

## Daily Credit Snapshot

### Market Commentary

- US equities closed modestly lower on Wednesday to start the third quarter (S&P500: -0.2%; Dow: -0.03%; NASDAQ: -0.7%). Importantly, Brent crude settled at USD71.1/bbl, its lowest close since the start of the US-Iran conflict, underscoring how quickly the energy shock has reversed since the peace deal. On the data front, US releases pointed to slowing momentum. The June ADP report showed private payrolls rose by 98k (consensus: 120k), compared to 122k in the previous month. Job creation was uneven: education and health services added 48k, while leisure and hospitality recorded a sixth straight month of weak hiring, adding 2k. Meanwhile, the final S&P Global US manufacturing PMI was revised down sharply to 53.9 from the flash estimate of 55.7. Nonetheless, it remains the eleventh month of expansion. Concerningly, job cuts accelerated to the fastest pace since May 2020, and business optimism, regarding the year ahead, fell to its lowest since October 2025. Similarly, the ISM manufacturing PMI eased to 53.3 in June from 54.0, on slower output and new orders. Importantly, the ISM prices index fell sharply to 73.0 from 82.1, mirroring the softer cost pressures in the S&P survey as energy prices normalise — though both remain elevated. On the policy front, Federal Reserve Chair Kevin Warsh did not provide guidance on the July policy meeting during remarks at the ECB Forum in Sintra. On inflation, he said “prices are too high” and reiterated that the Fed is not prepared to accept an inflation objective above 2%, adding, “We’re going to deliver price stability in the U.S.” Over in Europe, the eurozone June Prelim CPI eased to 2.8% YoY from 3.2% in May, while core inflation moderated to 2.4% from 2.6%. The moderation was broad-based, with energy, services and food inflation all easing. This may ease the pressure for the ECB to hike further.
- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 1-3bps higher, belly tenors trading 4bps higher and the 10Y tenor also trading 4bps higher.
- Flows in SGD corporates were moderate, with flows in WSTP 3% '38s, OLGSP 5.375%-PERP.
- US Investment Grade spreads traded flat at 74bps, and US High Yield spreads tightened by 3bps to 267bps. Bloomberg Global Contingent Capital Index widened by 1bps to 215bps.
- Bloomberg Asia USD Investment Grade traded flat at 55bps, and Asia USD High Yield spreads tightened by 13bps to 341bps. (Bloomberg, OCBC)

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**Credit Summary:**

- There are no credit headlines today.

**New Issues:**

The total issuance volumes for APAC and DM IG markets yesterday were both zero (prior day: USD500mn and USD550mn).

**Mandates:**

- There were no notable mandates today.

## Key Market Movements

	2-Jul	1W chg (bps)	1M chg (bps)		2-Jul	1W chg	1M chg
iTraxx Asiax IG	68	0	-2	Brent Crude Spot (\$/bbl)	71.0	-5.7%	-26.1%
				Gold Spot (\$/oz)	4,051	0.6%	-9.8%
iTraxx Japan	60	1	1	CRB Commodity Index	354	1.1%	-9.0%
iTraxx Australia	68	0	-4	S&P Commodity Index - GSCI	617	-1.5%	-13.8%
CDX NA IG	51	-0	0	VIX	16.6	-11.0%	5.2%
CDX NA HY	108	0	-0	US10Y Yield	4.48%	9bp	4bp
iTraxx Eur Main	52	-0	-1				
iTraxx Eur XO	244	-3	-14	AUD/USD	0.690	-0.2%	-3.9%
iTraxx Eur Snr Fin	54	0	-1	EUR/USD	1.139	0.1%	-2.1%
iTraxx Eur Sub Fin	89	1	-2	USD/SGD	1.295	0.1%	-1.2%
				AUD/SGD	0.893	0.3%	2.9%
USD Swap Spread 10Y	-42	-1	-2	ASX200	8,719	-0.3%	-0.1%
USD Swap Spread 30Y	-74	-3	-3	DJIA	52,305	0.9%	1.9%
				SPX	7,483	1.7%	-1.7%
China 5Y CDS	37	-0	-2	MSCI Asiax	1,143	-2.2%	-4.0%
Malaysia 5Y CDS	38	0	3	HSI	23,170	-1.0%	-11.0%
Indonesia 5Y CDS	89	0	0	STI	5,188	-0.6%	1.8%
Thailand 5Y CDS	41	0	-7	KLCI	1,664	-0.0%	-1.1%
Australia 5Y CDS	13	0	-0	JCI	5,743	-4.3%	-7.3%
				EU Stoxx 50	6,283	1.1%	2.9%

Source: Bloomberg

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