

Asian Credit Daily

5 June 2024

Market Commentary:

- The SGD SORA curve traded lower yesterday, with short tenors trading 2-3bps lower, belly tenors trading 4bps lower and 10Y trading 4bps lower.
- Flows in SGD corporates were moderate, with flows in IFASTC 4.328% '29s, DBSSP 3.98%-PERP, HSBC 5.3% '34s.
- China Vanke Co, experienced a less severe decline in sales during May as the housing market sentiment improved. The value of homes sold by the company increased by 11.5% compared to April, reaching RMB23.3bn (USD3.2bn). Although sales still dropped by 29.3% compared to the previous year, this decline narrowed for the third consecutive month.
- Bloomberg Asia USD Investment Grade widened by 1bps to 79bps while Asia USD High Yield remained flat at 494bps. (Bloomberg, OCBC)
- There were no notable bond issuers in the Asiadollar and Singdollar market yesterday.
- There are no Asiadollar mandates for today.

Credit Summary:

- **CapitaLand Ascott Trust ("ART"):** ART has bought the remaining 10% stake in Standard at Columbia, a student accommodation property in South Carolina, USA.
- **Singapore Airlines Limited ("SIA"):** SIA and Riyadh Air has signed a Memorandum of Understanding ("MOU") to establish a new partnership between the two airlines.
- **Keppel Limited ("KEP"):** KEP has officially opened its first senior-living facility in Asia, in Nanjing China.

Credit Headlines:**CapitaLand Ascott Trust (“ART”)**

- ART has bought the remaining 10% stake in Standard at Columbia, a student accommodation property in South Carolina, USA.
- The EBITDA yield on total development costs is expected to be ~7%. The acquisition is funded by proceeds from ART’s divestment.
- In June 2021, ART and its sponsor, The Ascott Limited (“TAL”), jointly invested to own 90% of the property on a 50:50 basis and to develop the property. Subsequently in November 2022, ART acquired TAL’s 45% stake in the property.
- Standard at Columbia serves students from the University of South Carolina which is located nearby. For the academic year 2024-2025, the pre-leasing occupancy rate has reached 99% as at end-May 2024, with rental growth of 4% compared to the previous academic year.
- Post acquisition, ~17% of ART’s total portfolio value is in longer-stay assets (student accommodation and rental housing properties). ART’s medium term asset allocation target is to have 25-30% of its total portfolio value in longer-stay assets and the remaining in hospitality assets. (Company)

Singapore Airlines Limited (“SIA”)

- SIA and Riyadh Air has signed a Memorandum of Understanding (“MOU”) to establish a new partnership between the two airlines.
- Under the MOU, the carriers will explore opportunities for interline connectivity on each other’s services, subject to regulatory approval. They will also work on other potential areas of commercial cooperation including codeshare arrangements, reciprocal benefits for their frequent flyer programme members, cargo services, customer experience and digital innovation as a precursor to a deeper, longer-term, strategic partnership.
- A partnership will potentially offer guests of Riyadh Air access to SIA’s network in South East Asia and the South West Pacific region, while guests of SIA will potentially have greater access to the Middle East region.
- Riyadh Air based in Saudi Arabia was launched in March 2023 and expected to commence operations in 2025. It is owned by the Public Investment Fund (“PIF”), the Saudi Arabia sovereign wealth fund. Key competitors within the Middle East includes Emirates and Qatar Airways.
- On the same day, Riyadh Air has also signed an MOU with state-owned Air China, China’s flagship carrier. Air China has also recently started services between Riyadh and China. (Company, PIF, Al Jazeera)

Keppel Limited (“KEP”)

- KEP has officially opened its first senior-living facility in Asia, in Nanjing China.
- This flagship facility operates under Sindora Living, KEP’s senior-living brand and operating platform for China and will serve as a launchpad for KEP’s expansion into other senior-living markets in the region.
- China and Singapore are priority markets while KEP is also exploring opportunities in other markets in the Asia-Pacific, Europe, and the US. (Business Times)

Key Market Movements

	5-Jun	1W chg (bps)	1M chg (bps)		5-Jun	1W chg	1M chg
iTraxx Asiax IG	95	2	-6	Brent Crude Spot (\$/bbl)	77.4	-7.4%	-6.7%
				Gold Spot (\$/oz)	2,327	-0.5%	0.1%
iTraxx Japan	50	2	-2	CRB Commodity Index	286	-4.6%	-0.1%
iTraxx Australia	64	0	-2	S&P Commodity Index - GSCI	558	-5.8%	-2.7%
CDX NA IG	51	0	0	VIX	13.2	1.9%	-2.4%
CDX NA HY	107	0	0	US10Y Yield	4.34%	-28bp	-17bp
iTraxx Eur Main	53	0	-1				
iTraxx Eur XO	296	1	-11	AUD/USD	0.665	0.6%	0.3%
iTraxx Eur Snr Fin	59	0	-2	EUR/USD	1.088	0.8%	1.1%
iTraxx Eur Sub Fin	106	-1	-5	USD/SGD	1.347	0.4%	0.3%
				AUD/SGD	0.895	-0.1%	0.0%
USD Swap Spread 10Y	-37	-1	3	ASX200	7,753	1.1%	1.6%
USD Swap Spread 30Y	-75	-1	5	DJIA	38,711	-0.4%	0.1%
				SPX	5,291	-0.3%	3.2%
China 5Y CDS	62	1	-1	MSCI Asiax	674	-1.7%	0.2%
Malaysia 5Y CDS	46	1	2	HSI	18,444	-0.2%	-0.2%
Indonesia 5Y CDS	72	0	1	STI	3,333	0.3%	1.2%
Thailand 5Y CDS	43	0	1	KLCI	1,619	0.2%	1.9%
Australia 5Y CDS	13	-4	-4	JCI	7,099	-2.1%	-0.5%
				EU Stoxx 50	4,953	-1.5%	0.6%

Source: Bloomberg

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