

A wide-angle landscape photograph of a valley with numerous green, conical mountains in the background under a blue sky with light clouds. In the foreground, there are green fields, a small river, and a cluster of white buildings.

Credit Week in Brief

OCBC Group Research

06 October 2026

Credit: Weekly Overview

HY and French risk lead the widening

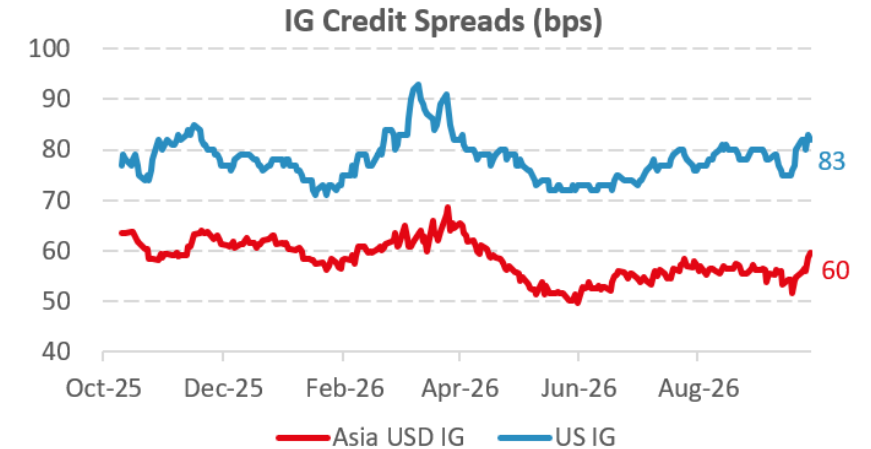
- **HY widened more than IG over the week.** US HY +12bps w/w to 306bps and Asia USD HY +15bps to 346bps, vs +2bps for US IG and +5bps for Asia USD IG.
- **France reprices.** OAT-Bund 10Y +32bps to 141bps (widest since May 2012) on doubts over the budget and censure risk; Select French bank AT1s in USD +51-76bps vs ~11bps on senior CDS.
- **Mega-deal, mixed reception.** Paramount's USD30bn first-lien deal priced inside talk but trades up to 0.9pts below reoffer; its USD11.4bn second-lien HY fell to 94-96 on day one.
- **Others.** S&P upgraded Wells Fargo to A-. New World's bonds recovered from a results-day dip, but its shares fell 5.8%.

Indices	OAS Spread w/w Change (bps)	OAS Spread (bps)	Yield	Total Returns (w/w)
Asia USD IG	5	60	5.70 %	-0.64%
Asia USD HY	15	346	8.58 %	-0.42%
US IG	2	82	6.05 %	-0.70%
US HY	12	306	8.29 %	-0.65%

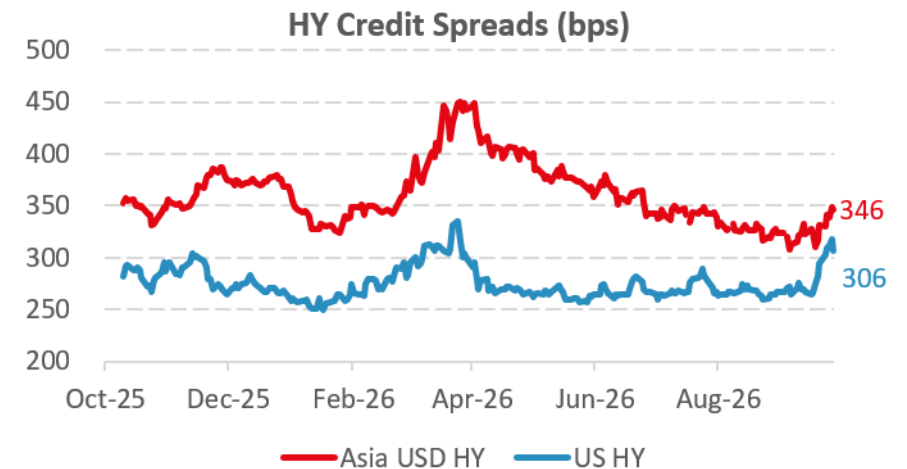


Note: w/w refers to the week of 25 September – 02 October
Source: Bloomberg, OCBC Group Research.

IG: US vs Asia(bps)



HY: US vs Asia (bps)



SGD Weekly Overview

SGD Credit fell for the 7th consecutive week, with longer tenors and Tier 2s underperforming again

	Key Statistics			Total Returns				
	(1 Jan 2021 = 100)	Eff Mty	Market Cap	w/w	m/m	y/y	Since Jan 2021	YTD
<u>By Tenor & Structure</u>								
AT1S	118.7	2.8	\$12,832m	-0.15%	-0.6%	1.3%	18.7%	1.18%
NON-FIN PERP	127.8	12.6	\$12,466m	-0.01%	-0.2%	2.7%	27.8%	1.97%
TIER 2S & Other Sub	120.6	3.6	\$19,688m	-0.34%	-1.1%	0.1%	20.6%	0.06%
LONGER TENORS (>9YRS)	103.3	20.4	\$17,265m	-0.41%	-2.8%	-5.8%	3.3%	-0.67%
MID TENORS (>3Y-9YRS)	114.0	4.8	\$44,682m	-0.03%	-0.8%	-0.2%	14.0%	0.11%
SHORT TENORS (1-3YRS)	117.1	1.7	\$25,407m	0.01%	-0.3%	1.4%	17.1%	1.02%
MONEY MARKET (<12M)	118.7	0.4	\$12,154m	0.03%	0.1%	1.6%	18.7%	1.18%
<u>By Issuer Profile Rating</u>								
POS (2)	116.8	8.1Y	\$9,803m	-0.17%	-0.9%	0.3%	16.8%	-0.06%
N(3)	120.0	3.2Y	\$26,760m	-0.20%	-0.7%	0.6%	20.0%	0.66%
N(4)	120.7	8.1Y	\$19,208m	-0.09%	-0.5%	1.4%	20.7%	1.06%
N(5)	119.6	2.9Y	\$7,396m	-0.12%	-0.3%	1.4%	19.6%	1.02%
OCBC MODEL PORTFOLIO	130.8	13.7Y	\$6m	-0.04%	-0.4%	2.0%	30.8%	1.52%
SGD Credit Universe	115.1	6.1Y	\$144,495m	-0.11%	-0.8%	0.0%	15.1%	0.50%



Source: Bloomberg, OCBC Group Research (full description in SGD Credit Outlook 2023, pg lxi)

Credit: Monthly Credit Theme

Takeaways from our Monthly Credit View

- **Rates, not spreads, drove September's losses:** the 10Y UST yield rose 54bps to 5.29%, a 2026 high, and US IG returned -2.72%, its worst month of 2026, although its spread was only 2bps wider at 80bps.
- **US HY spreads gapped wider late in the month:** the index widened 50bps to 311bps, with about 95% of the move between 22 and 30 September, led by Caa (+150bps).
- **Asiadollar lost on rates, with HY ahead of IG:** Asia USD IG returned -2.04% with its spread almost unchanged at 56bps, while Asia USD HY returned -1.20% even while its spread widened 18bps to 339bps.
- **SGD credit softened as swap rates rose:** our SGD Credit Universe fell 0.8% m/m (week to 18 September) as the 10Y SORA OIS rose 28bps to 2.66%.
- **We keep a defensive bias and seek carry:** we prefer short and intermediate maturities and quality BB-rated US HY over US IG, and in SGD, crossover and high yield over high grade.

Credit: Top Happenings within our Coverage (USD)

Sovereign Risk

French Republic; BNP Paribas ("BNP"), Societe Generale ("SOCGEN"), Crédit Agricole S.A. ("CASA"), BPCE ("BPCE")

- OAT-Bund 10Y widened to 141bps at the 2 October close (25 September: 109bps), the widest since May 2012; ~148bps on 5 October.
- The 2027 budget targets a EUR54bn fiscal effort to cut the deficit to 5.0% of GDP (2026: 5.4%), but markets doubt delivery: the fiscal watchdog called its growth assumption "optimistic", and debt still rises to ~122% of GDP.
- Politics and positioning amplified the move: the minority government faces censure risk before the 2027 presidential election, and hedge funds unwound crowded French carry trades. Moody's Aa3 (negative), S&P A+ (stable).
- French bank capital repriced with the sovereign: 5Y senior CDS +~11bps, AT1 OAS +55-76bps (SOCGEN 6.75% PERP to 304bps); no bank rating actions.

Regulatory Developments

UBS Group AG ("UBS")

- Council of States voted for UBS to fund foreign subsidiaries with 90% CET1 – positive for UBS AT1s with more equity.
- UBS is reportedly looking to exit Swiss regulation, potentially via a combination with a foreign bank, though the Finance Minister said leaving would be "far more expensive and legally complex" than complying while UBS says its goal is to keep operating as a global bank from Switzerland.



Credit: Top Happenings within our Coverage (USD)

Mergers & Acquisitions

Commerzbank AG ("CMZB") / UniCredit SpA ("UniCredit")

- FT reports UniCredit plans to take control of CMZB and revamp its supervisory board as early as January; base case is end-February (prior plan: 2Q next year).
- A challenge could delay this to CMZB's May AGM; UniCredit CEO Andrea Orcel plans to remove CMZB CEO Bettina Orlopp and resists Germany's demand to keep two board seats.

Regulatory Developments

Julius Baer Group Ltd ("BAER")

- FINMA concluded enforcement proceedings opened in December 2024 over risk-management and anti-money-laundering lapses, confiscating ~CHF10mn of profits.
- Additional CET1 requirement halved to CHF250mn (de facto minimum CET1 ratio of 9.4%); BAER has applied to resume share buybacks.

Rating Action

Wells Fargo & Co ("WFC")

- S&P upgraded WFC to A- from BBB+ (stable outlook) on 29 September 2026.



Credit: Top Happenings within our Coverage (SGD)

Singapore Market Review

Private home prices (URA 3Q2026 flash estimate, full data due 23 October)

- Prices rose 1.4% q/q (2Q2026: +0.5%), led by the Outside Central Region (+2.2%); Core Central Region prices eased 0.1%. YTD increase of 2.8% works out to average quarterly gain of 0.9%, in-line with 2025's growth.
- **Healthy launch sales at Lucerne Grand:** CITSP sold 350 units, or 61% of the 570-unit Lucerne Grand, during its launch weekend at an average selling price of SGD2,480 psf.
 - **Demand anchored by local buyers:** Singaporeans accounted for around 93% of buyers, with the remaining 7% comprising permanent residents, including those from Malaysia, China and India.

Strategy Update

City Developments Ltd ("CITSP")

- "GET+" 2027-29 plan: SGD5bn of new investments, SGD6bn of divestments, AUM to double to SGD10bn and >SGD6bn of cash inflows from existing projects.
- Targets net gearing (incl. fair value of investment properties) of 55% (end-1H2026: 75%) and a dividend payout of at least 35% of PATMI.
- We see GET+ as a step in the right direction and the ~55% target as plausible, though execution risks remain.



Credit: Top Happenings within our Coverage (SGD)

Strategy Update

Mapletree Investments Pte Ltd ("MAPLSP")

- Development, especially logistics, to play a bigger role given the higher cost of capital, per the Group CEO; SGD5.4bn of projects under development (31 March 2026).
- Bloomberg reports a possible Mumbai REIT listing of four India office parks in mid-to-late 2027, raising up to SGD600mn; MAPLSP declined to comment.

Funding & Redemptions

First Real Estate Investment Trust ("FIRTSP")

- Redeeming its SGD100mn FIRTSP 3.25% '27s on 19 October 2026 at a make-whole amount of SGD100.67mn, funded by divestment proceeds (~SGD471.6mn).
- FIRTSP will then have no bonds or perpetuals outstanding.

Keppel Ltd ("KEPSP")

- Priced a debut CNH1.0bn (~SGD191mn) 5Y bond at 1.95%, tightening from the 2.35% area.



Credit: Top Happenings within our Coverage (USD)

Asset Recycling

Lendlease Group ("LLCAU")

- Completed the AUD525mn sale of its remaining 25.1% of Keyton Retirement Living Trust; AUD0.8bn of AUD1.3bn FY2026 contracted sales is due by 30 December 2026.
- Proforma gearing to improve to 30.2% (June 2026: 37.7%) once received; ~AUD1.2bn more expected in FY2027 from pre-sold apartments.

Mergers & Acquisitions

Airport Authority Hong Kong ("HKAA") / New World Development ("NWDEVL")

- NWDEVL hands the 11 SKIES project to HKAA on 1 April 2027, paying over HKD3bn in termination fees and contributions; HKAA takes the assets at no cost.
- Chow Tai Fook Enterprises granted HKAA a three-year option over 750mn NWDEVL shares for HKD2.25bn; relaunch with SKYTOPIA targeted for 2028/29.
- For NWDEVL, the exit drove HKD18.3bn of impairments and provisions (FY2026 loss for the year: HKD26.8bn); net debt to equity rose to 68.3%.

Credit: Upcoming SGD Maturities

October 2026

Issuer	Ticker	Amt. Outstanding (SGDmn)	Coupon	Maturity Date	Call Date	Reset Date
GLL IHT Pte Ltd (Guarantor: GuocoLand Ltd)	GUOLSP	300	3.29%	26/10/2026	-	-
Cagamas Holdings Berhad (Guarantor: Cagamas Bhd)	CAGA	200	1.73%	09/10/2026	-	-
Cagamas Holdings Berhad (Guarantor: Cagamas Bhd)	CAGA	137	1.70%	27/10/2026	-	-
Cagamas Holdings Berhad (Guarantor: Cagamas Bhd)	CAGA	155	1.75%	16/10/2026		



Source: Bloomberg, OCBC Group Research.

Credit: New Issues in SGD

Slow issuance in the SGD credit primary market

Date	Issuer	Type	Currency	Size (mn)	Tenor	Final Pricing
29 Sep	Housing & Development Board	Green, Fixed	SGD	1,200	4	2.586%



Source: Bloomberg, OCBC Group Research.

Credit: APAC (Asia) Notable New Issues

APAC primary market activity totaled USD1.25bn last week (prior week: USD16.5bn)

Date	Issuer	Type	Currency	Size (mn)	Tenor (yr)	Final Pricing
28 Sep	Korea Housing Finance Corp	Fixed	USD	500	5	5.425%
29 Sep	Development Bank of Japan Inc (guarantor: Japan)	Fixed	USD	500	10	SOFR MS + 69bps
29 Sep	Westpac Banking Corp (guarantor: Trustee for the Westpac Covered Bond Trust/The)	FRN, Secured	USD	250	7	SOFR+56bps

Credit: DM Notable New Issues

New supply totaling USD33bn last week

Date	Issuer	Type	Currency	Size (mn)	Tenor	Final Pricing
28 Sep	Kroger Co/The	Fixed	USD	850	10	T + 100bps
28 Sep	Kroger Co/The	Fixed	USD	650	Long 5	T + 75bps
30 Sep	Paramount Skydance Corporation	Fixed	USD	1250	20	T + 300bps
30 Sep	Paramount Skydance Corporation	Fixed	USD	3500	3	T + 160bps
30 Sep	Paramount Skydance Corporation	Fixed	USD	5250	10	T + 262.50bps
30 Sep	Paramount Skydance Corporation	Fixed	USD	3500	30	T + 315bps
30 Sep	Paramount Skydance Corporation	Fixed	USD	1250	40	T + 330bps
30 Sep	Paramount Skydance Corporation	Fixed	USD	3500	2	T + 145ps
30 Sep	Paramount Skydance Corporation	Fixed	USD	5250	7	T + 237.50bps
30 Sep	Paramount Skydance Corporation	Fixed	USD	6500	5	T + 200bps



Source: Bloomberg, OCBC Group Research.

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