

Asian Credit Daily

21 January 2025

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday, with shorter tenors trading flat to 2bps higher, belly tenors trading 3-4bps higher and the 10Y trading 4bps higher.
- Flows in SGD corporates were heavy, with flows in BPCEGP 4.6% '35s, HSBC 5.25%-PERP, ACAFP 4.25% '35s, BACR 5.4%-PERP, STANLN 5.3%-PERP, BNP 3.95% '35s, STSP 3.3%-PERP, ANZ 3.75% '34s, UBS 5.6%-PERP, GESB 3.928% '39s, OLGSP 5.375%-PERP, HSBC 5.3% '33s, BACR 7.3%-PERP, OLAMSP 4% '26s
- Hong Kong's New World Development Co. ("New World") stated it has not engaged in any discussions regarding a comprehensive debt restructuring, despite growing distress among builders in Greater China. In a Monday exchange filing, the company acknowledged market rumors about potential restructuring talks but clarified that no such discussions have begun. New World is closely monitored due to its high leverage amid a prolonged property downturn. Last year, it requested banks to defer some bilateral loan due dates, raising concerns about its ability to manage its significant debt burden.
- Bloomberg Asia USD Investment Grade and High Yield spreads remained flat at 73bps and 426bps respectively due to the Martin Luther King Jr. Day public holiday. (Bloomberg, OCBC)

Credit Summary:

- **HSBC Holdings PLC ("HSBC"):** HSBC is reportedly considering a potential sale of its Australian consumer banking business, while retaining its commercial banking operations per Bloomberg.
- **Sembcorp Industries Ltd ("SCI"):** PT Sembcorp Renewables Indonesia, a wholly owned subsidiary of SCI, and PT PLN Nusantara Renewables (99%-owned subsidiary of PT PLN Nusantara Power) launched the Nusantara Sembcorp Solar Energi Power Plant ("NSSE").

Credit Headlines:**HSBC Holdings PLC (“HSBC”)**

- HSBC is reportedly considering a potential sale of its Australian consumer banking business, while retaining its commercial banking operations per Bloomberg. Such a move would be consistent with its ongoing simplification strategy and overall strategic priority of pivoting to more higher returning businesses that are mostly in Southeast Asia and China through risk weighted asset reductions and reallocation of capital.
- The consumer banking business consists of more than 40 branches and offices and in November reported AUD31.8bn in mortgages, AUD516mn in credit cards and AUD538mn in other household loans in disclosures filed with the regulator according to Bloomberg.
- Per HSBC’s 1H2024 results, Australia contributed ~1.4% to HSBC’s overall profit before tax of USD21.56bn, around 60% of which came from commercial banking with Wealth and Personal Banking contributing 28%. (Bloomberg, OCBC)

Sembcorp Industries Ltd (“SCI”)

- PT Sembcorp Renewables Indonesia, a wholly owned subsidiary of SCI and PT PLN Nusantara Renewables (99%-owned subsidiary of PT PLN Nusantara Power) launched the Nusantara Sembcorp Solar Energi Power Plant (“NSSE”).
- NSSE is the first utility-scale integrated solar and energy storage project in Nusantara, Indonesia, comprising a 50MW solar farm with a 14.2MWh battery energy storage system. This project is SCI’s inaugural venture into large-scale solar development in Indonesia. (Company).

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing
20 Jan	Horse Gallop Finance Ltd (guarantor: ICBC International Holdings Ltd)	FRN	USD	100	3Y	SOFRIX+75bps

Mandates:

- Rizal Commercial Banking Corp. may issue a USD denominated 5Y Senior Unsecured Sustainability bond.

Key Market Movements

	21-Jan	1W chg (bps)	1M chg (bps)		21-Jan	1W chg	1M chg
iTraxx Asiax IG	78	-1	0	Brent Crude Spot (\$/bbl)	80.0	0.1%	9.7%
	0	0	0	Gold Spot (\$/oz)	2,720	1.6%	4.1%
iTraxx Japan	52	-1	1	CRB Commodity Index	311	1.7%	6.5%
iTraxx Australia	72	-1	4	S&P Commodity Index - GSCI	578	1.2%	7.2%
CDX NA IG	49	-3	-1	VIX	15.8	-17.6%	-13.9%
CDX NA HY	108	1	0	US10Y Yield	4.54%	-25bp	2bp
iTraxx Eur Main	54	-4	-3				
iTraxx Eur XO	292	-25	-19	AUD/USD	0.624	0.7%	-0.2%
iTraxx Eur Snr Fin	61	-4	-2	EUR/USD	1.038	0.7%	-0.3%
iTraxx Eur Sub Fin	107	-8	-5	USD/SGD	1.359	0.5%	-0.1%
				AUD/SGD	0.848	-0.2%	0.0%
USD Swap Spread 10Y	-45	2	-3	ASX200	8,393	2.0%	4.0%
USD Swap Spread 30Y	-81	1	-3	DJIA	43,488	3.7%	1.5%
				SPX	5,997	2.9%	1.1%
China 5Y CDS	57	-2	-8	MSCI Asiax	702	2.6%	0.5%
Malaysia 5Y CDS	48	-2	1	HSI	19,985	4.0%	1.3%
Indonesia 5Y CDS	77	-3	0	STI	3,783	-0.1%	1.7%
Thailand 5Y CDS	44	0	2	KLCI	1,581	0.3%	-0.6%
Australia 5Y CDS	11	-1	1	JCI	7,217	3.7%	3.3%
				EU Stoxx 50	5,164	4.2%	6.2%

Source: Bloomberg

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