OCBC

OCBC Group Research

By Global Markets | 25 August 2026

Daily Treasury Outlook

Key Market Movements		
Equity	**Value**	**% chg**
S&P 500	7652.9	-0.3%
DJIA	53417	0.3%
Nikkei 225	65528	-0.7%
SH Comp	3882.0	-0.6%
STI	5680.5	-0.1%
Hang Seng	25517	-1.9%
KLCI	1736.3	0.0%
	Value	**% chg**
DXY	99.002	0.2%
USDJPY	159.11	0.1%
EURUSD	1.1664	-0.1%
GBPUSD	1.3632	-0.1%
USDIDR	17712	0.1%
USDSGD	1.2705	0.1%
SGDMYR	3.1821	0.0%
	Value	**chg (bp)**
2Y UST	4.23	-0.86
10Y UST	4.70	-3.78
2Y SGS	1.67	-1.00
10Y SGS	2.32	-4.32
3M SORA	1.15	1.03
3M SOFR	3.64	0.34
	Value	**% chg**
Brent	92.17	-2.4%
WTI	85.01	-2.4%
Gold	4652	1.1%
Silver	68.94	-0.1%
Palladium	1357	0.4%
Copper	14273	0.4%
BCOM	139.37	-0.8%

Source: Bloomberg

Highlights

Global: Treasury Secretary Bessent launched the "Operation Economic Outcast," a campaign to isolate Iran from the global financial system. The first wave of sanctions targets nearly 60 Iran-linked entities, individuals and vessels that facilitate oil smuggling, sanctions evasion, or technology procurement globally. Bessent warned trading partners and foreign financial institutions that continuing to do business with Iran would risk being permanently cut off from the US dollar and financial system. Crude prices pared back gains in the past two trading days on the sanction news, and Brent settled near the support level at USD92/bbl level. Separately, the US implemented a new 50% tariff on hundreds of Canadian imports, risking Canada's retaliatory response. Meanwhile, the administration is set to impose a 7.5% tariff on Chinese goods over allegations of excess manufacturing capacity before the planned Xi-Trump September summit.

Global equities faced broad-based selling pressure on Monday, with the technology sector at the epicentre of the downturn. In the US, the Nasdaq and the S&P 500 ended the day lower by 0.76% and 0.28% respectively. The dollar index rose by around 0.2% — its best day in two weeks, driven by haven demand, while US treasury curve bullish flattened. Spot gold continued its rally, and is now trading at above USD4,680/oz level. Economic calendar was fairly light on Monday. New Zealand's 2Q real retail sales declined by 0.5% QoQ (3.2% YoY), marking the weakest quarterly growth for two years, amid crowding effect due to weak discretionary spending. Chicago Fed national activity index fell to -0.08 in July, from the upwardly revised 0.06 in June, with drags from employment and personal consumption and housing- related indicators.

Market Watch: Asian markets may trade with a softer tone today, while markets are closed in Indonesia and Malaysia. Today's key releases include RBA's August policy meeting minutes, Japan's June leading Index and July nationwide department store sales, Taiwan's July industrial production, and Hong Kong's July trade, Germany's August IFO business climate and second reading of 2Q GDP, France's August consumer confidence, US' August Conference Board consumer confidence, Richmond Fed manufacturing index and July new home sales.

Major Markets

CN: The People's Bank of China (PBOC) announced that it will conduct RMB500 billion of one-year Medium-term Lending Facility (MLF) operations on August 25. With RMB600 billion of MLF maturing in August, the operation implies a net RMB100 billion liquidity withdrawal via the MLF this month. The PBOC also announced overnight reverse repo operations from August 27 to September 1, conducted through fixed-rate, quantity-based tenders, with daily operations capped at RMB600 billion. Taken together, the operations suggest that the PBOC is continuing to fine-tune liquidity management across different maturities rather than pursuing broad-based monetary easing.

ID: The Ministry of Transportation issued 35 special permits covering 36 foreign registered helicopters to support forest and land fire mitigation across several regions, as reported by Antara. The permits allow 11 domestic Air Operator Certificate holders to deploy helicopters from Australia, Russia, the United States, Ukraine, New Zealand, Laos, Vietnam and Canada for firefighting and disaster management. Separately, President Prabowo Subianto instructed the national armed forces (TNI) to prepare a special team to reach fire locations in South Sumatra that are inaccessible to ground personnel and requested additional water bombing helicopters, as reported by The Edge. The government is also preparing 20 excavators and 500 pump units and hoses to accelerate firefighting efforts across 1,900 hectares currently on fire.

MY: The Leading Index rose 1.3% YoY to 114.8 points in June 2026, from 1.1% YoY (114.7 points) in May, driven mainly by Real Imports of Other Basic Precious & Other Non-ferrous Metals and Real Imports of Semi-Conductors, as reported by the Department of Statistics Malaysia (DOSM). The long-term smoothed LI trend remained below 100.0 points, although DOSM expects the economy to continue growing, supported by resilient domestic demand, continued investment expansion and recovering international trade. The Coincident Index increased 2.6% YoY to 131.6 points, underpinned by growth across all components, particularly Real Contributions, Employees Provident Fund and the Volume Index of Retail Trade.

Sustainability

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 that the plan could impact coral reef and seagrass habitats that support native biodiversity, with environmental groups advocating a balance between development objectives and conservation efforts.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower to higher yesterday with the shorter tenors trading flat to 1bps higher, belly tenors trading flat to 1bps lower, and the 10Y tenor trading 1bps lower.
- US Investment Grade spreads traded flat at 80bps, and US High Yield spreads tightened by 1bps to 268bps. Bloomberg Global Contingent Capital spreads widened by 1bps to 205bps.
- Bloomberg Asia USD Investment Grade spreads traded flat at 56bps, and the Asia USD High Yield spreads widened by 1bps to 327bps. (Bloomberg, OCBC)

New Issues:

- There were three issuances in the Singdollar market yesterday, led by Centurion Corp Ltd (priced SGD200mn 5Y bond at 4%).
- The total issuances in the APAC and DM IG markets were USD5.37bn and USD177mn respectively yesterday (prior day: USD1.15bn and zero

respectively). Issuances in APAC were led by Sumitomo Mitsui Trust Bank Ltd. (priced USD2.25bn across three tranches).

Credit Developments:

- **Keppel Ltd (KEPSP):** Provisionally awarded 50MW of new Singapore data-centre capacity for Keppel Data Centre Singapore 1, a project requiring over SGD1bn of investment that will be funded by Keppel Data Centre Fund III and co-investors.
- **Mapletree Industrial Trust (MINTSP):** Anand Chandran will become CEO of the REIT Manager from 1 October 2026, subject to approval, potentially signalling a greater strategic tilt toward data centres given his sector experience.
- **Alibaba Group Holding Ltd.** (BABA): Raised HKD80bn through a new share placement to support significant AI infrastructure spending, strengthening funding flexibility despite negative free cash flow and continued pressure from elevated capex.
- **OUE Limited (OUESP):** Proposed to privatise OUE Healthcare at SGD0.050 per share, offering minorities an above-market cash exit while providing greater strategic flexibility and eliminating listing-related costs.
- **CapitaLand Investment Ltd. (CLIVSG):** Reportedly considering a 50:50 joint acquisition of One Raffles Place with IOI Properties for approximately SGD2.4bn, including a possible redevelopment of Tower 2 and the retail podium.
- **OUE REIT (OUECT):** The potential SGD2.4bn sale of One Raffles Place could crystallise value from OUECT's effective 67.95% interest, although negotiations and transaction terms remain unconfirmed.
- **United Overseas Bank Ltd. (UOBSP):** UOB holds a minority interest in OUB Centre Ltd, the owner of One Raffles Place, and could indirectly benefit if the reported SGD2.4bn sale proceeds on favourable terms.
- **Genting Overseas Holding Ltd. (GENTMK):** Stronger gaming and plantation performance supported modest EBITDA growth, but heavy investment spending, negative free cash flow and higher net leverage of 3.4x weakened its credit metrics.

Equity Market Updates

US: US stocks closed mixed on Monday, as a tech-led selloff weighed on the broader market ahead of Nvidia's earnings later this week. The S&P 500 fell 0.3% and the Nasdaq declined 0.8%, dragged lower by semiconductor names, with Nvidia extending its losing streak to a seventh consecutive session, whilst the Dow edged up 0.3%, supported by gains in financials and defensives. Traders rotated out of AI-related positions into defensive sectors, with utilities rising over 1% and communication services also gaining as investors favoured cell-phone carriers such as Verizon and AT&T. Visa and Mastercard hit fresh record closes, their first in over a year, reflecting resilient consumer spending. Alibaba's Hong Kong-listed shares tumbled nearly 9% after the company announced plans to invest approximately USD10b in AI infrastructure, raising concerns over capital allocation. Treasury Secretary Scott Bessent's announcement of plans to sever Iran's economic lifelines contributed to a decline in crude oil prices. US Treasury yields were little changed, with the 2-year at 4.24%, the 10-year at

4.70%, and the 30-year at 5.23%. Markets will closely watch Nvidia's results as a key barometer for AI sentiment heading into the Asian open.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.002	0.20%	USD-SGD	1.2705
USD-JPY	159.11	0.10%	EUR-SGD	1.4821
EUR-USD	1.166	-0.13%	JPY-SGD	0.7986
AUD-USD	0.715	-0.29%	GBP-SGD	1.7318
GBP-USD	1.363	-0.09%	AUD-SGD	0.9084
USD-MYR	4.043	0.10%	NZD-SGD	0.7571
USD-CNY	6.722	0.01%	CHF-SGD	1.5833
USD-IDR	17712	0.11%	SGD-MYR	3.1821
USD-VND	26168	0.20%	SGD-CNY	5.2914

Equity and Commodity		
Index	Value	Net change
DJIA	53,417.16	140.15
S&P	7,652.86	-21.51
Nasdaq	25,980.19	-200.27
Nikkei 225	65,528.09	-488.27
STI	5,680.46	-8.50
KLCI	1,736.33	-0.15
JCI	6,501.67	-24.02
Baltic Dry	2,841.00	50.00
VIX	15.85	0.72

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2160	0.23%	1M	3.6887
3M	2.5240	0.68%	2M	3.7311
6M	2.7650	1.02%	3M	3.7724
12M	3.0030	0.43%	6M	3.8826
			1Y	4.0387

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.67 (-0.01)	4.25(--)
5Y	1.95 (-0.03)	4.4 (-0.02)
10Y	2.32 (-0.04)	4.71 (-0.04)
15Y	2.39 (-0.04)	--
20Y	2.4 (-0.04)	--
30Y	2.45 (-0.04)	5.23 (-0.05)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/16/2026	0.399	39.900	0.100	3.731
10/28/2026	0.645	24.600	0.161	3.793
12/09/2026	1.039	39.400	0.260	3.891

Secured Overnight Fin. Rate	
SOFR	3.65

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	85.01	-2.4%	Corn (per bushel)	4.915	1.6%
Brent (per barrel)	92.17	-2.4%	Soybean (per bushel)	12.160	-0.7%
Heating Oil (per gallon)	426.77	-5.1%	Wheat (per bushel)	6.818	0.0%
Gasoline (per gallon)	327.08	-2.3%	Crude Palm Oil (MYR/MT)	47.200	-1.5%
Natural Gas (per MMBtu)	2.78	0.3%	Rubber (JPY/KG)	4.789	0.0%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14273	0.4%	Gold (per oz)	4652	1.1%
Nickel (per mt)	17026	-0.2%	Silver (per oz)	68.94	-0.1%

Source: Bloomberg, Reuters

Economic Calenda

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/25/2026 5:00	SK	Consumer Confidence	Aug	--	104.5	106.8	--
8/25/2026 13:00	JN	Leading Index CI	Jun F	--	--	116.4	--
8/25/2026 13:30	JN	Nationwide Dept Sales YoY	Jul	--	--	2.30%	--
8/25/2026 16:00	TA	Industrial Production YoY	Jul	20.65%	--	22.95%	--
8/25/2026 16:30	HK	Exports YoY	Jul	45.00%	--	53.40%	--
8/25/2026 16:30	HK	Imports YoY	Jul	42.20%	--	45.40%	--
8/25/2026 16:30	HK	Trade Balance HKD	Jul	-31.0b	--	-52.0b	--
8/25/2026 21:00	US	FHFA House Price Index MoM	Jun	0.20%	--	0.30%	--
8/25/2026 21:00	US	FHFA House Price Index QoQ	2Q	--	--	0.50%	--
8/25/2026 21:00	US	S&P Cotality CS 20-City YoY NSA	Jun	1.80%	--	1.63%	--
8/25/2026 21:00	US	S&P Cotality CS US HPI YoY NSA	Jun	1.30%	--	1.11%	--
8/25/2026 22:00	US	Richmond Fed Manufact. Index	Aug	7	--	5	--
8/25/2026 22:00	US	New Home Sales	Jul	620k	--	628k	--
8/25/2026 22:00	US	New Home Sales MoM	Jul	-1.40%	--	1.60%	--

Source: Bloomberg

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