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Daily Credit Snapshot

Market Commentary

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- US equities sold off sharply on Tuesday as a global bond rout pushed long-dated Treasury yields to multi-decade highs. The 30-year Treasury yield spiked intraday to 5.34%, its highest level since June 2007, triggering a sharp repricing of high-multiple equities. Technology and semiconductor stocks bore the brunt of the adjustment, with the Philadelphia Semiconductor Index plunging more than 5%. Risk sentiment was further weighed down by persistent US–Iran geopolitical tensions. The US president said no talks with Iran were planned, while Iran maintained that restrictions on the Strait of Hormuz would remain in place until its conditions were met. The resulting geopolitical risk premium kept WTI crude near USD84/bbl and Brent above USD91/bbl. On the data front, US housing starts fell 12.4% m/m in July to an annualised 1.239mn units, down 13.5% y/y. Single-family starts declined 9.9% m/m. However, building permits rose 5.0% m/m to 1.443mn, creating a notable divergence between authorised construction and actual starts. The gap suggests that elevated financing costs and weak buyer confidence are delaying the conversion of planned projects into construction activity. Elsewhere, industrial production and manufacturing output each rose 0.2% m/m in July, following 0.3% gains in June, while capacity utilisation edged up to 76.3%. The underlying composition remained uneven: consumer-goods production fell 0.4%, while business equipment and construction supplies each rose 0.8%, and defence and space equipment increased 1.8%. The split continues to point to relatively resilient capital spending but softer household-related demand. Home Depot's better-than-expected Q2 earnings provided a rare bright spot on the consumer front.

- The SGD SORA OIS curve traded higher yesterday with the shorter tenors trading flat to 3-6bps higher, belly tenors trading 5-6bps higher, and the 10Y tenor trading 7bps higher.

- Flows in SGD corporates were heavy, with flows in OCBCSP 3.2%-PERP, TEMASE 2.65% '36s, ANZ 4.5% '32s, LLOYDS 5.25% '33s.

- US Investment Grade spreads widened by 1bps to 81bps, and US High Yield spreads widened by 7bps to 275bps. Bloomberg Global Contingent Capital widened by 3 bps to 206bps.

- Bloomberg Asia USD Investment Grade traded flat at 56bps, and the Asia USD High Yield spreads widened by 3bps to 328bps. (Bloomberg, OCBC)

Credit Summary:

Company	Ticker	Description
Santos Ltd	STOAU	• STOAU announced its first half 2026 results which was softer than market expectations. That said, the company expects 2H2026 production to be ~20% to 30% higher than 1H2026. Reported Gearing while higher h/h and outside of management's targeted range, is expected to fall by 2030. The latest results release does not change our fundamental credit view of STOAU. • STOAU reported 1H2026 production of 45.6 million barrels of oil equivalent ("mmboe"), increasing by 3% y/y while sales volume was 48.0 mmboe (increased by 2% y/y). Despite the increase in higher production and sales volume, reported EBITDAX was 11.5% lower y/y to USD1.56bn as the company faced higher other operating costs of sales associated with the Barossa start-up (including commencement of DLNG tolling of Barossa following start-up) as well as higher third-party purchase costs, reflecting LNG cargo purchases amidst Barossa's commissioning. Reported underlying profit was USD397mn in 1H2026 versus USD508mn in 1H2025, with lower interest income and higher total finance costs also dragging profitability (reduced capitalised interest following commencement of Barossa and Angore). • STOAU reported free cash flow from operations, defined as operating cash flows, less investing cash flows (net of acquisitions and disposals, and major growth capex), less lease liability payments at USD378mn for 1H2026, lower by 65% y/y, which was negatively affected by commissioning and cargo timing effects around 30 June 2025 as well as under-lift position in Papua New Guinea, which the company expects to sunwind in 2H2026. • Coming off the peak capex on Barossa and Pikka Phase 1 which have started operations, Reported Gearing was higher at 28.1% (including operating leases) as at 30 June 2026 versus 26.9% as at 31 December 2025. STOAU is targeting to reduce net debt by USD2.5bn by 2030 and continues to target Reported Gearing (defined as net debt-to-net debt plus equity) range at 15% to 25%. • Capital expenditure for 2026 (excluding capitalised interest) continues to be guided at USD1.95bn to USD2.15bn, lower than 2025's USD2.4bn of capital expenditure which was lower by 16% compared to 2024. • There is no short-term refinancing risk for interest-bearing loans and borrowings, with the next debt maturity only in September 2027. (Company, Reuters, OCBC). Latest report: Credit Update – 27 July 2026

New Issues:

- The total issuances in the APAC USD and DM IG markets USD2.4bn and USD4.1bn respectively yesterday (prior day: USD2.5bn and USD9.1bn respectively). (Bloomberg, OCBC)

Date	Issuer	Description	Currency	Size (mn)	Tenor (Yr)	Final Pricing (%)
18 Aug	HDFC Bank Ltd/Gift City	Fixed	SGD	250	3	2.7%
18 Aug	Housing & Development Board	Fixed	SGD	700	15	2.839%
18 Aug	Development Bank of Japan Inc	Fixed	USD	1,000	3	SOFRMS + 40bps
18 Aug	Kotak Mahindra Bank Ltd	Fixed	USD	650	5	5.478%
18 Aug	IDFC First Bank Ltd	Fixed	USD	500	3	5.625%
18 Aug	Banco Santander SA	Fixed, Sr Non Preferred	USD	1,000	4NC3	T + 75bps
18 Aug	Banco Santander SA	Fixed, Sr Non Preferred	USD	1,000	8NC7	T + 110bps
18 Aug	Lloyds Bank PLC (guarantor: LLoyds Bank Covered Bonds LLP)	Fixed, Secured	USD	1,500	3	SOFRMS + 40bps

Mandates:

- There were no notable mandates yesterday.

Key Market Movements

	19-Aug	1W chg (bps)	1M chg (bps)		19-Aug	1W chg	1M chg
iTraxx Asiax IG	68	0	-2	**Brent Crude Spot ($/bbl)**	91.3	2.6%	3.6%
				Gold Spot ($/oz)	4,356	-1.2%	8.7%
iTraxx Japan	57	-1	-3	**CRB Commodity Index**	397	0.9%	3.9%
iTraxx Australia	68	0	-2	**S&P Commodity Index - GSCI**	699	1.1%	3.7%
CDX NA IG	52	1	-0	**VIX**	15.8	8.7%	-15.7%
CDX NA HY	108	-0	-0	**US10Y Yield**	4.69%	-1bp	14bp
iTraxx Eur Main	52	1	-1				
iTraxx Eur XO	253	2	-3	**AUD/USD**	0.707	0.1%	1.0%
iTraxx Eur Snr Fin	55	1	-1	**EUR/USD**	1.159	0.6%	1.6%
iTraxx Eur Sub Fin	88	1	-1	**USD/SGD**	1.277	0.3%	1.1%
				AUD/SGD	0.903	0.2%	0.1%
USD Swap Spread 10Y	-41	-1	-4	**ASX200**	9,054	-1.7%	2.9%
USD Swap Spread 30Y	-73	0	-3	**DJIA**	53,343	-0.8%	2.3%
				SPX	7,692	-0.5%	3.1%
China 5Y CDS	36	-1	-1	**MSCI Asiax**	1,125	0.9%	4.9%
Malaysia 5Y CDS	34	-1	-3	**HSI**	25,502	0.2%	3.8%
Indonesia 5Y CDS	85	-3	-8	**STI**	5,686	-0.6%	3.2%
Thailand 5Y CDS	41	-1	-2	**KLCI**	1,731	-0.6%	-0.0%
Australia 5Y CDS	15	2	1	**JCI**	6,411	2.3%	3.8%
				EU Stoxx 50	6,475	-0.9%	3.9%

Source: Bloomberg

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