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Daily Credit Snapshot

Market Commentary

- The geopolitical crisis surrounding the Strait of Hormuz escalated dramatically on Wednesday. The US reimposed its naval blockade on Iranian ports and launched a new seven-hour wave of strikes against Iran's coastal defence systems and cruise missile storage sites on Greater Tunb Island. U.S. Central Command confirmed that it had redirected two commercial vessels attempting to breach the blockade. Iran's Revolutionary Guard Corps (IRGC) responded by threatening to shut down all regional energy export routes, declaring that "the export of oil and gas from the region will be either for everyone or for no one." The IRGC subsequently struck US military targets in Kuwait, Bahrain, and Jordan in retaliation. Despite the escalation, oil prices remained remarkably contained, with Brent crude at USD85.38/bbl and WTI at USD80.13/bbl. On the data front, following Tuesday's softer-than-expected US CPI release, the Producer Price Index (PPI) delivered another downside surprise. Headline PPI fell 0.3% m/m compared with expectations for an unchanged reading. The annual rate eased to 5.5%, well below the consensus forecast of 6.2% and down from a downwardly revised 6.0% in May. Goods prices plunged 1.4%, driven by a 6.4% decline in energy prices and a 12.0% drop in gasoline prices. Core PPI (excluding food and energy) rose just 0.2% m/m, below the 0.3% forecast, while the annual rate came in at 4.7% versus expectations of 5.1%. The Beige Book was also released overnight. It showed that "economic activity increased at a slight to moderate pace in eleven of the twelve Federal Reserve Districts in late May and June, while one District reported no change." On prices, the report noted that price increases remained moderate, with "nine Districts reporting moderate growth, two reporting robust growth, and one reporting slight growth." This compares with the previous report, which indicated similar or slower price growth across all Districts.

- The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 3-4bps lower, belly tenors trading 3-4bps lower, and the 10Y tenor trading 3bps lower.

- There were no notable flows in SGD corporates yesterday.

- US Investment Grade spreads tightened by 1 bps to 77bps, and US High Yield spreads tightened by 2bps to 266bps. Bloomberg Global Contingent Capital Index widened by 1bps to at 210bps.

- Bloomberg Asia USD Investment Grade widened by 1bps to 56bps, and the Asia USD High Yield spreads widened by 4bps to 365bps. (Bloomberg, OCBC)

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Credit Summary:

Company	Ticker	Description
Singapore Airlines Ltd	SIASP	• SIA reported its June 2026 operating data. On a group airline basis, passenger load factor was at 87.1% in June 2026, slightly lower than the 88.7% in June 2025 (May 2026: 86.0%). • Group passengers carried totalled 3.68 million, up 6.3% y/y. Per company, air travel saw robust travel demand. • Passenger capacity on a group airline basis increased 6.0% y/y to 15,644.0 million available seat kilometres. • On the cargo front, cargo load factor increased 4.2 percentage points to 60.6% in June 2026 from 56.4% a year ago (May 2026: 58.1%). Cargo and mail carried increased by 8.5% y/y, per company this was boosted by AI and data centre-related movements as well as front loading of e-commerce volumes into Europe ahead of the implementation of the European Union's small parcel duty from 1 July 2026. Cargo load increased by 5.1% y/y and amidst a 2.3% y/y reduction in capacity, cargo load factor increased. (Company, OCBC) Latest report: Credit Update – 20 May 2026
Commerzbank AG, UniCredit SpA	CMZB, UniCredit	• German Chancellor Friedrich Merz conveyed some level of acceptance for the likelihood of UniCredit's takeover of CMZB. While somewhat of a contrast to earlier statements voicing opposition to the takeover and the government's political position that CMZB should remain an independent lender, it is ultimately consistent with Mr Merz's acknowledgement that the matter is ultimately for CMZB and UniCredit to settle. • It also appears to be a matter settled by investors with a noticeable proportion of investors tendering enough shares for UniCredit to have an eventual ~48% stake in CMZB including derivatives. The German government continues to retain its ~12% stake. • With some uncertainty reduced, the next steps may likely be more direct talks with UniCredit and the government about CMZB's continued role in supporting Germany's economy and small and medium-sized enterprises, amongst other concerns for the government such as impact on the domestic workforce. • Any moves by UniCredit Chief Executive Officer Andrea Orcel to assert control is likely stalled until UniCredit secures necessary regulatory approvals to take ownership of the tendered shares; including a green light from the European Central Bank to increase its physical stake above 30% - a process that may take three to six months. Latest report: CMZB Credit Update – 4 September 2025

BHP Group Limited	BHP	• BHP announced its operational review for the year ended 30 June 2026 ("FY2026"). Per the company, for the second consecutive year, it has produced ~2 Mt of copper and delivered record iron ore production. This was achieved against a backdrop of stronger realised prices for both copper and iron ore with copper prices ~35% higher y/y. Cost control was strong and expected to be within unit cost guidance despite headwinds from inflation, higher diesel prices and global supply chain disruptions. • In copper, total production declined 3.2% y/y in FY2026 to 1,953 kilotonnes. For FY2027, copper production is guided to be lower at 1,650 and 1,800 kilotonnes, mainly as a result of the forecast grade decline at Escondida. • Iron ore production increased ~1% y/y to 265Mt while production for FY2027 is guided to be between 260 and 272Mt. • Production in Steelmaking coal increased 3.3% y/y to 18.6 Mt, with production guidance for FY2027 at 18.5-20.5 Mt. • Production for Energy coal increased by 9.3% y/y to 16.4 Mt, with production guidance for FY2027 at 14.0-16.0 Mt. • The latest announcement does not change our fundamental credit view of BHP. (Company) Latest report: Credit Update – 11 April 2025
Goldman Sachs Inc	GS	• GS delivered strong sets of 2Q2026 results with USD7.4bn in equities revenue (+72% y/y) as the standout, benefitting from elevated market volatility and increased prime balances. Fixed Income, Currency, and Commodities (FICC) saw a 32% y/y increase in revenue to USD4.6bn. • Investment banking fees was up 55% y/y to USD3.4bn, with Equity Capital Markets more than doubling y/y and Debt Capital Markets up 75% y/y. • Revenue grew 39% y/y while costs up 26%, driving the efficiency ratio to 57.4%. Return On Tangible Equity (ROTE) was 25.5%. • Provision for credit losses fell to USD102m, reflecting the firm's pullback from consumer credit card lending. • CET1 ratio rose 40bps to 12.9%, with risk weighted assets (RWAs) declining USD25bn, providing additional capital flexibility. (Company, OCBC) Latest report: Credit Update – 10 July 2026
Morgan Stanley	MS	• MS delivered revenues of USD21.35bn in 2Q2026, with net profit rising 58% y/y on record equities trading, surging Investment Banking fees and record Wealth Management net new assets. Return on Tangible Common Equity (ROTCE) at 26.6% exceeded MS's own target of 20%. • Equities was the main driver, with revenue up 69% y/y to USD6.3bn while FICC came in at USD2.5bn. • Wealth Management delivered record performance with net new assets of USD148bn, representing ~8% annualized organic growth. • Robust earnings and excess capital are expected to further support balance sheet deployment while maintaining optionality for further optimizing its capital structure. MS plans a USD20bn buyback and raised the quarterly dividend 15% to USD1.15/share. (Company, OCBC) Latest report: Credit Update – 10 July 2026

Frasers Centrepoint Trust	FCTSP	• **Part of consortium that submitted the top SGD2.1bn bid for the Bayshore Drive GLS site:** FCTSP participated alongside Frasers Property Ltd ("FPLSP"), Sunway MCL, Sekisui House and Lum Chang in the consortium that submitted the highest bid of SGD2.1bn, equivalent to SGD1,323 psf ppr. The bid was 5.8% above the second-highest bid and remains subject to the Government's confirmation. The 99-year leasehold site has a maximum GFA of around 1.61mn sq ft and is expected to comprise up to 1,280 residential units and around 242,000 sq ft of commercial GFA. The development will be directly integrated with Bedok South MRT station and a new bus interchange. • **FCTSP will hold a 50% interest in the vehicle owning the entire commercial component:** FCTSP's trustee will hold a 50% interest in SPT (Retail), which will develop and retain full ownership of the commercial component. The other unitholders are SMCL Urban C2 Pte. Ltd., a subsidiary of Sunway MCL, and Sekisui House, although their respective interests within the remaining 50% were not disclosed. The commercial component comprises approximately 242,000 sq ft of GFA, including a retail mall with around 238,000 sq ft of GFA and an estimated 160,000 to 180,000 sq ft of NLA. The estimated NLA includes Community/Sports Facilities Scheme space, subject to regulatory approval. ○ **No direct exposure to the residential component:** The residential component will be developed for sale through SPV (Residential). FPLSP's wholly owned subsidiary, Frasers Property Phoenix Pte. Ltd., will hold a 37.5% interest, alongside subsidiaries of Sunway MCL and Lum Chang, as well as Sekisui House. In contrast, SPT (Retail) will retain the commercial component and receive the returns generated by it. FCTSP therefore has no stated equity participation in the residential vehicle, although both vehicles will share certain common development costs according to an agreed allocation. • **Strategically aligned with FCTSP's suburban retail mandate:** According to Richard Ng, CEO of FCTSP's manager, the site provides FCTSP with an opportunity to participate at an early stage in the establishment of a retail mall and use development as a new growth driver at an attractive yield. The development is also consistent with FCTSP's focus on well-located suburban retail assets with strong transport connectivity and growing residential catchments. The mall is expected to serve as the new town centre and transport hub for Bayshore, where around 10,000 public and private homes are planned over time, while also serving the wider Bedok and East Coast catchment. • **No disclosure on amount of capital commitment required by FCTSP, but exposure likely to be manageable given buffer from White Sands disposal:** Based on the commercial component's approximately 15% share of maximum GFA, FCTSP's 50% interest in SPT (Retail) implies an illustrative look-through exposure of around 7.5% of the overall development, or approximately SGD158mn of the SGD2.1bn land bid. We think the actual land allocation will likely be higher if commercial space is attributed a higher value per sq ft. In addition, FCTSP will likely have to fund its share of construction, financing, professional and common infrastructure costs. That said, we think this should be mitigated by SGD467mn divestment proceeds announced in 30 June 2026. • **Development could offer a higher yield on cost, but introduces risks absent from acquisitions of stabilised malls:** Early-stage participation may allow FCTSP to capture development profit and achieve a more attractive entry yield than purchasing the mall after completion. However, FCTSP will incur land, construction and financing expenditure ahead of rental contribution, which

		we think may result in negative carry during the development period. It will also assume construction, cost-overrun, completion and leasing risks. Unlike an acquisition of a stabilised mall, the project has no existing occupancy, rental income or tenant-sales record, and its eventual performance will depend on tenant demand, achieved rents and the pace at which the surrounding Bayshore population grows. • **REIT participation in GLS developments is not unprecedented:** CapitaLand Integrated Commercial Trust's participation in the Hougang Central mixed-use GLS development provides a recent precedent for a Singapore REIT entering at the development stage alongside sponsor and development partners. (Business Times, Company, OCBC) Latest report: Credit Update – 10 July 2025

New Issues:

- The total issuances in the APAC and DM IG markets respectively were USD1.8bn and USD23.6bn yesterday (prior day: zero and USD13.9bn respectively). (Bloomberg, OCBC)

Date	Issuer	Description	Currency	Size (mn)	Tenor (Yr)	Final Pricing (%)
15 Jul	NongHyup Bank	Social, FRN	USD	300	3.50	SOFR+ 60bps
15 Jul	NongHyup Bank	Social, Fixed	USD	300	5	T + 42bps
15 Jul	Bayer US Finance LLC (guarantor: Bayer AG)	Fixed	USD	1,000	5	T + 87bps
15 Jul	Bayer US Finance LLC (guarantor: Bayer AG)	Fixed	USD	750	7	T + 102bps
15 Jul	Bayer US Finance LLC (guarantor: Bayer AG)	Fixed	USD	1,500	10	T + 115bps
15 Jul	Bayer US Finance LLC (guarantor: Bayer AG)	Fixed	USD	500	20	T + 127bps
15 Jul	Bayer US Finance LLC (guarantor: Bayer AG)	Fixed	USD	1,250	30	T + 135bps
15 Jul	JPMorgan Chase & Co	FRN	USD	500	4NC3	SOFR+ 85bps
15 Jul	JPMorgan Chase & Co	Fixed	USD	2,500	4NC3	T + 68bps
15 Jul	JPMorgan Chase & Co	Fixed	USD	3,000	6NC5	T + 78bps
15 Jul	JPMorgan Chase & Co	Fixed, Subordinated	USD	3,000	15NC10	T + 125bps

15 Jul	Morgan Stanley	FRN	USD	500	3NC2	SOFR+ 85bps
15 Jul	Morgan Stanley	Fixed	USD	2,500	3NC2	T + 75bps
15 Jul	Morgan Stanley	Fixed	USD	3,000	6NC5	T + 92bps
15 Jul	Morgan Stanley	Fixed	USD	3,000	11NC10	T + 107bps

Mandates:

- There were no notable mandates yesterday.

Key Market Movements

	16-Jul	1W chg (bps)	1M chg (bps)		16-Jul	1W chg	1M chg
iTraxx Asiax IG	70	0	2	**Brent Crude Spot ($/bbl)**	84.5	10.8%	7.1%
				Gold Spot ($/oz)	4,035	-2.2%	-6.8%
iTraxx Japan	60	0	1	**CRB Commodity Index**	379	3.4%	4.6%
iTraxx Australia	70	1	1	**S&P Commodity Index - GSCI**	664	3.9%	3.4%
CDX NA IG	51	0	1	**VIX**	15.7	-7.3%	-4.5%
CDX NA HY	107	-1	-1	**US10Y Yield**	4.55%	0bp	11bp
iTraxx Eur Main	52	1	1				
iTraxx Eur XO	249	5	-1	**AUD/USD**	0.700	0.8%	-1.0%
iTraxx Eur Snr Fin	55	1	1	**EUR/USD**	1.147	0.3%	-1.2%
iTraxx Eur Sub Fin	88	1	1	**USD/SGD**	1.289	0.3%	-0.5%
				AUD/SGD	0.902	-0.5%	0.5%
USD Swap Spread 10Y	-41	1	-0	**ASX200**	8,822	0.7%	-1.1%
USD Swap Spread 30Y	-75	0	-3	**DJIA**	52,659	0.6%	1.3%
				SPX	7,572	1.2%	0.8%
China 5Y CDS	37	-0	-2	**MSCI Asiax**	1,121	0.9%	-4.7%
Malaysia 5Y CDS	37	-0	2	**HSI**	25,145	4.6%	2.7%
Indonesia 5Y CDS	90	-2	3	**STI**	5,538	1.9%	8.2%
Thailand 5Y CDS	42	0	0	**KLCI**	1,724	2.7%	0.8%
Australia 5Y CDS	13	0	-0	**JCI**	6,063	2.5%	-3.1%
				EU Stoxx 50	6,266	1.0%	0.1%

Source: Bloomberg

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