to the Hong Kong Stock Exchange on Wednesday, the Shanghai-based company disclosed the inclusion of a "work fee" in the form of mandatory convertible bonds for specific creditors.
- PT Lippo Karawaci Tbk plans to utilize a portion of the funds generated from the sale of its stake in PT Siloam International Hospitals to address its debt, including the complete repayment of its dollar bonds due in 2026 by the end of this year, according to filing.
- Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 84bps while Bloomberg Asia USD High Yield spreads tightened by 8bps to 500bps. (Bloomberg, OCBC)
- There were no new Asiadollar mandates yesterday.

**Credit Summary:**

- **Industry Outlook - Singapore Property:** The Media Circle site was not awarded as the SGD461 psf sole bid was deemed as too low.
- **ANZ Group Holdings Ltd / Australia & New Zealand Banking Group Ltd ("ANZ"):** Reuters has reported that ANZ, along with the Gunawan family have appointed an advisor for the sale of its interest in PT Bank Pan Indonesia ("Panin").
- **Hotel Properties Ltd ("HPL"):** HPL is on trading halt pending an announcement.

**Credit Headlines:****Industry Outlook – Singapore Property**

- The Media Circle site was not awarded as the SGD461 psf sole bid was deemed as too low.
- This government land site is the third site that has went unawarded this year per the Business Times.
- The Media Circle site located in one-north is a 60-year lease site, zoned for long-stay serviced apartments, which is a new property type where units cannot be strata-sold and comes with a minimum stay requirement of three months. This is unlike current serviced apartments that have a minimum stay requirement of seven days.
- Reportedly the sole bid came from a Frasers-led consortium. Frasers Property Ltd is a leading serviced apartment owner and operator, in addition to its residential property development and investment property businesses.
- In our view, this is an additional signal of disconnect between bid-ask price of land in Singapore. (Business Times, The Edge, OCBC)

**ANZ Group Holdings Ltd / Australia & New Zealand Banking Group Ltd (“ANZ”)**

- Reuters has reported that ANZ, along with the Gunawan family have appointed an advisor for the sale of its interest in PT Bank Pan Indonesia (“Panin”). Per various media reports, the Gunawan family owns ~46.5% in Panin while ANZ owns ~39%.
- ANZ has reportedly been looking to sell its stake in Panin for some time, and this news follows the recent sale of its remaining 5.2% stake in Malaysia’s AMMB Holdings Bhd (“AmBank”) earlier in the year.
- These moves are in line with the bank’s desire to simplify its operations. At the same time, Chief Executive Officer Shayne Elliott is looking to reallocate exposures to India, China and Vietnam.
- Separately, ANZ announced the settlement of two class actions from 2020 related to superannuation fund investments and commissions associated with Esanda car loans. Total costs are AUD99mn and are covered by existing provisions. (Company, Reuters, Bloomberg, OCBC)

**Hotel Properties Ltd (“HPL”)**

- **Trading Halt:** HPL is on trading halt pending an announcement. This is likely tied to Mr Ong Beng Seng’s court appearance on 4 October in relation to former Transport Minister Iswaran’s sentencing to a 12-month jail term following a probe by the Corrupt Practices Investigation Bureau.
- Mr Ong holds 21.1% direct and 39.4% deemed interest in HPL while Wheelock and Co has 22.5% deemed interest in HPL. Only 11.8% of the shares are held in the hands of the public. (Company, Straits Times, Bloomberg, OCBC)

**New Issues:**

| Date   | Issuer                                      | Description        | Currency | Size (mn) | Tenor                             | Final Pricing                | Initial Pricing |
|--------|---|--------------------|----------|-----------|-----------------------------------|------------------------------|-----------------|
| 03 Oct | Piramal Capital & Housing Finance Ltd/India | Sustainable, Fixed | USD      | 150       | Tap of PIELIN<br>7.8%<br>01/29/28 | 102.00 to Yield<br>7.077884% | 7.166%          |

**Key Market Movements**

|                     | 4-Oct | 1W chg<br>(bps) | 1M chg<br>(bps) |                            | 4-Oct  | 1W chg | 1M chg |
|---------------------|-------|-----------------|-----------------|----------------------------|--------|--------|--------|
| iTraxx Asiax IG     | 72    | 3               | -25             | Brent Crude Spot (\$/bbl)  | 77.7   | 7.9%   | 6.9%   |
|                     |       |                 |                 | Gold Spot (\$/oz)          | 2,661  | 0.1%   | 6.6%   |
| iTraxx Japan        | 52    | 1               | 0               | CRB Commodity Index        | 291    | 2.3%   | 7.7%   |
| iTraxx Australia    | 65    | 3               | 2               | S&P Commodity Index - GSCI | 556    | 4.2%   | 6.8%   |
| CDX NA IG           | 54    | 2               | 2               | VIX                        | 20.5   | 33.3%  | -3.9%  |
| CDX NA HY           | 107   | 0               | 1               | US10Y Yield                | 3.84%  | 9bp    | 8bp    |
| iTraxx Eur Main     | 60    | 2               | 5               |                            |        |        |        |
| iTraxx Eur XO       | 319   | 11              | 20              | AUD/USD                    | 0.685  | -0.8%  | 1.8%   |
| iTraxx Eur Snr Fin  | 68    | 2               | 6               | EUR/USD                    | 1.103  | -1.1%  | -0.4%  |
| iTraxx Eur Sub Fin  | 122   | 3               | 12              | USD/SGD                    | 1.296  | -1.2%  | 0.6%   |
|                     |       |                 |                 | AUD/SGD                    | 0.888  | -0.4%  | -1.3%  |
|                     |       |                 |                 |                            |        |        |        |
| USD Swap Spread 10Y | -47   | -1              | -1              | ASX200                     | 8,141  | -0.9%  | 2.4%   |
| USD Swap Spread 30Y | -82   | -1              | 0               | DJIA                       | 42,012 | -0.4%  | 2.5%   |
|                     |       |                 |                 | SPX                        | 5,700  | -0.8%  | 3.3%   |
| China 5Y CDS        | 62    | 3               | 2               | MSCI Asiax                 | 769    | 0.8%   | 12.2%  |
| Malaysia 5Y CDS     | 39    | 1               | 0               | HSI                        | 22,163 | 11.2%  | 27.0%  |
| Indonesia 5Y CDS    | 69    | 1               | -1              | STI                        | 3,577  | 0.1%   | 3.9%   |
| Thailand 5Y CDS     | 35    | 0               | -2              | KLCI                       | 1,637  | -1.4%  | -2.0%  |
| Australia 5Y CDS    | 12    | 0               | 0               | JCI                        | 7,536  | -2.1%  | -1.8%  |
|                     |       |                 |                 | EU Stoxx 50                | 4,921  | -2.2%  | 1.5%   |

Source: Bloomberg

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