

Asian Credit Daily

16 September 2024

Market Commentary:

- The SGD SORA OIS curve traded lower last Friday, with shorter tenors trading 5-6bps lower, belly tenors trading 5-6bps lower and 10Y trading 5bps lower.
- Flows in SGD corporates were heavy, with flows in STANLN 5.3%-PERP, HSBC 5.25%-PERP, KITSP 4.75%-PERP, UBS 5.6%-PERP, KITSP 4.9%-PERP, MAPLSP 3.7%-PERP, MAPLSP 3.95%-PERP, ARTSP 4.6%-PERP, BNP 5.9%-PERP.
- China Evergrande Group, the developer, has filed a winding-up petition against CEG Holdings, which is a wholly owned subsidiary of China Evergrande Group that owns a 49.65% stake of Evergrande Property Services Group Limited, in the High Court of HKSAR.
- Bloomberg Asia USD Investment Grade spreads tightened by 1 bps to 93bps while Bloomberg Asia USD High Yield spreads tightened by 9bps to 598bps. (Bloomberg, OCBC)
- There were no notable issues in the Asiadollar and Singdollar market last Friday.

Credit Summary:

- **Industry Outlook – Singapore Property, CapitaLand Group Pte Ltd (“CAPL”), City Developments Ltd (“CDL”), Frasers Property Ltd (“FPL”):** Yet another GLS site not awarded: URA announced that the master developer site at Jurong Lake District (“JLD”) has not been awarded as the tendered price was deemed too low, with a price tag of SGD2.5bn (SGD640 psf ppr).
- **HSBC Holdings PLC (“HSBC”):** HSBC is reportedly in talks to sell its South African corporate banking unit to FirstRand Ltd.’s Rand Merchant Bank.
- **Mapletree Logistics Trust (“MLT”):** Mapletree Logistics Trust Management Ltd, as the REIT manager of MLT, has announced the proposed divestment of three warehouses in Malaysia. The warehouses are located in Shah Alam, Selangor (two warehouses) and Senai, Johor (one warehouse).
- **Sembcorp Industries Ltd (“SCI”):** SCI announced that its wholly-owned subsidiary, Sembcorp Green Hydrogen India Private Limited, is in discussions with Bharat Petroleum Corporation Limited (“BPCL”) to enter into a definitive joint venture agreement for renewable energy and green hydrogen project across India. (Company)

Credit Headlines:**Industry Outlook – Singapore Property****CapitaLand Group Pte Ltd (“CAPL”)****City Developments Ltd (“CDL”)****Frasers Property Ltd (“FPL”)**

- **Yet another GLS site not awarded:** URA announced that the master developer site at Jurong Lake District (“JLD”) has not been awarded as the tendered price was deemed too low, with a price tag of SGD2.5bn (SGD640 psf ppr). This is the second site that is not awarded this year, with URA rejecting a GuocoLand Ltd-led consortium’s sole bid of SGD770.5mn (SGD984 psf ppr) for Marina Gardens Crescent white site.
- **The site would have been huge:** As a recap, the JLD site includes at least 1.5mn sq ft of office space, 1700 residential units, and 800k sq ft of space such as retail and food and beverage. Two proposals for the plot were submitted by a consortium comprising CAPL (25% stake), CLD (25%), FPL (25%), Mitsubishi Estate (12.5%) and Mitsui Fudosan Asia (12.5%), though only one of the proposals was shortlisted (but not accepted due to the low bid).
- **Site enters reserve list, may be relaunched eventually in a different approach:** The site will be put on the reserve list instead, similar with the Marina Gardens Crescent plot which had not been awarded. According to URA, the government is ‘committed to the development of JLD as a model for sustainable development, integrating business, residential and recreational spaces, outside of the city centre, and will ‘review the approach for the Master Developer site’. We think this implies that the government still intends to launch the site, though the approach may change.
- **Developers still cautious about land bids:** We think that the bid demonstrates that developers are still cautious about land bids. We think this is not surprising given the large land supply while the number of new sales has been low in recent quarters. We also think that developers may not be incentivised to bid high given significant choices in the market, few competitions for each site while construction and financing costs are higher relative to pre-pandemic periods. (Company, OCBC)

HSBC Holdings PLC (“HSBC”)

- HSBC is reportedly in talks to sell its South African corporate banking unit to FirstRand Ltd.’s Rand Merchant Bank. This follows recent news of its strategic review of its 70% interest in its Maltese business.
- These moves are consistent with its ongoing strategic pivot that includes risk weighted asset reductions and reallocation of capital to more higher returning businesses that are mostly in Southeast Asia and China. (Bloomberg, OCBC)

Mapletree Logistics Trust (“MLT”)

- Mapletree Logistics Trust Management Ltd as REIT Manager of MLT announced that HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of MLT) has through its special purpose vehicle in Malaysia, entered into separate conditional Sale and Purchase Agreements with third-party buyers for the respective proposed divestments of three warehouses in Malaysia (two located in Shah Alam, Selangor and one in Senai, Johor). The aggregate sale price of the three divestments is MYR157.5mn (~SGD47.7mn). (Company)

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- SCI announced that its wholly-owned subsidiary, Sembcorp Green Hydrogen India Private Limited, is in discussions with Bharat Petroleum Corporation Limited (“BPCL”) to enter into a definitive joint venture agreement for renewable energy and green hydrogen project across India. (Company)

Mandates:

- Muangthai Capital Pcl is planning to issue USD senior unsecured social notes with 4Y door to door tenor and 3.35Y weighted average life.

Key Market Movements

	16-Sep	1W chg (bps)	1M chg (bps)		16-Sep	1W chg	1M chg
iTraxx Asiax IG	95	-2	2	Brent Crude Spot (\$/bbl)	71.7	-0.2%	-10.0%
				Gold Spot (\$/oz)	2,581	3.0%	2.9%
iTraxx Japan	51	-1	-1	CRB Commodity Index	274	2.6%	-0.6%
iTraxx Australia	63	-2	-4	S&P Commodity Index - GSCI	519	1.6%	-3.9%
CDX NA IG	50	-2	-1	VIX	16.6	-26.0%	11.9%
CDX NA HY	107	1	0	US10Y Yield	3.65%	-6bp	-19bp
iTraxx Eur Main	54	-2	0				
iTraxx Eur XO	290	-11	-5	AUD/USD	0.671	0.7%	0.6%
iTraxx Eur Snr Fin	61	-2	-1	EUR/USD	1.109	0.5%	0.6%
iTraxx Eur Sub Fin	108	-5	-1	USD/SGD	1.298	0.6%	1.4%
				AUD/SGD	0.871	-0.1%	0.9%
USD Swap Spread 10Y	-46	0	-2	ASX200	8,126	1.7%	1.9%
USD Swap Spread 30Y	-81	0	0	DJIA	41,394	2.6%	1.8%
				SPX	5,626	4.0%	1.3%
China 5Y CDS	59	-1	0	MSCI Asiax	693	1.9%	-0.6%
Malaysia 5Y CDS	37	-1	-3	HSI	17,369	1.0%	-0.4%
Indonesia 5Y CDS	69	-2	-2	STI	3,545	1.4%	5.7%
Thailand 5Y CDS	37	-1	-4	KLCI	1,652	-0.1%	1.7%
Australia 5Y CDS	11	0	0	JCI	7,812	1.2%	5.1%
				EU Stoxx 50	4,844	2.2%	0.1%

Source: Bloomberg

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