

Daily Credit Snapshot

Market Commentary

- Risk sentiment remained under pressure overnight, as US equities closed lower (S&P: -0.74%; NASDAQ: -0.89%; Dow: -1.21%). The DXY index edged higher and 10Y UST yields rose by more than 4bps. The broadly resilient data releases from the US were undermined by continued geopolitical tensions between US and Iran, with both sides reportedly engaging in conflict escalation. Nonetheless, Israel, Lebanon, and the US released a joint statement noting that “the ceasefire is contingent on a complete cessation of Hizbollah fire and the evacuation of all Hizbollah operatives from the South Litani Sector.” On the data front, the ADP employment change data released overnight showed that the economy added 122k jobs in May from a downwardly revised 105k in April, broadly in line with expectations of 120k. The gains were more broad-based compared to past months but were still led by the education and health services. According to ADP chief economist “hiring was more broad-based in May than we’ve seen in the last few years,” and “the labour market continues to show sustained momentum going into the summer hiring season.” The ISM services were resilient at 54.5 in May, while the prices paid subcomponent was higher still at 71.3 from 70.7 in April, with the employment subcomponent down to 47.9 from 48 in April. Factory orders for April rose by 4.8% m/m sa from 1.8% in March, while durable goods orders were also up 8% m/m sa in April.
- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 3-4bps higher while belly tenors traded 4-5bps higher and 10Y traded 5bps higher.
- Flows in SGD corporates were moderate, with flows in BACR 4.65%-PERP, UBS 5.75%-PERP.
- US Investment Grade spreads widened 1bp to 73bps yesterday while US High Yield spreads widened 5bps to 263bps. Bloomberg Global Contingent Capital Index tightened 2bps to 221bps.
- Bloomberg Asia USD Investment Grade traded flat at 50bps yesterday, which is around all-time lows, while Asia USD High Yield spreads tightened 3bps to 364bps. (Bloomberg, OCBC)

Andrew Wong
Credit Research Analyst

Ezien Hoo
Credit Research Analyst

Wong Hong Wei
Credit Research Analyst

Chin Meng Tee
Credit Research Analyst

Aleen Lee Li Fei
Credit Research Analyst

Credit Summary:

Company	Ticker	Description
Deutsche Bank AG	DB	<ul style="list-style-type: none"> DB Chief Financial Officer Raja Akram attended the Goldman Sachs 30th European Financials Conference and shared the following insights: <ul style="list-style-type: none"> Improved confidence in achieving its EUR33bn FY2026 revenue target supported by growth across all core divisions with FICC driving Investment Bank performance and potential upside to net interest income if rate expectations hold. 2026 cost targets appear achievable despite higher investment and restructuring/divestment costs with potential to outperform 2028 expense guidance on expectations that 2026 expenditure is capital accretive and in line with strategy while there is structural cost upside from AI-related benefits and simplification. Underlying loan quality trends are improving y/y on prior year de-risking. That said, Mr Akram noted the elevated 1Q2026 provisions tied to idiosyncratic Commercial Real Estate exposure and macro-overlays that were viewed as prudent. 2Q2026 credit costs may also fluctuate from underlying trends with the planned exit of non-performing exposures that will result in a EUR100mn impact as well as the Iran conflict impact that may impact economic growth and raise default rates. DB continues to expect to operate within its CET1 ratio target of 13.5–14% range through 2026. With ongoing risk weighted asset management via Significant Risk Transfers, balance sheet optimisation and exits and structurally improved capital generation, there is expectations for CET1 to be above 14% post 2026. As for the general operating environment, client activity remains resilient and markets conducive to operating performance although German GDP growth expectations are down to 0.5% for 2026 against over 1.0% at the start of the year. That said, the medium-term view of Germany remains unchanged with DB to benefit from its diversified business model and existing market positions, particularly in FICC. (Company, OCBC) <p>Latest report: Credit Update – 4 September 2025</p>
Commerzbank AG UniCredit SpA	CMZB UniCredit	<ul style="list-style-type: none"> CMZB responded to UniCredit’s statement yesterday that it has achieved a ~34% effective ownership stake in CMZB following the tendering of ~7.6% of CMZB’s shares as part of UniCredit’s voluntary public takeover offer, calling it misleading and recommending a critical assessment by Germany’s Federal Financial Supervisory Authority (“Bafin”). Key arguments are that the reported 7.58% in tendered shares are mostly linked to UniCredit’s derivative counterparties and not independent investors, while there is no economic rationale for independent investors to tender under UniCredit’s voluntary public takeover offer given the implied offer price is below CMZB’s current share price. (Company) <p>Latest report: Credit Update – 04 September 2025</p>

New Issues:

- The total issuance volumes for APAC and DM IG markets yesterday were USD2.15bn and USD1.58bn respectively (prior day: USD1.75bn and USD14.8bn respectively).

Date	Issuer	Description	Currency	Size (mn)	Tenor (Yr)	Final Pricing (%)
03 Jun	Bank of New Zealand	FRN	USD	500	5	SOFR+ 79bps
03 Jun	Bank of New Zealand	Fixed	USD	500	5	T + 55bps
03 Jun	HKT Capital Ltd (guarantor: Multiple Guarantors)	Fixed	USD	650	10	T + 73bps
03 Jun	IIFL Finance Ltd	Social, Fixed, Secured	USD	500	3.25	7.6%

Mandates:

- Shinhan Card Co., Ltd. may issue USD-denominated 3.5Y FRN dual-listed Formosa bonds.

Key Market Movements

	4-Jun	1W chg (bps)	1M chg (bps)		4-Jun	1W chg	1M chg
iTraxx Asiax IG	71	0	-5	Brent Crude Spot (\$/bbl)	97.1	3.6%	-15.1%
				Gold Spot (\$/oz)	4,474	-0.5%	-1.1%
iTraxx Japan	59	-2	-4	CRB Commodity Index	389	2.1%	-3.0%
iTraxx Australia	72	-1	-5	S&P Commodity Index - GSCI	721	2.6%	-7.3%
CDX NA IG	51	-0	-4	VIX	16.1	-1.4%	-12.2%
CDX NA HY	108	-0	1	US10Y Yield	4.48%	3bp	4bp
iTraxx Eur Main	54	0	-4				
iTraxx Eur XO	263	-0	-30	AUD/USD	0.714	-0.4%	-0.4%
iTraxx Eur Snr Fin	56	0	-4	EUR/USD	1.161	-0.3%	-0.7%
iTraxx Eur Sub Fin	93	1	-7	USD/SGD	1.283	-0.6%	-0.5%
				AUD/SGD	0.916	-0.2%	-0.1%
USD Swap Spread 10Y	-40	1	3	ASX200	8,686	1.1%	-0.1%
USD Swap Spread 30Y	-72	1	5	DJIA	50,687	0.1%	3.6%
				SPX	7,554	0.4%	4.9%
China 5Y CDS	40	0	-3	MSCI Asiax	1,192	4.5%	10.1%
Malaysia 5Y CDS	35	0	-3	HSI	25,217	0.8%	-3.4%
Indonesia 5Y CDS	92	1	2	STI	5,081	1.0%	3.2%
Thailand 5Y CDS	48	-0	-6	KLCI	1,688	-1.2%	-3.0%
Australia 5Y CDS	14	-0	-0	JCI	5,742	-7.5%	-17.6%
				EU Stoxx 50	6,054	-0.3%	5.0%

Source: Bloomberg

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