

Market Commentary:

- The SGD SORA OIS curve traded lower last Friday with shorter tenors trading 10-12bps lower, belly tenors trading 3-7bps lower and 10Y trading 1bps lower.
- Flows in SGD corporates were heavy, with flows in HSBC 5%-PERP, HSBC 5.25%-PERP, STANLN 5.3%-PERP, UBS 5.6%-PERP, BNP 5.9%-PERP.
- Per Bloomberg, Chinese local government financing vehicles (“LGFVs”) have issued USD1.8bn in USD bonds this month, marking the highest issuance for the first 10 days of April since 2014. This surge is largely due to cornerstone orders from domestic banks, as reported by sources familiar with the situation. LGFVs, which borrow for local government infrastructure projects, have benefited from Beijing's initiatives to mitigate credit risk in the sector.
- Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 97bps while Bloomberg Asia USD High Yield spreads widened by 6bps to 599bps respectively. (Bloomberg, OCBC)

Credit Summary:

- **Industry Outlook – Singapore Property:** One Marina Gardens sold 38% of units at an average price of SGD2,953 psf and was anchored by citizens, though foreigners are also part of the mix. Bloomsbury Residences sold 25.1% of units at an average price of SGD2,474 psf over the weekend launch, similarly anchored by citizens.
- **BNP Paribas SA (“BNPP”):** The European Central Bank has opposed the use of the Danish Compromise rule in BNPP’s 100% acquisition of Axa Investment Managers from Axa SA that was finalized in early January 2025. The ruling could result in a moderately larger capital impact than previously expected.
- **Hotel Properties Ltd (“HPL”):** Mr Ong Beng Seng (“Mr Ong”) will not be putting himself up for re-election as Director and will step down as Managing Director at the conclusion of the AGM on 29 April 2025, citing the wish for more time to manage medical conditions.
- **Olam Group Ltd (“OG”):** On 14 April 2025, OG announced more details on its reorganisation plans.
- **Société Générale (“SocGen”):** SocGen has nominated William Connelly as the successor to Lorenzo Bini Smaghi as Chairman of the Board. Mr Connelly is currently Chairman of technology company Amadeus IT Group and insurance firm Aegon and has been part of SocGen’s board since 2017 as an independent director.

Credit Headlines

Industry Outlook – Singapore Property

- **One Marina Gardens sold 38% of units:** 353 units out of 937 units were sold over the weekend launch at an average price of SGD2,953 psf.
 - **Anchored by citizens, though foreigners are also part of the mix:** According to Kingsford Group, the developer of the project, Singaporeans made up 83% of the buyers, with the remainder comprising permanent residents and foreigners.
- **Bloomsbury Residences sold 25.1% of units:** 90 units out of 358 units were sold at an average price of SGD2,474 psf over the weekend launch.
 - **Similarly anchored by citizens:** According to a spokesperson of the developers Qingjian Realty and joint venture partner Forsea Holdings, Singaporeans accounted for 88% of the buyers. (EdgeProp)

BNP Paribas SA (“BNPP”)

- The European Central Bank has opposed the use of the Danish Compromise rule in BNPP’s 100% acquisition of Axa Investment Managers from Axa SA that was finalized in early January 2025. The ruling could result in a larger capital impact than previously expected. BNPP had previously disclosed expectations for the acquisition to have a 25bps impact to BNP’s CET1 ratio, however the impact may be around 35bps per comments from BNPP.
- BNPP’s CET1 ratio of 12.9% as at 31 December 2024 remains well above its CET1 requirement of 10.33% and equates to a EUR19bn distance to its Maximum Distributable Amount restrictions. Including the impact of Basel 4, the ratio falls to 12.4% as at 31 December 2024. BNPP’s MREL and TLAC ratios also remain above minimum requirements.
- The Danish Compromise rule allows banks to partially exclude insurance units when calculating overall capital requirements with the rule expected to be used for the Axa Investment Managers acquisition given the transaction principal is BNPP’s insurance business, BNP Paribas Cardif.
- BNPP also confirmed that the moderately larger than expected capital impact does not impact BNPP’s strategic and industrial interest in Axa Investment Managers nor its financial (profitability, equity and CET1) objectives. (Bloomberg, Company, OCBC)

Hotel Properties Ltd (“HPL”)

- **Stepping down as Managing Director:** Mr Ong Beng Seng (“Mr Ong”) will not be putting himself up for re-election as Director and will step down as Managing Director at the conclusion of the AGM on 29 April 2025, citing the wish for more time to manage medical conditions.
- **Key person risk mitigated?** As a Managing Director, Mr Ong’s role and responsibilities include all aspects of strategic planning and business development activities of HPL. Mr Ong intended to plead guilty according to a pre-trial conference (more details shared in OCBC Asian Credit Daily – 030325). Mr Ong’s bail was also extended. That said, we note that HPL’s Nominating Committee took a view on 28 February 2025 that Mr Ong continued to be suitable to carry out his duties and responsibilities as Managing Director. With Mr Ong stepping down shortly, it remains to be seen if the role will be replaced. (Company, OCBC)

Olam Group Ltd (“OG”)

- As a recap, in February 2025, OG announced that its wholly-owned subsidiaries, Olam Holdings Pte Ltd (“OHPL”) and Olam Agri Pte Ltd (“OAPL”), collectively the vendors, have entered into a conditional sale and purchase agreement with the Saudi Agricultural & Livestock Investment Company (“SALIC”) to sell a ~44.58%-stake in Olam Agri Holdings Limited (“Olam Agri”) to SALIC. This ~44.58% will be Tranche 1 of the transaction. The ~44.58%-stake is expected to be sold for USD1.78bn (~SGD2.34bn). SALIC International Investment Company, a wholly-owned subsidiary of SALIC already own ~35.43%-stake in Olam Agri. SALIC is owned by the Public Investment Fund, Saudi Arabia’s sovereign wealth fund and tasked with making investments that contribute to achieving Saudi Arabia’s food security strategy.

- On completion, OG (through its wholly owned subsidiaries) will hold a put option with the right to require SALIC to buy the remaining ~19.99%-stake in Olam Agri (exercisable on the third anniversary of completion of Tranche 1) and SALIC will own a call option to buy the ~19.99%-stake on or before the third anniversary of completion of Tranche 1. This ~19.99%-stake is Tranche 2. It is envisaged that after the completion of both Tranche 1 and Tranche 2, SALIC will hold 100% stake of Olam Agri.
- The Olam Agri transaction is subject to shareholder's approval, and we understand that the shareholder circular is targeted for release in May 2025.
- Aside from Olam Agri, OG holds ofi (foods and ingredients business) and the Remaining Olam Group (which carries the de-prioritised, gestating and incubating businesses and assets)
- On 14 April 2025, OG announced more details on its reorganisation plans. Per OG, it is intending to (1) Allocate ~USD2bn to de-lever Remaining Olam Group's capital structure and make it debt-free and self-sustaining, (2) Invest USD500mn of equity into ofi and continue to support various strategic initiatives to unlock the full potential value of ofi (eg: exploring a concurrent listing in Europe and in Singapore) and (3) Divesting and monetising all the Remaining Olam Group's assets and businesses over time and progressively distribute the net proceeds to shareholders via special dividends. This plan is expected to be financed from gross cash proceeds of USD2.58bn from the sale of 64.57% stake in Olam Agri (including Tranche 2 proceeds) and net sale proceeds from the divestment of assets and businesses in the Remaining Olam Group. The announcement does not specifically mention whether OG's sole perpetual is intended to be called. Currently, our base case assumes that the perpetual will be called given the wide reset spread and step-up margin. (Company, OCBC)

Société Générale ("SocGen")

- SocGen has nominated William Connelly as the successor to Lorenzo Bini Smaghi as Chairman of the Board.
- Mr Connelly is currently Chairman of technology company Amadeus IT Group and insurance firm Aegon and has been part of SocGen's board since 2017 as an independent director.
- He is scheduled to succeed Mr Bini Smaghi when his third term completes in May 2026, having been appointed SocGen Chairman in 2014. (Company, OCBC)

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing
11 Apr	Liangshan Development (Holdings) Group Co., Ltd.	Sustainable, Fixed	USD	58.5	3Y	6.50%

Mandates:

- There were no notable mandates last Friday.

Key Market Movements

	14-Apr	1W chg (bps)	1M chg (bps)		14-Apr	1W chg	1M chg
iTraxx Asiax IG	116	1	42	Brent Crude Spot (\$/bbl)	65.0	1.2%	-7.9%
				Gold Spot (\$/oz)	3,222	8.0%	8.0%
iTraxx Japan	79	-1	28	CRB Commodity Index	290	0.7%	-4.0%
iTraxx Australia	105	7	30	S&P Commodity Index - GSCI	525	2.1%	-4.8%
CDX NA IG	73	-4	17	VIX	34.1	-27.4%	56.7%
CDX NA HY	103	1	-3	US10Y Yield	4.46%	28bp	15bp
iTraxx Eur Main	77	0	20				
iTraxx Eur XO	390	-16	80	AUD/USD	0.633	5.8%	0.1%
iTraxx Eur Snr Fin	84	-1	23	EUR/USD	1.139	4.3%	4.7%
iTraxx Eur Sub Fin	148	-9	38	USD/SGD	1.314	2.9%	1.5%
				AUD/SGD	0.832	-2.7%	1.4%
USD Swap Spread 10Y	-56	-3	-15	ASX200	7,749	5.5%	-0.5%
USD Swap Spread 30Y	-90	-1	-16	DJIA	40,213	5.0%	-3.1%
				SPX	5,363	5.7%	-4.9%
China 5Y CDS	75	-2	26	MSCI Asiax	673	4.1%	-7.3%
Malaysia 5Y CDS	67	-11	18	HSI	21,385	7.9%	-10.7%
Indonesia 5Y CDS	115	-11	32	STI	3,563	0.6%	-7.1%
Thailand 5Y CDS	66	-12	19	KLCI	1,477	2.3%	-2.3%
Australia 5Y CDS	18	-2	4	JCI	6,388	-1.9%	-2.0%
				EU Stoxx 50	4,895	5.1%	-9.4%

Source: Bloomberg

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