Weekly Research Views (WRV)

OCBC Group Research

31 Aug 2026

Weekly Macro Update

Key global data for this week:

31 Aug	1 Sep	2 Sep	3 Sep	4 Sep
• **AU:** Melbourne Institute Inflation MoM • **CH:** Manufacturing PMI, Non-manufacturing PMI • **IN:** GDP YoY • **JN:** Industrial Production MoM • **TH:** BoP Current Account Balance	• **AU:** Building Approvals MoM • **CH:** RatingDog China PMI Mfg • **EC:** S&P Global Eurozone Manufacturing PMI, CPI YoY, CPI MoM • **ID:** S&P Global Indonesia PMI Mfg, CPI YoY, CPI Core YoY • **US:** ISM Manufacturing, S&P Global US Manufacturing PMI	• **AU:** GDP SA QoQ, GDP YoY • **JN:** Monetary Base YoY • **NZ:** Building Permits MoM, RBNZ Official Cash Rate • **SI:** Electronics Sector Index, Purchasing Managers Index • **SK:** CPI MoM, CPI YoY, CPI Ex Food and Energy YoY	• **AU:** Trade Balance • **CH:** RatingDog China PMI Composite, RatingDog China PMI Services • **MA:** BNM Overnight Policy Rate • **NZ:** ANZ Commodity Price MoM • **VN:** CPI YoY	• **EC:** Retail Sales MoM, Retail Sales YoY • **IN:** Foreign Exchange Reserves • **JN:** Household Spending YoY • **PH:** CPI YoY 2018=100, CPI NSA MoM 2018=100 • **SK:** BoP Current Account Balance, BoP Goods Balance

Summary of Macro Views:

Global	• **Global:** US-Iran situation - no agreement in sight • **Global:** Geopolitics remain in the headlines • **US:** Distinct hawkish tone at Jackson Hole • **AU:** Headline CPI eases but underlying inflation heats up
Asia	• **SG**: July manufacturing output rose 6.8% YoY • **HK:** Upgrade full-year export growth forecast to 35% • **HK:** Housing market lost momentum in July

Asia	• **ID:** Destry endorsement reinforces BI policy continuity • **MA:** BNM preview – no change expected • **TH:** Bank of Thailand stay pat • **PH:** Philippines: BSP raises its policy rate by 25bp
Asset Class	• **ESG:** Balancing development with marine conservation in SG • **FX & Rates:** Warsh Rebuilds Credibility • **Credit:** Jackson Hole resets rates risk • **Equity:** Readying Singapore for the next 50 years

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Global: Central Banks

Forecast – Key Rates

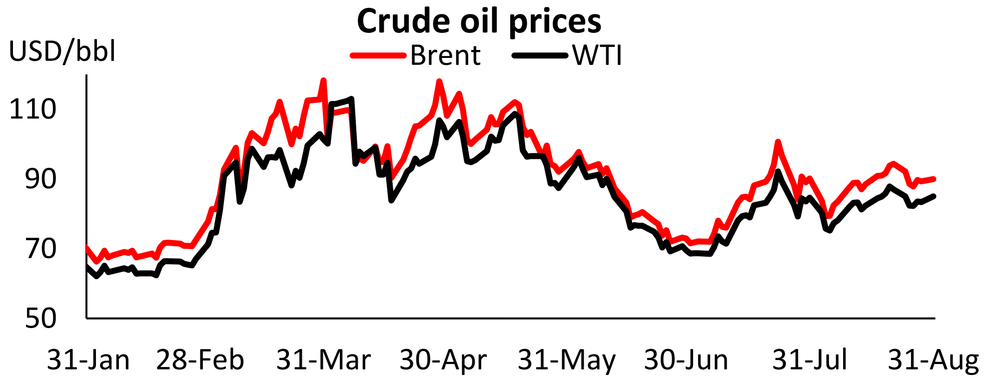
Reserve Bank of New Zealand (RBNZ)	Bank of Canada (BoC)	Bank Negara Malaysia (BNM)
Wednesday, 2nd September	**Wednesday, 2nd September**	**Thursday, 3rd September**

House Views

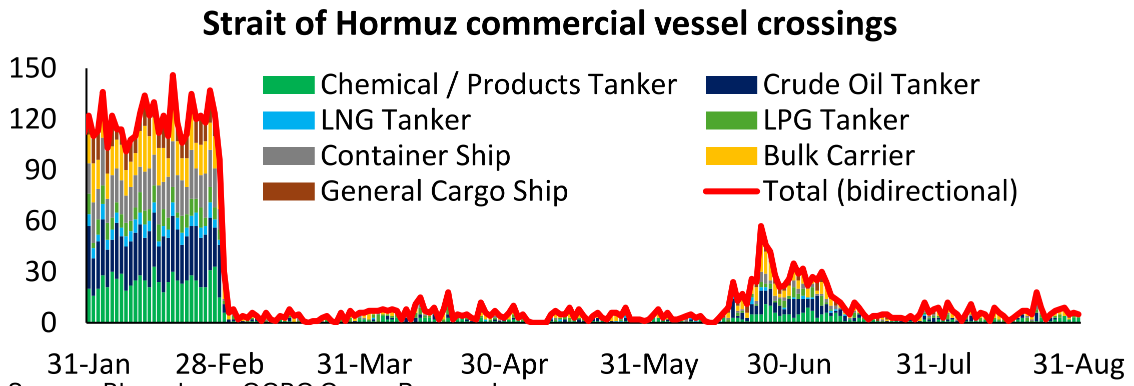
Cash Rate	*Policy Interest Rate*	*Overnight Policy Rate*
Likely hike by 25bp from to 2.50% to 2.75%	**Likely a hold at 2.25%**	**Likely a hold at 2.75%**

Global: US-Iran situation - no agreement in sight

- With the US-Iran war crossing the six-month mark, prospects for a diplomatic resolution remain limited as military tensions re-escalated sharply. The US conducted its first strikes on Iran since late July, targeting missile launchers on Larak Island, prompting Iran's IRGC to launch retaliatory missiles at two US bases in Jordan. Brent rose sharply to more than 2.5% in response to $90.63/bbl and WTI rose 2.4% to $85.45/bbl.
- Prior to the latest military escalation, reports that President Trump was unwilling to return to the terms of the June agreement dampened hopes for renewed negotiations, despite mediation efforts by Qatar and discussions between Iran and Oman on maintaining safe passage through the Strait of Hormuz.
- Washington has also intensified its economic campaign against Tehran. The U.S. moved to sever the UAE branches of Egypt's Banque Misr from U.S. correspondent banking privileges over alleged Iran-linked transactions, with Bessent warning that future targets could be cut off entirely from the dollar-based financial system. The broader campaign has already targeted nearly 60 individuals, entities and vessels linked to Iran's oil, financial and technology networks.



Source: Bloomberg, OCBC Group Research.



Source: Bloomberg, OCBC Group Research.

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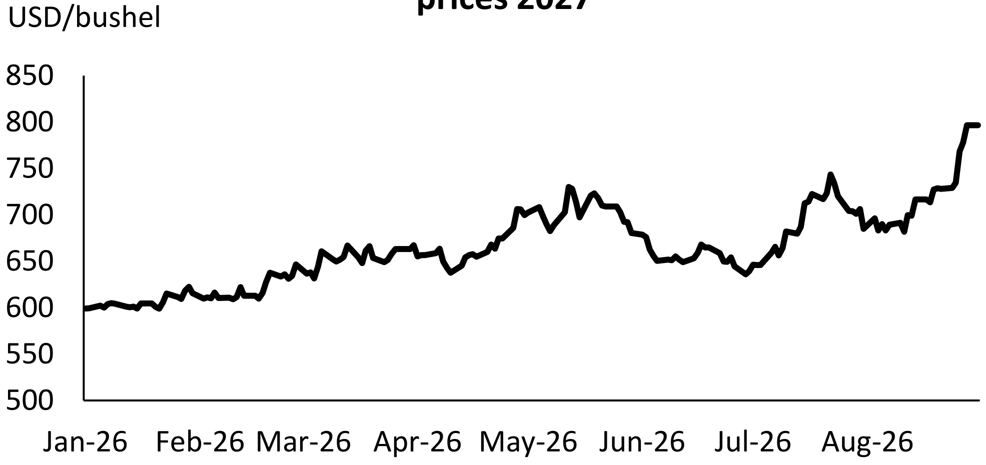
Source: Reuters, OCBC Group Research.

Global: Geopolitics remain in the headlines

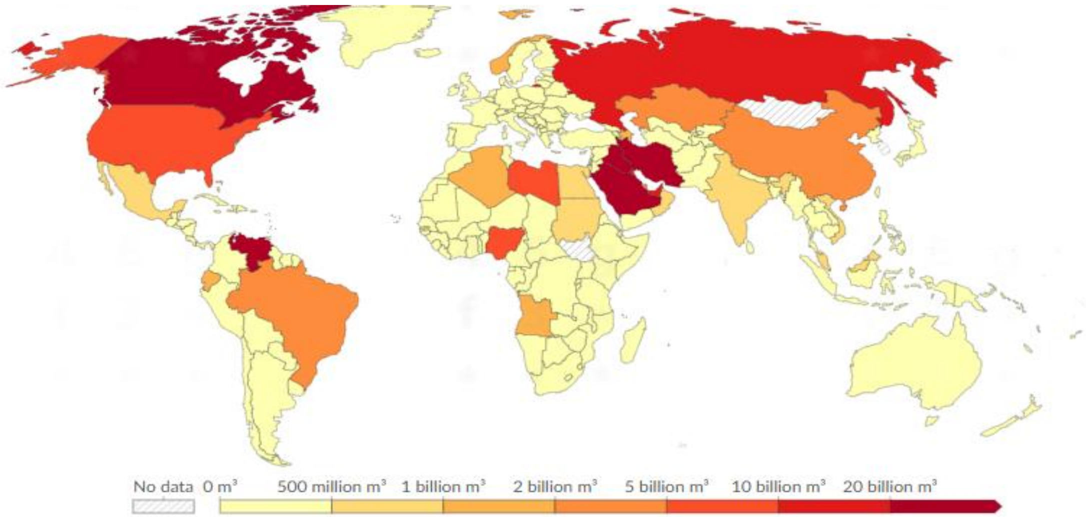
- Apart from tensions between the US and Iran, tensions between Ukraine and Russia have also escalated, while the US has struck a deal with Venezuela involving Venezuelan oil. Escalating drone and missile strikes targeting Black Sea ports and grain vessels have brought maritime shipping in Russia and Ukraine to a near-complete standstill. Chicago Board of Trade (CBOT) wheat futures for 2027 rose to USD 796.56 per bushel on 28 August 2026, from USD 700 per bushel on 13 August.
- On 28 August 2026, President Trump announced via social media that the US had reached an agreement giving it "majority control" of more than 65 billion barrels of Venezuela's proven oil reserves. Venezuela's interim president, Delcy Rodríguez, described the arrangement as a 25-year energy agreement aimed at increasing crude oil production to around 1.5 million barrels per day. The agreement could generate approximately USD200bn in revenue.

Chicago Board of Trade wheat current forward prices 2027



Source: Bloomberg; OCBC Group Research.

Proven oil reserves, 2021



Source: Our World in Data; OCBC Group Research

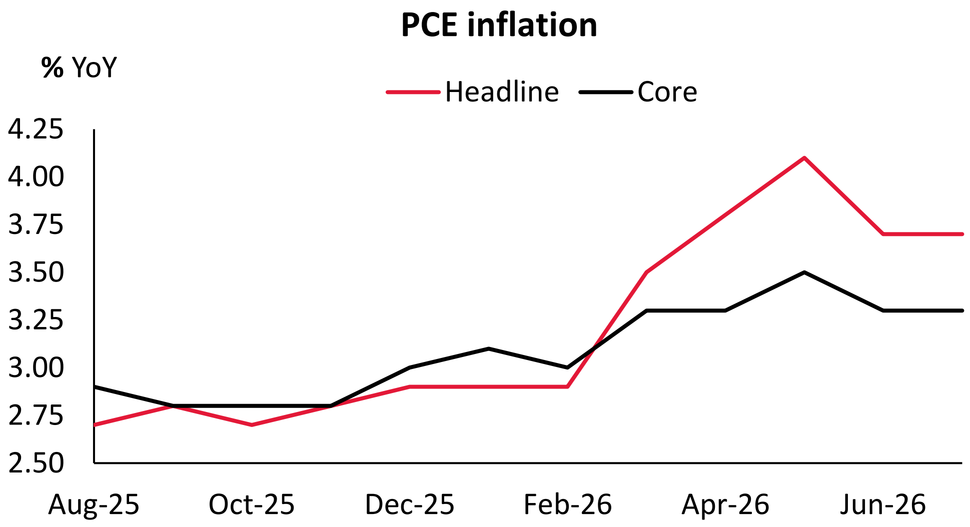
Source: Bloomberg, Our World in Data, OCBC Group Research.

United States: Distinct hawkish tone at Jackson Hole

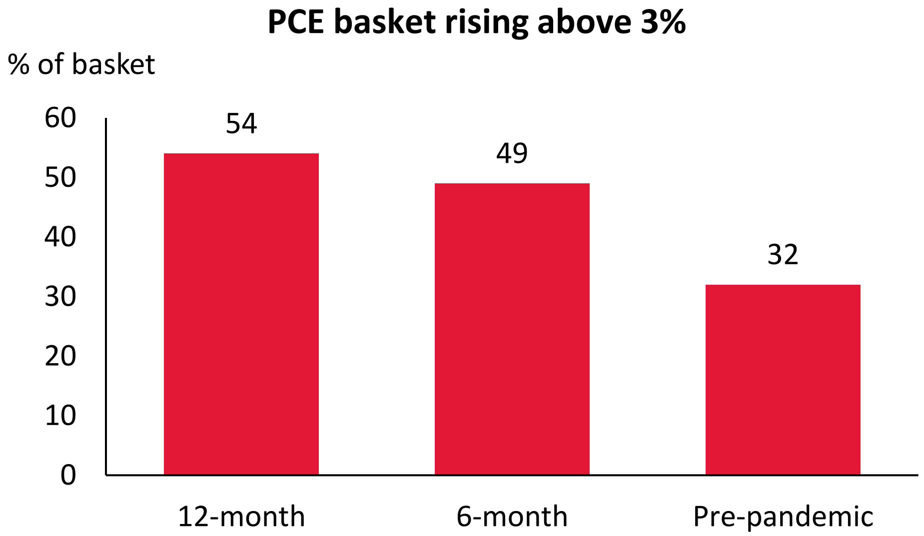
- Fed Chair Kevin Warsh argued that inflation remained too broad, financial conditions were not meaningfully restrictive, labor markets were around full employment, and economic demand remained resilient. As a result, the burden of proof had shifted to those arguing that the Fed should remain on hold.

- He also emphasized inflation breadth, noting that 54% of the 199 PCE components increased by more than 3% over the past 12 months, compared with 32% before the pandemic. On a six-month basis, the proportion was about 49%. The latest data did not indicate a sufficiently convincing improvement in underlying inflation.

- The hawkish comments were echoed by Kansas City Fed President Schmid, who described inflation as "stubborn and sticky", while Cleveland Fed President Hammack was more explicit, saying that "now is the time to act".



Source: BEA, FRED, OCBC Group Research.



Source: Federal Reserve, OCBC Group Research.

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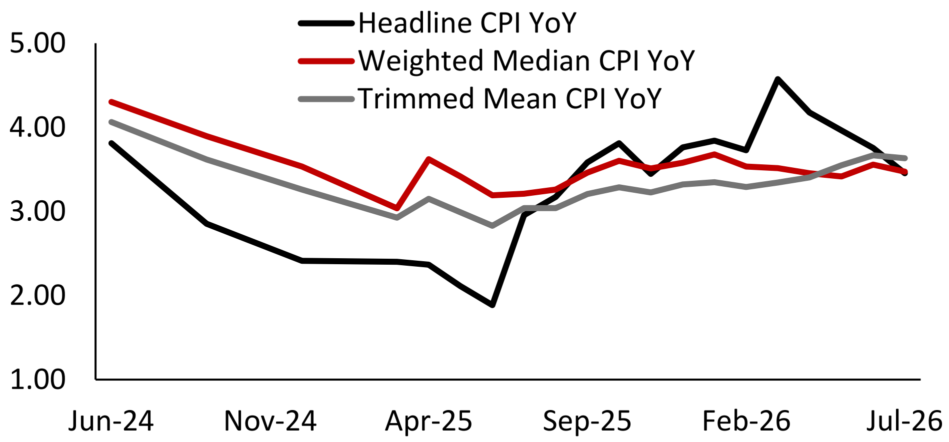
Source: Federal Reserve, BEA, FRED; OCBC Group Research.

Australia: Headline CPI eases but underlying inflation heats up

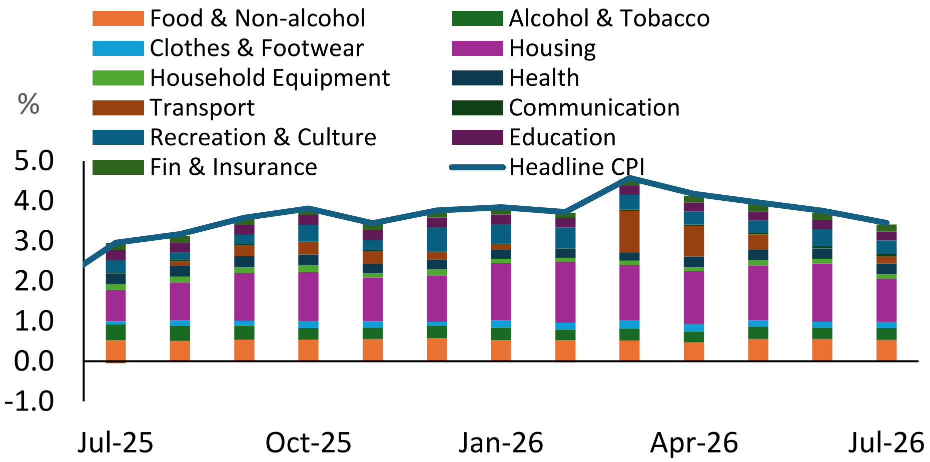
- Headline CPI eased to 3.5% YoY in July from 3.8% in June, although the reading came in above market expectations of 3.3%, partly reflecting favourable base effects from a large increase in July 2025. In contrast, trimmed mean inflation proved more persistent, holding steady at 3.6% YoY while rising 0.5% MoM on a seasonally adjusted basis, marking its strongest monthly increase this year. This suggests that underlying inflationary pressures have yet to ease meaningfully. Price pressures also broadened beyond volatile components, with stronger increases in market services and consumer durables.
- Housing remained the largest contributor to annual inflation, driven by elevated new dwelling costs (+5.7% YoY) and electricity prices (+6.1% YoY). On a monthly basis, inflation was boosted by a 7.5% increase in automotive fuel prices, reflecting higher global oil prices and the partial unwinding of the government's fuel excise relief programme. Domestic holiday travel and accommodation prices also rose by 6.2%, supported by stronger school holiday demand.

Underlying inflation sticky



Source: CEIC, OCBC Group Research.

Contribution to YoY CPI

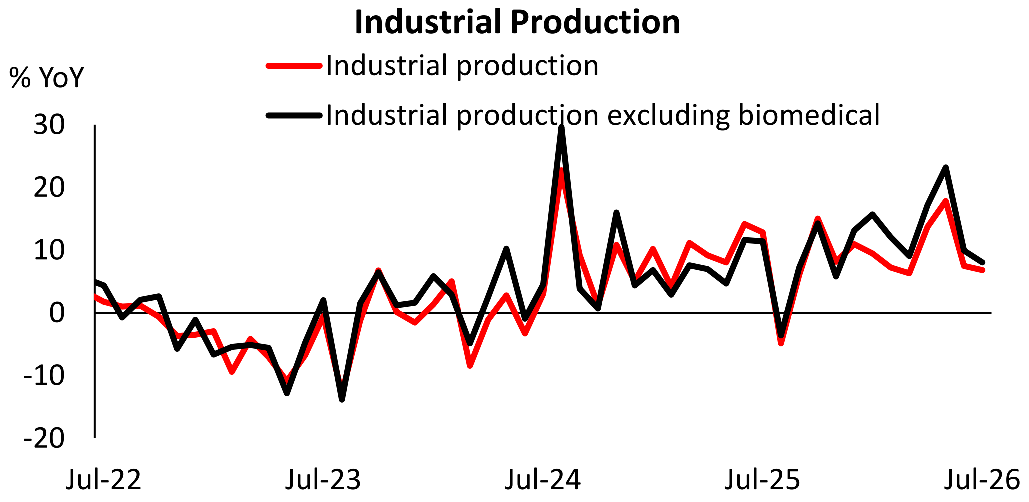


Source: CEIC, OCBC Group Research.

Source: CEIC, ABS, OCBC Research.

Singapore: July manufacturing output rose 6.8% YoY

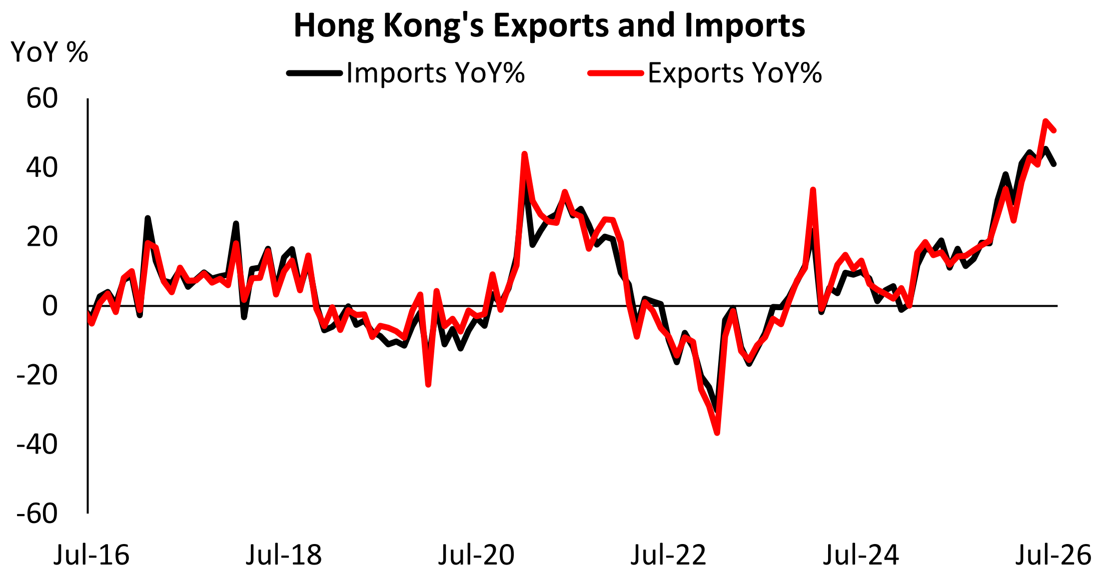
- Singapore's manufacturing sector continued to expand by 6.8% YoY in July 2026, although growth moderated from earlier months such as June (7.5% YoY). For the first seven months of 2026, total manufacturing output grew 9.8% YoY, while manufacturing excluding biomedical manufacturing grew 13.5%.
- Singapore's manufacturing cycle remains supported by the global AI and semiconductor upcycle at this juncture, with strong spillovers into precision engineering and parts of transport engineering.
- However, the monthly domestic industrial production growth momentum appears to be showing some signs of fatigue and is normalizing for the heavyweight in the electronics cluster, namely the semiconductor output which has halved from 53.3% YoY in May to 20.8% in June and now eased to 8.0% in July – this could be something to monitor going forward pertaining to the sustainability of the global AI cycle in supporting Singapore's key manufacturing and export performance for the rest of this year out to 2027. Our current 2026 forecast for manufacturing and GDP growth are 9% and 5.2% YoY respectively.



Source: EDB, CEIC, OCBC Group Research.

Hong Kong: Upgrade full-year export growth forecast to 35%

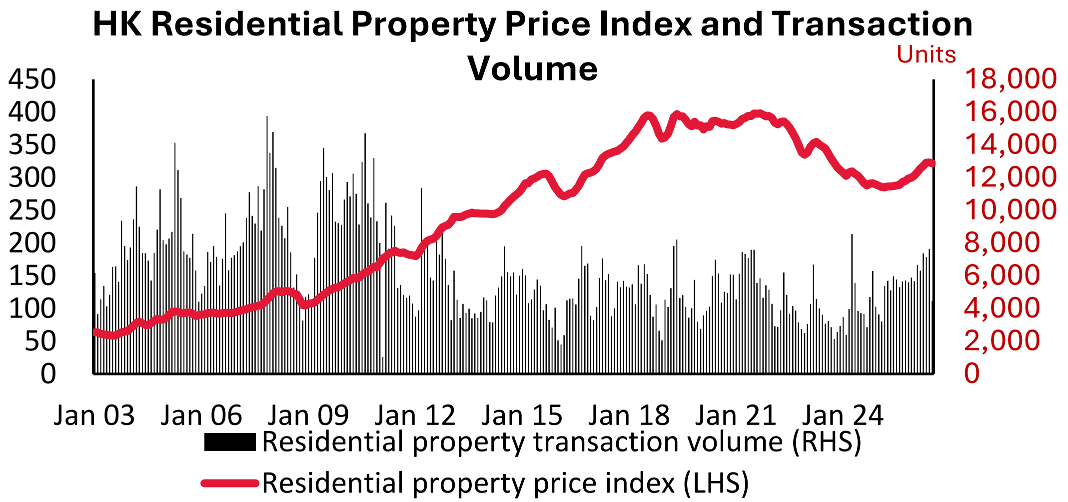
- Merchandise exports and imports continued to post strong growth, rising by 50.7% YoY and 41.0% YoY in July, respectively (53.4% YoY and 45.4% YoY in June). The trade deficit narrowed sharply to a recent low of HKD 4.9 billion in July, from HKD 52.0 billion in June.
- Looking ahead, we expect Hong Kong's trade performance to remain well supported by the ongoing global AI investment cycle. Strong demand for AI-related products, particularly semiconductors, integrated circuits, servers, and data-processing equipment, should continue to drive regional supply chain activity and re-export flows through Hong Kong. We have revised up our 2026 merchandise export growth forecast to 35%, reflecting both sustained external demand and Hong Kong's role as a regional trading and logistics hub.



Source: C&SD, OCBC Group Research.

Hong Kong: Housing market lost momentum in July

- Hong Kong's residential property market lost momentum in July, with the official residential price index declining 0.5% MoM (0.2% MoM in June), bringing an end to a 13-month winning streak. Meanwhile, the rental index rose further in July, albeit at a moderated pace of 0.8% MoM (1.0% MoM in June). Trading activity weakened markedly, with total residential transactions falling 41.7% MoM to 4,462 cases in July, highlighting a sharp deterioration in buyer participation.
- Buyer sentiment softened in recent weeks amid speculation that Mainland authorities may broaden tax enforcement measures on offshore wealth to include Hong Kong property-related income and capital gains owned by Mainland residents. The resulting policy uncertainty appears to have weighed on buying interest, particularly among prospective Mainland homebuyers, prompting some to adopt a more wait-and-see approach.
- We held onto our 2026 projection of 8.5% and 4.5% increases in housing prices and rents respectively, and expect the rallies in prices and rents to stall in coming months, given the hawkish repricing of the Fed policy path, concerns over tax enforcement, and heightened global macroeconomic uncertainties.

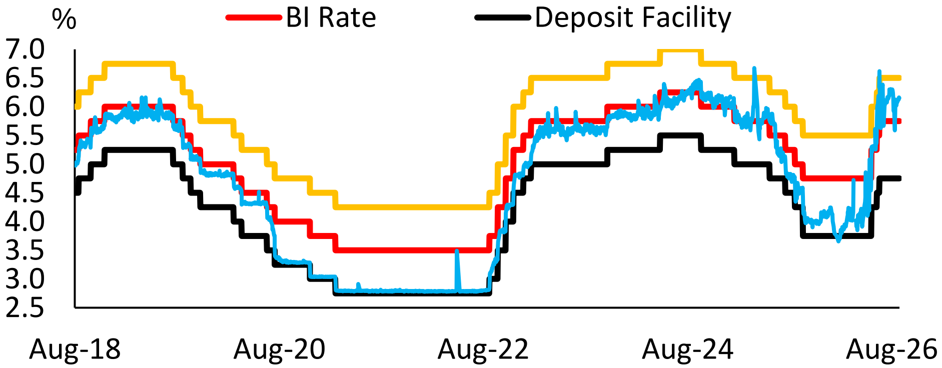


Source: RVD, OCBC Group Research.

Indonesia: Destry endorsement reinforces BI policy continuity

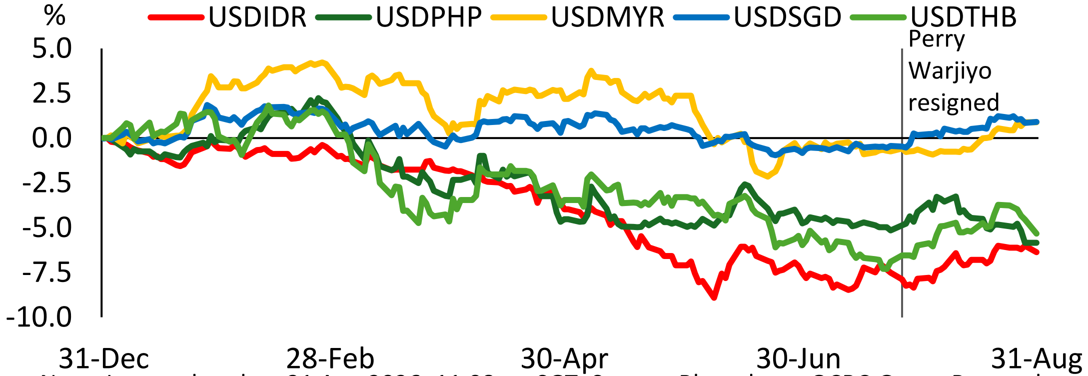
- Commission XI endorsed Destry Damayanti as Bank Indonesia (BI) Governor for 2026–2031 on 27 August, following her fit-and-proper test on 26 August. Commission XI also endorsed Aida S. Budiman as Senior Deputy Governor and Solikin M. Juhro as Deputy Governor. Destry has served as acting Governor since 27 July following Perry Warjiyo's resignation and chaired her first policy meeting on 19 August, where BI kept its policy rate unchanged at 5.75%. The transition has so far been orderly, with Destry emphasising policy continuity, BI independence and continued focus on IDR stability. The rupiah has strengthened by more than 1% since she took over as acting Governor, from a close of IDR18,005/USD on 27 July to around IDR17,750/USD currently.
- The next step is for the DPR plenary to approve Commission XI's recommendations on 1 September, after which the appointments will proceed in accordance with the formal process, including presidential appointment and subsequent oath-taking. We expect Destry's appointment to imply continuity rather than a material change in BI's reaction function. Policy decisions should remain data-dependent, with the external backdrop, inflation and portfolio flows particularly important, while liquidity measures support private-sector lending. We retain our baseline for a further cumulative 75bp of rate hikes in 2026, although risks remain skewed towards fewer hikes if portfolio inflows remain supportive and currency pressures ease.

Indonesia: Policy corridor



Source: Bank Indonesia, CEIC, OCBC Group Research.

Asia FX ytd performance against USD



Note: Last updated on 31 Aug 2026, 11.08am SGT. Source: Bloomberg, OCBC Group Research.

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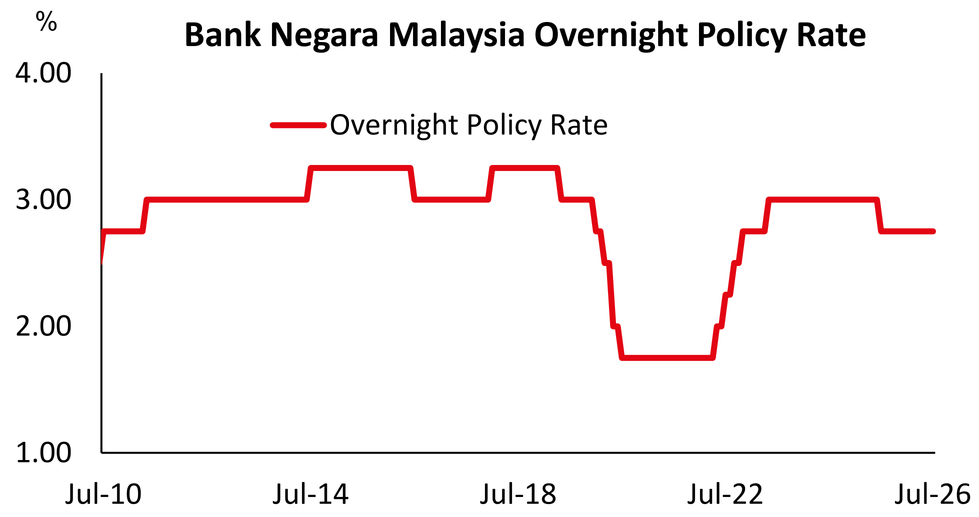
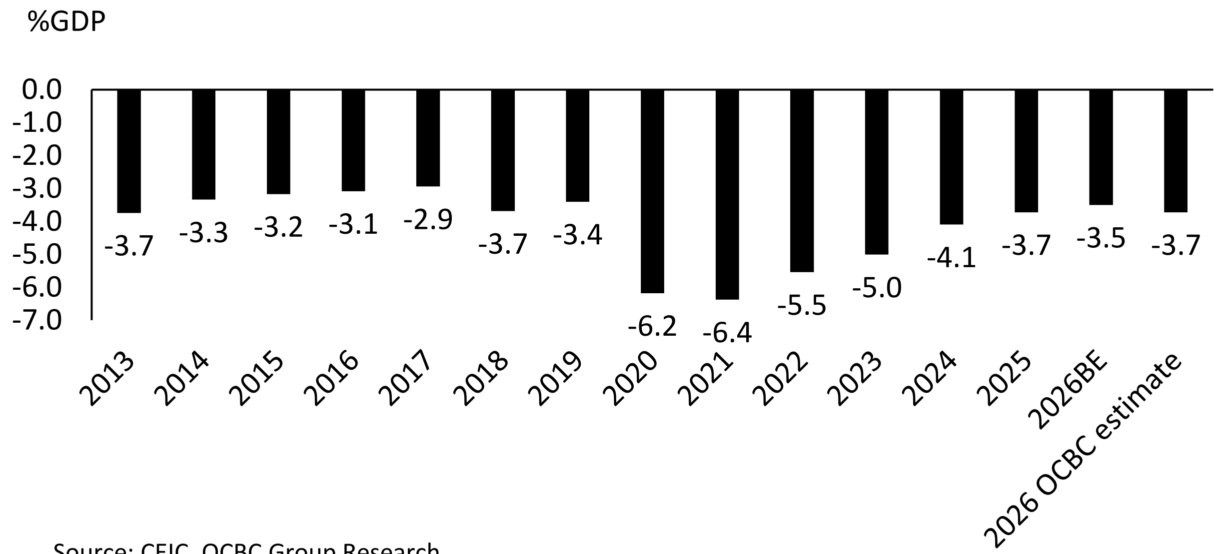
Source: Bloomberg, OCBC Group Research.

Malaysia: BNM preview – no change expected

- We expect Bank Negara Malaysia (BNM) to keep its policy rate unchanged at 2.75% at its 3 September meeting. BNM's tone was neutral at its previous meeting on 9 July, however, considering the upside risks to growth and the building price pressures, we will watch the tone of the statement carefully to assess for any changes in monetary policy stance.
- Our baseline is for BNM to remain on hold through 2026, keeping policy accommodative to mitigate against heightened external risks. However, we expect BNM to normalize its policy rate back to 3.00% in January 2027 given the strong growth outlook, potential fiscal slippage for 2026, and building price pressures. Budget 2027 will be announced on 9 October.



Source: Bank Negara Malaysia, CEIC, OCBC



Source: CEIC, OCBC Group Research.

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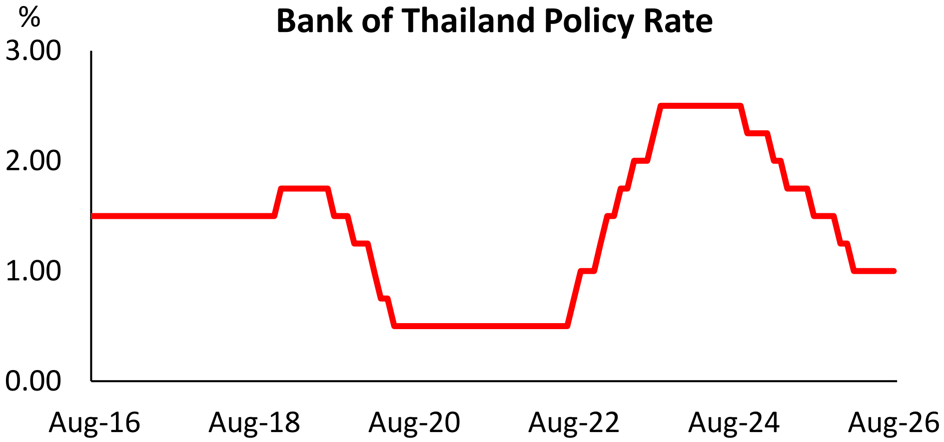
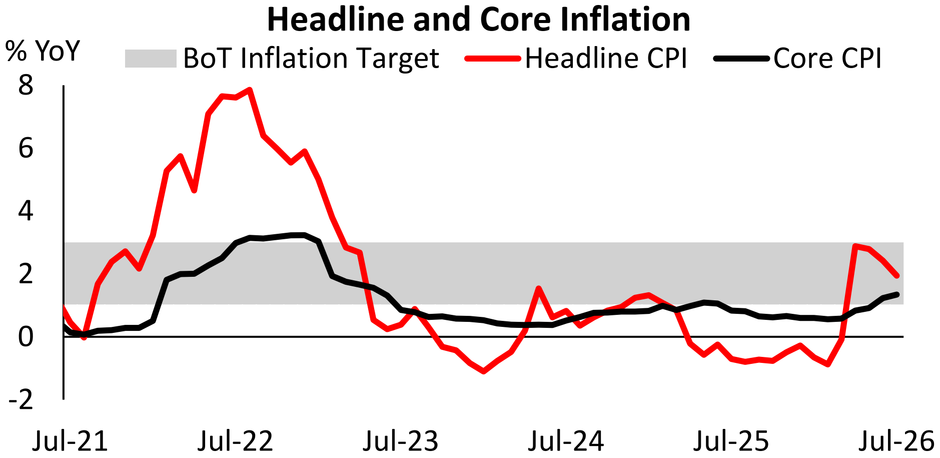
Source: Bank Negara Malaysia, CEIC, OCBC Group Research.

Thailand: Bank of Thailand stay pat

- Bank of Thailand (BoT) kept its policy rate unchanged at 1.00% as expected. The Monetary Policy Committee (MPC) voted unanimously for this decision. The tone of the official policy statement was broadly neutral, with BoT highlighting that growth remained uneven, while inflation could rise in 1Q27.
- Specifically, BoT noted that "merchandise exports and private investment have expanded faster than expected, supported by the technology and AI cycle." Private consumption, however, "expanded more slowly than anticipated as households remain cautious in their spending amid rising living costs." As such, "overall economic growth remains low and uneven." On inflation, BoT assessed that headline inflation could be lower than its previous forecasts of 2.8% YoY and 1.4% YoY for 2026 and 2027, respectively. The assessment was similar for core inflation, which is expected to be lower than the previous projections of 1.5% YoY and 1.4% YoY, respectively.
- We continue to expect the policy rate to normalise to 1.50% in 2027, as our forecast for GDP growth to rise to 2.5% in 2027 from 2.3% in 2026 would facilitate a less accommodative monetary policy stance.



Source: Bank of Thailand, CEIC, OCBC Group Research.



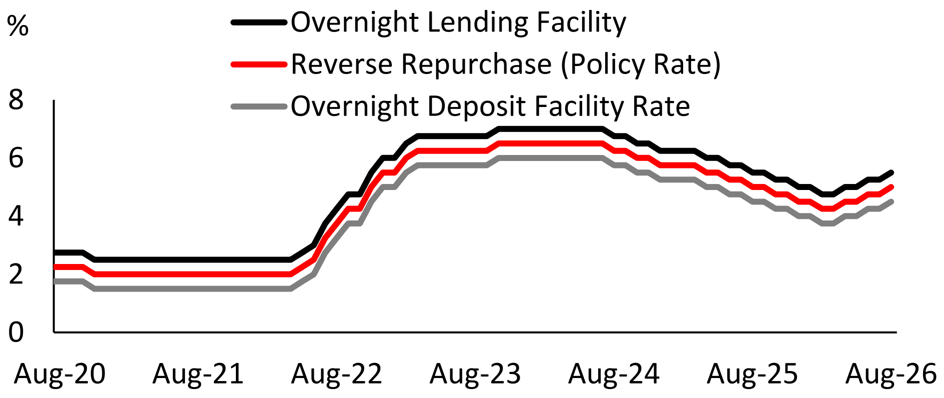
Source: Bank of Thailand, Trade Policy and Strategy Office, CEIC, OCBC Group Research.

Source: Bank of Thailand, Trade Policy and Strategy Office, CEIC, OCBC Group Research.

Philippines: BSP raises its policy rate by 25bp

- Bangko Sentral ng Pilipinas (BSP) raised its policy rate by 25bp to 5.00%, in line with consensus and our expectations. In our view, BSP's stance remains hawkish, given the upside risks to inflation.
- On inflation, BSP revised its headline CPI inflation forecast lower to 6.1% YoY, from 6.4% in June, on account of lower-than-expected inflation in June and July, which will partly be offset by the impact of El Nino in 4Q26. BSP expects 2028 inflation to return to 3.3%, within its 2-4% target range. On growth, BSP noted that economic fundamentals remain intact despite the recent weakness in the growth outlook. However, we are less optimistic about the growth outlook, forecasting 2026 GDP growth at 3.2%.
- Looking ahead, although the Governor noted that the hike was pre-emptive and aimed at mitigating the price pressures from the severe El Nino phenomenon and minimum wage increases, he did not close the door on further rate hikes. We expect BSP to remain focused on keeping price pressures contained. As such, our baseline remains for a further cumulative 50bp of rate hikes by BSP for the remainder of the year, implying a 25bp hike at each of the remaining two meetings on 22 October and 17 December.

BSP Lending, Deposit and Policy Rates



Source: Bangko Sentral ng Pilipinas, CEIC, OCBC Group Research.

Date of MB Decision	Headline Inflation (%YoY)		
	2026F	2027F	2028F
Feb-26	3.6	3.2	
Mar-26	5.1	3.8	
Apr-26	6.3	4.3	
Jun-26	6.4	4.5	3.1
Aug-26	6.1	5.4	3.3

Source: Bangko Sentral ng Pilipinas, OCBC Group Research.

Source: Bangko Sentral ng Pilipinas, CEIC, OCBC Group Research.

ESG

ESG: Balancing development with marine conservation in SG

- Singapore has plans to transform its outer islands by merging several islands into one larger island through land reclamation efforts, announced at the 2026 National Day Rally. The formation of a new western island can support a new generation of industries, including advanced manufacturing facilities and accommodate new power generation infrastructure to meet Singapore's future needs.
- However, there are concerns from Singapore's marine conservation advocates that the plan could impact important marine habitats in Singapore's southern waters that support native biodiversity, including coral reefs, mangrove forests and seagrass meadows. Seagrasses and mangroves are increasingly recognised as "blue carbon" ecosystems due to their ability to capture and store carbon dioxide and combat climate change.
- This highlights the growing challenge of balancing development needs with environmental conservation objectives. While additional land and infrastructure are required to support Singapore's future economic and energy requirements, conserving natural ecosystems remains important for biodiversity conservation, coastal resilience and carbon sequestration. The Ministry of National Development (MND) said that as part of the planning process, it will conduct technical studies to inform the development plans, including the reclamation profile, site investigations and environmental studies. MND will also engage stakeholders early in the process to assess potential biodiversity impact and identify measures to avoid, minimise and mitigate impacts where feasible.

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Source: CNA, OCBC Group Research

FX & Rates

FX & Rates: Warsh Rebuilds Credibility

- Warsh Rebuilds Credibility: Debasement fears have met a hawkish reality check. Warsh's defence of the inflation target has reduced a major drag on the USD and shifted the focus back to economic fundamentals.
- JPY Needs More: BoJ officials continue to lean hawkish, but market pricing has moved even faster. Future JPY gains may require policy support that goes beyond the pace and extent of rate increases.
- Asian FX may trade on the back foot. Firmer USD post-Warsh can be a near-term headwind, but differentiation should persist. In the interim, USD dips may remain shallow unless US data soften.
- RMB slipped post-Warsh into NY close. While a firmer USD may slow further gains in RMB, markets are likely to look for cues from daily fix.
- Hike Risks Linger: Stronger inflation and resilient spending have revived expectations of another RBA hike, supporting AUD. While we remain bullish over the next one to two quarters, easing inflation should eventually shift the RBA away from restrictive policy and cap gains.
- KRW pared gains after comments from Warsh. Recent BoK hike and month-end flows remain, though near-term trade may turn more two-way.

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Source: OCBC Research

Credit Research

Credit: Weekly Overview

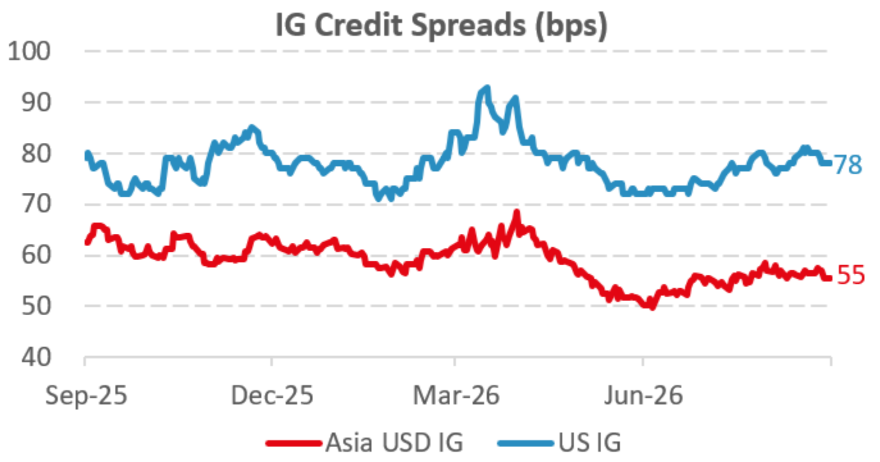
Jackson Hole resets rates risk

- **Hawkish rate repricing driving a bear flattening**, quality HY should prove more resilient than duration heavy US IG. The move is about rates, not weaker credit.
- **Carry, rather than spread compression for returns,** given already tight credit valuations. Banks should benefit from the higher-for-longer rates.
- **Maintain quality bias in HY**, where lower duration with sufficient carry to offset potential mark-to-market volatility.
- **Underweight excessive duration in IG**, where greater rates sensitivity and limited spread cushion create an unfavourable risk-reward.

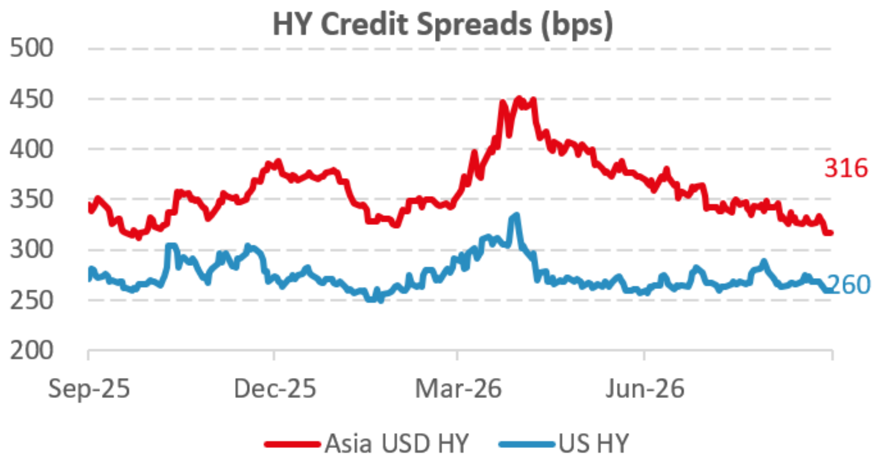
Indices	OAS Spread w/w Change (bps)	OAS Spread (bps)	Yield	Total Returns (w/w)
Asia USD IG	-1	55	5.14 %	-0.09%
Asia USD HY	-10	316	7.73 %	0.15 %
US IG	-2	78	5.48 %	0.10 %
US HY	-9	260	7.27 %	0.19 %

Note: w/w refers to the week of 21-28 August

IG: US vs Asia(bps)



HY: US vs Asia (bps)



Source: Bloomberg, OCBC Group Research.

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SGD Weekly Overview

SGD Credit down again w/w with largest drop in bank capital and mid to longer tenors driven by spreads

	Key Statistics			Total Returns				
	(1 Jan 2021 = 100)	Eff Mty	Market Cap	w/w	m/m	y/y	Since Jan 2021	YTD
By Tenor & Structure								
AT1S	119.6	2.9	$12,996m	-0.29%	0.0%	3.0%	19.6%	1.89%
NON-FIN PERP	128.1	11.9	$13,563m	-0.21%	0.1%	4.5%	28.1%	2.19%
TIER 2S & Other Sub	122.1	3.7	$20,052m	-0.18%	-0.2%	2.2%	22.1%	1.32%
LONGER TENORS (>9YRS)	106.5	20.6	$17,861m	-0.10%	-0.7%	-2.9%	6.5%	2.39%
MID TENORS (>3Y-9YRS)	115.2	4.9	$45,344m	-0.11%	-0.1%	1.2%	15.2%	1.15%
SHORT TENORS (1-3YRS)	117.5	1.8	$25,569m	-0.07%	0.1%	2.1%	17.5%	1.36%
MONEY MARKET (<12M)	118.7	0.4	$13,583m	-0.02%	0.1%	1.8%	18.7%	1.12%
By Issuer Profile Rating								
POS (2)	118.1	8.3Y	$9,949m	-0.17%	-0.3%	2.5%	18.1%	1.04%
N(3)	121.1	3.3Y	$27,129m	-0.17%	-0.1%	2.3%	21.1%	1.53%
N(4)	121.5	7.9Y	$20,194m	-0.24%	-0.2%	3.1%	21.5%	1.66%
N(5)	120.1	2.9Y	$7,650m	-0.09%	0.0%	2.8%	20.1%	1.41%
OCBC MODEL PORTFOLIO	131.4	13.8Y	$6m	-0.13%	0.0%	4.4%	31.4%	2.02%
SGD Credit Universe	116.2	6.1Y	$148,969m	-0.13%	-0.1%	1.6%	16.2%	1.50%

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

Credit Update

Frasers Centrepoint Trust ("FCTSP")

- **Overweight the FCTSP 3.98% PERP.** Yields are attractive relative to other high grade REIT perpetuals.
- Operating fundamentals remain strong with 1HFY2026 revenue and NPI up 20.3% and 20.2%y/y respectively.
- White Sands disposals provides near-term leverage headroom with SGD454.1mn of estimated net proceeds that should lower aggregate leverage from ~40% to ~36.5%.
- Investment spending remains the key risk with Bayshore development and the NEX and potential Causeway Point AEIs raising leverage and causing temporary income disruption.

Source: OCBC Group Research.

Credit Update

Frasers Centrepoint Trust ("FCTSP")

Recommendation

- **Good 1HFY2026 results:** Revenue rose 20.3% y/y to SGD221.9mn while NPI increased 20.2% y/y to SGD160.8mn, mainly from Northpoint City South Wing and higher passing rents. Excluding Northpoint City South Wing and Hougang Mall, revenue and NPI still grew 1.8% and 2.2% y/y respectively.
- **Strong portfolio metrics:** Committed occupancy remained high at 99.6% as at 30 June 2026. 9MFY2026 tenant sales rose 1.8% y/y, while 1HFY2026 rental reversion remained positive at 6.5%. We expect RTS-related retail leakage to remain manageable given already-high cross-border traffic, FCTSP's essential-service offerings and growing northern catchments.
- **AEIs and active tenant remixing support portfolio relevance:** Hougang Mall and NEX Phase 1 achieved leasing commitments of over 98% and 87% respectively. Vacated cinema spaces were repurposed or backfilled while FCTSP is subdividing legacy department-store space into multiple concepts and mini-anchors.
- **White Sands proceeds create headroom, but Bayshore introduces development risk:** White Sands disposal should generate SGD454.1mn of net proceeds, which will in part fund Bayshore. FCTSP's estimated 50% share of the SGD613mn development cost is SGD306.5mn, with targeted completion at end-2030.
- **Credit metrics remain manageable:** Reported aggregate leverage was 40.4% as at 30 June 2026, which should fall to ~37% post divestment of White Sands and upfront Bayshore land payment. That said, aggregate leverage could rise following the AEI at NEX and a potential AEI at Causeway Point. Reported interest coverage improved to 3.66x as quarterly cost of debt fell 20bps q/q to 3.0%, while FY2026 borrowings have been refinanced.
- **Neutral (3) Issuer Profile, Neutral Credit Direction, OW perp:** FCTSP's defensive suburban portfolio, near-full occupancy, decent credit metrics mitigate rising investment expenditure and execution risks from Bayshore development. We OW the perp which yields >3%.

Issuer Profile:

Neutral (3)

Neutral (3)

Credit Direction:

Neutral

Ticker:

FCTSP

Wong Hong Wei
Credit Research Analyst

Credit Update

AU Banks
(ANZ, CBAAU, MQGAU, NAB, WSTP)

- **Maintain a broadly neutral view on AU bank issues**. Existing fundamentals remain sound with resilient earnings, benign credit costs and capital and liquidity buffers comfortably above regulatory requirements.
- Soft landing should limit credit deterioration, bolstered by strong collateral coverage and prudent underwriting that continues to support asset quality.
- Issuer profiles remain stable across the broad with MQGAU at Neutral (3) given greater exposure to cyclical and market-facing businesses.
- Increasing T2 supply may constrain relative performance as AT1s are phased out.

Source: OCBC Group Research.

Australian Banks

Adequate Buffers For Weakness

Executive Summary

- **Existing fundamentals remain sound:** Recent earnings results were resilient, loan growth remained positive, and capital ratios and liquidity metrics remain comfortably above regulatory requirements. Credit costs are the more important indicator in our view for Australia banks' credit outlook, and all four banks continue to report benign asset quality and credit costs below long-term averages.
- **Some headwinds for Australia's economy:** Australia's economic outlook remains challenging despite resilience following the Iran conflict. Growth has slowed, consumer spending is subdued, and housing market weakness is broadening due to high interest rates and affordability pressures. Inflation has eased but remains above target, while strong employment and persistent wage pressures support a higher-for-longer interest rate environment that could constrain economic activity and possibly business lending. While bank management acknowledge higher uncertainty, current expectations are for a soft-landing scenario rather than a recessionary environment. OCBC economists expect Australia's GDP growth at 2.0% in 2026 and 1.9% in 2027, supporting bank management's view that future volume growth could offset margin pressure.
- **Deepening customer relationships:** Against slowing growth and ongoing competition, Australian banks' strategy appears focused on simplicity, customer advocacy, technology modernisation and operational resilience rather than aggressive growth. Historical instances of regulatory investigations and capital add-ons continue to influence investment in systems that enhance customer service and importantly customer safety through cyber security, fraud prevention, financial crime controls and scam detection capabilities.
- **Issuer profiles maintained, credit direction neutral:** Australian banks continue to maintain significant management overlays and forward-looking provisions, reflecting a continued prudent approach to emerging risks. Combined with solid market positions, substantial capital buffers, and proactive ongoing regulatory and shareholder oversight, credit profiles have adequate protection should economic conditions weaken more than currently anticipated with earnings, capital and asset quality sufficient to absorb potential margin pressure. We expect fundamentals will remain stable for the next 12 months on expected resilience in Australia's economy and solid asset quality metrics.

Ticker & Issuer Profile:

ANZ:	Positive (2)
CBAAU:	Positive (2)
MQGAU:	Neutral (3)
NAB:	Positive (2)
WSTP:	Positive (2)

Credit Direction:

Neutral

Andrew Wong
Credit Research Analyst

Eshita Suvarna
Credit Research Analyst

Credit: Top Happenings within our Coverage (USD)

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Positive Results

Canadian Banks: RY and TD reported strong 3QFY2026 results

• Toronto-Dominion (“TD”) reported strong 3QFY2026 earnings, with growth-broad across core franchises, led by Wholesale Banking at +87%y/y. ROE improved to 10.2% and NIM rose 6bps q/q to 3.47%. It’s CET1 ratio was stable at 14.3%, and LCR had strengthened by 3ppts q/q to 133%.

• Royal Bank of Canada (“RY”) 3QFY2026 results were overall credit supportive with an 18.1% adjusted ROE and adjusted net income rising 10% y/y and 9% q/q to CAD6.1bn. The CET1 ratio also remained stable at 13.5%, and its leverage ratio remained at 4.3%

FWDGHD: New business and operating earnings remain strong

• FWD Group Holdings Limited ("FWDGHD") reported new business sales rising 7% y/y and new business CSM increasing 25%, supported by favourable mix and growth across Japan, Expansion Markets and Hong Kong &Macau.

• Operating profit after tax rose 20% to USD298mn, while leverage was stable at 21.4%; the solvency ratio declined to 203% mainly due to Japan's new solvency regime and market movements.

PRUFIN: Healthy Asian growth and robust capitalisation

• Prudential PLC ("PRUFIN") reported new business profit rising 8% y/y to USD1.4bn excluding Chinese Mainland, led by ASEAN, India and Africa, while margins improved 2ppts to 40%.

• The capital position remained robust, with a 209% shareholder cover ratio and 14% Moody's-based leverage; the company also announced an additional approximately USD0.3bn share buyback.

Source: Company, OCBC Group Research.

Credit: Top Happenings within our Coverage (USD)

Positive Results

CNOOC: Strong profitability

• CNOOC Limited ("CNOOC") reported revenue rising 16.9% y/y to RMB242.7bn and operating profit increasing 18.5% to RMB112.7bn, supported by higher oil and gas prices and 3.7% production growth.

• Liquidity remained substantial, with RMB314bn of cash and short-term deposits versus RMB57.6bn of debt; all-in costs remained competitive at USD29.7/BOE.

SLHSP: Hotel recovery supports higher profitability

• Shangri-La Asia Limited ("SLHSP") reported revenue rising 6.4% y/y to USD1.1bn and profit increasing 58.8% to USD101.3mn, supported by stronger hotel room revenue and higher RevPAR across key markets.

• Refinancing risk remains highly manageable, with USD1.26bn of cash and USD1.46bn of longer-dated deposits versus USD748.3mn of short-term debt; net gearing was broadly stable at 0.93x.

Source: Company, OCBC Group Research.

Credit: Top Happenings within our Coverage (USD, SGD)

Mixed Results

QANAU: Higher revenue offset by cost and capex pressure

• Qantas Airways Limited ("QANAU") reported revenue rising 7% y/y to AUD25.5bn, but statutory profit fell to AUD1.3bn as expenditure increased 10%, led by higher fuel costs.

• Gross debt-to-underlying EBITDA remained healthy at 2.3x, although FY2027 net capex guidance of AUD4.3bn to AUD4.6bn points to higher leverage as fleet renewal continues.

FOSUNI: Better earnings and deleveraging, supported by disposals

• Fosun International Limited ("FOSUNI") reported net profit rising to RMB1.7bn from RMB0.7bn, with no material impairments during 1H2026.

• Holdco debt declined RMB4.5bn to RMB85.4bn as over RMB12bn of divestments supported liquidity and deleveraging, although portfolio value fell to RMB191bn from RMB207bn.

GUOLSP: Underlying improvement offset by China allowances

• GuocoLand Limited ("GUOLSP") recorded a reported operating loss after SGD209.8mn of development-property allowances, mainly in China, although underlying operating profit rose 12% y/y.

• Strong sales collections reduced loans and borrowings 19% y/y to SGD4.45bn and net gearing to 66%, but new Singapore land commitments could moderate further deleveraging.

Source: Company, OCBC Group Research.

Credit: Top Happenings within our Coverage (USD)

Regulatory & Capital Update

UBS: Swiss capital proposal remains a key credit consideration

- The Swiss National Bank reiterated support for requiring UBS Group AG ("UBS") to fully capitalise its foreign subsidiaries with CET1 at the parent level.
- The comments restate the regulator's existing position and reinforce the prospect of materially higher capital requirements following the Credit Suisse acquisition, subject to the legislative process.

Capital implications

- A stricter parent-level capital framework would strengthen loss-absorption capacity and structural resilience, but could constrain capital flexibility, distributions and returns.
- Implementation details, transition arrangements and the final legislative outcome remain the key uncertainties for creditors.

Source: Company, OCBC Group Research.

Credit: Upcoming SGD Maturities

September 2026

Issuer	Ticker	Amt. Outstanding (SGDmn)	Coupon	Maturity Date	Call Date	Reset Date
ESR Asset Management Ltd	ARASP	350MM	5.6%	-	04/09/2026	-
AIMS APAC REIT	AAREIT	250MM	5.375%	-	01/09/2026	-
OUE Treasury Pte Ltd	OUESP	200MM	3.5%	21/09/2026	-	-
Housing & Development Board	HDBSP	600MM	2.035%	16/09/2026	-	-
Mapletree Treasury Services Ltd	MAPLSP	300MM	3.4%	03/09/2026	-	-
Deutsche Bank AG	DB	500MM	5%	05/09/2026	05/09/2025	-
Rikvin Capital Pte Ltd	RIKCAP	100MM	5%	30/09/2026	30/09/2025	-

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Source: Bloomberg, OCBC Group Research.

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Credit: New Issues in SGD

Relatively active in the SGD credit primary market

Date	Issuer	Type	Currency	Size (mn)	Tenor	Final Pricing
24 Aug	Centurion Corp Ltd	Fixed	SGD	200	5	4%
24 Aug	Frasers Property Treasury Pte Ltd (guarantor: Frasers Property Ltd)	Fixed	SGD	150	10	3.5%
25 Aug	BNP Paribas SA	Fixed, Perpetual, Jr Subordinated, Additional Tier 1	SGD	400	PerpNC5	4.25%
25 Aug	Morgan Stanley Finance LLC	Fixed	SGD	76.25	5	2.7%

Research coverage resumption & suspension

- **Resumed Coverage: HSBC Holdings PLC**
- **Research Suspended:** Frasers Property Ltd, BNP Paribas SA

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Source: Bloomberg, OCBC Group Research.

Credit: APAC (Asia) Notable New Issues

APAC primary market activity totaled USD6.7bn last week

Date	Issuer	Type	Currency	Size (mn)	Tenor (yr)	Final Pricing
24 Aug	ICICI Bank Ltd/IFSC	Fixed	USD	1,000	5	5.41%
24 Aug	JERA Co Inc	Fixed	USD	500	5	5.317%
24 Aug	Sumitomo Mitsui Trust Bank Ltd	Fixed	USD	500	3	T + 55bps
24 Aug	Sumitomo Mitsui Trust Bank Ltd	FRN	USD	750	3	SOFR+ 71bps
24 Aug	Sumitomo Mitsui Trust Bank Ltd	FRN	USD	1,000	5	SOFR+ 80bps
24 Aug	Union Bank of India Ltd	Fixed, Unsecured	USD	300	3	T + 93bps
24 Aug	Union Bank of India Ltd	Fixed, Unsecured	USD	300	5	T + 102bps

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Source: Bloomberg, OCBC Group Research.

Credit: APAC (Asia) Notable New Issues

APAC primary market activity totaled USD6.7bn last week

Date	Issuer	Type	Currency	Size (mn)	Tenor (yr)	Final Pricing
25 Aug	Kyushu Electric Power Co Inc	Fixed	USD	500	10	T + 115bps
25 Aug	NEC Corp	Fixed	USD	500	5	T + 75bps

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Source: Bloomberg, OCBC Group Research.

Credit: DM Notable New Issues

New supply totaling USD4.57bn last week

Date	Issuer	Type	Currency	Size (mn)	Tenor	Final Pricing
25 Aug	Banco Bilbao Vizcaya Argentaria SA	Fixed, Sr Non Preferred	USD	1,000	5	T + 90bps
25 Aug	Banco Bilbao Vizcaya Argentaria SA	FRN, Sr Non Preferred	USD	300	3	SOFR Equiv + 89bps
25 Aug	Banco Bilbao Vizcaya Argentaria SA	Fixed, Sr Non Preferred	USD	1,000	3	T + 73bps

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Source: Bloomberg, OCBC Group Research.

Equity Research

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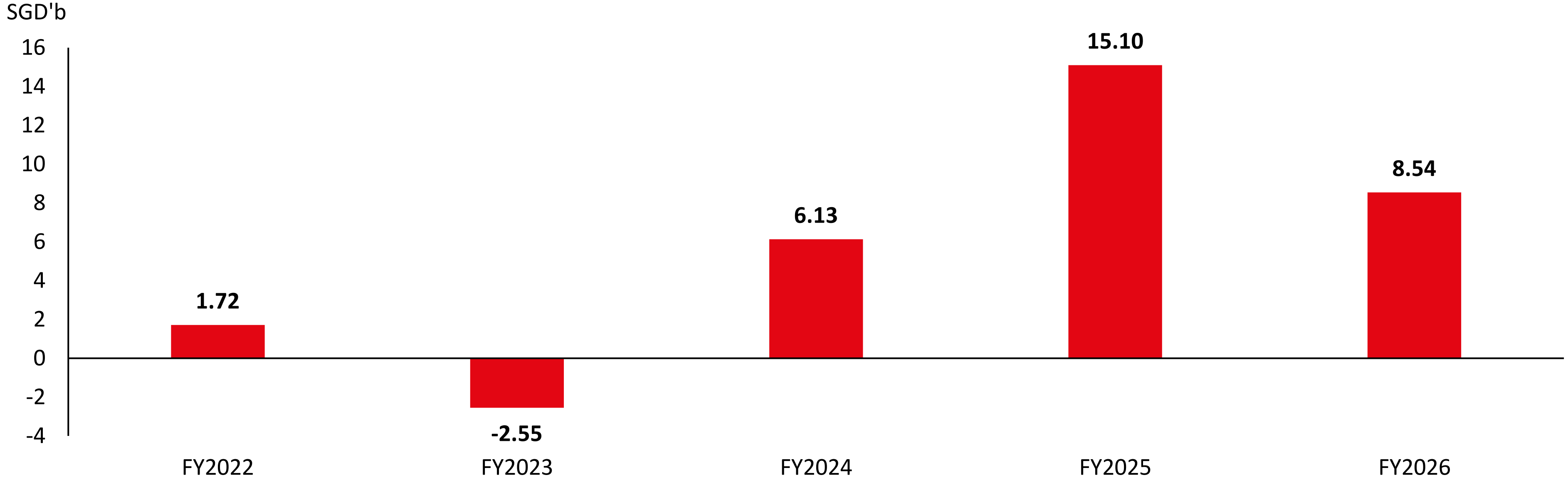
National Day Rally 2026 sets out long-term investment agenda

- Major infrastructure and reclamation projects should position Singapore for growth over the next 50 years.
- Potential beneficiaries include infrastructure, construction, utilities, hospitality, aviation, information technology and transportation sectors.
- Earnings accretion is likely to be more of a mid- to long-term story as feasibility studies, tenders and construction take time.
- Development expenditure likely to remain elevated for decades, but this would be partly financed through SINGA (Significant Infrastructure Government Loan Act) and supported by Singapore’s strong fiscal position.

Singapore’s overall fiscal position trend



Source: Ministry of Finance, CEIC

Real estate: Improving accessibility and affordability of subsidised public housing

- Monthly household income ceilings were raised to SGD16k for Build-to-Order (BTO) flats and SGD18k for Executive Condominiums (ECs).
- We estimate the revised ceiling could increase the proportion of households eligible for subsidised housing by approximately four to six percentile points.
- Overall, although there could be a marginal negative impact on the private residential property market, we do not expect a material shift in underlying market demand and supply dynamics.
- Maintain our forecast for private home prices to increase by 1%-3% in 2026.
- Buy-rated **City Developments Limited [CIT SP; FV: SGD10.35]** has a strong track record in the EC segment.

Income ceilings for housing and mortgage subsidies – families

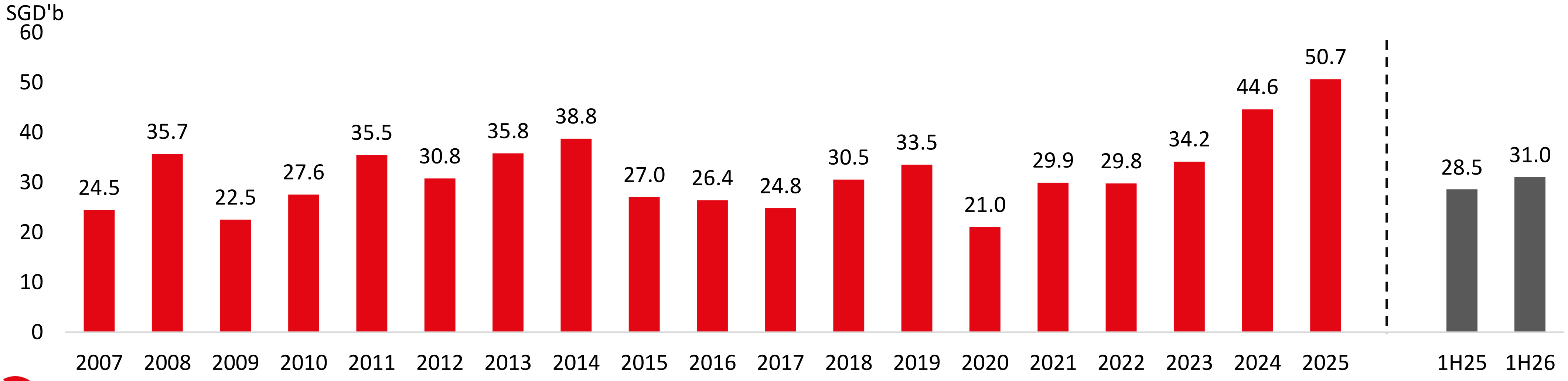
	New Flat from HDB				Resale HDB Flat with CPF Housing Grant*@	Resale HDB Plus/Prime Flat without CPF Housing Grant	HDB Housing Loan*	New EC Unit from Property Developer
	Community Care Apartment (CCA)*	2-room Flexi (Short-Lease*)	2-room Flexi (99-Year Lease)	≥ 3-room				
Previous	SGD14,000	SGD14,000	SGD7,000	SGD14,000	SGD14,000	SGD14,000	SGD14,000	SGD16,000
Revised	SGD16,000	SGD16,000	SGD8,000	SGD16,000	SGD16,000	SGD16,000	SGD16,000	SGD18,000#

Source: Ministry of National Development (MND). Notes: * The revised income ceiling for extended families is SGD24,000 (i.e. 1.5 times of that for typical families), and the income for each family nucleus cannot exceed SGD16,000. @There is no income ceiling for the purchase of a resale Unclassified or Standard HDB flat without CPF Housing Grant. #This applies to new units in ECs with land sale tender closing dates on or after 24 August 2026.

Construction: Mid- to long-term beneficiary of mega projects

- Major land reclamation and infrastructure developments, including Western Island, Sentosa-Pulau Brani, Pulau Tekong and Long Island.
- Building materials suppliers like **Hong Leong Asia [HLA SP; FV: SGD4.30]**, **BRC Asia (unrated)**, and **Pan-United Corporation (unrated)** will likely be early-stage beneficiaries.
- Downstream suppliers like **Boustead Singapore [BOCS SP; FV: SGD2.67]**, **Soilbuild Construction (unrated)**, **Tiong Woon Corporation (unrated)** may eventually benefit from an enlarged pipeline of public sector infrastructure tenders.
- Banks are beneficiaries of stronger loan demand from project financing.
- Expect long gestation periods before earnings accretion.

Construction contracts awarded by Building and Construction Authority (BCA)



Source: BCA, CEIC, OCBC Group Research

Energy/Utilities, Hospitality, IT and autonomous vehicles (AV) expand the beneficiary universe

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Energy / Utilities

New Western Island
Plans to merge Semakau, Bukom and Pulau Sudong into a new and larger Western Island.

Major industrial incumbents to benefit
Keppel Ltd [KEP SP; FV: SGD13.60] and **Sembcorp Industries [SCI SP; FV: SGD7.20]** are beneficiaries given their existing utilities and clean energy capabilities.

Hospitality

Sentosa–Pulau Brani
Pulau Brani and Sentosa to be merged into a single leisure destination.

Beneficiaries:

i) Aviation
Singapore Airlines [SIA SP; FV: SGD6.95]; **SATS Ltd [SATS SP; FV: SGD4.70]**.

ii) Hospitality players
CapitaLand Ascott Trust [CLAS SP; FV: SGD0.95]; **OUE REIT [OUEREIT SP; FV: SGD0.41]**; **Far East Hospitality Trust (unrated)** and **Genting Singapore [GENS SP; FV: SGD0.77]**.

IT and autonomous vehicles

AI and productivity
Improve adoption via co-funding schemes and grants.

Beneficiaries:

Info-Tech Systems Integrators [ITSL SP; FV: SGD1.35] given its AI-related training programmes.

AV deployment
Acceleration of AV deployment.

Beneficiaries:

ComfortDelGro [CD SP; FV: SGD1.49] is targeting to replace 10% of its point-to-point fleet with AVs by 2030.

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Source: OCBC Group Research

Overweight Singapore equities: Solid dividend yields and EPS upside support current valuations

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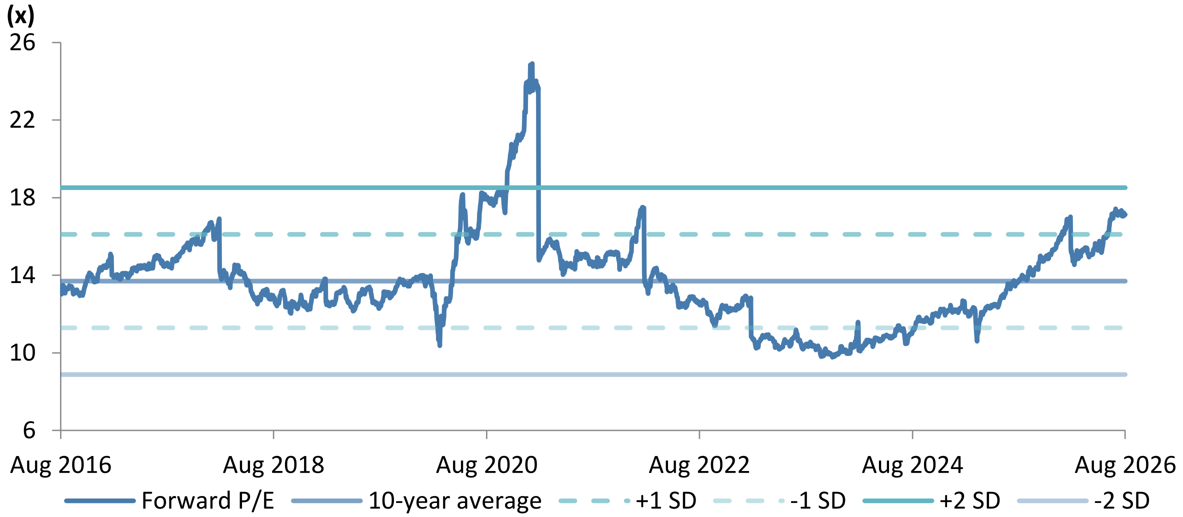
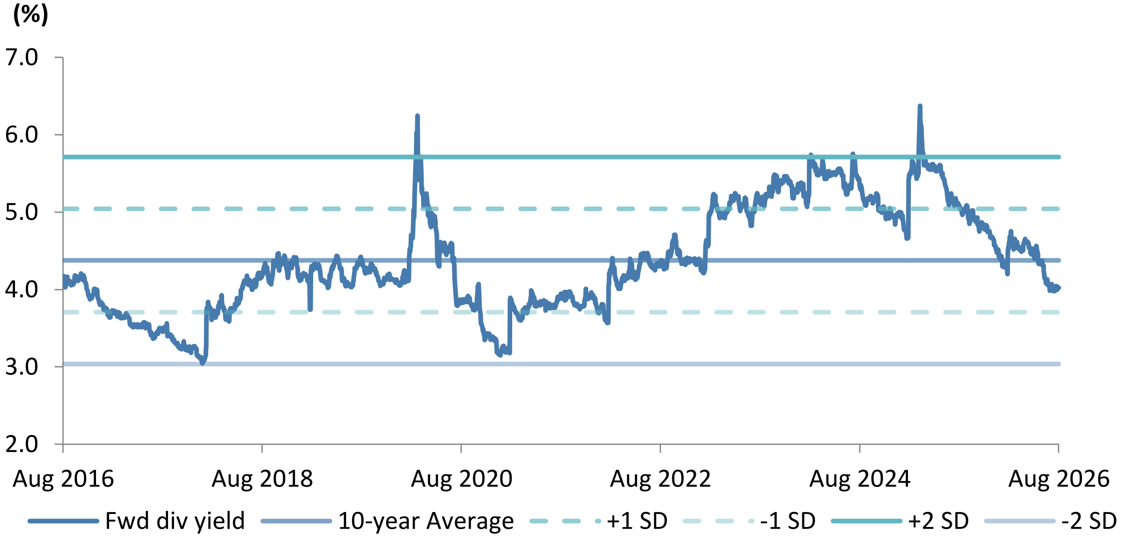
- The Straits Times Index (STI) trading at 17.1x current-year price-to-earnings (P/E) multiple.
- While this is 1.4 standard deviations (s.d.) above its 10-year average of 13.7x, we believe there is scope for further earnings upgrades.
- Current valuation multiples are supported by the market's defensive qualities and ongoing equity market reforms, which could drive increased liquidity and tighter equity risk premiums.
- STI offers an attractive 4.0% current-year dividend yield, although this is 0.5 s.d. below its 10-year average of 4.4%. We see room for higher payout ratios and share buybacks amid renewed focus to enhance shareholder returns.

STI current year P/E multiple trend



Source: Bloomberg, OCBC Group Research, as at 28 Aug 2026

STI current-year dividend yield trend



Source: Bloomberg, OCBC Group Research, as at 28 Aug 2026

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Potential beneficiaries of policy developments announced at the NDR

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Name	Ticker	Currency	Last Close	Fair Value	P/E FY1 (x)	P/E FY2 (x)	P/B FY1 (x)	P/B FY2 (x)	Div Yld FY1 (%)	Div Yld FY2 (%)	Potential Upside	Rating
Genting Singapore Ltd	GENS SP	SGD	0.63	0.77	20.0	16.8	0.9	0.9	6.3	6.5	22%	**BUY**
DBS Group Holdings Ltd	DBS SP	SGD	76.15	78.00	18.8	17.3	3.1	3.0	4.3	4.7	2%	**HOLD**
United Overseas Bank Ltd	UOB SP	SGD	40.78	42.35	12.3	11.5	1.3	1.2	4.2	4.4	4%	**HOLD**
Boustead Singapore Ltd	BOCS SP	SGD	1.89	2.67	8.7	6.7	1.1	1.0	2.9	2.9	41%	**BUY**
ComfortDelGro Corp Ltd	CD SP	SGD	1.29	1.49	14.6	14.0	1.1	1.0	5.8	6.1	16%	**BUY**
Hong Leong Asia Ltd	HLA SP	SGD	3.12	4.30	15.0	13.5	1.8	1.7	2.0	2.1	38%	**BUY**
Keppel Ltd	KEP SP	SGD	11.46	13.60	25.8	20.3	2.0	2.0	3.6	3.9	19%	**BUY**
SATS Ltd	SATS SP	SGD	4.01	4.70	18.2	15.6	2.0	1.8	1.9	2.2	17%	**BUY**
Sembcorp Industries Ltd	SCI SP	SGD	6.01	7.20	12.4	9.7	1.8	1.7	4.6	5.3	20%	**BUY**
Singapore Airlines Ltd	SIA SP	SGD	6.89	6.95	30.5	16.4	1.3	1.2	3.6	5.0	1%	**HOLD**
Info-Tech Systems Integrators	ITSL SP	SGD	0.88	1.35	10.2	9.0	4.4	3.6	5.1	6.0	54%	**BUY**
City Developments Ltd	CIT SP	SGD	8.34	10.35	17.5	15.1	0.8	0.7	2.3	2.3	24%	**BUY**
CapitaLand Ascott Trust	CLAS SP	SGD	0.86	0.95	20.5	19.5	0.7	0.7	7.1	7.1	11%	**BUY**
OUE REIT	OUEREIT SP	SGD	0.36	0.41	17.1	16.4	0.6	0.7	6.7	6.9	14%	**BUY**
UOL Group Ltd	UOL SP	SGD	9.20	12.92	16.8	15.0	0.6	0.6	2.2	2.3	40%	**BUY**
Average					**17.2**	**14.5**	**1.6**	**1.5**	**4.2**	**4.5**		
Median					**17.1**	**15.1**	**1.3**	**1.2**	**4.2**	**4.7**		

Source: Bloomberg, OCBC Group Research, as at 28 Aug 2026

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