

## Asian Credit Daily

28 June 2024

**Market Commentary:**

- The SGD SORA curve traded higher yesterday, with short tenors trading 0-2bps higher, belly tenors trading 3bps higher and 10Y trading 3bps higher.
- Flows in SGD corporates were heavy, with flows in UBS 5.6%-PERP, HSBC 5.25%-PERP, TMGSP 5.25% '27s, LLOYDS 5.25% '33s.
- Bloomberg Asia USD Investment Grade widened by 1bps to 83bps while Bloomberg Asia USD High Yield widened by 5bps to 495bps. (Bloomberg, OCBC)

**Credit Summary:**

- **Australia & New Zealand Banking Group Ltd ("ANZ"):** Australia's federal treasurer has approved ANZ's AUD4.9bn proposed acquisition of Suncorp Group Limited's Suncorp Bank. This follows the Australian Competition Tribunal's ("ACT") authorization in February 2024.
- **Singapore Telecommunications Ltd ("SingTel"):** SingTel and Grab injected SGD229.5mn into GXS Bank, with contribution of SGD37.7mn from SingTel and SGD191.8mn from Grab.
- **Wing Tai Holdings Ltd ("WINGTA"):** WINGTA's wholly-owned subsidiary, Winchamp Investment Pte. Ltd., won a luxury residential site in Singapore's River Valley area.

**Credit Headlines:****Australia & New Zealand Banking Group Ltd (“ANZ”)**

- Australia’s federal treasurer has approved ANZ’s AUD4.9bn proposed acquisition of Suncorp Group Limited’s Suncorp Bank. This follows the Australian Competition Tribunal’s (“ACT”) authorization in February 2024.
- The approval is conditional on the following:
  - ANZ maintaining its and Suncorp Bank’s regional branch numbers in Australia for three years.
  - No net job losses in Australia for three years.
  - ANZ to continue to pursue an agreement with Australia Post to offer Bank@Post services to its customers.
- Completion of the acquisition is now subject to legislative amendments by the Queensland Parliament which is the final step of the acquisition process.
- ANZ’s proforma CET1 ratio was 11.8% as at 31 March 2024 factoring in the acquisition of Suncorp Bank (-123bps) as well as the recently announced new AUD2.0bn share buyback (-46bps). This remains above the Australian Prudential Regulation Authority’s (“APRA”) ‘Unquestionably Strong’ benchmark of 10.25%.
- ANZ’s acquisition is expected to grow its retail banking footprint in Queensland while allowing Suncorp Group Ltd to focus on its insurance business. The conditions attached to the acquisition are not expected to impact the benefits expected to flow from the acquisition, according to ANZ’s announcement. (Company, OCBC)

**Singapore Telecommunications Ltd (“SingTel”)**

- **Capital injection into GXS Bank:** SingTel and Grab injected SGD229.5mn into GXS Bank, with contribution of SGD37.7mn from SingTel and SGD191.8mn from Grab.
- **Financials of GXS Bank:** Mainly in SGS and T-bills, but loss-making on bottom-line.
  - **Balance sheet composition:** Out of SGD946.9mn total assets, Singapore government securities and treasury bills made up the largest composition of assets (SGD562.0mn), followed by cash and balances (SGD179.0mn) and loans to customers (SGD95.5mn).
  - **Profitability:** According to GXS Bank audited financial statements as of 31 December 2023, revenue was SGD16.1mn, largely made up of net interest income of SGD14.9mn. SGD208.2mn net loss was recorded, with staff cost (SGD119.3mn) being the largest expense followed by other operating expenses (SGD88.1mn).
- **Minimal impact on SingTel:** GXS Bank is not contributing to SingTel for now, and we think that the capital injection thus far is still manageable for SingTel which generated SGD3.6bn reported EBITDA as of FY2024. We understand that MAS expects to see a path towards profitability for digital banks. (Company, Business Times, MAS, OCBC)

**Wing Tai Holdings Ltd (“WINGTA”)**

- WINGTA’s wholly-owned subsidiary, Winchamp Investment Pte. Ltd., won a luxury residential site in Singapore’s River Valley area.
- The permissible gross floor area is 32,527 sqm (350,117 sqf). The tender price is SGD464mn (SGD1,325 psf).
- WINGTA has only one major development project, The LakeGarden Residences, at this juncture. This is a 306-unit condo located at Yuan Ching Road with an expected completion date of 2027. As of 27 June 2024, URA data showed 122 out of 306 units (39.9%) have been sold since its launch in August 2023. (Company, URA, OCBC)

**New Issues:**

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
27 Jun	Nomura Holdings, Inc	Fixed	USD	500	3Y	T+110bps	T+135bps area
27 Jun	Nomura Holdings, Inc	FRN	USD	500	3Y	SOFR+125bps	SOFR ~
27 Jun	Nomura Holdings, Inc	Fixed	USD	1000	10Y	T+150bps	T+180bps area
27 Jun	Mizuho Financial Group Inc	Fixed	USD	800	6NC5	T+108bps	T+135bps area
27 Jun	Mizuho Financial Group Inc	Fixed	USD	700	11NC10	T+130bps	T+155bps area
27 Jun	Takeda Pharmaceutical Co Ltd	Fixed	USD	1100	10Y	T+105bps	T+125 to 130bps
27 Jun	Takeda Pharmaceutical Co Ltd	Fixed	USD	800	20Y	T+115bps	T+135 to 140bps
27 Jun	Takeda Pharmaceutical Co Ltd	Fixed	USD	600	30Y	T+125bps	T+145 to 150bps
27 Jun	Takeda Pharmaceutical Co Ltd	Fixed	USD	500	40Y	T+140bps	T+160 to 165bps
27 Jun	SoftBank Group Corp	Fixed	USD	400	5Y	6.75%	7%
27 Jun	SoftBank Group Corp	Fixed	USD	500	7Y	7%	7.25%
27 Jun	Korea Gas Corp	Fixed	USD	500	5Y	T+77bps	T+105bps area

**Mandates:**

- There are no Asiadollar mandates today.

**Key Market Movements**

	28-Jun	1W chg (bps)	1M chg (bps)		28-Jun	1W chg	1M chg
iTraxx Asiax IG	99	0	7	Brent Crude Spot (\$/bbl)	86.8	1.9%	3.1%
				Gold Spot (\$/oz)	2,326	0.2%	-1.5%
iTraxx Japan	54	0	6	CRB Commodity Index	291	-1.4%	-3.0%
iTraxx Australia	71	1	8	S&P Commodity Index - GSCI	580	0.2%	-2.0%
CDX NA IG	53	0	4	VIX	12.2	-7.8%	-5.3%
CDX NA HY	106	0	-1	US10Y Yield	4.30%	4bp	-25bp
iTraxx Eur Main	62	0	11				
iTraxx Eur XO	325	0	37	AUD/USD	0.663	-0.2%	-0.3%
iTraxx Eur Snr Fin	73	-1	14	EUR/USD	1.070	0.0%	-1.5%
iTraxx Eur Sub Fin	130	-1	25	USD/SGD	1.358	-0.2%	-0.7%
				AUD/SGD	0.900	-0.2%	-0.4%
USD Swap Spread 10Y	-41	-1	-4	ASX200	7,768	-0.4%	0.0%
USD Swap Spread 30Y	-78	-2	-5	DJIA	39,164	0.1%	0.8%
				SPX	5,483	0.2%	3.3%
China 5Y CDS	67	0	7	MSCI Asiax	694	-0.6%	-0.3%
Malaysia 5Y CDS	47	0	2	HSI	17,740	-1.6%	-5.7%
Indonesia 5Y CDS	79	1	8	STI	3,333	0.8%	0.1%
Thailand 5Y CDS	45	0	2	KLCI	1,588	-0.2%	-1.7%
Australia 5Y CDS	13	0	-4	JCI	7,059	2.6%	-2.7%
				EU Stoxx 50	4,903	-0.9%	-2.5%

Source: Bloomberg

## Macro Research

**Selena Ling**

Head of Research & Strategy  
[lingssselena@ocbc.com](mailto:lingssselena@ocbc.com)

**Herbert Wong**

Hong Kong & Taiwan Economist  
[herberhtwong@ocbc.com](mailto:herberhtwong@ocbc.com)

**Jonathan Ng**

ASEAN Economist  
[jonathanng4@ocbc.com](mailto:jonathanng4@ocbc.com)

**Tommy Xie Dongming**

Head of Asia Macro Research  
[xied@ocbc.com](mailto:xied@ocbc.com)

**Lavanya Venkateswaran**

Senior ASEAN Economist  
[lavyanavenkateswaran@ocbc.com](mailto:lavyanavenkateswaran@ocbc.com)

**Ong Shu Yi**

ESG Analyst  
[shuyiong1@ocbc.com](mailto:shuyiong1@ocbc.com)

**Keung Ching (Cindy)**

Hong Kong & Macau Economist  
[cindyckeung@ocbc.com](mailto:cindyckeung@ocbc.com)

**Ahmad A Enver**

ASEAN Economist  
[ahmad.enver@ocbc.com](mailto:ahmad.enver@ocbc.com)

## FX/Rates Strategy

**Frances Cheung, CFA**

Head of FX & Rates Strategy  
[francescheung@ocbc.com](mailto:francescheung@ocbc.com)

**Christopher Wong**

FX Strategist  
[christopherwong@ocbc.com](mailto:christopherwong@ocbc.com)

## Credit Research

**Andrew Wong**

Head of Credit Research  
[wongvkam@ocbc.com](mailto:wongvkam@ocbc.com)

**Ezien Hoo**

Credit Research Analyst  
[ezienhoo@ocbc.com](mailto:ezienhoo@ocbc.com)

**Wong Hong Wei**

Credit Research Analyst  
[wonghongwei@ocbc.com](mailto:wonghongwei@ocbc.com)

**Chin Meng Tee**

Credit Research Analyst  
[mengteechin@ocbc.com](mailto:mengteechin@ocbc.com)

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