

Asian Credit Daily

13 June 2024

Market Commentary:

- The SGD SORA curve traded lower yesterday, with short tenors trading 0-1bps lower, belly tenors trading 1-2bps lower and 10Y trading 3bps lower.
- Flows in SGD corporates were heavy, with flows in MFCCN 4.275% '34s, HSBC 5.25%-PERP, BNP 4.75% '34s, HSBC 5.25% '32s, HSBC 5.3% '33s, UOBSP 4.25%-PERP, BNP 5.9%-PERP, STTGDC 5.7%-PERP, AIA 2.9%-PERP.
- Dexin China Holdings Co. (“Dexin”), a Zhejiang-based developer concentrated on developing homes and commercial buildings in China’s relatively wealthy Yangtze River Delta region, has been instructed by the Hong Kong court to wind up, three months after a petition was submitted by China Construction Bank (Asia) and a year and a half after it defaulted.
- China’s State Council asked officials to keep an open mind to reduce housing inventory, which may be a signal that more measures would be introduced to support the market.
- There are no Asiadollar mandates for today.

Credit Summary:

- **Oxley Holdings Ltd ("OHL"):** On 6 June 2024, Bloomberg reported that OHL is seeking up to USD120mn private loan (~SGD160mn), with part of the proceeds to be used to repay SGD133mn OHLSP 6.9% '24s maturing on 8 July 2024.
- **Mapletree Logistics Trust ("MLT"):** Mapletree Logistics Trust Management Ltd (MLT's REIT Manager) announced that MapletreeLog Seastar (Xian) (HKSAR) Limited, a wholly-owned subsidiary of MLT, has entered into an agreement to sell its interest in a wholly foreign-owned enterprise that owns the Mapletree Xi'an Logistics Park to an unrelated third party.

Credit Headlines:**Oxley Holdings Ltd (“OHL”)**

- **Private loan sought:** On 6 June 2024, Bloomberg reported that OHL is seeking up to USD120mn private loan (~SGD160mn), with part of the proceeds to be used to repay SGD133mn OHLSP 6.9% '24s maturing on 8 July 2024.
- **Response by OHL:** OHL did not confirm or deny the Bloomberg report, though OHL stated that “it is not unusual to seek to gear up... for its general working capital purposes” for projects that are under-leveraged in Kuala Lumpur and London.
- **Update on projects in Malaysia and London:** OHL provided updates, indicating that certain projects are selling well. In Malaysia, this includes Oxley Tower KLCC which has fully sold its office tower and retail units and more than 50% of the residential units (largely unchanged since 31 December 2023) and Trinity Wellnessa which achieved 99% take-up rate (up from 93% as at 31 December 2023). In London, 65% of Riverscape project has been sold (up from 60% as at 31 December 2023).
- **Slight reduction in net gearing, which remains elevated:** OHL’s reported net gearing fell to 1.38x as at 31 March 2024 (31 December 2023: 1.44x).
- **Majority of short-term debt to be refinanced:** OHL also indicated that majority of short-term debts backed by assets will be refinanced. As of 31 December 2023, short term secured borrowings amounted to SGD869.7mn, while short term unsecured borrowings amounted to SGD195.7mn. As mentioned in our OCBC Asia Credit Daily published on 22 March 2024, the exchange offer for OHLSP 2024s to OHLSP 2025s should partly alleviate the near-term debt maturity profile. If USD120mn in private loan were raised, this will be more than sufficient to repay SGD133mn OHLSP 6.9% '24s maturing on 8 July 2024. (Company, OCBC)

Mapletree Logistics Trust (“MLT”)

- Mapletree Logistics Trust Management Ltd (MLT’s REIT Manager) announced that MapletreeLog Seastar (Xian) (HKSAR) Limited, a wholly-owned subsidiary of MLT, has entered into an agreement to sell its interest in a wholly foreign-owned enterprise that owns the Mapletree Xi’an Logistics Park to an unrelated third party.
- This is a small transaction with a sale consideration, subject to post-completion adjustments, of ~RMB70.5mn (~SGD13.1mn). (Company, OCBC)

New Issues:

| Date | Issuer | Description | Currency | Size (mn) | Tenor | Final Pricing | Initial Pricing |
|--------|---|-------------|----------|-----------|-------|---------------|-----------------|
| 12 Jun | YI Bright International Ltd (Guarantor: Linyi City Construction Investment Group Co Ltd) | Fixed | USD | 300 | 3Y | 6.68% | 7.1% area |

Key Market Movements

| | 13-Jun | 1W chg (bps) | 1M chg (bps) | | 13-Jun | 1W chg | 1M chg |
|---------------------|--------|-----------------|-----------------|----------------------------|--------|--------|--------|
| iTraxx Asiax IG | 96 | -1 | -3 | Brent Crude Spot (\$/bbl) | 82.3 | 3.0% | -1.3% |
| | | | | Gold Spot (\$/oz) | 2,312 | -2.7% | -1.0% |
| iTraxx Japan | 52 | 1 | 0 | CRB Commodity Index | 295 | 2.6% | 2.6% |
| iTraxx Australia | 67 | 2 | 2 | S&P Commodity Index - GSCI | 576 | 2.9% | -0.5% |
| CDX NA IG | 49 | -1 | -1 | VIX | 12.0 | -4.7% | -11.5% |
| CDX NA HY | 107 | 0 | 0 | US10Y Yield | 4.31% | 3bp | -17bp |
| iTraxx Eur Main | 53 | 1 | 1 | | | | |
| iTraxx Eur XO | 293 | 2 | -5 | AUD/USD | 0.667 | 0.0% | 0.9% |
| iTraxx Eur Snr Fin | 61 | 3 | 2 | EUR/USD | 1.081 | -0.7% | 0.2% |
| iTraxx Eur Sub Fin | 110 | 5 | 1 | USD/SGD | 1.348 | -0.2% | 0.4% |
| | | | | AUD/SGD | 0.899 | -0.2% | -0.5% |
| | | | | | | | |
| USD Swap Spread 10Y | -38 | 0 | -1 | ASX200 | 7,755 | -0.2% | 0.1% |
| USD Swap Spread 30Y | -75 | 0 | 0 | DJIA | 38,712 | -0.2% | -1.8% |
| | | | | SPX | 5,421 | 1.3% | 3.8% |
| China 5Y CDS | 64 | 0 | 1 | MSCI Asiax | 688 | -0.2% | 0.3% |
| Malaysia 5Y CDS | 47 | 1 | 0 | HSI | 17,938 | -2.6% | -6.2% |
| Indonesia 5Y CDS | 72 | 0 | 0 | STI | 3,327 | -0.1% | 0.7% |
| Thailand 5Y CDS | 42 | -1 | -2 | KLCI | 1,613 | -0.1% | 0.6% |
| Australia 5Y CDS | 13 | 0 | -4 | JCI | 6,850 | -1.4% | -3.5% |
| | | | | EU Stoxx 50 | 5,034 | 0.0% | -0.9% |

Source: Bloomberg

Macro Research

Selena Ling
Head of Strategy & Research
LingSSSelena@ocbc.com

Tommy Xie Dongming
Head of Greater China Research
XieD@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau
Cindykeung@ocbcwh.com

Herbert Wong
Hong Kong & Macau
HerberhtWong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
LavanyaVenkateswaran@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
Rates Strategist
FrancesCheung@ocbc.com

Christopher Wong
FX Strategist
ChristopherWong@ocbc.com

Credit Research

Andrew Wong
Credit Research Analyst
WongVKAM@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
EzienHoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
WongHongWei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
MengTeeChin@ocbc.com

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