

## Asian Credit Daily

6 January 2025

**Market Commentary:**

- The SGD SORA OIS curve traded mixed last Friday, with shorter tenors trading 1-3bps higher, and belly tenors trading -1bps to +1bps and the 10Y trading 1bps lower.
- Flows in SGD corporates were heavy, with flows in ANZ 3.75% '34s, HSBC 5.25%-PERP, BNP 3.95% '35s, STANLN 5.3%-PERP, STSP 3.3%-PERP, OUECT 3.9% '31s.
- Per Bloomberg, issuers globally are set to flood primary markets with bond deals this week, with January traditionally being one of the busiest periods of the year for issuance. Besides, credit spreads are near their lowest since the global financial crisis, adding to incentives for issuers to issue early.
- Bloomberg Asia USD Investment Grade spreads tightened by 1bp to 76bps while Bloomberg Asia USD High Yield spreads tightened by 5bps to 410bps. (Bloomberg, OCBC)
- There were no new Asiadollar and Singdollar issuances last Friday.

**Credit Summary:**

- **Mapletree Logistics Trust (“MLT”)**: MLT entered into a conditional Sale and Purchase Agreement with an unrelated third party for the proposed divestment of Subang 2 (single-storey warehouse and an annex office) in Malaysia at a sale price of MYR31.5mn (~SGD9.6mn).
- **BNP Paribas SA (“BNPP”)**: BNP finalised the 100% acquisition of Axa Investment Managers for EUR5.1bn following its announcement in early August that it is in exclusive negotiations with Axa SA.
- **Singapore Post Ltd (“SingPost”)**: SingPost announced that the potential sale of freight forwarding business, Famous Holdings, is not finalized yet.

**Credit Headlines:****Mapletree Logistics Trust (“MLT”)**

- Mapletree Logistics Trust Management Ltd., as REIT Manager of MLT announced that HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of MLT) has through its special purpose vehicle in Malaysia entered into a conditional Sale and Purchase Agreement with an unrelated third party for the proposed divestment of Subang 2 (single-storey warehouse and an annex office) in Malaysia at a sale price of MYR31.5mn (~SGD9.6mn). (Company)

**BNP Paribas SA (“BNPP”)**

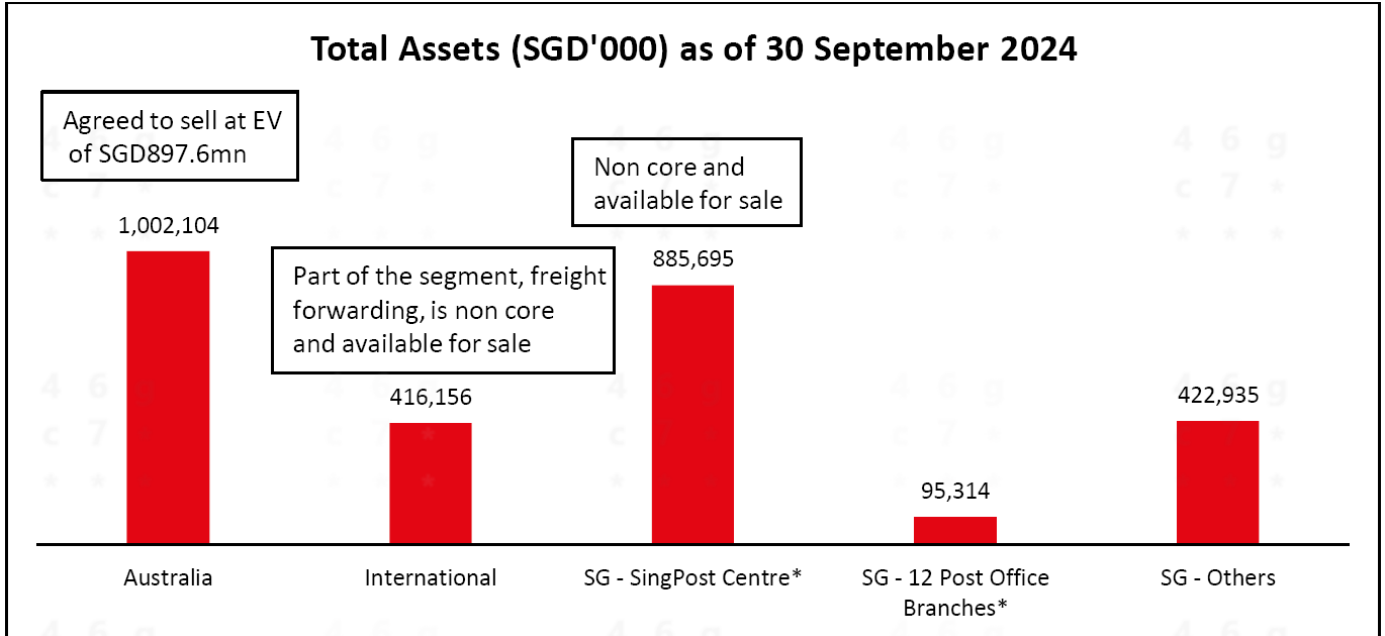
- BNP finalised the 100% acquisition of Axa Investment Managers for EUR5.1bn following its announcement in early August that it is in exclusive negotiations with Axa SA. The transaction principal is BNPP’s insurance business, BNP Paribas Cardif.
- The deal is expected to combine with BNPP’s existing assets under management (“AuM”) to create an asset manager with EUR1.5 trillion in AuM. As part of the acquisition, BNPP and Axa SA would enter into a 15-year strategic partnership where BNPP would provide investment management services to Axa SA.
- At the time of the initial announcement, it was mentioned that the transaction builds scale for BNPP’s long-term insurance and savings asset management capabilities within the Investment & Protection Services division. For Axa SA, the strategic divestment of Axa Investment Managers allows the insurer to focus on its Life & Savings, Property & Casualty and Health insurance businesses.
- The acquisition is expected to have a 25bps impact to BNP’s CET1 ratio. BNPP’s CET1 ratio of 12.7% as at 30 September 2024 remains well above its CET1 requirement of 10.27% that includes 1.50% for the global systemically important banks (“G-SIB”) buffer, 2.50% for the capital conservation buffer, 1.11% for Pillar 2 requirement and 0.65% for the countercyclical buffer. This equates to a EUR18bn distance to its Maximum Distributable Amount restrictions.
- The transaction is expected to close by mid-2025. (Company, Bloomberg, OCBC)

**Singapore Post Ltd (“SingPost”)**

- **SingPost announced that the potential sale of freight forwarding business, Famous Holdings, is not finalized yet.** There is no certainty on the disposal even though SingPost has been in discussions with various parties.
- SingPost is responding to The Straits Times’ article “SingPost can potentially offer a ‘significant’ special dividend after sales of assets: Maybank” dated 3 January 2025. The Straits Times stated that the disposal of Famous Holdings should be completed by end-January 2025. This transaction should raise between SGD80mn and SGD100mn in proceeds.
- At this juncture, SingPost is disposing its assets including (1) Australian businesses, Freight Management Holdings Private Limited for gross proceeds of AUD775.9mn (SGD663mn), (2) Famous Holdings for gross proceeds of SGD80mn-SGD100mn per The Straits Times and (3) SingPost Centre (fair value of SGD 886mn as of 30 March 2024). (Company, OCBC, The Straits Times)
- There are also some personnel changes following dismissal of three senior executives in December 2024:
  - SingPost on 2 January 2024 appointed Ms Neo Su Yin as Group Chief Operating Officer, which is a newly created role. Ms Neo will be responsible for Singapore Business Unit, International Postal Unit and Property. Ms Neo previously served as SingPost’s Singapore CEO from November 2021 to April 2024.
  - Mr Isaac Mah, previously the CFO of SingPost’s Australia business, FMH, will return to Singapore to take up the Group CFO position.
  - Mr Gan Hend, previously the Head, South District International Business Unit, has been appointed as acting CEO of International Business Unit.

- Group CEO role is still vacant and SingPost will announce the appointment in due course.

Most of the assets are available for sale and SingPost will be potentially left with International business (excluding freight forwarding) and domestic Postal and Logistic Business only in the future.



\* Fair Value as of 30 March 2024

Source: Company, OCBC Global Markets Credit Research

## Mandates:

- Clifford Capital Pte (guarantor: Government of Singapore) may issue 5Y senior unsecured USD-denominated bonds.
- Yankuang Group (Cayman) Limited (guarantor: Shandong Energy Group Co., Ltd.) may issue USD-denominated Senior Guaranteed Green Bonds.

**Key Market Movements**

	6-Jan	1W chg (bps)	1M chg (bps)		6-Jan	1W chg	1M chg
iTraxx Asiax IG	78	-2	8	<b>Brent Crude Spot (\$/bbl)</b>	76.6	3.2%	7.6%
				<b>Gold Spot (\$/oz)</b>	2,644	1.4%	0.4%
iTraxx Japan	51	0	-1	<b>CRB Commodity Index</b>	297	1.8%	3.6%
iTraxx Australia	69	1	5	<b>S&amp;P Commodity Index - GSCI</b>	554	2.5%	4.2%
CDX NA IG	49	-1	2	<b>VIX</b>	16.1	9.5%	26.3%
CDX NA HY	108	0	-1	<b>US10Y Yield</b>	4.62%	9bp	47bp
iTraxx Eur Main	57	-1	4				
iTraxx Eur XO	307	-7	17	<b>AUD/USD</b>	0.623	0.1%	-2.5%
iTraxx Eur Snr Fin	64	0	5	<b>EUR/USD</b>	1.031	-0.9%	-2.4%
iTraxx Eur Sub Fin	112	-1	7	<b>USD/SGD</b>	1.370	-0.7%	-2.0%
				<b>AUD/SGD</b>	0.853	-0.8%	0.6%
<b>USD Swap Spread 10Y</b>	-50	-2	-2	<b>ASX200</b>	8,249	-0.2%	-2.0%
<b>USD Swap Spread 30Y</b>	-85	-1	-5	<b>DJIA</b>	42,732	-1.4%	-4.3%
				<b>SPX</b>	5,942	-1.6%	-2.4%
<b>China 5Y CDS</b>	64	-1	1	<b>MSCI Asiax</b>	701	-0.7%	-2.7%
<b>Malaysia 5Y CDS</b>	49	1	5	<b>HSI</b>	19,763	-1.6%	-0.5%
<b>Indonesia 5Y CDS</b>	78	1	6	<b>STI</b>	3,813	1.1%	0.5%
<b>Thailand 5Y CDS</b>	44	1	5	<b>KLCI</b>	1,626	0.0%	0.9%
<b>Australia 5Y CDS</b>	11	0	1	<b>JCI</b>	7,142	1.3%	-3.0%
				<b>EU Stoxx 50</b>	4,871	0.3%	-2.1%

*Source: Bloomberg*

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