

MOODY'S RATINGS

ASIA CREDIT MARKETS

SUMMIT • 2026

Risk, Resilience and Reconfiguration

**The great rewiring:
coherent, but conditional**



The great rewiring:
coherent, but conditional

■ Ning Loh

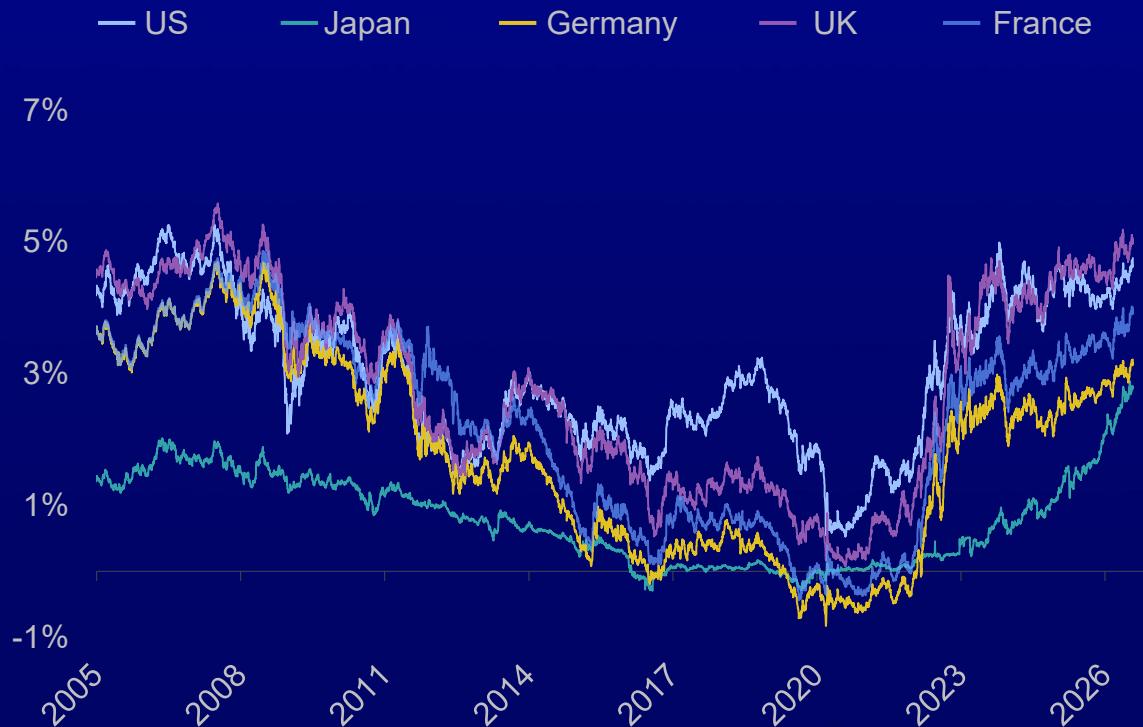
Moody's Ratings

Managing Director
Global Head, Credit Strategy

Markets are repricing a new world

Government bond yields at multi-decade highs but corporate spreads near record lows

Government 10-year yields (%)



Sources: Haver Analytics, Federal Reserve and Moody's Ratings

High yield credit spreads (bps)



This is a new regime, not another turn of the cycle

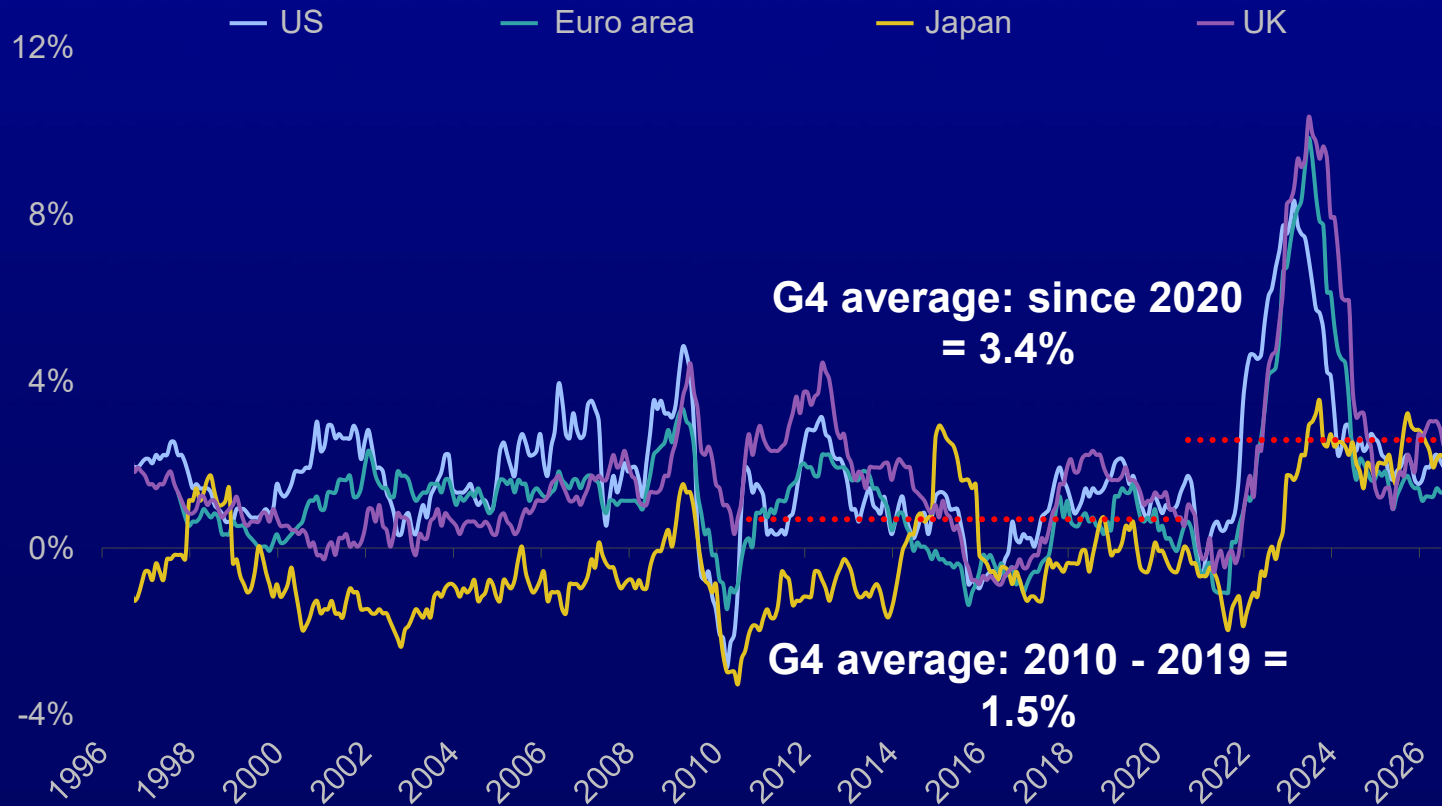
The Old World (post 2008)

- Subdued inflation
- Accommodative monetary policy stances
- Robust global savings growth
- Investors sought yield

The New World (post 2022)

- Stickier inflation and volatility
- Geoeconomic policy push
- Slower accumulation of global savings
- Investors sought duration returns from policy-backed growth

Inflation has shifted higher (%)



Sources: Haver Analytics, and Moody's Ratings

New macro regime showing in four markets

A higher risk free cost of capital, larger fiscal debts and a premium on security

⬆️ RATES

Risk-free base reset to multi-decade highs.

Government bonds no longer the safe haven they were.

⬇️ CREDIT

Credit spreads near record lows.

Risk migrated to private credit.

⊖ EQUITIES

Calm on top, but wide dispersion beneath.

Capital concentrating into AI, defence and critical minerals

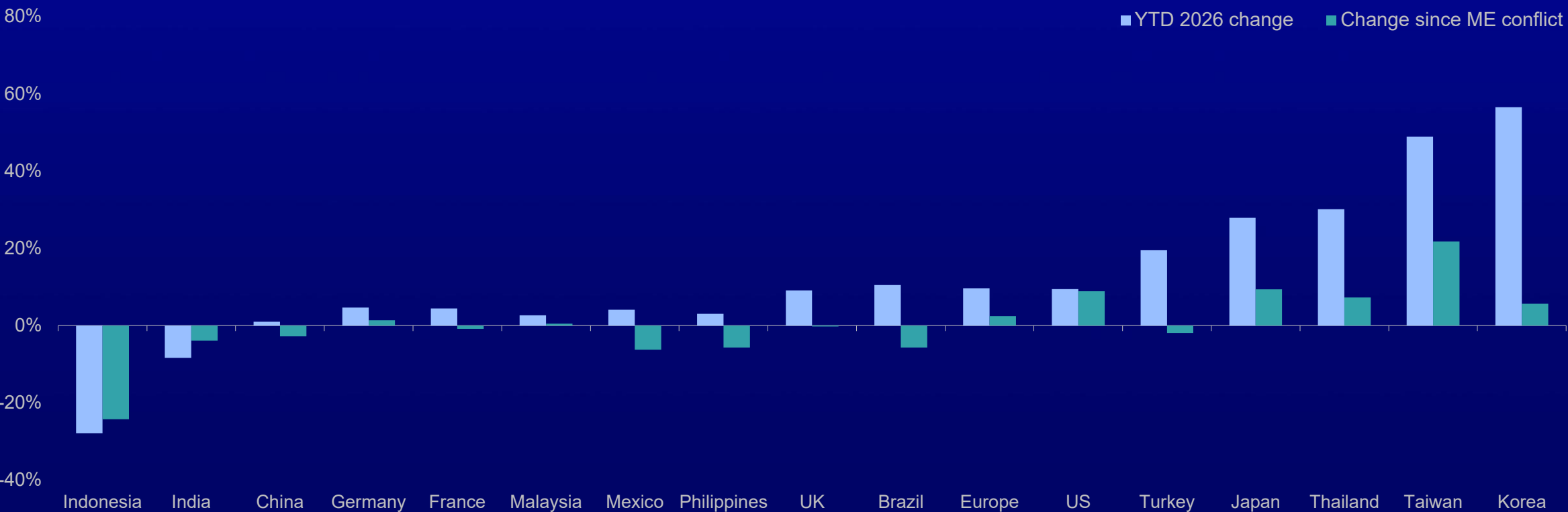
⬆️ COMMODITIES

Commodities point to a premium on safety and liquidity

Gold record high despite high real rates. Central bank reserves moving away from USD

Asia in the rewiring – where the durable winners sit

Equity regional performance, 2026 YTD*

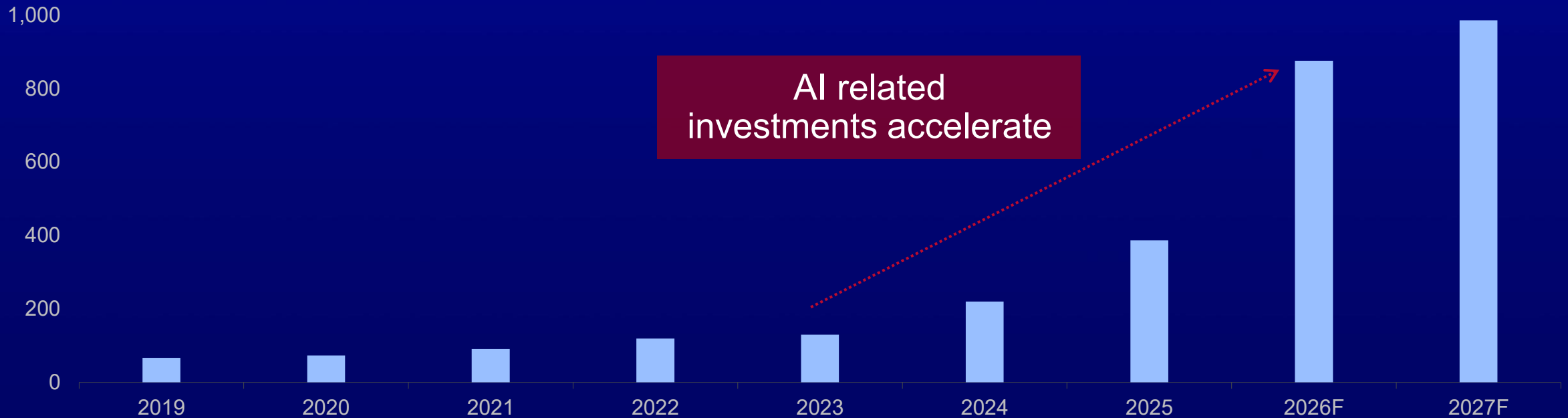


* 2026 YTD as of 30 July 2026.
Sources: Haver Analytics and Moody's Ratings

The reconfiguration has a growth engine

AI capex supercycle underpins macro developments

Estimate annual capex and growth for US hyperscalers (\$b)



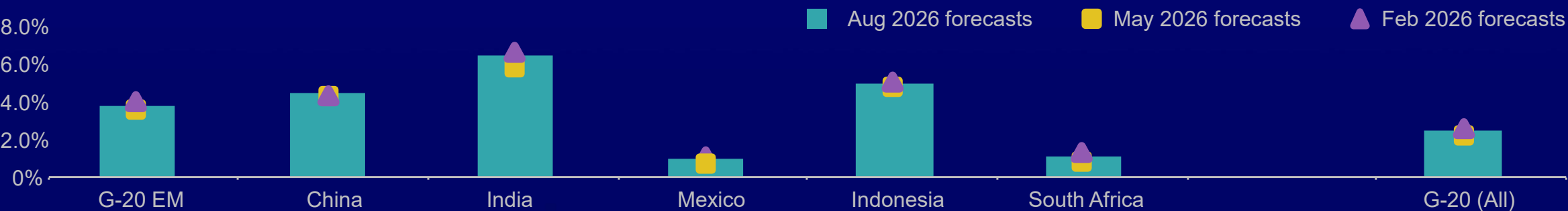
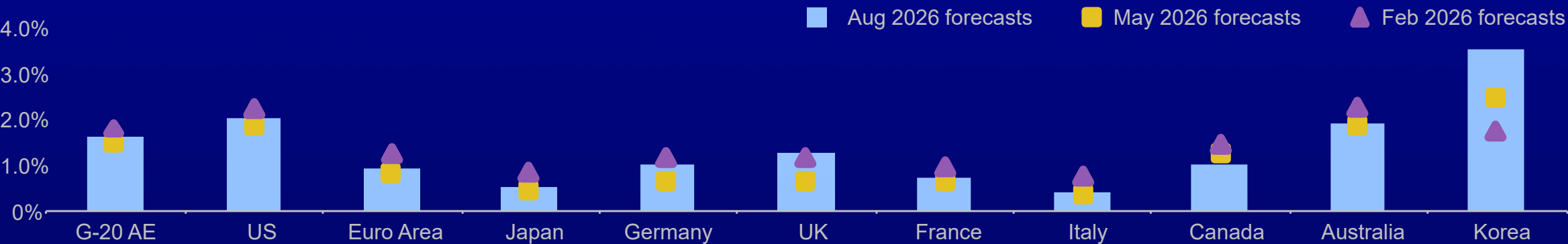
1) Includes capital expenditures of Microsoft, Amazon's AWS, Alphabet, Meta, Oracle and CoreWeave. AWS' capital expenditures are Moody's Ratings estimates because Amazon does not report capital expenditure for AWS; 2) F denotes Moody's Ratings forecast.

Source: Company filings and Moody's Ratings (forecasts)

Where the economy stands

Growth dented but not derailed, more restrictive monetary policies

GDP growth (%) – Feb, May, Aug



Sources: Moody's Ratings

Nonfinancial corporates performance held up despite Middle East conflict

Industry sector outlook		2022				2023				2024				2025				2026		
		Q1			Q4	Q1			Q4	Q1			Q4	Q1			Q4	Q1	Q2	
Aerospace & Defense	POS																			
Airlines	NEG																			
Automotive Manufacturing	NEG																			
Chemicals	NEG																			
Consumer Products	STA																			
Energy	POS																			
Hospitality	STA																			
Manufacturing	STA																			
Metals & Mining	STA																			
Midstream Energy	STA																			
Paper, Packaging & Forest Products	STA																			
Pharmaceutical	STA																			
REITs and Real Estate	STA																			
Retail & Apparel	NEG																			
Technology	POS																			
Telecommunications	STA																			
Transportation	NEG																			

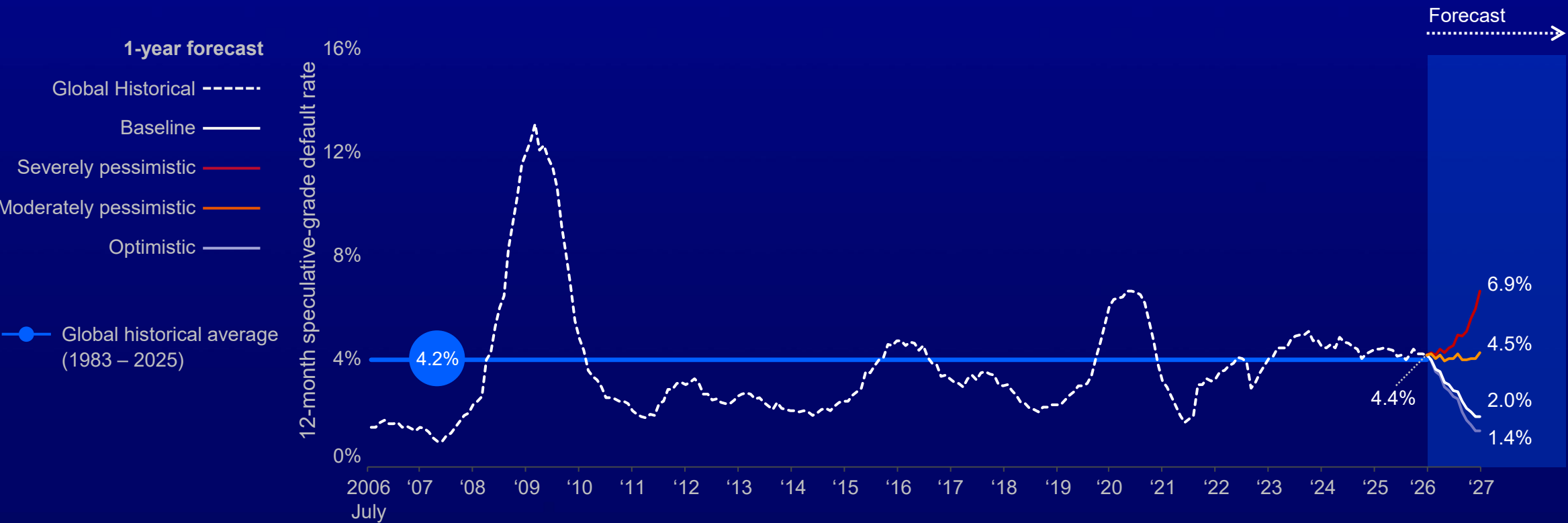
Negative
Stable
Positive

As of 30 June 2026.
Sources: Moody's Ratings

What this means for credit

Global speculative-grade default rate (%)

Our model predicts the global default rate will fall under the baseline scenario



Sources: Moody's Ratings

Today's calm hinges on five assumptions - what we are watching?

AI capex boom delivers	→ Returns/ productivity falling short of what is priced
Funding access remains open	→ High-yield issuances and refinancing ability
Private credit stress is contained	→ Contagion with risks to bank and insurers
Policy backstop remains	→ Signs of strain in fiscal space e.g. bond sell-off
Next shocks remain transitory	→ Energy prices spiking past levels anticipated by markets

Coherent, but conditional



A genuinely new world – not another turn of the cycle



The tail risks will have significant impact, either way.



Look out for the signposts – both ways

Thank you.

MOODY'S
RATINGS



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