

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 2-3bps lower while belly tenors traded 4-5bps lower and 10Y traded 4bps lower.
- Flows in SGD corporates were heavy, with flows in OUECT 2.75% '32s, EQIX 2.9% '32s, LLCAU 3.9%-PERP, UBS 5.6%-PERP, AIA 2.9%-PERP, AIA 3.58% '35s and HSBC 5.25%-PERP.
- As per Bloomberg, KWG Group Holdings Ltd's restructuring proposals for three onshore corporate bonds were approved by bondholders.
- Meanwhile, China Aoyuan Group Ltd said that its onshore debt restructuring plan has been basically finalised and opinions from all parties are being solicited.
- In other debt restructuring and financing plans, Central China Real Estate Ltd is formulating preliminary restructuring plan while Sunac China Holdings Ltd, Guangzhou R&F Properties Co Ltd and Sunshine 100 China Holdings Ltd have said that their debt restructuring plans are making progress.
- Lastly, S&P has revised Yuexiu Real Estate Investment Trust's outlook to stable from negative following debt reduction from asset sales, outstanding public bonds and loans amount to HKD23.2bn, as per Bloomberg data.
- Bloomberg Asia USD Investment Grade spreads traded flat at 60bps and Bloomberg Asia USD High Yield spreads widened by 2bps to 321bps respectively. (Bloomberg, OCBC)

Credit Summary:

- **Industry Outlook – Swiss Financial Institutions, UBS Group AG (“UBS”):** UBS released an official response to proposed Swiss capital reforms that are contained in the Swiss Federal Council's report on banking stability and the report of the parliamentary commission of inquiry of 6 June 2025. Amongst others, the proposed amendments to the Swiss Capital Adequacy Ordinance will result in materially higher capital requirements.
- **Industry Outlook – Singapore Property:** According to URA flash estimates, private residential property prices rose 1.2% y/y in 3Q2025, following an increase of 1.0% in 2Q2025. YTD2025, prices have cumulatively increased by 3.1%.
- **Lendlease Global Commercial REIT (“LREIT”):** LREIT has signed a US technology company as a new tenant at Building 3 in Milan.

Credit Headlines

Industry Outlook – Swiss Financial Institutions, UBS Group AG (“UBS”)

- UBS released an official response to proposed Swiss capital reforms that are contained in the Swiss Federal Council's report on banking stability and the report of the parliamentary commission of inquiry of 6 June 2025. Amongst others, the proposed amendments to the Swiss Capital Adequacy Ordinance will result in materially higher capital requirements.
- UBS reinforced its opposition to the proposals and included a list of counter points to assessed capital related measures.
- Of note is the inclusion of comments from an expert report by Alvarez & Marsal that was commissioned by the Federal Council which highlighted the possible uneven capital requirements for UBS compared to peers which would necessitate a change in UBS's strategy to ensure it remains viable. UBS added that "a change in strategy would most likely undermine UBS's position as the largest international wealth manager and leading bank in Switzerland" and "UBS would be forced to fundamentally question its future as a leading Swiss bank and global wealth manager in Switzerland."
- UBS's response follows the Switzerland government's publication of a draft of its proposed capital reforms last week confirming previously discussed amendments, the most contentious of which are stricter capital requirements for systemically important banks with foreign subsidiaries, in particular requesting Swiss systemically important banks to fully deduct the carrying value of foreign subsidiaries from the parent bank's CET1 capital. A consultation period has now commenced until 9 January during which stakeholders including UBS can officially comment on the plans. (Company, Bloomberg, OCBC)

Industry Outlook – Singapore Property

- **Prices rose 1.2% q/q:** According to URA flash estimates, private residential property prices rose 1.2% y/y in 3Q2025, following an increase of 1.0% in 2Q2025. YTD2025, prices have cumulatively increased by 3.1%.
- **CCR saw the largest gain:** Core Central Region property prices rose 2.4% q/q, continuing its outperformance (2Q2025: +3.0% q/q). Prices also rose in Rest of Central Region by 0.4% q/q (2Q2025: -1.1% q/q) and Outside Central Region by 1.0% q/q (2Q2025: +1.1% q/q). Meanwhile, Landed property rose by 1.4% q/q (2Q2025: +2.2% q/q).
- **Transaction volumes are higher q/q,** totaling 6,594 up to mid-September in 3Q2025 (entire 2Q2025: 5,128).
- **Price increase is at the upper end of our forecast:** We expected property prices to increase by 2-4% in 2025. With YTD2025 at +3.1%, this is at the upper end of our forecast. We keep our forecast unchanged for now, as we await further data to be released in the full 3Q2025 real estate statistics. (URA, OCBC)

Lendlease Global Commercial REIT (“LREIT”)

- LREIT has signed a US technology company as a new tenant at Building 3 in Milan.
- With the latest lease, committed occupancy at Sky Complex Building 3 reached ~49% (February 2025: 31%).
- As a reference, the details of Sky Complex office buildings in Milan, Italy are as below:
 - Building 1 and 2 are fully leased to Sky Italia, an Italian satellite television platform owned by Sky Group, until 2033.
 - Building 3 is currently seeking for tenants to fill the void left by Sky Italia, which restructured the lease agreement in December 2023 and returned the building to LREIT in 1Q2024. Sky Italia compensated LREIT by paying two years of supplementary rents (SGD14.7mn paid in FY2024) covering the rents from December 2023 – December 2025. (Company, OCBC)

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing
30 Sep	Housing & Development Board	Green, Fixed	SGD	1,200	5Y	1.838%
30 Sep	Vedanta Resources Finance II PLC (Parent Guarantee: Vedanta Resources Limited on the issue date of the notes, Subsidiary Guarantee: On or prior to October 31, 2025, from each of Twin Star Holdings Ltd., Welter Trading Limited And Vedanta Holdings Mauritius II Limited)	Fixed	USD	500	7NC2	9.125%

Mandates:

- Ipoteka-Bank may issue a USD-denominated 5Y Bond.

Key Market Movements

	1-Oct	1W chg (bps)	1M chg (bps)		1-Oct	1W chg	1M chg
iTraxx Asiax IG	66	0	0	Brent Crude Spot (\$/bbl)	66.2	-4.6%	-2.9%
				Gold Spot (\$/oz)	3,872	3.6%	11.4%
iTraxx Japan	57	0	3	CRB Commodity Index	301	0.2%	-0.6%
iTraxx Australia	66	0	-0	S&P Commodity Index - GSCI	550	-1.2%	0.0%
CDX NA IG	52	-1	1	VIX	16.3	-2.2%	1.0%
CDX NA HY	108	-0	0	US10Y Yield	4.15%	0bp	-8bp
iTraxx Eur Main	56	-0	0				
iTraxx Eur XO	262	-3	-6	AUD/USD	0.660	0.2%	0.7%
iTraxx Eur Snr Fin	60	0	0	EUR/USD	1.174	-0.0%	0.2%
iTraxx Eur Sub Fin	103	0	1	USD/SGD	1.291	-0.2%	-0.5%
				AUD/SGD	0.852	-0.4%	-1.2%
USD Swap Spread 10Y	-49	2	4	ASX200	8,815	0.6%	-1.3%
USD Swap Spread 30Y	-80	2	5	DJIA	46,398	0.2%	1.9%
				SPX	6,688	0.5%	3.5%
China 5Y CDS	38	2	-6	MSCI Asiax	878	-0.5%	6.6%
Malaysia 5Y CDS	43	2	3	HSI	26,856	2.7%	5.3%
Indonesia 5Y CDS	82	-2	9	STI	4,323	0.8%	1.1%
Thailand 5Y CDS	41	1	2	KLCI	1,622	1.4%	3.0%
Australia 5Y CDS	12	-0	2	JCI	8,080	-0.6%	4.4%
				EU Stoxx 50	5,530	1.1%	3.0%

Source: Bloomberg

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