

**Market Commentary:**

- The SGD SORA OIS curve traded lower yesterday, with shorter tenors trading 3-4bps lower, belly tenor and 10Y trading 5bps lower.
- Flows in SGD corporates were heavy, with flows in BNP 3.95% '35s, HSBC 5.25%-PERP, STANLN 5.3%-PERP, AIA 2.9%-PERP.
- China's housing minister is scheduled to hold a press briefing on Thursday, where it is expected that additional information will be shared regarding measures aimed at supporting the country's struggling property sector and strengthening economic growth.
- Bloomberg Asia USD Investment Grade spreads remained flat at 79bps while Bloomberg Asia USD High Yield spreads tightened by 3bps to 478bps. (Bloomberg, OCBC)

**Credit Summary:**

- **Industry Outlook – Financial Institutions, UBS Group AG (“UBS”):** Switzerland’s Swiss Financial Market Supervisory Authority (“FINMA”) has suspended its annual resolution reporting including the recovery and emergency plan approval process for UBS and requested that it revise these plans following its takeover of Credit Suisse Group AG (“CS”).
- **ABN Amro Bank N.V. (“ABN”):** The Dutch government, through its investment vehicle, has announced its intention to further reduce its stake in ABN to around 30% through the sale of depositary receipts for shares.
- **Singapore Airlines Ltd (“SIA”):** SIA reported its September 2024 operating data. On a group airline basis, passenger load was 86.1% in September 2024, higher than the 85.7% in August 2024.

**Industry Outlook – Financial Institutions, UBS Group AG (“UBS”)**

- Switzerland’s Swiss Financial Market Supervisory Authority (“FINMA”) has suspended its annual resolution reporting including the recovery and emergency plan approval process for UBS and requested that it revise these plans following its takeover of Credit Suisse Group AG (“CS”).
- While this is to ensure UBS’s continued resolvability factoring in the integration of CS’s businesses, FINMA has also highlighted that the integration of CS has raised obstacles to UBS’s current preferred restructuring strategy that is focused on a going concern strategy. A resolution plan should also include plans for exiting markets through a sale or wind down of operations as well as sufficient liquidity planning in a crisis situation for a successful wind-down.
- FINMA’s decision follows other initiatives by Swiss banking regulators to ensure they have adequate and enhanced legislative processes and resources to promptly address stress within UBS given its enlarged size and systemic importance. As such, UBS’s revised recovery and emergency plans are expected to be matched with legislative changes along with bail-in and liquidity backstops to ensure implementation of the plan or sufficient liquidity and capital without using taxpayer funds and impacting the stability of the financial system during a crisis.
- In a response, UBS highlighted its existing total loss absorbing capacity of USD200bn and that it has already started working on a revision of its recovery and emergency plans. (FINMA, Company, Bloomberg, OCBC)

**ABN Amro Bank N.V. (“ABN”)**

- The Dutch government, through its investment vehicle, Stichting administratiekantoor beheer financiële instellingen (“NLFI”), has announced its intention to further reduce its stake in ABN to around 30% through the sale of depositary receipts for shares.
- The process will be the same as the most recent stake reduction and through a pre-arranged trading plan. The first pre-arranged trading plan was announced in early December 2023 following a stake reduction from ~52% to 49.5% in late September 2023, with a plan to reduce its stake further to ~40% subject to certain price levels under the trading plan. Following a stake sale in early September 2024 that reduced the government’s ownership to 40.5%, the Dutch government cancelled the current trading plan indicating that no further divestments were planned. That said, the government indicated at the time that the end of the trading plan did not preclude the establishment of another trading plan in the future or executing further sales of its holdings as it deems appropriate.
- The government’s ownership in ABN is held through NLFI that is linked to the Ministry of Finance and holds both shares and depositary receipts. Per Bloomberg, the government had the right to decide on any investment or divestment amounting to more than 10% of ABN’s equity should it own at least a third of ABN. While this right will cease with this sale, the government still maintains a protective structure in the event of a hostile takeover bid that gives NLFI the power to temporarily revoke shareholder voting rights per comments from NLFI spokesman Bas van der Waals to AFP.
- The Dutch government’s sale follows other recent government ownership reductions in European banks. This is likely driven more by the current higher share prices following strong earnings in 2023 and 2024 year to date and expectations for prices to fall due to expected rate cuts rather than any change in European banks’ strategic or systemic importance. The ~10% stake in ABN is currently worth around EUR1.4bn.
- We do not factor in government ownership in our fundamental assessment of financial institutions. (NF Financial Investments, AFP, Company, Bloomberg, OCBC)

**Singapore Airlines Ltd (“SIA”)**

- SIA reported its September 2024 operating data. On a group airline basis, passenger load was 86.1% in September 2024, higher than the 85.7% in August 2024. In September 2023, passenger load factor was 87.7%. Passenger load factor was 84.5% in January 2020 (before COVID-19 went global).
- Group passenger carried was 3.13 million in September 2024, versus 3.27 million in August 2024 (September 2023: 2.90 million). Passenger capacity on a group airline basis was 14,495.8 million seat-kilometres in September 2024, increasing by 9.7% y/y.
- SIA cargo load factor was 58.0% in September 2024 versus 56.1% in August 2024 (September 2023: 57.1%). In September 2024, cargo load by million tonne-km increased by 12.0% y/y while capacity by million tonne-kilometres increased by 10.4% y/y. Per SIA, the increase in cargo loads were supported by stronger demand due to new mobile product launches. (Company, OCBC)

**New Issues:**

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
15 Oct	CSI MTN Ltd (guarantor: CITIC Securities International Co Ltd)	FRN	USD	500	3Y	SOFR+73bps	SOFR+120bps area
15 Oct	CSI MTN Ltd (guarantor: CITIC Securities International Co Ltd)	Fixed	USD	500	3.5Y	T+60bps	T+105bps area
15 Oct	Korea Land & Housing Corp	Fixed	USD	500	3Y	T+55bps	T+85bps area
15 Oct	Sepco Virgin Ltd (guarantor: Power Construction Corp of China)	Sub, Fixed	USD	300	PerpNC5	4.65%	5.05% area
15 Oct	Zhaoqing Guolian Investment Holdings Co Ltd	Sustainability, Fixed	USD	300	3Y	5.25%	5.8% area
15 Oct	City Developments Limited	Fixed	SGD	300	5Y	3.397%	NA

**Mandates:**

- Ningbo Haishu Development & Construction Investment Group Co. is planning to issue USD senior unsecured bonds.
- Muthoot Finance Ltd. may issue USD 4.5Y door to door tenor and 4Y weighted average life.
- Sekisui House Ltd. is planning to issue USD senior unsecured, fixed bonds with maturities of long 5Y and/or 10Y.

**Key Market Movements**

	16-Oct	1W chg (bps)	1M chg (bps)		16-Oct	1W chg	1M chg
iTraxx Asiax IG	72	-1	-25	Brent Crude Spot (\$/bbl)	74.6	-2.6%	2.5%
				Gold Spot (\$/oz)	2,669	2.4%	3.4%
iTraxx Japan	50	0	-1	CRB Commodity Index	283	-3.6%	2.2%
iTraxx Australia	64	-1	1	S&P Commodity Index - GSCI	537	-2.0%	2.5%
CDX NA IG	51	-1	2	VIX	20.6	-3.6%	20.4%
CDX NA HY	107	0	0	US10Y Yield	4.03%	-4bp	41bp
iTraxx Eur Main	56	-2	2				
iTraxx Eur XO	303	-7	13	AUD/USD	0.669	-0.4%	-0.9%
iTraxx Eur Snr Fin	64	-2	2	EUR/USD	1.089	-0.4%	-2.2%
iTraxx Eur Sub Fin	114	-3	6	USD/SGD	1.309	-0.1%	-1.0%
				AUD/SGD	0.876	0.3%	-0.1%
USD Swap Spread 10Y	-47	-1	-1	ASX200	8,301	1.4%	2.2%
USD Swap Spread 30Y	-81	0	0	DJIA	42,740	1.6%	2.7%
				SPX	5,815	1.1%	3.2%
China 5Y CDS	63	0	4	MSCI Asiax	748	0.0%	7.5%
Malaysia 5Y CDS	39	1	2	HSI	20,419	-2.4%	17.2%
Indonesia 5Y CDS	68	-1	0	STI	3,608	0.4%	1.1%
Thailand 5Y CDS	35	0	-1	KLCI	1,635	0.0%	-1.1%
Australia 5Y CDS	13	0	1	JCI	7,647	1.9%	-2.1%
				EU Stoxx 50	4,947	0.0%	2.5%

*Source: Bloomberg*

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