

**Asian Credit Daily**

15 July 2024

**Market Commentary:**

- The SGD SORA curve traded lower last Friday, with short tenors trading 5-8bps lower, belly tenors trading 6-8bps lower and 10Y trading 6bps lower.
- Flows in SGD corporates were heavy, with flows in HSBC 5.25%-PERP, UBS 5.6%-PERP, TD 5.7%-PERP.
- In June, China experienced a new record low in credit growth, indicating a subdued demand for borrowing and leading a publication supported by the central bank to downplay concerns about economic weakness. Official figures released on Friday revealed that the stock of aggregate financing, by 8.1% compared to the previous year. This growth rate represents the slowest on record since 2017. Bloomberg calculations based on the data indicate a net increase in aggregate financing of RMB3.3tn (USD455bn), falling short of the RMB3.4tn forecast in a Bloomberg survey. Additionally, loan growth reached a record low, with the stock of outstanding bank loans increasing by 8.3% from the previous year, the slowest pace since 2003.
- Bloomberg Asia USD Investment Grade tightened by 1bps to 82bps while Bloomberg Asia USD High Yield tightened by 3bps to 498bps. (Bloomberg, OCBC)
- There was no notable issue in the Asiadollar and Singdollar market last Friday.

**Credit Summary:**

- **CapitaLand Investment Ltd ("CLI"):** CLI raised RMB1bn (~SGD186mn) for the second tranche of its 3Y sustainability-linked panda bond, at a fixed coupon rate of 2.8% and an orderbook that was 2.64x subscribed.
- **Lippo Malls Indonesia Retail Trust ("LMRT"):** A total of USD126mn in principal amount of LMRTSP 7.5% '26s was tendered.

**Credit Headlines:****CapitaLand Investment Ltd (“CLI”)**

- **Raised another RMB1bn sustainability-linked bond:** CLI raised RMB1bn (~SGD186mn) for the second tranche of its 3Y sustainability-linked panda bond, at a fixed coupon rate of 2.8% and an orderbook that was 2.64x subscribed.
- **Funding costs getting cheaper:** The first RMB1bn tranche that was issued in March 2024 was priced at 3.5%. The latest panda bond at 2.8% coupon rate is a record low among panda bonds with 3Y tenor issued under a private placement, and will contribute to lowering CLI’s financing costs.
- **Target to reduce energy consumption intensity:** The sustainability-linked panda bond is pegged to CLI’s target to reduce energy consumption intensity by 7.5% at CLI’s China properties by 2025 from the base year of 2019.
- **AAA rated by a domestic agency:** CLI’s panda bond is rated AAA by China Chengxin International Credit Rating Co Ltd. This company is a joint venture company of Beijing Zhixiang Information Management Consulting Co Ltd and Moody’s Investors Services. (Company, OCBC)

**Lippo Malls Indonesia Retail Trust (“LMRT”)**

- A total of USD126mn in principal amount of LMRTSP 7.5% ‘26s was tendered. Post this tender, there will be outstanding principal amount of USD22.6mn.
- LMRT will use proceeds from the recently upsized IDR loan facilities to fund the tender offer. (Company)

## Mandates:

- Piramal Capital & Housing Finance Ltd. Is planning to issue a Reg S USD senior secured fixed rate sustainability note with 3.5Y door to door tenor and long 3Y weighted average life, following their euro medium term note program.

**Key Market Movements**

	15-Jul	1W chg (bps)	1M chg (bps)		15-Jul	1W chg	1M chg
iTraxx Asiax IG	90	-2	-11	Brent Crude Spot (\$/bbl)	84.7	-1.2%	2.5%
				Gold Spot (\$/oz)	2,407	2.0%	3.8%
iTraxx Japan	48	-1	-6	CRB Commodity Index	290	-1.0%	-1.2%
iTraxx Australia	61	-1	-10	S&P Commodity Index - GSCI	572	-2.5%	-0.5%
CDX NA IG	48	-1	-5	VIX	12.5	-0.2%	-1.6%
CDX NA HY	107	0	1	US10Y Yield	4.18%	-10bp	-13bp
iTraxx Eur Main	51	-1	-12				
iTraxx Eur XO	284	-5	-45	AUD/USD	0.677	0.4%	2.3%
iTraxx Eur Snr Fin	58	-1	-15	EUR/USD	1.089	0.6%	1.4%
iTraxx Eur Sub Fin	104	-1	-27	USD/SGD	1.343	0.6%	0.7%
				AUD/SGD	0.909	0.1%	-1.6%
USD Swap Spread 10Y	-44	-1	-6	ASX200	8,018	3.3%	3.8%
USD Swap Spread 30Y	-79	2	-4	DJIA	40,001	1.6%	3.7%
				SPX	5,615	0.9%	3.4%
China 5Y CDS	56	-2	-11	MSCI Asiax	721	1.7%	3.9%
Malaysia 5Y CDS	40	-1	-8	HSI	18,293	4.4%	2.0%
Indonesia 5Y CDS	71	-3	-7	STI	3,501	2.8%	6.2%
Thailand 5Y CDS	39	-1	-6	KLCI	1,621	0.6%	0.8%
Australia 5Y CDS	13	0	0	JCI	7,328	1.0%	8.8%
				EU Stoxx 50	5,043	1.3%	4.2%

*Source: Bloomberg*

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