

Daily Credit Snapshot

Market Commentary

- Investor anxiety was heightened especially towards the end of last week, with US equities closing lower on Friday (S&P: -0.52%; Dow: -1.23%; NASDAQ: -0.21%). The AI capex buildout, financing and the neo cloud business model are becoming sources of vulnerability. Although this dynamic supported USTs last Thursday, UST yields cheapened 3-5bps on Friday, led by the long end. The ~6% increase in oil prices last week was the focus, with rhetoric over the weekend striking a familiar tone of escalation. President Trump told Fox News that “getting to be decision time” on a deal with Iran, or whether he will “finish it off.” Resumption of US attacks are not expected until after the 3 November mid-term elections. Iran, for its part, continued to retaliate underscored by shipping disruptions in the Strait of Hormuz, while the Houthi offensive in Saudi Arabia continued over the weekend. Brent prices were last seen at USD115.81 coming of a recent high of above USD117/barrel. Meanwhile, for France, the news from Friday and through the weekend was mildly positive. While 10-yr OAT yields rose above 5%, last week, Moody’s refrained from downgrading France on Friday 23 October and the union-only protests over the weekend were largely peaceful. But the fundamental fiscal stresses remain. For FOMC, a hold at 3.75%-4.00% is fully priced, while incoming data releases will hold equal relevance with September PCE inflation expected to show headline inflation accelerating to 3.6% y/y from 3.4%, while core PCE is projected to edge up to 3.1% y/y from 3.0%. Consensus pegs the advance estimates of US 3Q26 GDP growth at 3.0% annualised from 2.2% in 2Q26.
- The SGD SORA OIS curve lower last Friday; shorter tenors traded 4-6bps lower, belly tenors traded 5-6bps lower, and 10Y tenor traded 4bps lower.
- Flows in SGD corporates were heavy, with flows in HSBC 5%-PERP, OCBCSP 3.2%-PERP, AIA 3.58% '35s, MLTSP 3.5%-PERP, MFCCN 2.88% '36s, BACR 5.4%-PERP, PRUFIN 3.8% '35s, BNP 5.9%-PERP, FWDGHD 3.18% '32s.
- US Investment Grade spreads traded 2bps wider to 89bps, and US High Yield spreads tightened by 1bps to 337bps. Bloomberg Global Contingent Capital spreads widened 1bps to 258bps.
- Bloomberg Asia USD Investment Grade spread traded flat at 70bps, and the Asia USD High Yield spreads tightened by 1bps to 403bps. (Bloomberg, OCBC)

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Credit Summary:

Company	Ticker	Description
OUE REIT	OUECT	OUECT is acquiring an additional 50.0% interest in Salesforce Tower, raising its ownership from 19.9% to 69.9%. - The agreed property price for the 50.0% interest is AUD864mn (SGD774mn). After taking considerations of attributable debt, net assets, stamp duty and manager acquisition fees, the total acquisition cost is AUD539mn (SGD483mn). - Salesforce Tower is a freehold, premium-grade office tower in Sydney's Circular Quay. It was completed in November 2022 with a 100% occupancy, a 4.8-year WALE by gross rental income, and major tenants including Salesforce, TikTok and Jones Lang LaSalle. - Portfolio value is expected to rise from SGD5.6bn to SGD6.4bn. Australian exposure will increase to 17.6% (current: 5.7%), while Singapore remains the core market at 82.4% (current: 94.3%). - The proforma aggregate leverage is expected to increase to 45.3% (June 2026: 41.5%) post this proposed acquisition and divestment of Crowne Plaza Changi Airport (net cash proceeds: SGD498.5mn). - The high proforma aggregate leverage ratio of 45.3% will be mitigated either by (1) SGD150mn perpetual issuance which will lower the ratio to 42.8% or (2) potential divestment of One Raffles Place, which is likely to get a disposal proceeds of ~SGD1.6bn based on OUECT's 67.95% stake. We view the acquisition as a credit neutral event. (Company, OCBC) Latest report: Credit Update – 10 March 2026
BP PLC	BPLN	- BPLN announced last Friday that it had reached an agreement with the State of Louisiana to accelerate remaining payments under the 2015 Deepwater Horizon Economic Damages Settlement into a single payment of USD350mn rather than over the next seven years. - The settlement also resolves the remaining coastal zone lawsuits brought by Louisiana parishes, which ends the long-running litigation. (Company, OCBC) Latest report: Credit Update – 07 April 2026
Keppel Ltd Sembcorp Industries Ltd	KEPSP SCISP	- Keppel Energy (wholly-owned subsidiary of Keppel Ltd), Sembcorp Utilities (wholly-owned subsidiary of Sembcorp Industries Ltd), and Tuas Power Generation have been appointed to import and supply biomethane as part of a renewable alternative to natural gas via a regulatory sandbox initially announced in October 2025. - The sandbox lasts for 15 years and is expected to bring in quantities that may generate 300MW worth of power with the first import of biomethane supplies expected somewhere in end of 2028. - Keppel Energy and Sembcorp Utilities are expected to bring in 120MW worth of biomethane each, with the remaining ~60MW supplied by Tuas Power Generation. - Separately, Indonesia began reducing pipeline natural gas exports to Singapore from 25 October 2026, cutting deliveries by 31mmscfd (15mmscfd from Natuna field (Riau Islands) and the remainder from Sumatra). The move was ordered by President Prabowo Subianto to (1) shore up domestic energy supply and strengthen energy security and (2) signalling a tougher stance in regional diplomacy.

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| | <ul style="list-style-type: none">According to Singapore's Energy Market Authority, the amount reduced equates to ~2% of Singapore's daily gas demand. (Bloomberg, The Business Times, CNA, OCBC) |
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	KEPSP Latest report: Credit Update – 30 April 2026 SCISP Latest report: Credit Update – 09 January 2026
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New Issues:

- There were zero and USD75mn of issuances in the APAC and DM IG markets respectively (prior business day: USD450mn and zero).

Mandates:

- There were no notable mandates.

Key Market Movements

	Last Price	1W chg (bps)	1M chg (bps)		Last Price	1W chg	1M chg
US IG Credit Spread	89	5	13	Brent Crude Spot (\$/bbl)	114.9	4.8%	10.1%
US HY Credit Spread	337	6	63	Gold Spot (\$/oz)	3,995	-3.5%	-2.9%
Global Contingent Capital Credit Spread	258	20	46	CRB Commodity Index	419	-0.3%	0.0%
Asia IG Credit Spread	70	7	19	S&P Commodity Index - GSCI	762	1.6%	3.3%
Asia HY Credit Spread	403	26	92	VIX	19.5	-2.7%	30.8%
				US10Y Yield	4.97%	-17bp	-19bp
iTraxx Asiax IG	80	5	8				
iTraxx Japan	73	4	10	AUD/USD	0.703	0.7%	0.1%
iTraxx Australia	80	3	7	EUR/USD	1.122	0.1%	-1.3%
CDX NA IG	64	1	4	USD/SGD	1.278	0.1%	-0.1%
CDX NA HY	106	-0	-1	AUD/SGD	0.898	-0.6%	-0.2%
iTraxx Eur Main	69	4	6				
iTraxx Eur XO	341	20	41	ASX200	8,800	-0.5%	1.6%
iTraxx Eur Snr Fin	78	5	11	DJIA	52,215	0.4%	0.7%
iTraxx Eur Sub Fin	135	13	24	SPX	7,624	-0.5%	-1.5%
				MSCI Asiax	1,033	-2.5%	-10.2%
USD Swap Spread 10Y	-39	-0	-9	HSI	23,142	-4.3%	-5.6%
USD Swap Spread 30Y	-64	-0	-4	STI	5,407	-0.1%	-5.3%
				KLCI	1,607	0.7%	-3.9%
China 5Y CDS	39	2	5	JCI	5,431	8.7%	-13.0%
Malaysia 5Y CDS	38	2	3	EU Stoxx 50	6,068	-2.2%	-3.7%
Indonesia 5Y CDS	106	7	16				
Thailand 5Y CDS	44	4	4				
Australia 5Y CDS	18	1	2				

Prices shown above are based on the latest available price or the previous market close

Source: Bloomberg

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