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Daily Credit Snapshot

Market Commentary

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

Yao Liu
Credit Research Analyst

Eshita Suvarna
Credit Research Analyst

- **Upside nonfarm payrolls surprise elevated FOMC rate hike expectations again.** August nonfarm payrolls rose 162,000, nearly triple market expectations, while the unemployment rate held at 4.1%. This pushed market pricing of a September Fed hike to around 60%, and the 2- and 10-year Treasury yields up to 4.37% and 4.78% respectively. By sectors, leisure & hospitality (+62k), government (+35k) and education & health services (+29k) saw the strongest job gains, while the labor participation rate also improved to 61.6% whilst the net 2-month net NFP revision was +55k. Meanwhile, Norges Bank Investment Management has also proposed cutting its UST exposure by 12.2% points to 21.9% of the benchmark, equivalent to ~USD80 by increasing allocations to non-government US debt. The S&P 500 fell 0.38% on Friday, although it still managed a marginal weekly gain. Note September is traditionally the weakest month historically for the S&P500, especially with Brent hovering at mid-USD90 per barrel range. This tricky combination of resilient US growth, sticky inflation, heavy fiscal borrowing and renewed energy-price pressures may cap risk sentiments for the week ahead as we await Friday's US inflation data (forecast: 0.4% m/m headline and 0.2% core). US market is closed for Labor Day holiday today. Today's economic data calendar comprises of Thailand's CPI, China and Malaysia's foreign reserves, and Eurozone's Sentix investor confidence. For the week ahead, keep an eye on China's CPI and PPI readings, as well as inflation cues from Thailand and Taiwan, Japan's 2Q26 GDP growth and July wage data, and trade data from China and Taiwan. The ECB is widely tipped to deliver a second hike by 25bps to 2.5%, 2.65% and 2.9% for its deposit facility rate, main refinancing rate and the marginal lending facility respectively on Thursday after euro-zone inflation data jumped to 3.3% in August, the highest in nearly three years.

- The SGD SORA OIS curve traded lower last Friday with the shorter tenors trading flat to 2bps lower, belly tenors trading 2bps lower, and the 10Y tenor trading 2bps lower.

- There were no notable flows.

- US Investment Grade traded flat at 80bps, and US High Yield spreads widened by 3bps to 267bps respectively. Bloomberg Global Contingent Capital spreads traded flat at 204bps.

- Bloomberg Asia USD Investment Grade spread tightened by 1bps to 56bps, and the Asia USD High Yield spreads tightened by 3bps to 324bps. (Bloomberg, OCBC)

Credit Summary:

Company	Ticker	Description
Fosun International	FOSUNI	• FOSUNI issued an announcement stating that its indirect subsidiary, Fosun Pharma Singapore, sold a total of 9.9mn shares of Gland Pharma Limited, representing approximately 6.00% of its total shares, on September 4, 2026. The total consideration for this sale is approximately USD 294 million. Following the sale, Gland Pharma Limited will remain a subsidiary of Fosun Pharma and the Company. • The proceeds from this sale will primarily be used for Fosun Pharma Group's R&D investment, share buybacks, and repayment of interest-bearing debt. It is not expected to have any impact on the company's financial condition, either as a gain or loss. The actual financial impact will be subject to audit results. (Bloomberg, OCBC) Latest report: Credit Update – 29 May 2026
Industry Outlook – Chinese banks: Agricultural Bank of China Ltd Bank of China Ltd China Construction Bank Corp. Industrial & Commercial Bank of China Ltd	AGRBK BCHINA CCB ICBCAS	• China's Ministry of Finance ("MoF") is providing RMB300bn in capital through issuance of special bonds to select banks and insurers. The entities include ICBCAS and AGRBK. • The MoF will subscribe to each entity's private placements with MoF reportedly subscribing to RMB130bn of AGRBK's planned RMB160bn capital raising and RMB70bn of ICBCAS's planned RMB100bn capital raising. • This recent capital raising follows a similar RMB520bn exercise in 2025 that included BCHINA and CCB, with the capital raisings part of a variety of structural support measures to ensure ongoing funding support to the economy by China's largest state owned banks, offset financial system stability risks from problem loans tied to property sector concerns and weak consumer confidence, and prepare for global Total Loss-Absorbing Capacity ("TLAC") requirements. • CET1 ratios for AGRBK, BCHINA, CCB, and ICBCAS reported recently in its 1H2026 results continue to be above regulatory minimum requirements despite YTD declines as risk-weighted asset growth exceeded capital generation. CCB retained the strongest CET1 ratio at 14.24%, followed by ICBCAS at 13.21%, BCHINA at 12.04% and AGRBK at 10.80%, with all remaining above regulatory requirements. • As mentioned previously, key credit considerations in our view will be the sector's ability to maintain revenue growth while containing credit risks amidst continued policy-directed lending. We expect fundamentals to remain primarily driven by domestic factors rather than external conditions. (Bloomberg, Shanghai Stock Exchange, Xinhua News Agency, Company, OCBC) Latest report: Credit update – 02 September 2025
Westpac Banking Corp	WSTP	• The Australian Financial Review ("AFR") reported that WSTP plans to expand loan securitisation with private credit investors and superannuation funds to free up capital. This is in light of stronger demand for exposure to Australian lending by names like Blackstone, KKR, PIMCO and other global credit funds. • WSTP CEO Anthony Miller has appointed former Goldman Sachs partner Rob Taylor to expand the bank's loan securitisation strategy. Working alongside institutional banking head Nell Hutton, Taylor will focus on attracting investors and improve capital efficiency, free up balance sheet capacity, and enhance returns across the group. Ms Hutton said the bank's lending capacity is constrained by capital, funding and risk concentration limits, making risk distribution an important tool to free up balance sheet capacity, support additional client financing and improve capital efficiency. • The strategy comes after the collapse of Sydney property developer Bathla Group, that failed owing more than AUD3.3bn to non-bank lenders. The private credit sector now faces increased regulatory scrutiny, particularly around credit risk management and the valuation of loans and assets held by non-bank lenders. However, management noted that they plan to leverage WSTP's credit originating and underwriting expertise to distribute a greater share of the associated credit risk to domestic and global asset managers who are keen for deals.

		• AFR reported that analysts viewed Westpac's strategy mirroring risk-transfer and capital management initiatives adopted by major US and European lenders following the global financial crisis ("GFC"). Post-GFC regulations encouraged US and European banks to adopt risk-transfer strategies to reduce capital held against less liquid assets, while Australian banks faced less pressure due to their deposit-funded business models and predominantly variable-rate mortgage books. We will continue to monitor developments including the terms of any loan securitisation programs with private credit investors. (Australian Financial Review, OCBC) Latest report: Credit Update – 26 August 2026
Temasek Holdings (Private) Limited	TEMASE	• Senior Minister and Coordinating Minister for National Security K Shanmugam commented that TEMASE is accountable to the Government for its overall portfolio and overall long-term performance, but does not account to the Government for its individual investments, nor does it account for individual investment decisions of its portfolio companies. TEMASE and its subsidiaries decide how to invest across a wide portfolio, with investments of varied risks and varied time horizons. • He added that the Government's job is to ensure professional management in TEMASE, and then provide the professional managers in TEMASE and the TEMASE portfolio companies the political cover and the confidence to make properly considered commercial decisions free from untoward pressure. • These comments come amidst rising questions, including a parliamentary question that have been field, in relation to Singapore Airlines Ltd ("SIASP," 51%-owned by TEMASE)'s investment in Air India Limited. (Business Times) Latest report: Credit Update – 21 November 2025

New Issues:

- The total issuances in the APAC USD and DM IG markets were both zero last Friday (prior day: USD54.2mn and USD2.8bn) (Bloomberg, OCBC)

Mandates:

- There were no notable mandates.

Key Market Movements

	7-Sep	1W chg (bps)	1M chg (bps)		7-Sep	1W chg	1M chg
iTraxx Asiax IG	66	-1	-2	**Brent Crude Spot ($/bbl)**	97.7	8.0%	16.9%
				Gold Spot ($/oz)	4,390	-1.1%	1.1%
iTraxx Japan	54	-1	-5	**CRB Commodity Index**	416	2.5%	9.3%
iTraxx Australia	67	-0	-1	**S&P Commodity Index - GSCI**	736	4.3%	10.0%
CDX NA IG	50	-0	-1	**VIX**	14.5	0.7%	-2.5%
CDX NA HY	108	0	-0	**US10Y Yield**	4.78%	3bp	14bp
iTraxx Eur Main	51	0	-0				
iTraxx Eur XO	249	1	-1	**AUD/USD**	0.721	0.6%	2.0%
iTraxx Eur Snr Fin	54	-0	-0	**EUR/USD**	1.161	-0.1%	0.4%
iTraxx Eur Sub Fin	86	-1	-1	**USD/SGD**	1.267	0.3%	0.9%
				AUD/SGD	0.914	-0.3%	-1.1%
USD Swap Spread 10Y	-38	3	5	**ASX200**	9,011	-0.7%	-2.7%
USD Swap Spread 30Y	-68	4	9	**DJIA**	53,414	-0.3%	-1.2%
				SPX	7,719	0.1%	-0.5%
China 5Y CDS	35	-1	-2	**MSCI Asiax**	1,140	0.2%	4.3%
Malaysia 5Y CDS	33	-0	-2	**HSI**	25,397	-0.7%	-1.1%
Indonesia 5Y CDS	83	-1	-7	**STI**	5,793	0.7%	1.7%
Thailand 5Y CDS	40	0	-1	**KLCI**	1,715	-0.7%	-1.2%
Australia 5Y CDS	13	-0	1	**JCI**	6,628	1.6%	3.4%
				EU Stoxx 50	6,393	-1.4%	-2.0%

Source: Bloomberg

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