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Monthly Credit View

Monthly Themes & House View

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- **Broad recovery; patchy October returns:** Credit markets broadly recovered in October from September's rate-driven losses. UST yields peaked early in October – the 10Y hit a 2026 high of 5.31% earlier in the month – before rallying sharply through month-end which was almost entirely driven by ~36bps decline in real yields, while breakeven inflation was broadly unchanged. This occurred despite Brent rising by a further USD15/bbl to ~USD118/bbl. Lower UST yields helped IG outperform HY during the month, with notable outperformance in USIG (+2.0%) and Asia IG (+1.26%). USHY returned 0.47% during the month with Asia HY being the exception, declining 0.5%.

- **Spread resilience faded beneath the rates-led recovery.** While lower UST yields supported October total returns, spreads weakened across most segments. USIG spreads widened 7bps to 90bps, limiting returns despite the rates rally and record issuance. USHY spreads ended 340bps, widening 22bps amid pressure in lower-quality credit and leveraged loans. Asia underperformed more clearly: IG spreads widened 13bps to 71bps, while HY spreads surged 94bps to 442bps, leaving Asia HY down 0.5%. The divergence points to growing regional and issuer-specific stress rather than a broad rates-driven move.

- **The Q3 2026 earnings season has been broadly positive**, with healthy earnings growth suggesting that corporate fundamentals remain resilient despite elevated rates and geopolitical uncertainty. Results have generally been supportive across financials, healthcare and technology, although performance remains uneven across sectors and issuers. AI investment continues to drive growth, but also raises questions over capital intensity, funding requirements and the timing of returns. Looking ahead, the overall earnings backdrop should remain supportive for credit. However, higher energy, logistics and financing costs may increasingly pressure margins, while weaker consumer demand could create further dispersion, favouring companies with strong balance sheets, pricing power and sustainable cash-flow generation.

- **French political risk is likely to remain a key source of European credit volatility:** France's uncertain fiscal consolidation path, lack of a parliamentary majority and approaching 2027 presidential election could keep OAT spreads elevated. Difficulty passing the 2027 budget, renewed rating pressure or weaker investor demand could trigger further sovereign repricing. Although immediate contagion has remained contained, sustained OAT weakness may spill into French banks, insurers and European AT1s through higher funding costs, valuation losses and weaker market sentiment.

- **SGD credit recovered, led by a sharp rebound in longer tenors.** The SGD Credit Universe gained 0.59% m/m, led by a 3.02% gain in longer-tenor

bonds. Most segments advanced, although Tier 2 and other subordinated debt declined 0.39%, while AT1 rose only 0.09% amid softer spread performance.

- **We continue to advocate a defensive bias and to seek carry:** i) Focus on short and intermediate maturities, given elevated volatility in the long-dated UST and SGD rates. ii) Favour sector and issuer selection over broad index exposure, prioritising credits with strong balance sheets, visible cash flows, good refinancing access and structural support, including selective IG financials and infrastructure issuers. iii) Prefer quality BB-rated DMHY over DMIG, where the additional carry and lower duration should provide better protection in a volatile rates environment. Selection remains critical as weakness has become more pronounced in B and CCC-rated credits. iv) In SGD credits, favour crossover issuers and higher-yielding non-financial corporate perpetuals, while remaining overweight bank capital instruments with attractive yield and reset spreads.

SGD Credit – Overview

SGD Tracker

	Key Statistics						
	(1 Jan 2021 = 100)	Eff Mty	Market Cap (SGD'mn)	m/m	y/y	YTD	Since Jan 2021
By Tenor & Structure							
AT1S	118.9	2.8Y	12,840	0.09%	2.01%	1.31%	18.90%
NON-FIN PERP	128.4	13.7Y	11,204	0.42%	3.00%	2.42%	28.37%
TIER 2S & Other Sub	120.3	3.6Y	19,565	-0.39%	-0.16%	-0.22%	20.26%
LONGER TENORS (>9YRS)	106.4	20.5Y	17,766	3.02%	-3.12%	2.36%	6.44%
MID TENORS (>3Y-9YRS)	114.6	4.7Y	44,818	0.56%	-0.03%	0.58%	14.58%
SHORT TENORS (1-3YRS)	117.3	1.6Y	25,386	0.25%	1.39%	1.26%	17.34%
MONEY MARKET (<12M)	119.0	0.3Y	11,245	0.21%	1.66%	1.39%	18.99%
By Issuer Profile Rating							
POS (2)	117.0	8.0Y	9,802	0.17%	0.38%	0.12%	16.98%
N(3)	119.9	3.1Y	26,681	-0.12%	0.70%	0.58%	19.92%
N(4)	120.8	8.1Y	19,087	0.05%	1.37%	1.13%	20.82%
N(5)	119.9	2.9Y	7,094	0.23%	1.40%	1.27%	19.91%
OCBC MODEL PORTFOLIO	130.4	13.4Y	6	-0.26%	1.61%	1.19%	30.37%
SGD Credit Universe	115.8	6.2Y	142,825	0.59%	0.46%	1.09%	15.77%

Source: Bloomberg, OCBC Group Research as of 28 October 2026

- **Duration drove the rebound:** The SGD Credit Universe gained 0.59% m/m, led by securities with maturities beyond nine years, which returned 3.02%. Mid-tenor and short-dated bonds rose 0.56% and 0.25%, respectively, while non-financial corporate perpetuals gained 0.42% and AT1s edged 0.09% higher. Tier 2 and other subordinated debt were the exception, declining 0.39%. The strong recovery in longer tenors highlights their greater sensitivity to underlying rates, while the relatively modest gains in AT1s suggest that higher carry was partly offset by their lower duration and softer spread performance.

Key SGD issues in October 2026

Issuer	Description	Size (SGD'mn)	Tenor (Y)	Pricing
Cagamas Global PLC (guarantor: Cagamas Bhd)	Fixed	215	1	2.45%
UOL Treasury Services Pte Ltd (guarantor: UOL Group Ltd)	Fixed	200	7	3.2%
Cagamas Global PLC (guarantor: Cagamas Bhd)	Fixed	180	1	2.4%
Cagamas Global PLC (guarantor: Cagamas Bhd)	Fixed	141	1	2.38%
Saigon - Hanoi Commercial Joint Stock Bank (guarantor: Credit Guarantee & Investment Facility)	Social, Fixed	100	5	3.15%
Saigon - Hanoi Commercial Joint Stock Bank (guarantor: Credit Guarantee & Investment Facility)	Social, Fixed	129	3	2.9%
Cagamas Global PLC (guarantor: Cagamas Bhd)	Fixed	190	1	2.35%
Baiduri Bank Bhd	Fixed	280	3	2.95%
Cagamas Global PLC (guarantor: Cagamas Bhd)	Fixed	120	1	2.38%

Source: Bloomberg, OCBC Group Research

- **Light net supply into year-end:** SGD issuance slowed to around SGD1.55bn in October (September 2026: SGD2.3bn), dominated by short-dated and quasi-sovereign paper, with no AT1, perpetual or REITS supply. We expect a partial pickup in November before a quiet December, while sizeable redemptions and maturities should keep net supply light and reinvestment demand firm.

Selected developments

- **Singapore new home sales rebounded, but momentum remained uneven:** September sales rose 93.5% m/m to 296 units and continued to exceed launches. According to EdgeProp, 5,334 units were sold in 9M2026, exceeding around 4,790 launches. Strong interest in Thomson Reserve contrasted with slower Serra Residences sales and cautious bidding for Marina Gardens Lane.

- **Keppel Ltd ("KEPSP") / Keppel Real Estate Investment Trust ("KREITS"):** KEPSP agreed to sell its 51% stake in the owner of Keppel South Central to KREITS for ~SGD611mn as part of its asset monetisation, with rental support given 48.8% committed occupancy. KREITS' leverage should be 39.2% post-acquisition. KREITS will acquire a 70-year leasehold interest in the freehold property, and KEPSP holds a call option to buy back the 51% stake for a nominal sum after 70 years. We see the deal as manageable against KREITS' total assets of SGD9.98bn (as at 30 June 2026) and maintain our credit view on KREITS.

- **CapitaLand Investment Ltd ("CLIVSG") / OUE REIT ("OUECT") / United Overseas Bank Ltd ("UOBSP"):** CLIVSG has reportedly entered into exclusive due diligence to acquire One Raffles Place in a 50-50 joint bid with Malaysian developer IOI Properties Group Bhd, following late-August reports that the pair were nearing a ~SGD2.4bn deal. OUECT holds an effective 67.95% interest in the complex through its 83.33% stake in OUB Centre Ltd, whose minority holders include UOL Group, Khattar Holdings and UOBSP.

- **Temasek Holdings (Private) Limited ("TEMASE"):** TEMASE plans to deepen its engagement across the Middle East, establishing offices in Riyadh and Abu Dhabi and engaging with institutions in Qatar to pursue partnership and investment opportunities. Separately, its primary asset management platform, Seviora Holdings Pte. Ltd., will integrate Azalea Investment Management, SeaTown Holdings International and Seviora Capital into a single platform from 1 January 2027, subject to regulatory approvals.

- **Keppel Ltd ("KEPSP"):** Corredance conditionally agreed to sell its 40% Empire City stake, suspending arbitration over additional land use fees. Settlement of all related claims should remove its potential USD261mn exposure upon completion. Separately, KEPSP priced its debut CNH1bn five-year bond at 1.95%, significantly inside initial guidance.

- **OUE REIT ("OUECT"):** 3Q2026 NPI rose 4.6% y/y, driven by strong hospitality performance, while commercial NPI declined. Leverage increased to 42.1% but could fall to 37.1% after debt repayment from the Crowne Plaza sale. Asset transactions are credit neutral, and we expect its credit profile to remain stable.

- **Frasers Centrepoint Trust ("FCTSP"):** FY2026 NPI rose 15.7% y/y, supported by Northpoint City South Wing and higher rents. Occupancy and rental reversions remained strong. While asset sales support funding, leverage could return to around 39% after acquisitions, with Causeway Point and other AEIs potentially weighing on near-term NPI.

- **CapitaLand China Trust ("CRCTSP"):** 3Q2026 NPI fell 5.1% y/y amid negative rental reversions and weaker performance across retail, business parks and logistics. Credit metrics remained manageable, although leverage rose to 41.1% and debt maturity shortened. Refinancing the RMB600mn bond at a lower 2.3% cost provides some offset.

- **City Developments Ltd ("CITSP"):** Lucerne Grand achieved a healthy 61% launch take-up, supporting its Singapore development business. Its "GET+" plan targets SGD6bn of divestments and over SGD6bn of project cash inflows to reduce net gearing from 75% to around 55%. The strategy is constructive, though execution risks remain.

Key calls

- **Continue to prefer crossover and high yield.** The October rebound was led by duration as lower underlying rates supported longer-tenor bonds, while AT1s and Tier 2s lagged amid softer spread performance. Nevertheless, we continue to favour selected crossover papers and corporate perpetuals with strong call incentives, where higher carry, resilient fundamentals and supportive SGD technicals should cushion moderate spread volatility.

- **Light net supply should remain supportive:** We expect a partial issuance pickup in November, but sizeable redemptions should keep net supply manageable and reinvestment demand firm. This backdrop should support overall SGD credit valuations, although weaker US and Asia HY performance highlights the need for selectivity in crossover and high yield names.

Upcoming SGD Credit Maturities, Next Reset and Next Call Dates – November 2026

Issuer	Ticker	Amt. Outstanding (SGD'mn)	Coupon (%)	Maturity Date	First Call Date	Next Reset Date
Housing & Development Board	HDBSP	1000	1.645%	23/11/2026	-	-
Keppel Ltd	KEPSP	200	2.19%	17/11/2029	17/11/2026	27/10/2026
Keppel REIT MTN Pte Ltd	KREITS	200	3.72%	15/11/2026	-	-
Korea Housing Finance Corp	KHFC	300	3.033%	27/11/2026	-	-
Mapletree Logistics Trust	MLTSP	400	3.725%	-	02/11/2026	-
SNB Funding Ltd	SNBAB	30	3.215%	19/11/2026	-	-
Temasek Financial IV Pte Ltd	TEMASE	500	1.8%	24/11/2026	-	-
Tuan Sing Holdings Ltd	TSHSP	150	7.5%	02/11/2027	22/11/2026	-
Sembcorp Financial Services Pte Ltd	SCISP	150	3.593	26/11/2026	-	-
Singapore Airlines Ltd	SIASP	630	3.13%	17/11/2026	-	-

Source: Bloomberg, OCBC Group Research
^ call has been announced

Model Portfolio (As of 5 November 2026)

- **Returned -0.42% since previous update (06 October 2026):** The model portfolio underperformed, weighed by negative returns from subordinated papers including CKPH 3.38% PERP and LLCAU 3.9% PERP.
- **Staying invested for now:** Portfolio YTW has continued to rise m/m to 3.69% (from 3.55%).

Issue Name	Yield to Worst	Maturity / First Call Date / Reset Date	Cost of investment (incl. acc. interest)	Current Value (incl. acc. interest)	Total coupons received	Total Gain/Loss
Property Developers						
GUOLSP 4.05 06/04/27	1.84%	04/06/2027	$250,896.47	$257,101.87	$20,250.00	$26,455.39
FPLSP 3 10/09/28	2.58%	09/10/2028	$227,003.94	$251,973.78	$26,321.92	$51,291.76
HOBEE 4.35 07/11/29	3.19%	11/07/2029	$261,009.93	$260,011.18	$21,750.00	$20,751.25
OUESP 4 10/08/29	2.86%	08/10/2029	$249,876.92	$257,792.86	$14,986.30	$22,902.24
LLCAU 3.9 PERP	4.87%	30/09/2030	$251,523.36	$240,886.46	$9,750.00	-$886.90
WINGTA 3.83 06/10/32	3.14%	10/06/2032	$265,590.48	$261,994.88	$9,575.00	$5,979.40
CKPH 3.38 PERP	4.02%	FFL Perpetual	$190,704.42	$210,151.68	$12,779.18	$32,226.44
CKPH 3.38 PERP	4.02%	FFL Perpetual	$190,704.42	$210,151.68	$12,779.18	$32,226.44
REITs						
FCTSP 3.98 PERP	3.71%	02/07/2030	$252,009.35	$255,021.10	$9,950.00	$12,961.75
SUNSP 4.48 PERP	3.96%	17/06/2030	$257,586.16	$258,085.00	$0.00	$498.84
OUECT 3.9 09/26/31	3.19%	26/09/2031	$259,127.05	$258,470.80	$19,500.00	$18,843.75
CERTSP 5 PERP	5.79%	24/05/2027	$248,180.96	$248,896.92	$56,352.74	$57,068.70
EREIT 5 3/4 PERP	4.83%	20/03/2030	$264,617.57	$257,886.06	$7,128.42	$396.92
LREIT 4.28 PERP	3.96%	23/04/2029	$257,380.58	$251,556.42	$5,335.34	-$488.82
Financial Institutions						
CS 5 5/8 PERP			$264,341.44		$28,125.00	-$236,216.44
UBS 5 3/4 PERP	4.45%	21/08/2029	$254,708.53	$260,701.32	$35,937.50	$41,930.29
BACR 8.3 PERP	3.70%	15/09/2027	$262,992.23	$262,057.31	$83,298.46	$82,363.54
BACR 7.3 PERP	4.53%	15/06/2028	$224,568.75	$262,873.75	$59,575.00	$97,880.00
HSBC 5 1/4 PERP	4.30%	14/06/2029	$262,446.51	$260,407.88	$6,580.48	$4,541.85
BPCEGP 5 03/08/34	4.30%	08/03/2034	$251,854.14	$254,657.53	$37,414.38	$40,217.77
CMZB 6 1/2 04/24/34	3.88%	24/04/2034	$252,056.27	$263,536.85	$48,750.00	$60,230.58
Others						
HKLSP 3.45 12/03/39	3.56%	03/12/2039	$229,663.22	$250,163.32	$25,804.11	$46,304.21
SLHSP 3 1/2 01/29/30	3.17%	29/01/2030	$243,420.03	$254,463.15	$26,034.25	$37,077.36
EQIX 3 1/2 03/15/30	3.74%	15/03/2030	$251,157.98	$248,323.72	$13,089.04	$10,254.78
SRENVX 3 3/4 03/26/31	2.93%	26/03/2031	$251,504.11	$256,457.07	$14,062.50	$19,015.46
OLGPSP 9.082 PERP	1.67%	18/01/2027	$254,577.12	$259,141.13	$13,327.06	$17,891.06
Total Gain/Loss since portfolio inception						$1,393,397

Statistics	Simple Avg, Issuer Profile	Simple Avg, Yield*	Simple Avg, Tenor	Total, Invested Amount	Cash Balance	Unrealised Profit	Portfolio Value
	3.8	**3.69%**	**3.3Y* (6.1Y**)**	**$6,429,501.93**	**$80,632.92**	**-$116,738**	**$6,393,397**

*Assume first call date as maturity, or reset date as maturity (if not called at first call)

**Assuming maturity of perpetuals = 10Y, and issuers do not exercise the call for non-perps with call dates. Excludes SITB

Asia USD Credit – Overview

Key Asia USD issues (excluding Japan and Australia) in October 2026

Issuer	Description	Size (USD'mn)	Tenor (Y)	Pricing
NBN Co Ltd	Fixed	600	10	T + 82bps
SCENTRE Management Ltd	Fixed	750	10	T + 100bps
DBS Group Holdings Ltd	FRN	500	3	SOFR + 58bps
DBS Group Holdings Ltd	Fixed	500	3	T + 40bps
DBS Group Holdings Ltd	Fixed	500	5	T + 50bps
KEB Hana Bank	Sustainability, Fixed	300	5	T + 50bps
KEB Hana Bank	Sustainability, Fixed	300	3	T + 42bps
Tencent Holdings Ltd	Fixed	500	20	T + 115bps
Tencent Holdings Ltd	Fixed	1,300	10	T + 90bps
Agricultural Bank of China Ltd/Macao	FRN	500	3	SOFR + 38bps
Agricultural Bank of China Ltd/Macao	FRN	240	5	SOFR + 41bps
PLS Group Ltd	Fixed	700	6NC2.5	8%
ASB Bank Ltd	Fixed, Subordinated, Tier 2	600	3	T + 83bps
Glencore Funding LLC (guarantor: Multiple Guarantors)	Fixed	500	3	T + 68bps
Glencore Funding LLC (guarantor: Multiple Guarantors)	Fixed	1,000	10	T + 115bps
Glencore Funding LLC (guarantor: Multiple Guarantors)	Fixed	500	Long 5	T + 90bps
Samsung Life Insurance Co Ltd	Fixed, Subordinated	1,500	30NC5	6.875%
Sands China Ltd	Fixed	700	5	T + 160bps
Sands China Ltd	Fixed	300	7	T + 180bps
Prudential Funding Asia PLC (guarantor: Prudential PLC)	Fixed, Subordinated	750	10	6.875%

Source: Bloomberg, OCBC Group Research

- **Supply trended down.** October was a volatile month for Asia USD primary markets, with surging US Treasury yields initially suppressing activity before a mid-month pickup. We estimate that USD19.8bn was priced in APAC USD credit in October 2026, which is lower than USD43.3bn priced in the previous month.

Selected developments

- **Indonesia's potential reclassification from Emerging Market to Standalone Market on the backdrop of smokey airs:** MSCI launched a consultation on 15 October on a potential downgrade given the sentiment that changes were insufficient since MSCI's last review, and a standalone classification would more accurately reflect Indonesia's market status. Key concerns revolved around opaque shareholding structures that made it impossible to assess true free float, suspicions of coordinated trading that undermines pricing integrity, and weak enforcement of disclosure and government standards. The JCI fell ~11% on 16 October, extending its YTD decline to ~40%. However, we think the credit impact on the Republic of Indonesia and the Indonesian issuers under our coverage is manageable, and we believe that the proposal should have a materially smaller effect on credit than on equities, though spreads could widen further. Affected credits would still likely remain investment grade at Baa3/BBB- even after a potential downgrade.

- **Kasikornbank PCL ("KBANK"):** 3Q2026 profit fell 2.2% y/y as margin compression outweighed stronger fee and insurance income. Credit costs remained elevated, but stable NPLs, higher coverage and a 16.6% CET1 ratio supported broadly resilient fundamentals despite recent flooding and weaker household finances.

- **Bangkok Bank PCL ("BBLTB"):** 3Q2026 profit fell 31.2% y/y as rate cuts compressed NIM and investment gains declined. Nevertheless, lower expenses and credit costs, a 322% coverage ratio and 17.1% CET1 supported stable fundamentals, with potential flood-related losses posing an earnings rather than capital risk.

- **Genting Bhd ("GENT"):** The proposed MYR1.25bn rights issue will allocate MYR800mn to debt repayment, with major shareholders committed and the balance underwritten. Although credit positive, the 22.9% share-price decline highlights continued concerns over elevated leverage and refinancing risk. We maintain the issuer profile score.

- **Alibaba Group Holdings ("BABA")** recently underwent scrutiny by China's State Administration for Market Regulation as Taobao and Tmall (among nine e-commerce platforms) had been flagged for concerns over counterfeit and substandard goods, misleading product descriptions, and false advertising. While no new penalties or enforcement deadlines were announced, we see this as a reminder of continued scrutiny rather than a crackdown.

- **Fosun International Ltd ("FOSUNI")** is selling a 5% stake in Hainan Mining for ~RMB901mn to a state-owned platform of Changxing County (stake: 47.82% to 42.82%; remains controlling shareholder). This is FOSUNI's fifth disposal of listed assets this year, after partial stake sales in Gland Pharma, Chongqing Rural Commercial Bank, Huayang Intelligent and Sanyuan.

- **Lenovo Group Ltd ("LENOVO"):** Seeking a USD2bn five-year syndicated loan at SOFR +75bps to refinance costlier debt. The transaction should reduce interest expenses and extend funding, supporting liquidity. Strong bank appetite and 43% y/y revenue growth, driven by AI infrastructure, further reinforce fundamentals.

- **Woodside Energy Group Ltd ("WDSAU"):** Strong LNG performance lifted 3Q2026 revenue 27.4% y/y, supported by higher Pluto output. Major growth projects remained on budget and on schedule, with Scarborough nearing completion. The planned reduction in Beaumont New Ammonia investment may improve capital discipline, although WDSAU has retired its 2030 Scope 3 targets.

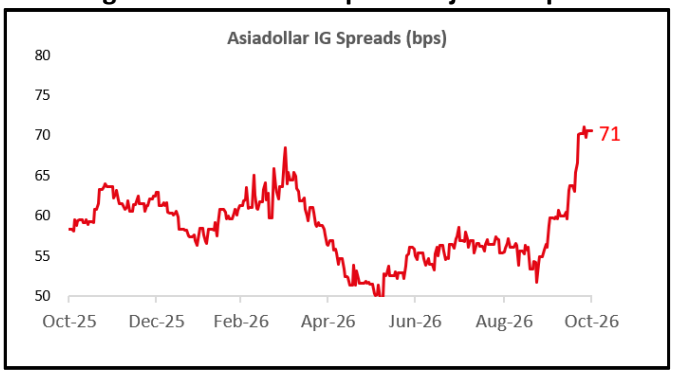
- **BHP Group Ltd ("BHP"):** 1QFY2027 copper output fell 18.8% y/y, while record iron ore operations and stronger copper and coal prices provided offsets. FY2027 production guidance remains unchanged. The Kambalda Nickel Concentrator sale supports portfolio rationalisation, while other nickel assets remain suspended. Our fundamental credit view is unchanged.

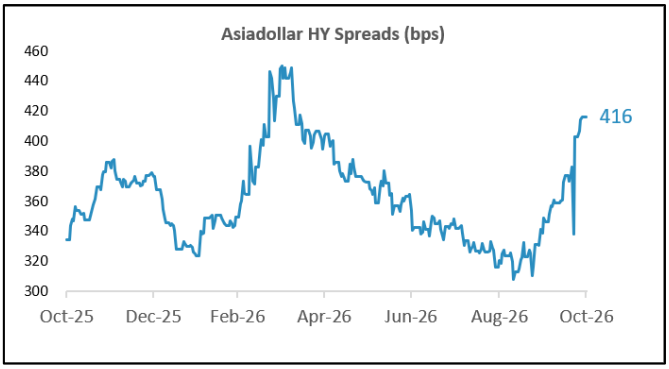
Key calls

- **Retain quality carry and moderate duration:** The strong October recovery in Asia IG was primarily duration-led as lower UST yields supported total returns, but tight valuations still limit further spread compression. We prefer short-to-intermediate maturities and selective longer-dated IG where all-in yields remain attractive, rather than adding excessive duration after the rally.

- **Remain selective in Asia HY:** Asia HY underperformed amid weakness in Indonesian, Indian and Chinese credits, highlighting idiosyncratic risks. Higher carry remains appealing, but we favour issuers with resilient liquidity and manageable refinancing needs, while avoiding highly leveraged names vulnerable to renewed spread volatility.

Bloomberg Asia Bond Index Option Adjusted Spreads





Source: Bloomberg, OCBC Group Research; as of 31 October 2026

Developed Markets ("DM") Credits – Overview

Key Developed Markets Issuers in October 2026

Issuer	Total issuance in October (USD'mn)	Issuer	Total issuance in October (USD'mn)
Microsoft Corp	25,000	Iberdrola Finanzas SA	1,600
Bank of America Corp	10,000	PNC Financial Services Group Inc/The	1,500
JPMorgan Chase & Co	7,000	American Honda Finance Corp	1,500
Kimberly-Clark Corp	4,900	Yinson Azalea Production Pte Ltd	1,458
United Rentals North America Inc	4,300	Southwest Airlines Co	1,250
HSBC Holdings PLC	4,250	Bank of New York Mellon Corp/The	1,250
Barclays PLC	4,000	State Street Bank & Trust Co	1,250
Procter & Gamble Co/The	4,000	General Motors Financial Co Inc	1,250
Morgan Stanley Bank NA	3,000	Cargill Inc	1,250
American Express Co	3,000	Manufacturers & Traders Trust Co	1,200
Walmart Inc	3,000	National Rural Utilities Cooperative Finance Corp	1,200
Workday Inc	2,500	Blackstone Reg Finance Co LLC	1,100
Bank of Nova Scotia/The	2,300	Nationwide Building Society	1,050
Royal Bank of Canada	2,000	CMS Energy Corp	1,000
Texas Instruments Inc	2,000	Iberdrola Finanzas SA	1,600

Source: Bloomberg, OCBC Group Research

- **October issuance slowed after two heavy months:** Issuance eased to USD114.5bn, representing a decrease from September's USD183bn and August 2026's USD176bn elevated pipeline. The pullback is consistent with seasonal patterns following a heavy summer/early autumn supply window, compounded by rate volatility seen in early October as the 10Y UST yield hit a 2026 high of 5.31% on October 5. Banking dominated issuances, driven by TLAC/MREL-eligible issuance from US and European banks. The standout transaction of the month was Microsoft's USD25bn 10-tranche deal, making it the largest single corporate issuance in October.

Selected developments

- **US banks delivered broadly solid 3Q2026 results:** Earnings were supported by balance sheet growth, higher net interest income and strong equities, investment banking and wealth management revenues. Asset quality remained resilient and capital buffers healthy, with Goldman Sachs and JPMorgan reporting ROTCE of 20.5% and 20%, respectively. However, rising deposit costs may pressure margins, while weaker fixed-income trading and higher expenses constrained some banks. Bank of America also absorbed a USD1.2bn regulatory penalty, although no growth restrictions were imposed.

- **French political risk is likely to remain a key source of European credit volatility:** France's uncertain fiscal consolidation path, lack of a parliamentary majority and approaching 2027 presidential election could keep OATs spreads elevated. Difficulty passing the 2027 budget, renewed rating pressure or weaker investor demand could trigger further sovereign repricing. Although immediate contagion has remained contained, sustained OAT weakness may spill into French banks, insurers and European AT1s through higher funding costs, valuation losses and weaker market sentiment.

- **Barclays Plc ("BARC"):** BACR's fundamentals remained sound. Higher NII, strong equities revenue and lower impairments lifted 3Q2026 profit 11% y/y. CET1 stayed robust, although motor-finance uncertainty and the PRA's review of private-credit exposures present potential downside risks to capital and buybacks.

- **Amazon.com Inc ("AMZN")** is exploring moving ~USD8bn of advanced Nvidia Grace Blackwell chips into an externally funded special purpose vehicle that would issue debt and sell up to 10% equity to outside investors, with AMZN leasing the chips back, per the Financial Times. We consider this credit-neutral even though it reduces headline debt, as the lease obligations would still add to AMZN's commitments and our debt adjustments include lease liabilities.

- **UBS Group AG ("UBS")** engaged with Nordea Bank over exiting Switzerland, according to Bloomberg; Nordea relocated its legal domicile and headquarters from Stockholm to Helsinki in October 2018. This follows the Swiss Council of States' vote to require CET1 backing equivalent to 90% of UBS's investments in foreign subsidiaries, though the legislative process remains ongoing.

- **Commerzbank AG ("CMZB") / UniCredit SpA ("UniCredit"):** UniCredit received ECB approval to raise its CMZB stake above 30%, allowing it to control CMZB's voting rights; talks with the German government on the takeover's scope and form continue. Approvals from the EC (anti-trust deadline 16 November), the US Federal Reserve and the Polish regulator are still pending.

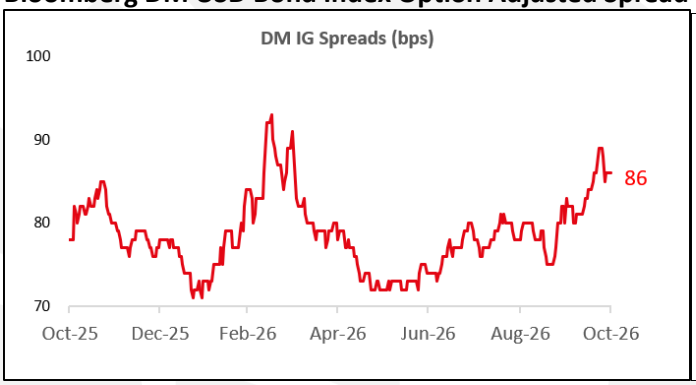
- **Julius Baer Group Ltd ("BAER"):** FINMA concluded enforcement proceedings over risk-management and AML lapses, confiscating CHF10mn of profits but easing capital and liquidity measures. The additional CET1 requirement was halved to CHF250mn, enabling a CHF600mn buyback. New board nominations support its governance overhaul, although the findings highlight past control weaknesses.

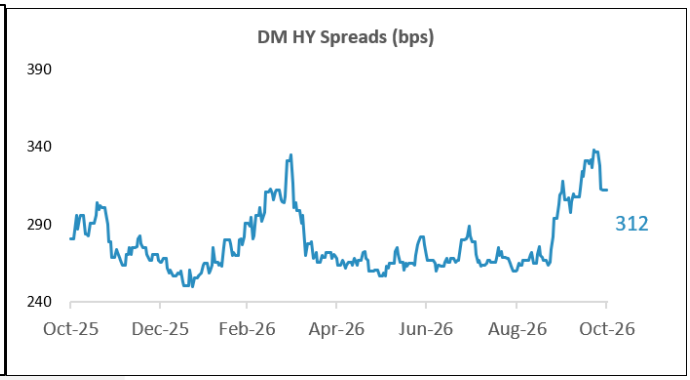
Key calls

- **Prefer short and intermediate maturities.** October's rally was largely duration-led as lower UST yields supported total returns. With renewed rate volatility still a risk, we favour the front and belly of the investment-grade curve, where attractive carry provides better protection than longer-duration exposure.

- **Capture carry without compromising on credit quality.** Limited spread cushion increases the cost of issuer-specific weakness. We favour quality BB issuers with visible cash flows, manageable leverage and limited refinancing needs, while remaining cautious on lower-rated credits and highly leveraged AI-related borrowers. Key warning signs include tighter funding access and stress migrating from CCCs into BB or investment grade.

Bloomberg DM USD Bond Index Option Adjusted Spread





Source: Bloomberg, OCBC Group Research; as of 31 October 2026

Recent Publications from OCBC Group Research

- Deutsche Bank AG: Credit Update (3 November 2026)
- Wing Tai Holdings Ltd: Credit Update (30 October 2026)
- Ho Bee Land Ltd: Credit Update (30 October 2026)
- Hong Kong Mortgage Corp Ltd: Credit Update (23 October 2026)
- PT Medco Energi Internasional Tbk: Credit Update (21 October 2026)
- Special Interest Commentary: Indonesia: Navigating Choppier Currents (16 October 2026)
- Julius Baer Group Ltd: Credit Update (15 October 2026)
- CNOOC Ltd: Credit Update (15 October 2026)
- Temasek Holdings (Private) Limited: Credit Update (15 October 2026)
- French Banks: Credit Update (13 October 2026)
- CK Infrastructure Holdings Limited: Credit Update (13 October 2026)
- China CITIC Financial Asset Management: Credit Update (8 October 2026)
- AIA Group Limited: Credit Update (07 October 2026)
- Apple Inc: Credit Update (2 October 2026)
- Airport Authority Hong Kong: Credit Update (25 September 2026)
- FWD Group Holdings Limited: Credit Update (25 September 2026)
- Mapletree Investments Pte Ltd: Credit Update (23 September 2026)
- Dutch Banks: Revisiting Relative Value (22 September 2026)
- Swire Pacific Limited: Credit Update (18 September 2026)
- Bathla Group Insolvency & the Australian Financial System: Special Interest Commentary (18 September 2026)
- Genting Malaysia and GOHL: Credit Update (17 September 2026)
- Ascendas REIT (“AREIT”): Credit Update (16 September 2026)
- Mapletree Industrial Trust (“MINTSP”): Credit Update (15 September 2026)
- Swire Properties Limited: Credit Update (15 September 2026)
- Allianz SE: Credit Update (11 September 2026)
- China Banks: Credit Update (10 September 2026)
- BHP: Credit Update (8 September 2026)
- UBS Group AG: Credit Update (1 September 2026)
- Frasers Centrepoint Trust (“FCTSP”): Credit Update (26 August 2026)
- Australian Banks: Credit Update (25 August 2026)
- AXA SA (“AXASA”): Credit Initiation (20 August 2026)
- Mapletree Logistics Trust (“MLTSP”): Recent Issue Commentary (20 August 2026)
- ESR-REIT (“EREIT”): Credit Update (17 August 2026)
- Woodside Energy Group (“WDSAU”): Credit Update (14 August 2026)
- CapitaLand Investment Limited (“CAPLSP”): Credit Update (13 August 2026)
- Tencent Holdings Limited: Credit Initiation (13 August 2026)
- Amazon.com, Inc.: Credit Initiation (7 August 2026)
- Zurich Insurance Group (“ZURNVX”): Credit Update (7 August 2026)
- Landmark REIT (“LMRTSP”): Credit Update (6 August 2026)
- Alphabet Inc.: Credit Initiation (5 August 2026)
- Microsoft Corp (“MSFT”): Credit Update (4 August 2026)
- Landmark REIT (“LMRTSP”): Credit Update (30 July 2026)
- Commerzbank AG ("CMZB"): Credit Update (28 July 2026)
- Santos Limited (“STOAU”): Credit Update (27 July 2026)
- Fraser and Neave Ltd (“FNNSP”): Credit Update (24 July 2026)
- Alibaba Group Holding Limited (“BABA”): Credit Initiation (21 July 2026)
- Singapore Telecommunications Ltd (“STSP”): Credit Update (16 July 2026)
- Lendlease Global Commercial REIT: Credit Update (15 July 2026)
- StarHub Ltd (“STHSP”): Credit Update (13 July 2026)
- MTR Corporation Limited (“MTR”): Credit Update (10 July 2026)

- Olam Group Limited ("OLGPSP"): Credit Update (10 July 2026)
- CDL Hospitality Real Estate Investment Trust ("CDREIT"): Credit Initiation (23 June 2026)
- Bank of Nova Scotia ("BNS"), Royal Bank of Canada ("RY"), Toronto-Dominion ("TD"): Credit Update (16 June 2026)
- Hysan Development Co Ltd ("HYSAN"): Credit Update (15 June 2026)
- The Coca-Cola Co ("KO"): Credit Update (10 June 2026)
- Lendlease Group ("LLCAU"): Credit Update (8 June 2026)
- Lenovo Group Ltd ("LENOVO"): Credit Update (29 May 2026)
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- AIMS APAC REIT ("AAREIT"): Credit Update (25 May 2026)
- Barclays PLC ("BACR"): Credit Update (22 May 2026)
- Singapore Airlines Ltd ("SIASP"): Credit Update (20 May 2026)
- Mapletree Pan Asia Commercial Trust ("MCTSP"): Credit Update (19 May 2026)
- Special Interest Commentary: ASEAN-6 & India: Geopolitics is starting to extract a toll (15 May 2026)
- Johnson & Johnson ("J&J"): Credit Update (11 May 2026)
- Qantas Airways Limited ("QANAU"): Recent Issue Commentary (7 May 2026)
- Keppel Ltd ("KEPSP"): Credit Update (30 April 2026)
- QBE Insurance Group Ltd ("QBEAU"): Credit Update (30 April 2026)
- PT Indofood CBP Sukses Makmur Tbk ("ICBPIJ"): Credit Update (29 April 2026)
- UBS Group AG ("UBS"): Credit Update (24 April 2026)
- Genting Overseas Holdings Limited: Recent Issue Commentary (23 April 2026)
- Genting Overseas Holdings Limited: New Issue Commentary (22 April 2026)
- Swiss Re AG ("SRENVX"): Credit Update (20 April 2026)
- CapitaLand Ascott Trust ("ARTSP"): Credit Update (17 April 2026)
- City Developments Ltd ("CITSP"): Credit Update (16 April 2026)
- Prudential PLC ("PRUFIN"): Credit Update (15 April 2026)
- CK Asset Holdings Ltd ("CKPH"), Hongkong Land Holdings Ltd ("HKLSP"), Hongkong Land Company Ltd ("HKCL"), Wing Tai Properties Ltd ("WINGTP"): Credit Update (10 April 2026)
- Special Interest Commentary: Singapore retail - Taking the bull by its horns (8 April 2026)
- BP p.l.c ("BPLN"): Credit Update (7 April 2026)
- Special Interest Commentary: Private Credits Public Concerns (1 April 2026)
- Special Interest Commentary: Sustainable Finance (26 March 2026)
- PT Cikarang Listrindo Tbk ("CIKLIS"): Credit Update (19 March 2026)
- Special Interest Commentary: DM Financials - Shades of Grey Insurance Private Credits (19 March 2026)
- Keppel Real Estate Investment Trust ("KREIT"): Credit Update (16 March 26)
- Lippo Malls Indonesia Retail Trust ("LMRTSP"): Credit Update (13 March 26)
- DBS Group Holdings Ltd ("DBSSP") & United Overseas Bank Ltd ("UOBSP"): Credit Update (12 March 2026)
- Mapletree Logistics Trust ("MLTSP"): Credit Update (10 March 2026)
- OUE REIT ("OUECT"): Credit update (10 March 2026)
- Special Interest Commentary: Impact of rising global oil prices - A look at Asia's economy and various asset classes (9 March 2026)
- Singapore Post Limited ("SPOST"): Credit Update (5 March 2026)
- Special Interest Commentary: Iran at War (4 March 2026)
- Special Interest Commentary: DM Banks - On high alerts for "Credit Cockroaches" (2 March 2026)
- Lloyds Banking Group Plc ("Lloyds"): Credit Update (13 February 2026)
- Singapore Airlines Ltd ("SIASP"): Credit Update (10 February 2026)
- Special Interest Commentary: Indonesia (6 February 2026)
- Qantas Airways Limited ("QANAU"): Credit Update (3 February 2026)
- Special Interest Commentary: SGD Credit vs Asiadollar Credit (29 January 2026)
- Goldman Sachs Group Inc/The ("GS"): Credit Update (27 January 2026)

- Suntec Real Estate Investment Trust ("SUNSP"): Credit Update (26 January 2026)
- US Banks - JPMorgan Chase & Co ("JPM"), Bank of America Corp ("BAC"), Citigroup Inc ("C"), Wells Fargo & Co ("WFC"), Goldman Sachs Group Inc/The ("GS"), Morgan Stanley ("MS"): Credit Update (23 January 2026)
- Special Interest Commentary: Developed Market (DM") IG: Credit Outlook (14 January 2026)
- Hotel Properties Ltd ("HPLSP"): Credit Update (9 January 2026)
- Sembcorp Industries ("SCISP"): Credit Update (9 January 2026)

Explanation of Issuer Profile Recommendation / Issuer Profile Score

Positive ("Pos") – The issuer's credit profile is strong on an absolute basis.

Neutral ("N") – The issuer's credit profile is fair on an absolute basis.

Negative ("Neg") – The issuer's credit profile is either weaker or highly geared on an absolute basis.

To better differentiate relative credit quality of the issuers under our coverage, we have further sub-divided our Issuer Profile Recommendations into a 7-point Issuer Profile Score scale.

IPR	Positive		Neutral			Negative	
IPS	1	2	3	4	5	6	7

Explanation of Credit Direction

Positive ("Pos") – The Issuer Profile Score has a higher chance of an upgrade over the next six to twelve months.

Neutral ("N") – The Issuer Profile Score is expected to remain stable over the next six to twelve months.

Negative ("Neg") – The Issuer Profile Score has a higher chance of a downgrade over the next six to twelve months.

Explanation of Issue Level Recommendation

Overweight ("OW") – The issue is expected to outperform other issues in a given peer group over the next six months.

Neutral ("N") – The issue is expected to perform in line with other issues in a given peer group over the next six months.

Underweight ("UW") – The issue is expected to underperform other issues in a given peer group over the next six months.

Other

Suspension – We may suspend our Issuer Profile Recommendation and Issue Level Recommendation on specific issuers from time to time when OCBC is engaged in other business activities with the issuer. Examples of such activities include acting as a joint lead manager or book runner in a new issue or as an agent in a consent solicitation exercise. We will resume our coverage once these activities are completed. We may also suspend our Issuer Profile Recommendation and Issue Level Recommendation in the ordinary course of business if (1) we believe the current issuer profile is incorrect and we have incomplete information to complete a review; or (2) where evolving circumstances and increasingly divergent outcomes for different investors results in less conviction on providing an Issue Level Recommendation.

Withdrawal ("WD") – We may withdraw our Issuer Profile Recommendation and Issue Level Recommendation on specific issuers from time to time when corporate actions are announced but the outcome of these actions are highly uncertain. We will resume our coverage once there is sufficient clarity in our view on the impact of the proposed action.

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