Credit Week in Brief

Global Markets Research

01 Dec 2025

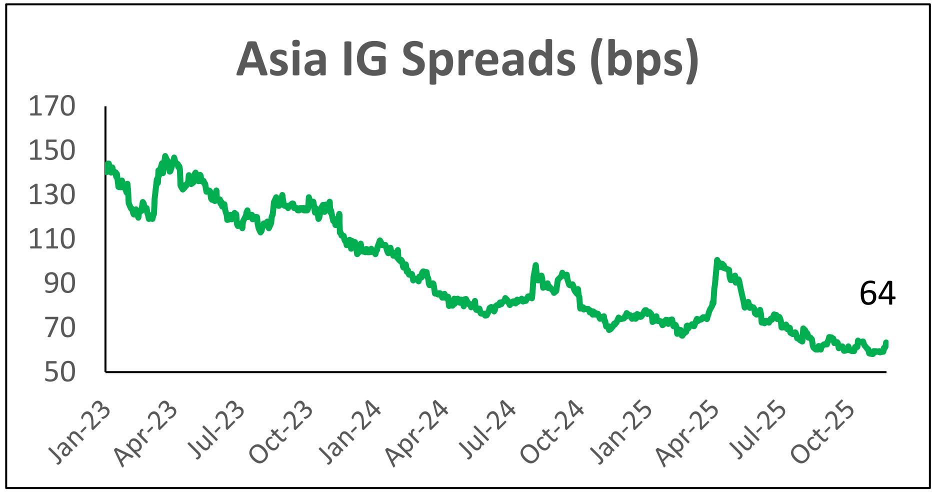
Credit: Asiadollar Weekly Overview

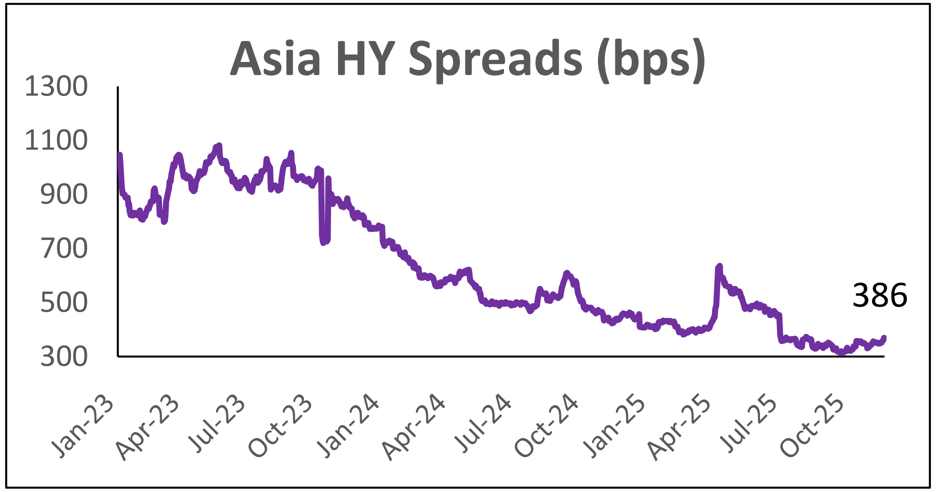
Credit spreads decompressing into December

Indices	1 Week Change (bps)	OAS Spread
Asia IG (BAIGOAS Index)	+1	64bps
Asia HY (BAHYOAS Index)	+16	386bps

- **Asiadollar credit spreads continued to widen and decompress** on higher concerns with China Vanke Co. Ltd ("Vanke") that pledged all of the shares it holds in Hong Kong-listed property management unit Onewo Inc to Shenzhen Metro Group Co. It comes after Vanke's long-term rating was downgraded by S&P to CCC- from CCC and placed on watch negative from outlook negative as the risk of a distressed restructuring at Vanke within the next six months has heightened. The company faces a sizable bond maturity wall while operating cash flow will be negative, and its accessible cash buffer will likely be thin.
- **Sentiment was a partial driver for muted primary market activity** as was the US Thanksgiving holiday which typically dampens issuance. The largest deal came from power generator China Huaneng Group, which sold a USD1bn green bond on Wednesday.
- **Big Tech, big problems?** In the US, there is some concern around the rise in tech related debt issuance that is expected to underpin issuance volumes in 2026 but may lead to a concentration in debt issues towards one sector and higher likelihood of a widening in credit spreads . This concern drove the price of five-year credit default swaps on Oracle Corp.'s debt to multi-year highs last week.

IG & HY spreads widened w/w





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Source: Bloomberg, OCBC

Credit: Asiadollar New Issues

Seasonal wind down of Asiadollar (ex-Japan and Australia) primary market activity, concentrated in China names

Date	Issuer	Type	Currency	Size (mn)	Tenor	Final Pricing
24 Nov	Guangzhou Development District Holding Group Co Ltd	Green, Fixed	USD	500	2Y	4.40%
25 Nov	BDO Unibank Inc	Fixed	USD	500	5Y	T+80bps (reoffer price 99.96 to yield 4.384%)
25 Nov	West China Cement Ltd	Fixed	USD	400	3NC2	Reoffer price 99.115 to yield 10.25%
26 Nov	China Huaneng Group Hong Kong Treasury Management Holding Ltd (guarantor: China Huaneng Group Co., Ltd.)	Green, Subordinated, Perpetual	USD	1000	PerpNC3	T+67bps (par to yield 4.15%)
26 Nov	Joy Treasure Assets Holdings Inc (guarantor: China Orient Asset Management International Holding Ltd)	Fixed	USD	800	3Y	T+88bps (reoffer price 99.872 to yield 4.346%)
28 Nov	CSI MTN Ltd (guarantor: CITIC Securities International Co Ltd)	FRN	USD	170	3Y	Retap of CSILTD Float ’28s

Source: Bloomberg, OCBC

Credit: New issues in SGD

Seasonal wind up in SGD primary market activity before winding down

Date	Issuer	Type	Currency	Size (mn)	Tenor	Final Pricing
24 Nov	SNB Funding Ltd (guarantor: Saudi National Bank/The)	Subordinated, Tier 2	SGD	425	10NC5	3.40%
24 Nov	City Developments Ltd	Fixed	SGD	300	5Y	2.40%
24 Nov	Wee Hur Holdings Ltd	Fixed	SGD	30	Retap of its WHURSP 4.8% '30	Retap price 100.10 to yield 4.776%
25 Nov	QNB Finance Ltd (guarantor: Qatar National Bank QPSC)	Fixed	SGD	200	2Y	2.03%
25 Nov	Optus Finance Pty Ltd (guarantor: SingTel Optus Pty Ltd)	Fixed	SGD	160	10Y	2.726%
26 Nov	First Abu Dhabi Bank PJSC	Fixed	SGD	150	2Y	2.00%
28 Nov	HSBC Bank PLC	Fixed	SGD	50	3Y	1.98%

OCBC Source: Bloomberg, OCBC

Credit Research Views: SGD Weekly Overview

The SGD Credit market continued to fall last week with SORA rates up again. This impacted longer and mid tenors along with Tier 2s. All buckets along the credit curve were down aside from Negative 6 names.

	Key Statistics			Total Returns			
	(1 Jan 2021 = 100)	Eff Mty	Market Cap	w/w	m/m	y/y	Since Jan 2021
By Tenor & Structure							
AT1S	116.9	3.1	$12,522m	0.02%	0.2%	6.5%	16.9%
NON-FIN PERP	124.9	11.3	$14,733m	-0.02%	0.2%	7.5%	24.9%
TIER 2S & Other Sub	120.2	4.1	$18,515m	-0.27%	-0.1%	7.0%	20.2%
LONGER TENORS (>9YRS)	107.8	22.5	$16,161m	-0.84%	-1.2%	12.4%	7.8%
MID TENORS (>3Y-9YRS)	114.3	5.1	$45,608m	-0.45%	-0.2%	7.4%	14.3%
SHORT TENORS (1-3YRS)	115.8	1.8	$28,256m	-0.16%	0.0%	5.1%	15.8%
MONEY MARKET (<12M)	117.1	0.5	$10,483m	-0.02%	0.1%	3.5%	17.1%
By Issuer Profile Rating							
POS (2)	116.8	8.7Y	$8,559m	0.00%	0.2%	6.8%	16.8%
N(3)	119.0	3.5Y	$26,795m	-0.21%	0.0%	6.8%	19.0%
N(4)	119.3	8.0Y	$21,768m	-0.16%	0.1%	6.6%	19.3%
N(5)	118.4	3.4Y	$5,463m	-0.22%	0.0%	7.0%	18.4%
OCBC MODEL PORTFOLIO	128.3	14.0Y	$6m	-0.17%	0.1%	9.2%	28.3%
SGD Credit Universe	115.0	6.4Y	$146,277m	-0.30%	-0.2%	7.0%	15.0%

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Source: Bloomberg, OCBC full description in SGD Credit Outlook 2023, pg lxi

Credit: Top Happenings in SGD Credit Market

SGD Credit Outlook 1H2026 – Key Thoughts

- **Outperformance Achieved – What Lies Ahead?** We enter 2026 with the markets shifting its focus on potential US rate cuts amid lingering inflation and questions over Fed independence. Against a backdrop of a still growing economy, and expectations of stable credit fundamentals among SGD credit issuers, SGD credit spreads are likely to remain relatively tight by historical standards, though the **probability of modest widening from current levels appears higher**.
- **Income to drive returns.** Expect total positive returns for 2026, mainly from coupons and distributions rather than capital gains. Overall, we retain a Neutral stance on the SGD credit market for 1H2026. **With few drivers for capital appreciation and defaults to remain subdued, focus on earning returns through credit exposure**. Prefer SGD crossover credits and high yield over high grade, are selectively overweight non-financial corporate perpetuals bank capital instruments and constructive on Tier 2 insurance papers.
- **REITs outlook.** S-REITs cost of funding is broadly expected to fall, however, the full benefit from lower benchmark rates does not materialise immediately. All things equal, we **prefer S-REITs with a high proportion of fixed/hedged debt**, as it provides greater certainty in interest expense and debt servicing, which supports a stronger credit profile.
- **SG Property.** Long-term property demand remains intact, with households remaining financially resilient and high-value HDBs reaching record highs. However, not all launched units have been absorbed given the deluge in supply and HDB BTO supply ramp up may curtail HDB resale and upgrader demand. As such, **we expect prices in 2026 to increase by 1% to 3%**.
- **Financial Institutions.** 2025 reinforced two key themes for Financial Institutions: diversified models delivered resilient, often record results, while those with concentrated exposures or legacy issues used the year to reset. **With fundamentals stable, focus is shifting to growth for 2026 and beyond**: most are in builder mode, while a few remain fixers amid litigation and regulatory scrutiny.

Source: OCBC

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