

Asian Credit Daily

19 September 2024

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday, with shorter tenor trading 4-6bps higher, belly tenors and 10Y trading 5bps higher.
- Flows in SGD corporates were heavy, with flows in STANLN 5.3%-PERP, HSBC 5.25%-PERP, EREIT 5.5%-PERP, OLGSP 5.375%-PERP, HPLSP 5.1% '29s, TD 5.7%-PERP.
- In an interview, President Director Anindya Bakrie stated that PT Visi Media Asia, based in Indonesia, is actively seeking a "sustainable" resolution with its creditors.
- According to Finance Minister Pichai Chunhavajira, the Thai government will discuss with the central bank the possibility of increasing the inflation target rate for the upcoming year in order to support economic growth. This comes after a recent court ruling that mandated the inclusion of a creditor group's claims in the company's debt restructuring process.
- Bloomberg Asia USD Investment Grade spreads tightened by 1 bps to 91bps while Bloomberg Asia USD High Yield spreads tightened by 3bps to 587bps. (Bloomberg, OCBC)
- There was no notable issue in the Asiadollar and Singdollar market yesterday.
- There were no new Asiadollar mandates yesterday.

Credit Summary:

- **CapitaLand Group Pte Ltd ("CAPL"):** CAPL announced the redemption of SGD500mn CAPLSP 3.65% PERP on the first call date.
- **Olam Group Ltd ("OG"):** OG announced that its wholly owned subsidiary, olam food ingredients ("ofi"), has obtained a medium-term samurai loan facility aggregating JPY46.5bn (~USD330mn).

Credit Headlines:**CapitaLand Group Pte Ltd (“CAPL”)**

- **Called CAPLSP 3.65% PERP:** CAPL announced the redemption of SGD500mn CAPLSP 3.65% PERP on the first call date.
- **Sufficient internal resources to fund the redemption:** While CAPL has not stated the source of funding, we estimate that as at 31 December 2023, CAPL standalone (without CapitaLand Investment Ltd) holds ~SGD2.56bn of cash, which exceeds ~SGD1.72bn of standalone current borrowings and SGD500mn of CAPLSP 3.65% PERP. We also note CAPL raising two bonds in 2024, including SGD275mn CAPLSP 3.8% ‘31s and SGD150mn 3.5% CAPLSP ‘25s.
- **Credit metrics may be impacted:** Based on 31 December 2023 figures, we estimate that net gearing would increase ~3 ppts to high 60% for CAPL as a consolidated group. Excluding CLI, we estimate net gearing may increase by more than 10 ppts to reach around 1x. (Company, OCBC)

Olam Group Ltd (“OG”)

- OG announced that its wholly owned subsidiary, olam food ingredients (“ofi”), has obtained a medium-term samurai loan facility aggregating JPY46.5bn (~USD330mn).
- The facility has Olam Treasury Pte Ltd as a borrower and comprises a 3Y tranche of JPY46.5bn, initially guaranteed by OG which will transfer to ofi Group Limited following the planned IPO and demerger of ofi.
- Proceeds will be applied towards refinancing of ofi’s existing loans and general corporate purposes. (Company)

Key Market Movements

	19-Sep	1W chg (bps)	1M chg (bps)		19-Sep	1W chg	1M chg
iTraxx Asiax IG	96	-2	3	Brent Crude Spot (\$/bbl)	73.0	1.4%	-6.0%
				Gold Spot (\$/oz)	2,554	-0.2%	2.0%
iTraxx Japan	51	-1	-1	CRB Commodity Index	280	3.9%	1.2%
iTraxx Australia	63	-2	-3	S&P Commodity Index - GSCI	529	3.5%	-1.5%
CDX NA IG	49	-2	-2	VIX	18.2	3.1%	24.4%
CDX NA HY	107	1	1	US10Y Yield	3.73%	6bp	-14bp
iTraxx Eur Main	53	-2	0				
iTraxx Eur XO	286	-12	-5	AUD/USD	0.675	0.5%	0.3%
iTraxx Eur Snr Fin	61	-3	0	EUR/USD	1.108	0.1%	0.0%
iTraxx Eur Sub Fin	108	-3	1	USD/SGD	1.300	0.1%	0.7%
				AUD/SGD	0.878	-0.3%	0.4%
USD Swap Spread 10Y	-46	1	-1	ASX200	8,138	0.8%	2.0%
USD Swap Spread 30Y	-80	2	1	DJIA	41,503	1.6%	1.5%
				SPX	5,618	1.2%	0.2%
China 5Y CDS	58	-2	-1	MSCI Asiax	697	1.0%	-0.9%
Malaysia 5Y CDS	37	-1	-4	HSI	17,615	3.0%	1.1%
Indonesia 5Y CDS	67	-4	-4	STI	3,593	1.0%	7.1%
Thailand 5Y CDS	35	-2	-4	KLCI	1,663	1.4%	0.8%
Australia 5Y CDS	12	0	0	JCI	7,829	0.9%	4.9%
				EU Stoxx 50	4,835	1.5%	-0.7%

Source: Bloomberg

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