

**Asian Credit Daily**

16 July 2024

**Market Commentary:**

- The SGD SORA curve traded lower yesterday, with short tenors trading 4-8bps lower, belly tenors trading 6-7bps lower and 10Y trading 5bps lower.
- Flows in SGD corporates were heavy, with flows in HSBC 5.25%-PERP, UBS 5.6%-PERP, BNP 4.75% '34s, TD 5.7%-PERP, UBS 5.6%-PERP.
- China has witnessed offshore corporate bond defaults totalling USD11.4bn this year. This includes 25 bonds denominated in USD and 2 notes denominated in HKD. Additionally, missed payments among local notes remained at RMB10.1bn (USD1.39bn), involving 12 public offerings. It is anticipated that Agile Group Holdings Ltd will not be able to meet all of its offshore payment obligations, including a dollar bond.
- Bloomberg Asia USD Investment Grade remain unchanged and Bloomberg Asia USD High Yield also remain unchanged. (Bloomberg, OCBC)

**Credit Summary:**

- **Singapore Airlines Ltd ("SIA"):** SIA reported its June 2024 operating data. On a group airline basis, passenger load was 87.4% in June 2024, increasing by 1.3 pts versus the 86.1% in May 2024.
- **Shangri-La Asia Ltd ("SHANG"):** Bloomberg, citing data from the Shanghai Clearing House, reported that SHANG is planning to issue RMB1bn (~USD138mn) of bonds.

**Credit Headlines:****Singapore Airlines Ltd (“SIA”)**

- SIA reported its June 2024 operating data. On a group airline basis, passenger load was 87.4% in June 2024, increasing by 1.3 ppts versus the 86.1% in May 2024. In June 2023, passenger load factor was 90.6%. Passenger load factor was 84.5% in January 2020 (before COVID-19 went global).
- Group passenger carried was 3.20 million in June 2024, versus 3.23 million in May 2024 (June 2023: 2.91 million). Passenger capacity on a group airline basis was 14,322 million seat-kilometres in June 2024, increasing by 11.0% y/y.
- SIA cargo load factor was 58.0% in June 2024 versus 56.5% in May 2024 (June 2023: 51.6%). In June 2024, cargo load by million tonne-km increased by 24.9% y/y while capacity by million tonne-kilometres increased by 11.0% y/y. Per SIA, cargo loads increased y/y, supported by robust e-commerce demand and some demand spillover resulting from disruptions to sea freight and port congestion.
- Demand for air travel remained robust across all route regions in June 2024, supported by the mid-year school holidays in Singapore and summer travel season. (Company, OCBC)

**Shangri-La Asia Ltd (“SHANG”)**

- Bloomberg, citing data from the Shanghai Clearing House, reported that SHANG is planning to issue RMB1bn (~USD138mn) of bonds. The bonds comprise of two tranches (a 3Y and a 5Y), with an initial amount of up to RMB500mn each. Proceeds are intended to be used to repay debt.
- Earlier in June 2024, SHANG had issued an inaugural panda bond amounting to RMB1bn (~USD138mn) with a 3Y tenor. (Bloomberg)

**New Issues:**

| Date   | Issuer  | Description   | Currency | Size (mn) | Tenor | Final Pricing | Initial Pricing  |
|--------|---|---------------|----------|-----------|-------|---------------|------------------|
| 15 Jul | NongHyup Bank   | Social, FRN   | USD      | 300       | 3Y    | SOFR+80bps    | SOFR+120bps area |
| 15 Jul | NongHyup Bank   | Social, Fixed | USD      | 300       | 5Y    | T+68bps       | T+100bps area    |
| 15 Jul | Haitian BVI International Investment Development Ltd (Keepwell Provider: Qingdao Conson Development Group Co Ltd) | Green, Fixed  | USD      | 150       | 3Y    | 6.1%          | 6.5% area        |

**Mandates:**

- Ningbo Yincheng Group Co is planning to issue senior unsecured USD sustainable bonds.

**Key Market Movements**

|                     | 16-Jul | 1W chg<br>(bps) | 1M chg<br>(bps) |                            | 16-Jul | 1W chg | 1M chg |
|---------------------|--------|-----------------|-----------------|----------------------------|--------|--------|--------|
| iTraxx Asiax IG     | 92     | 1               | -9              | Brent Crude Spot (\$/bbl)  | 84.8   | 0.1%   | 2.6%   |
|                     | 0      | 0               | 0               | Gold Spot (\$/oz)          | 2,421  | 2.4%   | 4.4%   |
| iTraxx Japan        | 48     | 0               | -6              | CRB Commodity Index        | 288    | -0.9%  | -1.9%  |
| iTraxx Australia    | 61     | 0               | -10             | S&P Commodity Index - GSCI | 569    | -1.9%  | -1.1%  |
| CDX NA IG           | 49     | -1              | -4              | VIX                        | 13.1   | 6.1%   | 3.6%   |
| CDX NA HY           | 107    | 0               | 1               | US10Y Yield                | 4.21%  | -8bp   | -1bp   |
| iTraxx Eur Main     | 51     | -2              | -12             |                            |        |        |        |
| iTraxx Eur XO       | 285    | -8              | -44             | AUD/USD                    | 0.676  | 0.2%   | 2.2%   |
| iTraxx Eur Snr Fin  | 58     | -3              | -15             | EUR/USD                    | 1.089  | 0.7%   | 1.5%   |
| iTraxx Eur Sub Fin  | 104    | -4              | -27             | USD/SGD                    | 1.344  | 0.5%   | 0.6%   |
|                     |        |                 |                 | AUD/SGD                    | 0.908  | 0.3%   | -1.5%  |
|                     |        |                 |                 |                            |        |        |        |
| USD Swap Spread 10Y | -44    | -2              | -10             | ASX200                     | 8,012  | 2.3%   | 3.7%   |
| USD Swap Spread 30Y | -79    | 0               | -8              | DJIA                       | 40,212 | 2.2%   | 4.2%   |
|                     |        |                 |                 | SPX                        | 5,631  | 1.0%   | 3.7%   |
| China 5Y CDS        | 59     | 2               | -9              | MSCI Asiax                 | 718    | 0.8%   | 3.4%   |
| Malaysia 5Y CDS     | 41     | -1              | -8              | HSI                        | 18,016 | 2.8%   | 0.4%   |
| Indonesia 5Y CDS    | 72     | 0               | -6              | STI                        | 3,500  | 2.8%   | 6.1%   |
| Thailand 5Y CDS     | 40     | 1               | -5              | KLCI                       | 1,630  | 1.2%   | 1.4%   |
| Australia 5Y CDS    | 12     | 0               | 0               | JCI                        | 7,279  | 0.4%   | 8.1%   |
|                     |        |                 |                 | EU Stoxx 50                | 4,983  | 0.3%   | 3.0%   |

Source: Bloomberg

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