Daily Credit Snapshot

Market Commentary

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- US equities closed higher on Tuesday as stronger-than-expected earnings from major banks and a softer-than-expected inflation report lifted risk appetite, helping markets look past escalating geopolitical tensions in the Middle East. After surging 9% on Monday, oil prices rose more modestly on Tuesday after US President Donald Trump backed away from a proposal to impose a 20% transit fee on vessels passing through the Strait of Hormuz. Instead, he indicated that the US would pursue investment partnerships with Gulf states. However, geopolitical risks remain elevated. Trump reimposed a naval blockade on all Iranian ports and threatened strikes on Iranian power plants and bridges next week unless Tehran returns to negotiations. Iran's Deputy Foreign Minister Kazem Gharibabadi responded that the Strait of Hormuz is part of Iran's national security and vowed to defend its sovereignty "whatever the cost." Meanwhile, speculation is growing that Iran could escalate the conflict by leveraging Yemen's Houthi forces to disrupt shipping through the Bab el-Mandeb Strait, potentially opening another front against the US. The Middle East situation remains a key binary risk for global markets. On the data front, US June CPI surprised materially to the downside as headline CPI fell 0.4% m/m SA and slowed to 3.5% y/y, versus consensus of −0.1% m/m and 3.8% y/y respectively. The energy component fell 5.7% m/m, subtracting 0.437 percentage points from headline CPI. Gasoline accounted for nearly all of the drag, declining 9.7% m/m and contributing −0.394 points. Meanwhile, core CPI was unchanged m/m and eased to 2.6% y/y. In all, the information suggested that there could be a deceleration in core CPI outside of the energy-affected sectors. For the Fed, the combination of benign goods inflation, slower shelter and softer non-housing services strengthens confidence that underlying inflation is moderating and reduced pressure for further tightening for the time being. However, the headline improvement was heavily energy-driven and could reverse if tensions in the Straits of Hormuz continues.

- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 4-7bps higher, belly tenors trading 6bps higher, and the 10Y tenor trading 6bps higher.

- Flows in SGD corporates were heavy, with flows in KEPSP 3.66% '29s, OLGPSP 5.375%-PERP, SNBAB 3.4% '35s, STHSP 3.35%-PERP, STSP 3.3%-PERP.

- US Investment Grade spreads widened by 1 bps to 78bps, and US High Yield spreads widened by 2bps to 268bps. Bloomberg Global Contingent Capital Index tightened by 5bps to at 209bps.

- Bloomberg Asia USD Investment Grade widened by 2bps to 55bps, and the Asia USD High Yield spreads tightened by 9bps to 346bps. (Bloomberg, OCBC)

Credit Summary:

Company	Ticker	Description
Bank of America Corp	BAC	• BAC delivered a broad-based beat across, with record equities trading and a surge in investment banking fees (+50% y/y to over US$2bn) driving net income to US$9.1bn (+27% y/y). ROTCE came in at 17% • NII came in at US$16.2bn (+9.5% y/y), supported by higher loan and deposit balances. • Credit quality remains stable, with NPA and net charge off ratios each down 1bp q/q to 0.48% and 0.47% respectively. Management noted the US consumer remains resilient with little evidence of consumer stress. • BAC returned ~US$8bn to shareholders in 2QFY26. CET1 remained at 11.2%, representing 120bps above regulatory requirement. (Company, OCBC) Latest report: Credit Update – 10 July 2026
Citigroup Inc	C	• C reported strong 2QFY26 results, beating consensus across all key metrics, recording EPS of $3.15 (expectations of $2.72). ROTCE at 13% against 10-11% FY2026 guidance. • NII beat was the primary driver of EPS outperformance, supported by strong deposit growth and NIM expansion of 8bps to 2.54%. • Equities trading was up 45% y/y to US$2.3bn while Investment Banking fees at $1.55bn was led by DCM. • Provisions of $2.52bn was in line with 1Q26 levels with minimal ACL build of US$102m with overall benign asset quality trend. • The sale of a 22.6% additional stake in Banamex was completed in 2QFY26, freeing up about US$5bn in capital. C purchased US$4bn in common stock during the quarter as part of its US$30bn buyback program (Company, OCBC) Latest report: Credit Update – 10 July 2026
JP Morgan Chase & Co	JPM	• JPM reported strong quarterly results, with net income of US$21.2bn and record equities trading revenue of US$6bn (+86% y/y). The Visa stake sale added US$4.6bn in net gains boosting reported EPS to $7.70. Stripping this, adjusted EPS was $6.14. ROTCE came in at 23%. (Company, OCBC) • NII came in at US$300m, with NIM of 2.40%. Management sees better loan growth and expects the higher for longer rate environment to support NII in 2H of the year. • Credit quality remained benign, with NPA and NCO ratios modestly lower on a sequential basis and card charge-off guidance improving to 3.2%. • CET1 remained robust at 14.1% (15% a year ago) and comfortably above the regulatory minimum, allowing the company flexibility to optimize its capital post-stress test. Latest report: Credit Update – 10 July 2026

Wells Fargo & Co	WFC	• WFC recorded net income of US$6.41bn (+27% y/y) boosted by non-interest income of US$10.36bn (+13% y/y) and NII of $12.3bn. • Fee income was strong, with investment banking fees recorded at US$939mn (+36% y/y) with record wealth management and brokerage fees. • NII grew 5% y/y to US$12.32bn, driven by higher loan balances (+12% y/y) and investment securities balances. NIM compressed 4bps q/q to 2.43%, due to a higher mix of interest-bearing deposits. Management guided for further NIM pressure in 3QFY26 and stabilization expected in 4QFY26. • Provisions of $914mn was an improvement with NCO ratio down 10bps y/y to 34bps. in line with 1Q26 levels with minimal ACL build of US$102m with overall benign asset quality trend. • CET1 of 10.3% is close to regulatory minimum. WFC repurchased US$3bn in common stock in 2QFY26 and announced an 11% increase in common dividend effective 3QFY26, subject to Board approval. (Company, OCBC) Latest report: Credit Update – 10 July 2026
BP p.l.c	BPLN	• BPLN announced its 2Q2026 Trading Statement. Per BPLN, reported upstream production in 2Q2026 is expected to be 2,170 to 2,220mboe/d (1Q2026: 2,339mboe/d) due to seasonal maintenance predominantly in the Gulf of America and the effects of disruption in the Middle East. • The Gas & Low Carbon Energy segment is expected to see +USD0.5bn to +USD0.7bn of realizations compared to 1Q2026 while the Oil Production & Operations segment realizations are expected to see +USD1.8bn to +USD2.1bn of realizations versus 1Q2026, including the impact of the price lags on production in the Gulf of America and the UAE while the Customer & Products segment is expected to see stronger realized refining margins though throughput is expected to be lower at 1,445mb/d to 1,475mb/d (1Q 2026: 1,527mb/d). • Reported net debt at end-2Q2026 is expected to be in the range of USD22bn to USD23bn (1Q2026: USD25.3bn). • BPLN's 2Q2026 results are expected to include post-tax adjustment items relating to impairments of ~USD1.0bn, with charges primarily attributable to transition businesses in the Gas & Low Carbon Energy segment. (Company) Latest report: Credit Update – 07 April 2026
Olam Group Limited	OLGPSP	• In connection with OLGPSP's perpetual repurchase exercise of the OLGPSP 5.375%-PERP, the company announced that offers for SGD44.5mn in principal amount have been received by the bank acting for the company and these have been accepted by the company. • The SGD44.5mn represents ~7.4% of the total principal amount outstanding, where these perpetuals will be repurchased and cancelled by the company in due course. Following the exercise, ~SGD560mn of perpetuals remain outstanding and we expect the distribution rate to change at reset date. (Company, OCBC) Latest report: Credit Update – 10 July 2026

BHP Group Limited	BHP	• Per Bloomberg, BHP is exploring the sale of a desalination plant in Chile, along with its electricity transmission assets which is in line with its strategy of monetizing infrastructure as it concentrates its capital on its core copper business. The process is at an early stage, and no final decision has been made. Reportedly, the assets could be valued at USD1.5bn to USD2.0bn on a combined basis. • Separately, BHP disclosed that the New South Wales government has announced the Mt Arthur Coal Mine Transformation precinct Master Plan and rezoning proposal for the site where the mine land is proposed to be rezoned to allow for uses in addition to mining. This is a key step in enabling a range of future uses of the site's infrastructure once BHP stops mining there. • As an update on an impending strike, employees at BHP's Port Hedland iron ore export terminal will proceed with an eight-hour strike after final discussions with BHP did not result in an agreement. A further discussion session has been scheduled for 21 July 2026. (Company, Reuters, Bloomberg) Latest report: Credit Update – 11 April 2025

New Issues:

- The total issuances in the APAC and DM IG markets respectively were zero and USD13.9bn yesterday (prior day: USD5.6bn and USD3.3bn respectively). (Bloomberg, OCBC)

Date	Issuer	Description	Currency	Size (mn)	Tenor (Yr)	Final Pricing (%)
14 Jul	GA Global Funding Trust	Fixed, Secured	USD	400	5	T + 120bps
14 Jul	SBA Communications Corp	Fixed	USD	1,350	5	T + 105bps
14 Jul	SBA Communications Corp	Fixed	USD	800	7	T + 120bps
14 Jul	SBA Communications Corp	Fixed	USD	1,350	Long 2	T + 85bps
14 Jul	Goldman Sachs Group Inc/The	Fixed	USD	3,000	31NC30	T + 113bps
14 Jul	Goldman Sachs Group Inc/The	Fixed	USD	3,500	6NC5	T + 93bps
14 Jul	Goldman Sachs Group Inc/The	Fixed	USD	3,500	11NC10	T + 108bps

Mandates:

- Hanwha Aerospace Co., Ltd may issue USD-denominated 3Y fixed rate notes.

Key Market Movements

	15-Jul	1W chg (bps)	1M chg (bps)		15-Jul	1W chg	1M chg
iTraxx Asiax IG	71	0	2	Brent Crude Spot ($/bbl)	84.7	8.6%	1.9%
				Gold Spot ($/oz)	4,030	-1.2%	-6.5%
iTraxx Japan	61	-0	2	CRB Commodity Index	377	4.0%	3.5%
iTraxx Australia	71	1	2	S&P Commodity Index - GSCI	662	2.4%	1.2%
CDX NA IG	52	1	2	VIX	16.2	-3.9%	0.2%
CDX NA HY	108	-0	-0	US10Y Yield	4.59%	1bp	12bp
iTraxx Eur Main	53	0	1				
iTraxx Eur XO	252	2	4	AUD/USD	0.699	0.9%	-1.2%
iTraxx Eur Snr Fin	55	-0	1	EUR/USD	1.143	0.1%	-1.4%
iTraxx Eur Sub Fin	89	-1	2	USD/SGD	1.291	0.2%	-0.7%
				AUD/SGD	0.903	-0.7%	0.5%
USD Swap Spread 10Y	-42	-0	-2	ASX200	8,841	0.6%	-0.8%
USD Swap Spread 30Y	-75	-1	-5	DJIA	52,508	-0.8%	1.6%
				SPX	7,544	0.5%	-0.1%
China 5Y CDS	37	0	-2	MSCI Asiax	1,093	-1.8%	-6.4%
Malaysia 5Y CDS	37	0	3	HSI	24,681	2.0%	-0.7%
Indonesia 5Y CDS	90	-2	3	STI	5,558	3.5%	9.5%
Thailand 5Y CDS	42	0	-0	KLCI	1,714	1.8%	1.3%
Australia 5Y CDS	13	0	0	JCI	6,042	2.9%	-3.4%
				EU Stoxx 50	6,284	1.3%	0.9%

Source: Bloomberg

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