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

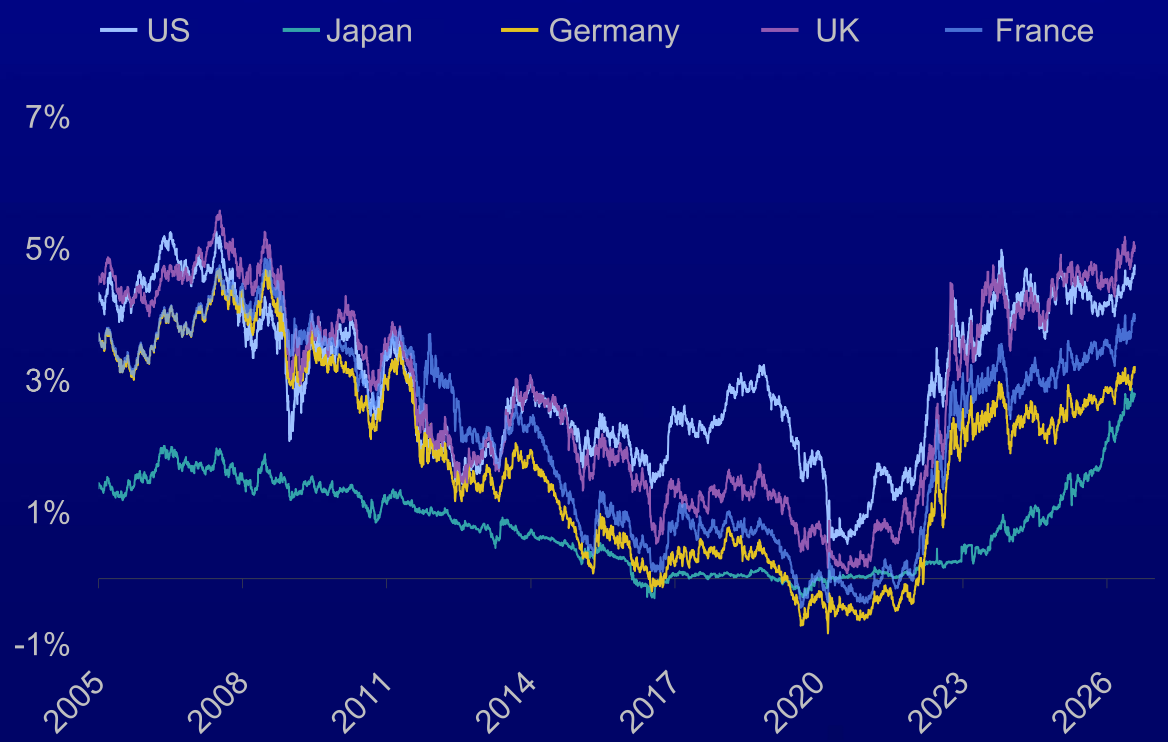
Moody's Ratings

Managing Director
Global Head, Credit Strategy

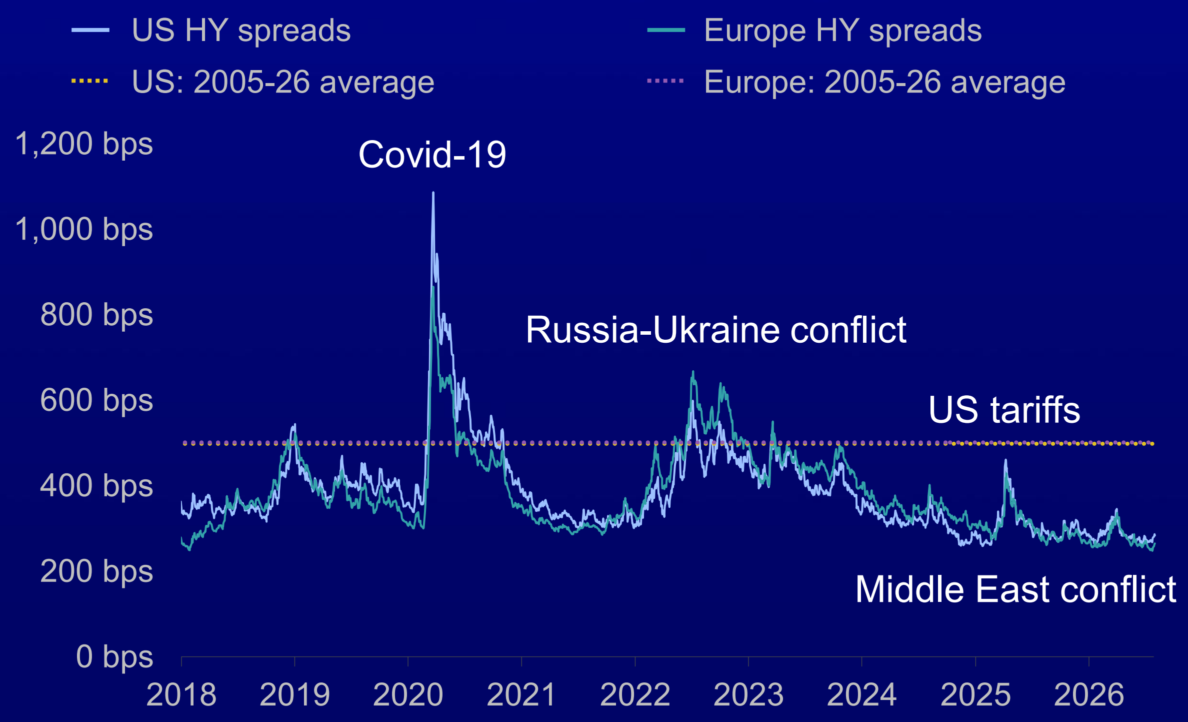
Markets are repricing a new world

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

Government 10-year yields (%)



High yield credit spreads (bps)



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

MOODY'S
RATINGS

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

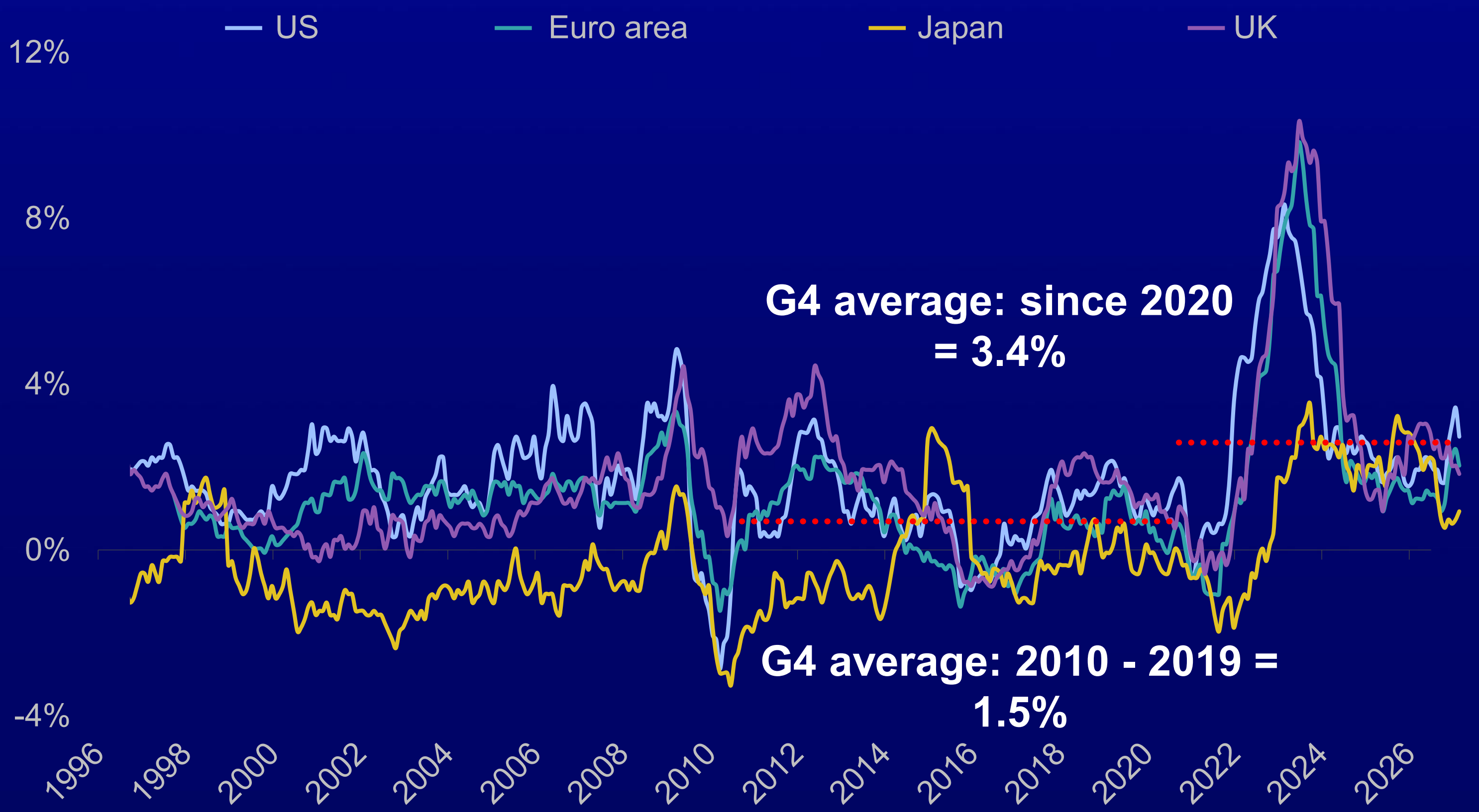
The Old World (post 2008)

→ 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

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

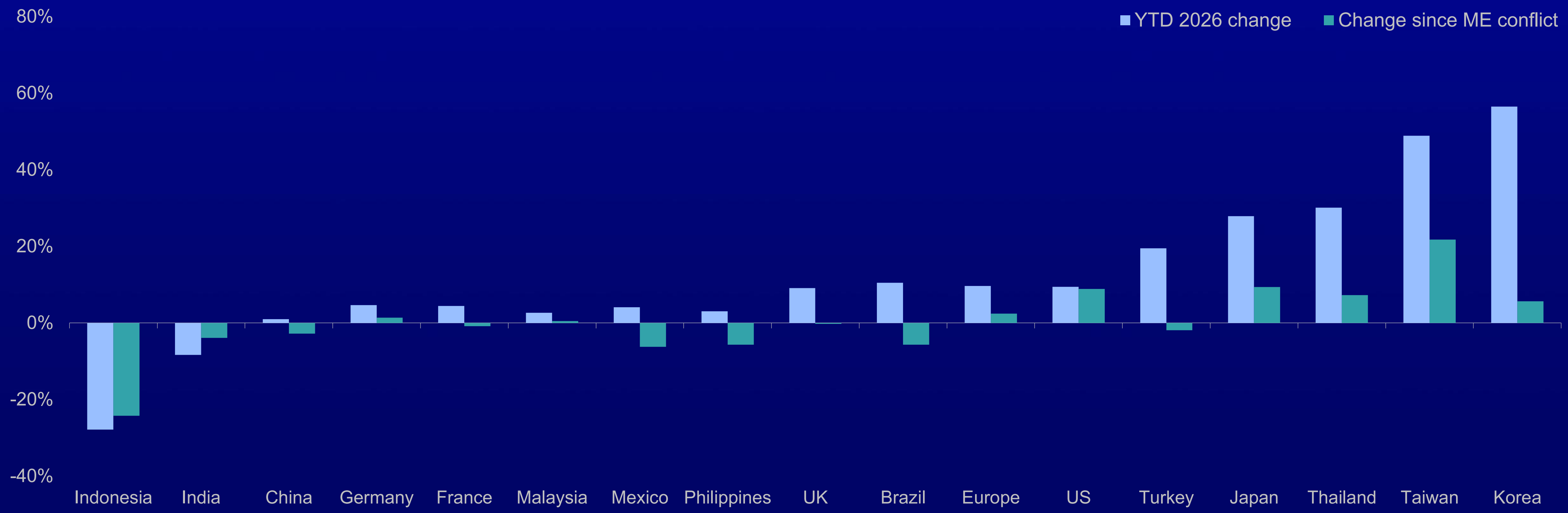
COMMODITIES

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*



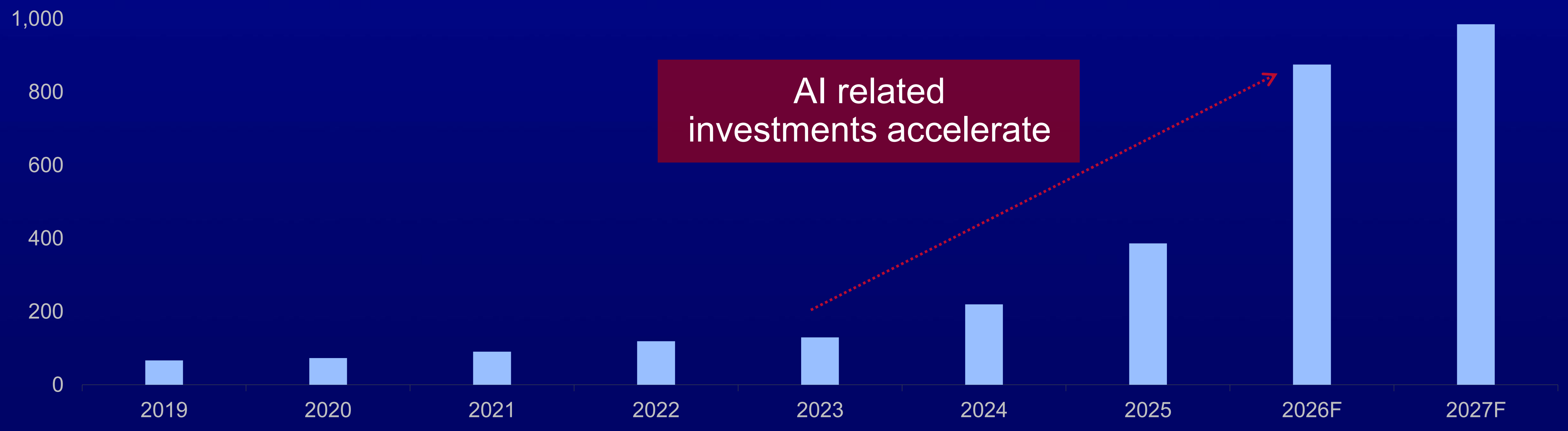
* 2026 YTD as of 30 July 2026.
Sources: Haver Analytics and Moody's Ratings

MOODY'S
RATINGS

The reconfiguration has a growth engine

AI capex supercycle underpins macro developments

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



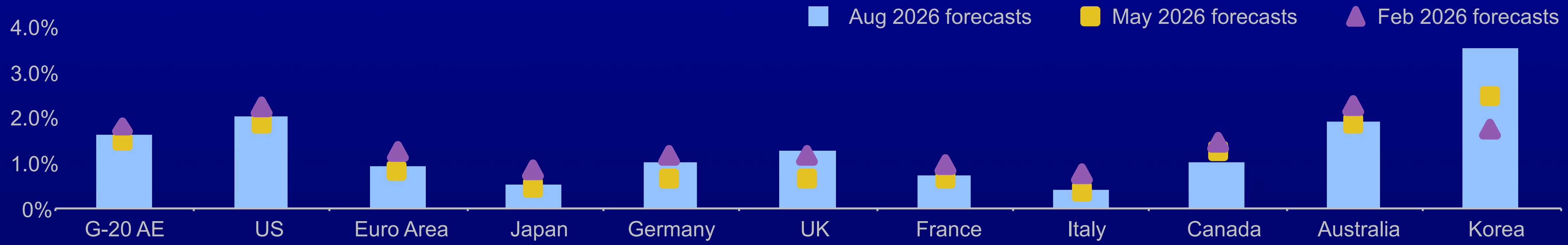
1) Includes capital expenditures of Microsoft, Amazon's AWS, Alphabet, Meta, Oracle and CoreWeave. AWS' capital expenditures are Moody's Ratings estimates because Amazon does not report capital expenditure for AWS; 2) F denotes Moody's Ratings forecast.
Source: Company filings and Moody's Ratings (forecasts)

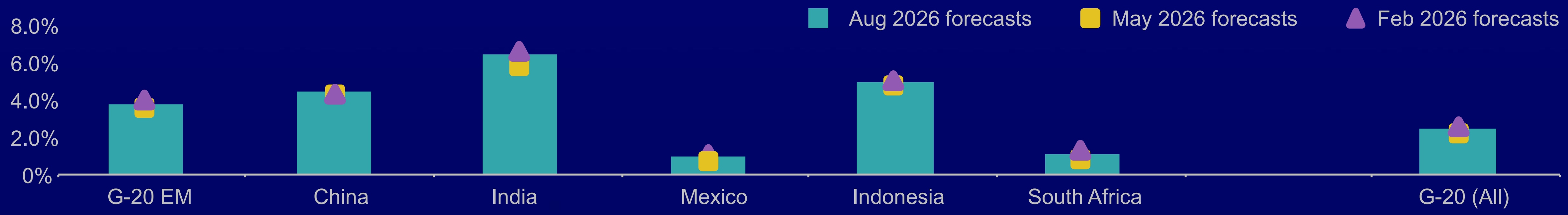
MOODY'S
RATINGS

Where the economy stands

Growth dented but not derailed, more restrictive monetary policies

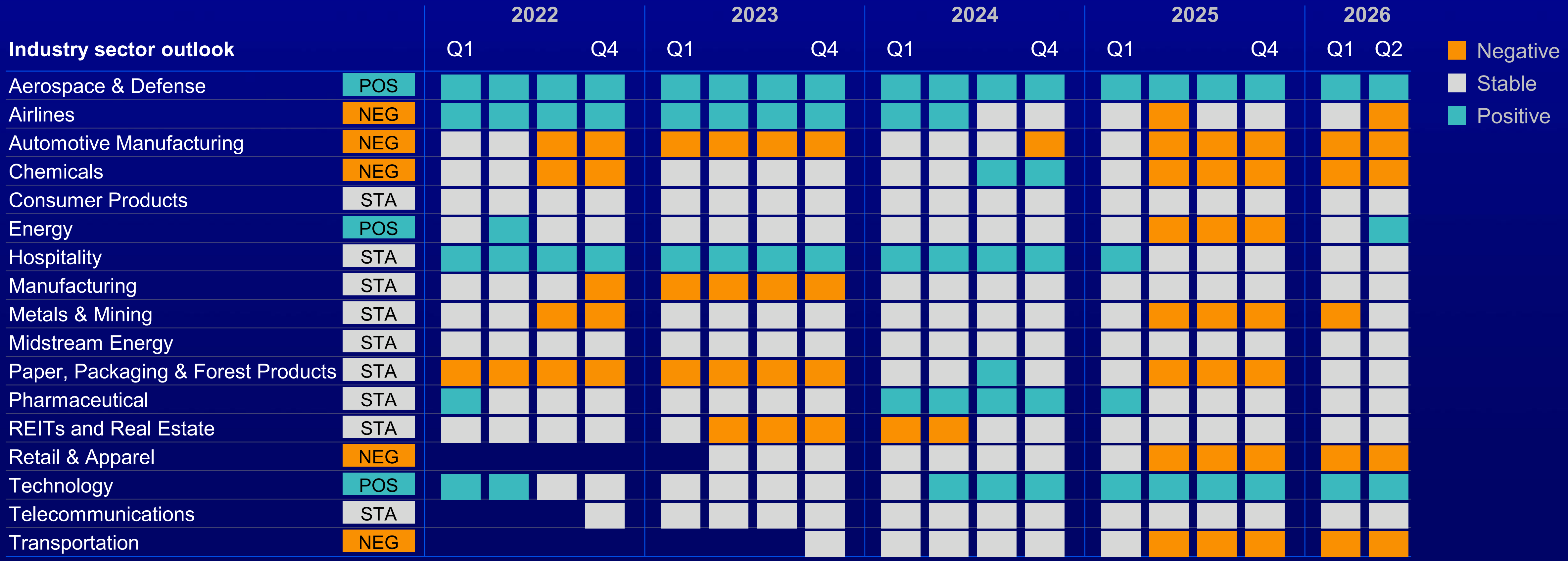
GDP growth (%) – Feb, May, Aug





Sources: Moody's Ratings

Nonfinancial corporates performance held up despite Middle East conflict



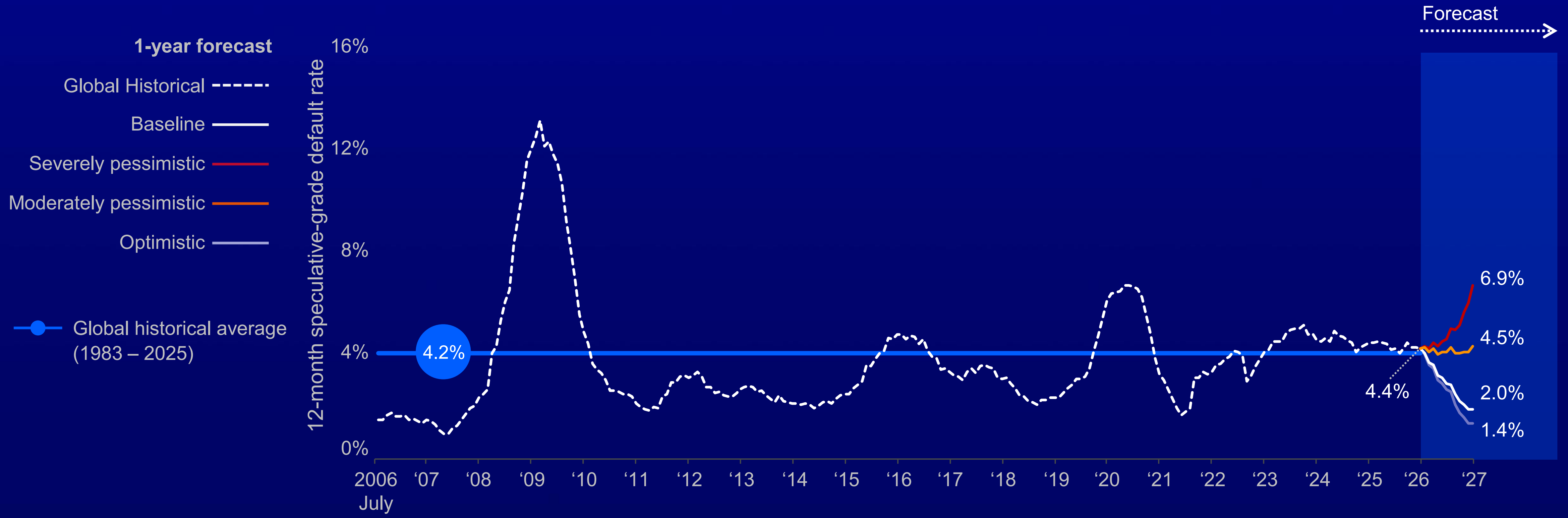
As of 30 June 2026.
Sources: Moody's Ratings

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

MOODY'S RATINGS

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

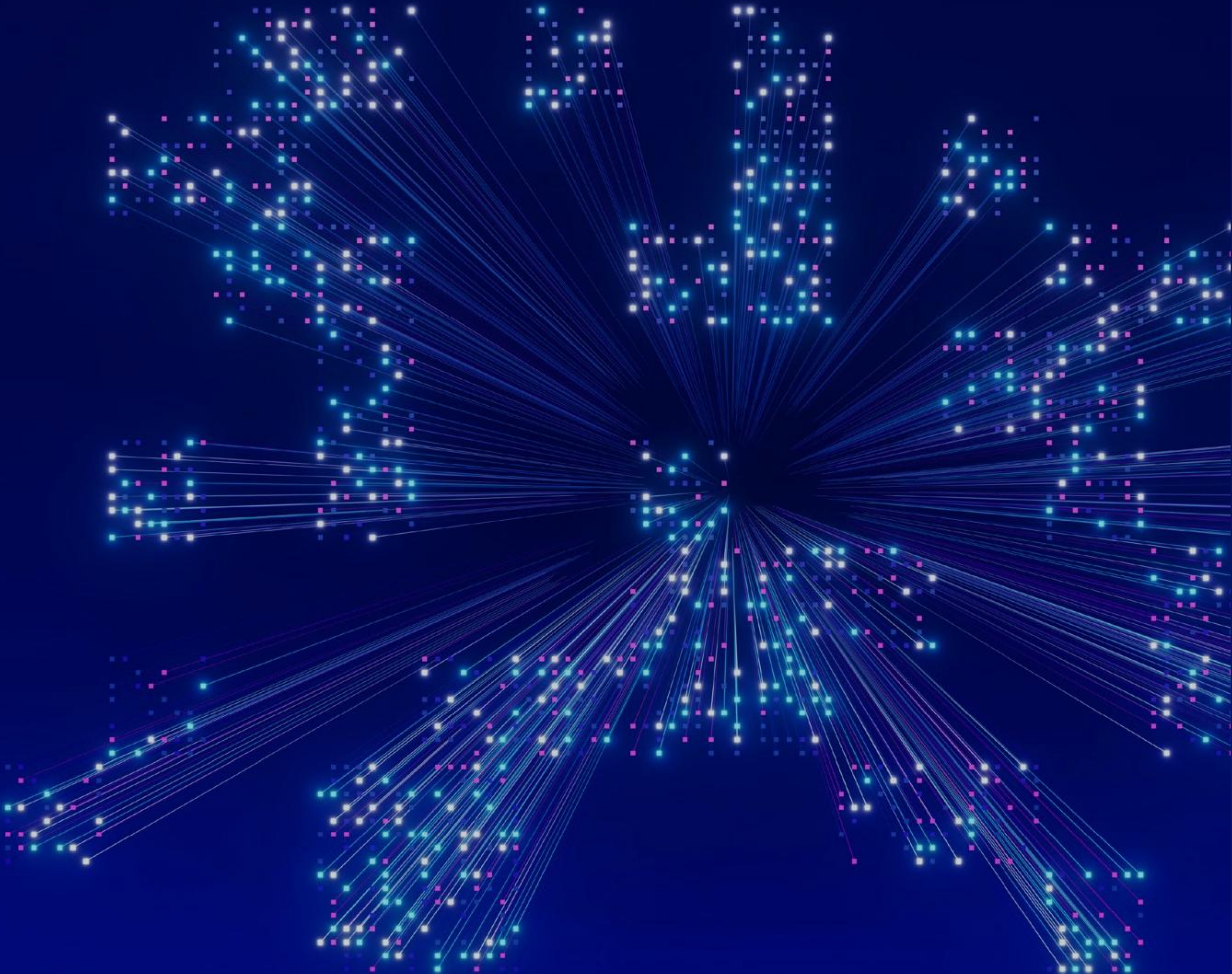
AI capex boom delivers	→ Returns/ productivity falling short of what is priced
Funding access remains open	→ High-yield issuances and refinancing ability
Private credit stress is contained	→ Contagion with risks to bank and insurers
Policy backstop remains	→ Signs of strain in fiscal space e.g. bond 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