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Daily Credit Snapshot

Market Commentary

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- US equities closed lower overnight, with the S&P 500, Dow and Nasdaq all falling around 0.6%. Materials and technology led declines as inflation concerns and higher Treasury yields weighed on sentiment. Yields moved to session highs after the Treasury's latest buyback accepted USD5.2bn of bids, below the USD6bn maximum. Oil prices added to the pressure, with Brent and WTI rising more than 6% to around USD108 and USD103 per barrel respectively, their highest levels since May. US-Iran tensions escalated after Iran said it attacked vessels near the Strait of Hormuz following US strikes on Iranian tankers, adding to concerns over regional shipping and energy supply. Meanwhile, President Trump also proposed a USD5,000 payment to every adult US citizen if Republicans retain control of Congress in November. On the data front, US producer inflation accelerated to 5.4% y/y in August from 4.8% in July. Energy prices rose 4.2% m/m, while diesel prices surged 24.1%. Initial jobless claims edged down to 206k, while continuing claims fell to 1.774mn, consistent with layoffs remaining low. Markets raised the probability of a 25bp Fed hike next week to around 70%. Meanwhile, the ECB raised its three key policy rates by 25bp, taking the deposit rate to 2.50%, and revised its 2027 and 2028 inflation forecasts higher. Attention now turns to August US CPI tonight. Consensus expects headline inflation at 0.4% m/m and 3.4% y/y, while core CPI is expected at 0.2% m/m and 2.4% y/y. Following yesterday's PPI, the renewed surge in energy prices and relatively firm labour-market data, the CPI release will be particularly important in shaping expectations ahead of the Fed's 15–16 September meeting.

- The SGD SORA OIS curve traded higher yesterday with the shorter tenors trading 2-4bps higher, belly tenors trading 4bps higher, and 10Y tenor trading 5bps higher.

- There were no notable flows.

- US Investment Grade tightened by 1bps to 78bps, and US High Yield spreads widened by 1bps to 272bps respectively. Bloomberg Global Contingent Capital spreads tightened by 3bps to 199bps.

- Bloomberg Asia USD Investment Grade spread tightened by 2bps to 54bps, and the Asia USD High Yield spreads tightened by 12bps to 308bps. (Bloomberg, OCBC)

Credit Summary:

Company	Ticker	Description
Microsoft Corp	MFST	• MSFT plans to more than triple its data center capacity from approximately 12GW today to over 38GW by 2032. The investment should alleviate capacity constraints that have become the company's biggest growth bottleneck, with shortages forcing the company to restrict cloud subscriptions in certain regions and resulting in some customers shifting workloads to competitors. • The expansion strengthens MSFT's competitive position in hyperscale cloud infrastructure, supports continued growth in Azure and AI-related revenue, and reduces execution risk associated with capacity shortages. However, it also entails substantial capital commitments. We expect MSFT to return to the bond market to raise capital, following its last bond issuance in June 2024. • While the expansion underscores management's confidence in the sustained long-term demand for cloud and AI services, key risks include potential overbuilding, regulatory and community opposition to new data center projects, and the challenge of bringing capacity online quickly enough to meet rapidly growing demand. (Bloomberg, OCBC) Latest report: Credit Update – 5 August 2026
Commonwealth Bank of Australia	CBA	• Brookfield Corp ("Brookfield") is advancing its pursuit of Colonial First State ("CFS"), the AUD5bn+ wealth manager jointly owned by KKR and CBA, with the proposal now under review by Brookfield's investment committee. • CFS is currently owned 55% by KKR and 45% by CBA, following CBA's 2020 stake sale, which valued the wealth manager at AUD3.3bn then. The sale formed part of CBA's broader exit from wealth management, with CFS representing its final remaining stake in the sector. Any potential sale of CFS is expected to have a negligible credit impact on CBA. (Australian Financial Review, Company, OCBC) Latest report: Credit Update – 26 August 2026

New Issues:

- The total issuances in the APAC and DM IG markets were zero and USD6.25bn respectively yesterday (prior day: USD1.05bn and USD3.6bn) (Bloomberg, OCBC)

Date	Issuer	Description	Currency	Size (mn)	Tenor (Yr)	Final Pricing (%)
10 Sep	KeySpan Gas East Corp	Fixed	USD	500	Long 5	T + 90bps
10 Sep	KeySpan Gas East Corp	Fixed	USD	500	10	T + 115bps
10 Sep	Stellantis Finance US Inc (guarantor: Stellantis NV)	Fixed	USD	1,250	10	T + 245bps
10 Sep	Stellantis Finance US Inc (guarantor: Stellantis NV)	Fixed	USD	1,250	5	T + 200bps
10 Sep	TR Finance LLC (guarantor: Thomson Reuters Corp)	Fixed	USD	500	7	T + 95bps
10 Sep	TR Finance LLC (guarantor: Thomson Reuters Corp)	Fixed	USD	800	2	T + 55bps

Mandates:

- There were no notable mandates.

Key Market Movements

	11-Sep	1W chg (bps)	1M chg (bps)		11-Sep	1W chg	1M chg
iTraxx Asiax IG	66	0	-2	Brent Crude Spot ($/bbl)	106.1	10.2%	19.3%
				Gold Spot ($/oz)	4,352	-1.8%	-0.4%
iTraxx Japan	54	-0	-4	CRB Commodity Index	429	3.0%	9.9%
iTraxx Australia	67	0	-1	S&P Commodity Index - GSCI	767	4.1%	11.3%
CDX NA IG	52	2	0	VIX	17.8	17.4%	16.8%
CDX NA HY	107	-1	-1	US10Y Yield	4.95%	17bp	26bp
iTraxx Eur Main	54	3	2				
iTraxx Eur XO	262	14	10	AUD/USD	0.718	-0.4%	1.6%
iTraxx Eur Snr Fin	56	3	2	EUR/USD	1.161	-0.0%	0.6%
iTraxx Eur Sub Fin	91	3	2	USD/SGD	1.267	-0.1%	1.0%
				AUD/SGD	0.909	0.4%	-0.6%
USD Swap Spread 10Y	-40	-2	1	ASX200	8,741	-2.9%	-5.5%
USD Swap Spread 30Y	-71	-4	3	DJIA	52,064	-1.9%	-3.2%
				SPX	7,592	-1.0%	-1.8%
China 5Y CDS	35	0	-2	MSCI Asiax	1,152	1.1%	4.5%
Malaysia 5Y CDS	33	0	-2	HSI	24,847	-3.1%	-3.1%
Indonesia 5Y CDS	83	-1	-6	STI	5,680	-2.1%	-1.3%
Thailand 5Y CDS	42	1	0	KLCI	1,688	-1.2%	-2.5%
Australia 5Y CDS	13	0	-0	JCI	6,491	-2.2%	3.6%
				EU Stoxx 50	6,269	-1.8%	-4.3%

Source: Bloomberg

Disclaimers