

## Daily Credit Snapshot

### Market Commentary

- The incoming data, along with continued geopolitical tensions emanating from headlines from US-Iran clashes kept market sentiment skittish. The US military noted that it had launched strikes on “multiple” targets in Iran for a second consecutive day. In response, Iran media reported this morning that it targeted US fifth fleet in Bahrain. US equities ended the session on Wednesday lower (S&P: -1.62%; NASDAQ: -1.98%; Dow: -1.87%), with the DXY index edging higher along with UST yields. On the data, US headline CPI came in line with expectations at 4.2% y/y in May versus 3.8% in April. Similarly, core CPI also matched expectations at 2.9% versus 2.8% in April. On a month on month seasonally adjusted basis, gains slowed with headline CPI up 0.5% from 0.4% in April while core CPI rose by 0.2% from 0.4% in April. The main drivers were the energy commodities, which rose by 6.7% MoM sa from 5.6% in April. Interestingly, transportation services CPI fell by 0.6% m/m from 0.3% in April suggesting that full cost pass-through are still uneven. The hourly wage earning contracted further by 0.7% y/y in May after dropping 0.3% in April, while average weekly earnings contracted by 0.4% y/y from -0.2% in April as labour conditions remain mixed. Fed fund futures are pricing in a 26.8bp hike by the end of 2026.
- The SGD SORA OIS curve traded lower yesterday with shorter and belly tenors trading flat to 1bps lower while 10Y traded 1bps lower.
- Flows in SGD corporates were moderate, with flows in BACR 4.65%-PERP, KEPSP 3.3%-PERP, CRCTSP 3.95%-PERP.
- US Investment Grade spreads traded flat at 73bps and US High Yield spreads widened by 2bps to 270bps yesterday respectively. Bloomberg Global Contingent Capital Index traded flat at 221bps.
- Bloomberg Asia USD Investment Grade traded flat at 53bps yesterday while Asia USD High Yield spreads tightened by 3bps to 370bps. (Bloomberg, OCBC)

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## Credit Summary:

| Company                     | Ticker | Description  |
|-----------------------------|--------|--|
| Lendlease Group             | LLCAU  | <ul style="list-style-type: none"> <li>• <b>LLCAU provides a market update today and announced a new Group CEO.</b></li> <li>• Nick O’Neil has been appointed as the new Group CEO. Mr. O’Neil is currently Head of Australian Real Estate at AustralianSuper (Australia’s largest retirement fund), overseeing a portfolio of investments that focus on property, utilities and infrastructure.</li> <li>• Separately on market update, LLCAU maintained earnings of Investments, Development and Construction (collectively “IDC”) segments at AUD0.28 – AUD0.34 per share.</li> <li>• Reported gearing (including perpetuals) as of 30 June 2026 is expected to be in the mid-30% range instead of previous guidance of 15%, due to slower than expected disposals and development spending.</li> <li>• Asset recycling program continues to progress with a number of well-advanced transactions now likely to complete in early FY2027 instead.</li> <li>• Cash flows for FY2027 (ending 30 June 2027) are expected to benefit from materially lower Capital Release Unit (“CRU”) capital outflows, targeted residential settlements and the application of capital recycling proceeds primarily to debt reduction. Besides, capital requirements from development operations will reduce materially with major projects now progressed, a more capital efficient partnering model in place, and settlements from One Circular Quay and Victoria Harbour.</li> <li>• The Construction segment should generate additional cash flow as revenues continue to grow, while Investments should also be self-funding through recycling of co-investments.</li> <li>• Our view on LLCAU is while volatility persists as it transitions in FY2026, stabilisation is expected from FY2027 and onwards. For details, readers may refer to the recent credit update published on 8 June 2026.(Company, OCBC)</li> </ul> <p>Latest report: Credit Update – 08 June 2026</p> |
| Royal Bank of Canada        | RY     | <ul style="list-style-type: none"> <li>• RY is pushing to expand in US financial markets, with plans to increase headcounts in US investment banking business, taking advantage of the robust market environment.</li> <li>• Capital markets have been a key area of growth for RY and in FY2025, US accounts for about 50% of revenue breakdown from the division. (Company, OCBC)</li> </ul>   |
| Westpac Banking Corporation | WSTP   | <ul style="list-style-type: none"> <li>• WSTP provided an update on the operating environment for its consumer segment highlighting modestly slowing consumer spending and mortgage application volumes amid an uncertain economic outlook, higher interest rates and policy tightening.</li> <li>• That said, customer activity remains resilient, supported by population growth and structural housing undersupply, with system housing credit growth expected to remain moderate while competitive intensity and deposit pricing pressures persist. (Company)</li> </ul> <p>Latest report: Credit Update – 14 April 2026</p>   |

## New Issues:

- The total issuance volumes for APAC and DM IG markets yesterday were USD100mn and USD370mn respectively (prior day: USD4.03bn and USD6.26bn respectively).

| Date   | Issuer         | Description           | Currency | Size (mn) | Tenor (Yr) | Final Pricing (%) |
|--------|----------------|-----------------------|----------|-----------|------------|-------------------|
| 10 Jun | Commerzbank AG | FRN, Senior Preferred | USD      | 120       | 3          | SOFR+59bps        |

## Mandates:

- Vedanta Resources Finance II plc (guarantor: Vedanta Resources Limited) may issue a USD-denominated weighted average life of long 5Y and/or long 7Y and /or long 10Y senior bonds.

## Key Market Movements

|                     | 11-Jun | 1W chg<br>(bps) | 1M chg<br>(bps) |                            | 11-Jun | 1W chg | 1M chg |
|---------------------|--------|-----------------|-----------------|----------------------------|--------|--------|--------|
| iTraxx Asiax IG     | 74     | 3               | 3               | Brent Crude Spot (\$/bbl)  | 93.5   | -1.7%  | -10.3% |
|                     |        |                 |                 | Gold Spot (\$/oz)          | 4,096  | -8.5%  | -13.5% |
| iTraxx Japan        | 62     | 1               | -0              | CRB Commodity Index        | 373    | -4.0%  | -6.5%  |
| iTraxx Australia    | 73     | 1               | 1               | S&P Commodity Index - GSCI | 685    | -3.4%  | -7.9%  |
| CDX NA IG           | 53     | 2               | -1              | VIX                        | 22.2   | 38.4%  | 20.9%  |
| CDX NA HY           | 108    | -0              | 0               | US10Y Yield                | 4.54%  | 7bp    | 13bp   |
| iTraxx Eur Main     | 54     | 1               | -2              |                            |        |        |        |
| iTraxx Eur XO       | 266    | 6               | -10             | AUD/USD                    | 0.700  | -1.9%  | -3.4%  |
| iTraxx Eur Snr Fin  | 57     | 1               | -2              | EUR/USD                    | 1.154  | -0.6%  | -2.0%  |
| iTraxx Eur Sub Fin  | 94     | 2               | -4              | USD/SGD                    | 1.288  | -0.2%  | -1.5%  |
|                     |        |                 |                 | AUD/SGD                    | 0.901  | 1.7%   | 2.0%   |
|                     |        |                 |                 |                            |        |        |        |
| USD Swap Spread 10Y | -41    | -1              | -0              | ASX200                     | 8,633  | -1.7%  | -0.8%  |
| USD Swap Spread 30Y | -72    | -0              | 0               | DJIA                       | 49,919 | -1.5%  | 0.4%   |
|                     |        |                 |                 | SPX                        | 7,267  | -3.8%  | -2.0%  |
| China 5Y CDS        | 40     | 0               | -1              | MSCI Asiax                 | 1,104  | -5.7%  | -2.8%  |
| Malaysia 5Y CDS     | 35     | 0               | 1               | HSI                        | 24,138 | -4.4%  | -8.6%  |
| Indonesia 5Y CDS    | 97     | 2               | 13              | STI                        | 4,961  | -2.1%  | 0.4%   |
| Thailand 5Y CDS     | 48     | 0               | -1              | KLCI                       | 1,676  | -0.4%  | -4.0%  |
| Australia 5Y CDS    | 13     | -1              | 0               | JCI                        | 5,869  | 0.5%   | -15.0% |
|                     |        |                 |                 | EU Stoxx 50                | 6,010  | -1.5%  | 1.9%   |

Source: Bloomberg

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