

Asian Credit Daily

20 December 2024

🎄 This is the last Asian Credit Daily for the year. We will resume this publication in January 2025. We wish all our readers a safe and happy holiday season! 🎄

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday, with shorter tenors trading 7-11bps higher, and belly tenors trading 10-11bps higher and the 10Y trading 10bps higher.
- There were minimal SGD credit flows yesterday.
- Logan Group Co. (“Logan”) is set to publicly unveil its updated USD8bn offshore restructuring plan shortly, as reported by sources familiar with the situation, following delays in previous deadlines. Logan is striving to secure the backing of a crucial bondholder group for the plan, but had not yet achieved that support by December 18, the deadline it had earlier established.
- CIFI Holdings Group Co Ltd is exploring a restructuring of its onshore notes that would offer bondholders four different options. The company shared its initial proposal with several key bondholders this week, with the options including cash repayment with a haircut, conversion of debt into equity, settling debts via a trust backed by special assets, and extending the debt. These plans are still in the preliminary stages and may be subject to change.
- Hong Kong property developer New World Development Co. is reportedly discussing loan extensions with banks while also requesting waivers of a potential breach in financial covenants for certain facilities. Its USD130bn NWDEVL 6.25% PERPc25s is currently trading at record lows having dropped ~23% w/w to below 40 cents.
- Bloomberg Asia USD Investment Grade spreads widened by 1bp to 75bps while Bloomberg Asia USD High Yield spreads widened by 11bps to 457bps. (Bloomberg, OCBC)

Credit Summary:

- **CapitaLand Investment Ltd (“CLI”), CapitaLand Ascott Trust (“ART”):** CLI reduced its stake in ART by 4.88 ppts to 24.04%, selling 185.253mn units to an unrelated third party for SGD162mn.

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

- **CLI reduced stake in ART by 4.88 ppts to 24.04%.** CLI has sold 185.253mn units representing 4.88% in ART to an unrelated third party for SGD162mn. This reduces CLI’s stake in CLAS from 28.92% to 24.04%. Due to the change in accounting treatment, CLI expects to record SGD141mn loss, of which SGD103mn is non-cash in nature including realization of foreign currency translation losses and remeasurement of retained stake.
- **ART to be accounted as associate instead of subsidiary:** Due to the reduction in stake, ART will cease to be a subsidiary and will be accounted as an associate of CLI.
- **Objective in driving capital efficiency and higher ROE:** The sale is in-line with CLI’s strategic objective to optimize its capital efficiency and drive higher returns on equity, while maintaining sufficient stake to align its interest with ART’s stapled securityholders over the long term. (Company, OCBC)

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing
19 Dec	Qingdao Jiaozhou Bay Development Group Co Ltd	Fixed	USD	240	3Y	7%

Mandates:

There were no new Asiadollar mandates yesterday.

Key Market Movements

	20-Dec	1W chg (bps)	1M chg (bps)		20-Dec	1W chg	1M chg
iTraxx Asiax IG	78	7	5	Brent Crude Spot (\$/bbl)	72.5	-2.7%	-0.5%
				Gold Spot (\$/oz)	2,604	-1.7%	-1.8%
iTraxx Japan	52	0	0	CRB Commodity Index	290	-1.0%	1.8%
iTraxx Australia	67	3	1	S&P Commodity Index - GSCI	536	-1.3%	-0.6%
CDX NA IG	51	3	2	VIX	24.1	73.1%	47.3%
CDX NA HY	107	-1	-1	US10Y Yield	4.56%	16bp	15bp
iTraxx Eur Main	57	2	0				
iTraxx Eur XO	310	10	6	AUD/USD	0.623	-2.1%	-4.2%
iTraxx Eur Snr Fin	63	2	1	EUR/USD	1.036	-1.3%	-1.7%
iTraxx Eur Sub Fin	112	4	3	USD/SGD	1.361	-0.9%	-1.3%
				AUD/SGD	0.848	1.2%	3.1%
USD Swap Spread 10Y	-49	0	1	ASX200	8,072	-2.7%	-3.1%
USD Swap Spread 30Y	-85	-1	-1	DJIA	42,342	-3.6%	-2.1%
				SPX	5,867	-3.0%	-0.8%
China 5Y CDS	66	3	2	MSCI Asiax	707	-2.1%	-0.8%
Malaysia 5Y CDS	47	2	4	HSI	19,781	-1.0%	0.4%
Indonesia 5Y CDS	77	4	3	STI	3,751	-1.6%	0.2%
Thailand 5Y CDS	43	3	3	KLCI	1,602	-0.4%	0.3%
Australia 5Y CDS	10	-1	-1	JCI	6,977	-4.7%	-2.8%
				EU Stoxx 50	4,879	-1.7%	3.2%

Source: Bloomberg

Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberhtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathannq4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyionq1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
mengteechin@ocbc.com

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