

Daily Credit Snapshot

Market Commentary

- US equities started the week on a positive note, with the S&P 500 gaining 0.7%, the Dow Jones rising 0.3% and the Nasdaq advancing 0.8%. Technology stocks led the gains after Anthropic filed to go public at the Nasdaq, helping revive sentiment towards the AI trade following two consecutive weeks of losses. Semiconductor stocks were particularly strong, with the Philadelphia Semiconductor index rising 2.8%. On the geopolitical front, diplomatic efforts intensified, with officials from Saudi Arabia, Turkey and Pakistan meeting Iranian officials in Tehran following a visit by Qatari mediators. However, tensions remain elevated after the Houthis claimed fresh attacks on Saudi oil infrastructure and Riyadh airport. Oil prices eased on hopes of de-escalation, with Brent falling 0.8% to USD115.8/bbl. In the UK, the CBI retail sales balance improved significantly to -10 in October from -55 in September (Consensus: -47). This marked the slowest annual decline in retail sales volumes since April 2025, while sales relative to seasonal norms improved to their strongest level in more than two years. Despite the improvement, retailers expect sales volumes to continue contracting in November, reflecting persistent pressure from cautious household spending and higher fuel costs. In the US, the Chicago Fed National Activity Index rose to +0.07 in September from -0.08 in August, suggesting that economic activity recovered to slightly above its historical trend. The improvement was primarily driven by stronger production and orders, although consumption and housing continued to weigh on activity. Separately, the Dallas Fed manufacturing index rose to 13.4 in October from 9.8, indicating an improvement in business sentiment. However, the production and new orders indices moderated to 15.8 and 9.3, respectively, suggesting some easing in underlying manufacturing momentum.
- The SGD SORA OIS curve traded flat to lower yesterday; shorter tenors traded flat to 2bps lower, belly tenors traded flat, and the 10Y tenor traded 1bps lower.
- Flows in SGD corporates were heavy, with flows in MLTSP 3.5%-PERP, HSBC 5%-PERP, OCBCSP 3.2%-PERP, STSP 3.3%-PERP, HSBC 5.25%-PERP.
- US Investment Grade spreads traded 1bps tighter to 88bps, and US High Yield spreads tightened by 9bps to 328bps. Bloomberg Global Contingent Capital spreads tightened 2bps to 256bps.
- Bloomberg Asia USD Investment Grade spread widened by 1bps to 71bps, and the Asia USD High Yield spreads widened by 3bps to 406bps. (Bloomberg, OCBC)

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Credit Summary:

Company	Ticker	Description
Microsoft Corp	MSFT	- MSFT is offering voluntary severance packages to around 60k employees as part of efforts to cut costs and adapt its workforce for the AI era. The offer covers selected employees in the US, Canada, India and the UK. Certain employee groups are excluded, including parts of its data center, sales and marketing operations. MSFT had 223k full-time employees globally as of 30 June 2026, down 5k from 228k in 2025. - In July, more than 30% of approximately 8,750 eligible employees accepted a similar offer targeted at employees approaching retirement age. Microsoft expects significantly lower participation this time. - The move reflects MSFT's AI-driven productivity gains and shift in talent toward AI priorities, while potentially supporting operating margins. (Bloomberg, OCBC) Latest report: Credit Update – 04 August 2026
Société Générale SA	SocGen	- SocGen's CET1 requirements have been raised to 10.41% by the ECB from 10.26%. The new requirement comes into effect in January 2027. - SocGen's CET1 ratio was 13.2% as of 30 June 2026 after a EUR1.5bn extraordinary share buyback (~290bps above the regulatory requirement) and comfortably above current and proposed minimum requirements. (Company, Bloomberg, OCBC) Latest report: Credit Update – 4 September 2025
HSBC Holdings PLC	HSBC	- HSBC reported 3Q2026 profit before tax ("PBT") of USD9.6bn, up 32% y/y. The main driver was the absence of USD1.4bn of legal provisions booked in 3Q2025, with revenue growth and lower credit costs also helping. Excluding notable items and at constant currency, PBT rose 10% y/y to USD10.0bn. 9M2026 PBT increased 26% y/y to USD29.2bn, mostly from USD3.7bn in notable items. - Revenue grew 4.7% y/y to USD18.6bn (USD18.7bn ex-notable items and at constant currency, +4.5%). Growth came from banking net interest income ("NII") and from fee and other income in Wholesale Transaction Banking (+11% y/y) and Debt and Equity Markets. NII rose 6.0% y/y to USD9.3bn. Banking NII (includes banking book funding costs used to generate net income from financial instruments held for trading or managed on a fair value basis) reached USD11.7bn on a constant currency basis (+5.5% y/y). Deposit growth and structural hedge reinvestment at higher yields supported banking NII. Lower Markets Treasury NII and USD0.1bn of one-off items partly offset these gains. - Costs fell 12% y/y to USD8.8bn, as the 3Q2025 legal provisions did not recur. Target basis cost growth (excludes notable items but includes cost savings under the strategic reorganisation) was 1.4% y/y in 3Q2026 and 2.0% in 9M2026. Both were above the ~1% FY2026 guidance. - Expected credit losses and other credit impairment charges ("ECL") fell 17% y/y to USD0.8bn, or 31bps annualised. This mainly reflected lower stage 3 charges on Hong Kong commercial real estate and lower charges in the UK and Mexico. 9M2026 ECL still rose 8% y/y to USD3.2bn, including a USD0.5bn fraud-related UK securitisation exposure and Middle East-related allowances. FY2026 ECL guidance stayed at ~45bps of average gross loans (including held for sale loan balances), above the medium-term planning range of 30-40bps. - HSBC's CET1 ratio declined 20bps q/q to 13.9%. Capital generation net of dividends (+40bps) was outweighed by higher risk weighted assets (-30bps), fair value losses

		on hold-to-collect-and-sell debt instruments from higher yields (-20bps) and the share buy-back (-10bps). The ratio is now just below the bank's medium-term target range of 14%–14.5%. HSBC nonetheless announced a further share buy-back of up to USD1bn and expects Basel 3.1 to add ~40-50bps on 1 January 2027. • HSBC maintained all financial targets and 2026 guidance. These include banking NII of at least USD46bn and a return on tangible equity ("RoTE") of 17% or better, excluding notable items, for 2026–2028. 9M2026 RoTE ex-notable items was 18.8%. Portfolio simplification continued, including the exit from Australian retail banking and the announced sales of HSBC Life Singapore and the Egypt retail banking business. (Company, OCBC) Latest report: Credit Update – 04 September 2025
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New Issues:

- There were USD1.7bn and USD15.13bn of issuances in the APAC and DM IG markets respectively (prior business day: zero and USD75mn).

Date	Issuer	Description	Currency	Size (mn)	Tenor (Yr)	Final Pricing (%)
26 Oct	Cagamas Global PLC (guarantor: Cagamas Bhd)	Fixed	SGD	141	1	2.38%
26 Oct	Samsung Life Insurance Co Ltd	Fixed, Subordinated	USD	1,500	30NC5	6.875%
26 Oct	American Express Co	FRN	USD	350	4NC3	SOFR+ 85bps
26 Oct	American Express Co	Fixed	USD	1,500	4NC3	T + 67bps
26 Oct	American Express Co	Fixed	USD	1,150	8NC7	T + 92bps
26 Oct	Iberdrola Finanzas SA (guarantor: Iberdrola SA)	Green, Fixed	USD	800	3	T + 65bps
26 Oct	Iberdrola Finanzas SA (guarantor: Iberdrola SA)	Green, Fixed	USD	800	7	T + 95bps
26 Oct	Procter & Gamble Co/The	Fixed	USD	750	5	T + 30bps
26 Oct	Procter & Gamble Co/The	Fixed	USD	750	7	T + 40bps
26 Oct	Procter & Gamble Co/The	Fixed	USD	1,250	10	T + 50bps
26 Oct	Procter & Gamble Co/The	Fixed	USD	1,250	30	T + 60bps

26 Oct	Southwest Airlines Co	Fixed	USD	600	3	T + 100bps
26 Oct	Southwest Airlines Co	Fixed	USD	650	5	T + 125bps
26 Oct	Texas Instruments Inc	Fixed	USD	500	2	T + 38bps
26 Oct	Texas Instruments Inc	Fixed	USD	500	5	T + 58bps
26 Oct	Texas Instruments Inc	Fixed	USD	500	7	T + 68bps
26 Oct	Texas Instruments Inc	Fixed	USD	500	10	T + 78bps
26 Oct	United Rentals North America Inc (guarantor: United Rentals Inc)	Fixed	USD	700	3	T + 80bps
26 Oct	United Rentals North America Inc (guarantor: United Rentals Inc)	Fixed	USD	800	5	T + 95bps
26 Oct	United Rentals North America Inc (guarantor: United Rentals Inc)	Fixed	USD	1,000	10	T + 125bps

Mandates:

- There were no notable mandates today.

Key Market Movements

	Last Price	1W chg (bps)	1M chg (bps)		Last Price	1W chg	1M chg
US IG Credit Spread	88	3	8	Brent Crude Spot (\$/bbl)	110.0	4.0%	5.9%
US HY Credit Spread	328	-1	34	Gold Spot (\$/oz)	4,134	-0.7%	-4.8%
Global Contingent Capital Credit Spread	256	19	44	CRB Commodity Index	419	0.9%	-0.9%
Asia IG Credit Spread	71	8	16	S&P Commodity Index - GSCI	750	0.9%	0.2%
Asia HY Credit Spread	406	33	75	VIX	18.4	21.2%	24.5%
				US10Y Yield	5.11%	-9bp	12bp
iTraxx Asiax IG	79	3	7				
iTraxx Japan	75	5	12	AUD/USD	0.698	-0.0%	-1.9%
iTraxx Australia	80	3	7	EUR/USD	1.123	0.3%	-2.0%
CDX NA IG	63	0	3	USD/SGD	1.279	0.1%	-0.2%
CDX NA HY	106	0	-1	AUD/SGD	0.893	0.1%	1.7%
iTraxx Eur Main	67	2	5				
iTraxx Eur XO	333	8	33	ASX200	8,817	0.4%	1.0%
iTraxx Eur Snr Fin	76	2	9	DJIA	51,966	0.2%	0.5%
iTraxx Eur Sub Fin	131	7	19	SPX	7,691	-1.5%	0.5%
				MSCI Asiax	1,060	-2.8%	-6.3%
USD Swap Spread 10Y	-39	-1	-9	HSI	23,900	-1.5%	-3.4%
USD Swap Spread 30Y	-64	-2	-4	STI	5,403	-0.5%	-4.5%
				KLCI	1,599	-1.5%	-4.0%
China 5Y CDS	39	1	4	JCI	5,205	-12.2%	-19.2%
Malaysia 5Y CDS	38	2	3	EU Stoxx 50	6,145	-0.9%	-1.5%
Indonesia 5Y CDS	108	8	17				
Thailand 5Y CDS	44	3	3				
Australia 5Y CDS	17	1	2				

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

Source: Bloomberg

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