

Asian Credit Daily

21 October 2024

Market Commentary:

- The SGD SORA OIS curve traded higher last Friday, with shorter tenors trading 2-4bps higher, belly tenors trading 4-5bps higher and 10Y trading 6bps higher.
- Flows in SGD corporates were heavy, with flows in HSBC 5.25%-PERP, BNP 3.95% '35s, INCINS 3.1% '50s, SINTEC 4.2%-PERP, EREIT 6%-PERP, STANLN 5.3%-PERP.
- China has halted the corporate bond underwriting operations of Central China Securities and Kaiyuan Securities for six months, according to a statement from the China Securities Regulatory Commission (CSRC).
- According to a UK court document submitted by the legal representative of the Chinese builder, the anticipated recovery rates for Sino-Ocean Group Holding Ltd. ("Sino-Ocean")'s Class B, C, and D creditors would be 18.1%, 12.5%, and 14.2%, respectively, in a best-case scenario where all creditors opt to receive newly issued perpetual securities as part of the debt plan.
- Country Garden Real Estate ("COGARD") has requested the Shanghai Stock Exchange to resume trading of three RMB bonds starting October 21, according to the company's filings. The bonds in question are a 4.98%-yuan bond maturing in 2026, a 4.38%-yuan bond maturing in 2026, and a 4.15%-yuan bond maturing in 2026.
- Bloomberg Asia USD Investment Grade spreads widened 1bps to 78bps while Bloomberg Asia USD High Yield spreads tightened by 1bps to 468bps. (Bloomberg, OCBC)

Credit Summary:

- **Industry Outlook - Singapore Property, City Developments Limited ("CDL"):** Norwood Grand sold 292 units out of 348 units (84%) at an average selling price of SGD2,067 psf, with 99.7% of the homebuyer being Singaporeans and Permanent Residents (PRs) from China, India and Malaysia.
- **Industry Outlook - HKSAR Property, CK Asset Holdings Limited ("CKA"):** HKSAR property sentiments seem improving modestly in the first weekend after the HKMA's easing measures (higher loan-to-value ratio at 70% and debt servicing ratio at 50%) with 406 homes sold from two major projects.
- **Keppel Ltd ("KEP"):** Woodside Energy Ltd ("Woodside") and KEP have signed a conditional Offtake Term Sheet for the supply and purchase of liquid hydrogen aimed at powering KEP's data centres in Singapore.

Industry Outlook – Singapore Property City Developments Limited ("CDL")

- **Strong sales at Norwood Grand:** Norwood Grand sold 292 units out of 348 units (84%) at an average selling price of SGD2,067 psf, with 99.7% of the homebuyer being Singaporeans and Permanent Residents (PRs) from China, India and Malaysia.
- **Best performing private residential project in 2024 so far:** All unit types have been sold, leaving only the four-bedroom premium plus study units available. With most units priced at SGD2mn on and below, this competitive pricing is hard to beat and appealing to buyers, per Mr Mark Yip, CEO of Huttons Asia. According to the CEO of PropNex, Marcus Chu, an estimated 60% of the units transacted at Norwood Grand are priced below SGD1.8mn, which supports the assertion that prices at SGD2mn and below are particularly attractive.
- **Market confidence improves:** According to ERA's CEO, the US Fed's 50bps cut in September has translated to improved market confidence and increased house-hunting. According to Mogul.sg's Mr Nicholas Mak, there could be positive spillover effect from this project's strong sales on the resale prices of other private residential properties in the area, due to the higher-than-average price of Norwood Grand compared to resale condominium prices in Woodlands. This may also spur more developers to launch their residential projects in the coming months or even bring forward their launch dates. (CDL, Straits Times, OCBC)

Industry Outlook – HKSAR Property CK Asset Holdings Limited ("CKA")

- **HKSAR property sentiments seem improving modestly** in the first weekend after the HKMA's easing measures (higher loan-to-value ratio at 70% and debt servicing ratio at 50%) with 406 homes sold from two major projects.
- Per The Standard HKSAR, CKA's Blue Coast II sold 191 of the 256 flats on last weekend for a total of HKD2.5bn. The average price of HKD22,052 psf is ~2% higher than the HKD21,761 in the previous price list.
- As a reference, Blue Coast I (642 units) recorded strong contracted sales of HKD10.8bn in March 2024.
- In Kai Tak, Sun Hung Kai Properties Limited's ("SHK") Cullinan Sky project sold out all 215 flats during the last weekend and roll out further 98 more flats. The prices are 2 to 6% higher than previous list.
- That said, **it remains to be seen if the modestly improved sentiments can continue** given the high housing supply, high unsold homes backlog, still high interest rates environments and muted consumer confidence (Source: The Standard, Company, OCBC)

Keppel Ltd ("KEP")

- Woodside Energy Ltd ("Woodside") and KEP have signed a conditional Offtake Term Sheet for the supply and purchase of liquid hydrogen aimed at powering KEP's data centres in Singapore.
- The sources of liquid hydrogen would include Woodside's proposed production facilities including H2Perth. KEP intends for the potential liquid hydrogen supply to form part of a larger, longer-term utility-scale lower carbon power portfolio that KEP is building to power its assets. (Company)

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
18 Oct	Jingjiang Port Group Co Ltd	Fixed	USD	100	3Y	6.4%	6.5% area

Mandates:

- Wuhan Financial Holdings (Group) Co., Ltd. is planning to issue senior unsecured USD sustainability notes.

Key Market Movements

	21-Oct	1W chg (bps)	1M chg (bps)		21-Oct	1W chg	1M chg
iTraxx Asiax IG	71	0	0	Brent Crude Spot (\$/bbl)	73.2	-5.6%	-1.8%
				Gold Spot (\$/oz)	2,726	2.9%	3.7%
iTraxx Japan	51	0	-2	CRB Commodity Index	280	-3.8%	-1.0%
iTraxx Australia	66	0	1	S&P Commodity Index - GSCI	532	-4.9%	-0.3%
CDX NA IG	51	-1	-2	VIX	18.0	-11.9%	11.6%
CDX NA HY	108	0	0	US10Y Yield	4.08%	-2bp	34bp
iTraxx Eur Main	55	-1	-3				
iTraxx Eur XO	299	-5	-14	AUD/USD	0.672	-0.1%	-1.7%
iTraxx Eur Snr Fin	62	-2	-5	EUR/USD	1.087	-0.4%	-2.2%
iTraxx Eur Sub Fin	110	-4	-12	USD/SGD	1.309	0.0%	-1.4%
				AUD/SGD	0.880	0.0%	0.3%
USD Swap Spread 10Y	-46	1	-2	ASX200	8,338	1.0%	1.6%
USD Swap Spread 30Y	-81	1	-1	DJIA	43,276	1.0%	2.9%
				SPX	5,865	0.9%	2.8%
China 5Y CDS	63	2	1	MSCI Asiax	753	-0.5%	5.7%
Malaysia 5Y CDS	40	0	1	HSI	20,804	-1.4%	13.9%
Indonesia 5Y CDS	69	0	-1	STI	3,631	1.0%	0.2%
Thailand 5Y CDS	36	1	0	KLCI	1,644	0.5%	-1.5%
Australia 5Y CDS	13	0	1	JCI	7,760	3.2%	0.2%
				EU Stoxx 50	4,986	-0.4%	2.4%

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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