

Asian Credit Daily23 July 2024

Market Commentary:

- The SGD SORA curve traded higher yesterday, trading ~2bps higher across the short, belly and 10Y tenors.
- Flows in SGD corporates were heavy, with flows in HSBC 5.3% '33s, UBS 5.6%-PERP, DB 5% '26s, HSBC 5.25%-PERP, MFCCN 4.275% '34s, ANZ 4.5% '32s, DBSSP 3.98%-PERP.
- Chinese authorities have instructed state banks to provide support in order to enable heavily indebted municipalities to refinance until mid-2027. A recent directive states that banks and provincial governments should assist local government financing vehicles (“LGFV”) in repaying both domestic and offshore debt that will mature by June 30, 2027. This new plan extends the previous assistance program by an additional 2.5 years, which originally aimed to help municipalities with debt maturing before the end of this year, including loans, bonds, and other non-standard liabilities. Per Bloomberg, LGFVs have issued USD24.1bn in USD bonds as of 22 July 2024, a record amount and up 79% y/y.
- Bloomberg Asia USD Investment Grade widened by 1bps to 83bps while Bloomberg Asia USD High Yield tightened by 19bps to 467bps. (Bloomberg, OCBC)

Credit Summary:

- **There are no credit headlines today.**

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
22 Jul	VLL International Inc (Guarantors: Vista Land & Lifescapes Inc, Brittany Corp, Camella Homes Inc, Communities Philippines Inc, Crown Asia Properties Inc, Vista Residences Inc and Vistamalls Inc)	Fixed	USD	300	5Y	9.375%	9.5% area
22 Jul	Korea Hydro & Nuclear Power Co Ltd	Fixed	USD	500	5Y	T+70bps	T+100bps area
22 Jul	Piramal Capital & Housing Finance Ltd	Sustainable, Fixed	USD	300	3.5Y	7.95%	8.25% area

Mandates:

- Zhongsheng Group is planning to issue USD bonds for refinancing and is also making an offer to purchase the 2026 Bonds with the maximum acceptance amount at purchase price of USD966 per USD1000.

Key Market Movements

	23-Jul	1W chg (bps)	1M chg (bps)		23-Jul	1W chg	1M chg
iTraxx Asiax IG	96	3	-4	Brent Crude Spot (\$/bbl)	82.3	-1.7%	-3.5%
				Gold Spot (\$/oz)	2,400	-2.8%	2.8%
iTraxx Japan	51	2	-2	CRB Commodity Index	283	-1.8%	-3.5%
iTraxx Australia	64	2	-7	S&P Commodity Index - GSCI	557	-2.1%	-3.8%
CDX NA IG	49	1	-4	VIX	14.9	13.6%	13.0%
CDX NA HY	107	0	1	US10Y Yield	4.24%	9bp	-1bp
iTraxx Eur Main	53	1	-7				
iTraxx Eur XO	292	4	-27	AUD/USD	0.664	-1.4%	-0.2%
iTraxx Eur Snr Fin	60	1	-10	EUR/USD	1.089	-0.1%	1.5%
iTraxx Eur Sub Fin	108	2	-17	USD/SGD	1.345	-0.1%	0.6%
				AUD/SGD	0.893	1.3%	0.8%
USD Swap Spread 10Y	-43	0	0	ASX200	7,978	-0.3%	2.3%
USD Swap Spread 30Y	-80	-1	1	DJIA	40,415	0.5%	3.2%
				SPX	5,564	-1.2%	1.8%
China 5Y CDS	64	3	-4	MSCI Asiax	692	-3.1%	-0.9%
Malaysia 5Y CDS	43	2	-4	HSI	17,636	-0.5%	-2.2%
Indonesia 5Y CDS	75	2	-4	STI	3,452	-1.0%	4.4%
Thailand 5Y CDS	42	2	-3	KLCI	1,627	0.1%	2.3%
Australia 5Y CDS	12	-1	-1	JCI	7,322	0.6%	6.4%
				EU Stoxx 50	4,897	-1.7%	-0.2%

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
lavyanavenkateswaran@ocbc.com

Ahmad A Enver

ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng

ASEAN Economist
jonathanng4@ocbc.com

Ong Shu Yi

ESG Analyst
shuyiong1@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

Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei

Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee

Credit Research Analyst
mengteechin@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.: 193200032W