Daily Treasury Outlook

Highlights

Global: Hawkish messaging by Fed chair Warsh at Jackson Hole triggered a market repricing of rate hike probability for the upcoming September 15-16 FOMC meeting, but the upcoming CPI data due September 11 will also be key. The futures pricing for a September rate hike has risen from around 1/3 to slightly above 50%. Warsh opined that the central bank has to be "confident that underlying inflation is moving to our objective. Otherwise, we have work to do." Elsewhere, ECB's Dolenc also reinforced expectations for a September hike as "we see that the inflation situation doesn't resolve itself." In contrast, BOE's Bailey suggested "we can watch this situation for the moment" due to subdued second-round effects and a softening labour market. On Friday, the S&P500 slipped 0.25% while the 10-year UST bond yield rose 4bps to 4.72% as investors fretted about a hawkish Fed.

Market Watch: Asian markets are likely to open today on a slightly cautious tone, awaiting China's non-manufacturing and composite PMIs. For the week ahead, watch for 2Q26 GDP prints from India and Australia, manufacturing and services PMIs from Europe/UK/Asia and US, Fed's Beige Book, as well as US' August nonfarm payrolls, unemployment rate and average hourly earnings (consensus forecast at 55k, 4.1% and 3.0% YoY/0.3% MoM, after July's surprisingly weak results). On the central bank front, watch for RBNZ on September 2 where a 25bp hike to 2.75% is widely expected whereas BOC is tipped to be static at 2.25% the same day, and BNM is likely to stay on hold on 3 September. The speakers scheduled for this week include Fed's Barr, ECB's Kocher, Nagel and Wunsch, BOJ's Takata, RBNZ's Breman, BOE's Bailey and RBA's Hunter. In addition, watch for corporate earnings from Dell, Palo Alto Networks, Snowflake and Broadcom etc for signs of AI capex fatigue.

Major Markets

ID: Secretary of the Coordinating Ministry for Economic Affairs, Susiwijono Moegiarso, said qualifying mining companies will be allowed to place at least 30% of natural-resource export proceeds for three months under Government Regulation No. 21/2026, compared with 100% for 12 months under the general rules, as reported by Antara. The facility applies to mining exporters incorporated as limited liability companies with at least one shareholder from the United States, China, Hong Kong, Australia or Canada holding at least 10%, with 64 of 537 identified tax identification numbers meeting the criteria. The optional facility takes effect on 1 September 2026 and allows eligible exporters to place proceeds in designated foreign-exchange banks, while those opting out remain subject to Government Regulation No. 2/2026.

MY: The Producer Price Index (PPI) growth accelerated to 9.7% YoY in July 2026 from 9.2% in June, with stronger growth in mining and manufacturing. Mining remained the main driver, rising 30.5% YoY from 29.0%, supported by a 39.6% rise in crude petroleum extraction, while manufacturing accelerated to 8.2% from 7.2%. Water supply and and agriculture PPI eased to 10.2% and 7.2% from 12.7%

Key Market Movements

Equity	Value	% chg
S&P 500	7711.8	-0.2%
DJIA	53560	0.0%
Nikkei 225	66406	0.4%
SH Comp	3952.2	-0.1%
STI	5699.9	0.3%
Hang Seng	25585	0.1%
KLCI	1725.9	-0.9%
	Value	**% chg**
DXY	99.702	0.5%
USDJPY	160.09	0.4%
EURUSD	1.1585	-0.6%
GBPUSD	1.3538	-0.4%
USDIDR	17692	-0.2%
USDSGD	1.2741	0.2%
SGDMYR	3.1674	-0.1%
	Value	**chg (bp)**
2Y UST	4.34	11.14
10Y UST	4.72	4.18
2Y SGS	1.67	1.90
10Y SGS	2.34	2.85
3M SORA	1.16	0.45
3M SOFR	3.64	0.01
	Value	**% chg**
Brent	89.31	-0.4%
WTI	83.40	-0.2%
Gold	4455	-3.1%
Silver	66.38	-4.1%
Palladium	1425	5.2%
Copper	14294	0.1%
BCOM	140.19	0.1%

Source: Bloomberg

and 9.1%, respectively. Electricity & gas supply PPI increase slowed to 6.7% from 10.2%. By stage of processing, crude materials for further processing eased to 24.1% from 25.0%, while intermediate materials, supplies & components rose to 8.4% from 7.4%, and finished goods increased to 2.5% from 2.0%.

PH: Export growth in July surprised on the downside, slowing to 10.8% YoY (consensus: 18.3%) from an upwardly revised 25.0% in June. Similarly, import growth slowed to 19.8% YoY (consensus: 17.5%) from an upwardly revised 25.0% in the previous month. As a result, the trade deficit widened to USD6.0bn from USD5.5bn in June. The slowdown was broad-based, driven by lower shipments of 'total agro products' (-11.8% YoY versus -1.4% in June), 'mineral products' (-13.2% versus +3.2%), and 'manufactures' (+16.3% versus + 30.8%). By destination, export growth to the US remained broadly stable at 45.1% YoY compared to 45.5% in June.

TH: The Royal Gazette published a Prime Minister's Office regulation on 27 August establishing a Steering Committee for Thailand's Accession to the OECD. The committee will be chaired by the Prime Minister, with the aim of setting policy direction and fostering coordinated public-private cooperation to advance the country's accession to the organisation. The committee's membership also includes other senior government figures, including three deputy prime ministers serving as vice-chairs, the secretary-generals of the National Economic and Social Development Council and the Council of State, as well as the Budget Bureau director. The committee will set policy, oversee implementation of Thailand's OECD Accession Roadmap, establish subcommittees where needed, and consult representatives from the public and private sectors. Thailand is currently in the Technical Review stage, with the government aiming to secure OECD membership by 2028.

VN: Negotiators from Vietnam and Mercosur concluded the first round of talks on a Preferential Trade Agreement on 28 August after five days of discussions in Buenos Aires, laying the groundwork for further negotiations. Both sides exchanged views on the future agreement, clarified key issues and agreed to continue talks with a cooperative, flexible and results-oriented approach aimed at reaching a balanced agreement. Argentine Foreign Minister Pablo Quirno proposed establishing a specific negotiating roadmap, while noting that Vietnam is Argentina's sixth-largest trading partner, with bilateral goods trade of around USD4.0bn a year.

Sustainability

MY: The first Malaysian tech-based biomass carbon credit project will be auctioned on Bursa Carbon Exchange (BCX) on 29 Sep. The Verra-registered project in Penang recovers and converts high moisture biomass residues such as empty fruit bunch (EFB) from palm mills and wood chips into renewable biomass energy to replace fossil fuel-based boilers and turbines. Credits from two vintages 2023 and 2024 will be included in the first tranche of issuance. Around 215,000 tonnes of carbon credits are available in total, although the volume to be auctioned in September has yet to be determined. However, it was noted that liquidity in the voluntary carbon market remains low due to subdued demand amid ongoing macroeconomic uncertainty, compounded by the recent energy crisis.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher last Friday with the shorter tenors trading flat to 3bps higher, belly tenors trading 2-3bps higher, and the 10Y tenor trading 2bps higher.
- US Investment Grade traded flat at 78bps, and US High Yield spreads tightened by 3bps to 260bps respectively. Bloomberg Global Contingent Capital spreads tightened by 4bps to 201bps.
- Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 55bps, and the Asia USD High Yield spreads tightened by 12bps to 316bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the Singdollar market last Friday.
- The total issuances in the APAC and DM IG markets were both zero last Friday.

Credit Developments:

- **Fosun International Ltd (FOSUNI):** 1H2026 earnings improved materially, with net profit rising to RMB1.7bn and no significant impairments, while more than RMB12bn of divestments supported holdco debt reduction to RMB85.4bn; however, portfolio value declined to RMB191bn primarily due to asset sales.
- **Toronto-Dominion Bank (TD)**: Strong 3QFY2026 earnings growth, lower credit-loss provisions and a stable 14.3% CET1 ratio strengthened its credit profile, although substantial US BSA/AML remediation spending and regulatory work will continue through 2026–2027.
- **Royal Bank of Canada (RY):** Record 3QFY2026 earnings, positive operating leverage and a stable 13.5% CET1 ratio provide a strong buffer against gradually normalising credit costs, despite moderate increases in provisions and impaired loans.
- **Shangri-La Asia (SLHSP):** 1H2026 profitability improved on stronger hotel performance and RevPAR, while ample cash and deposits comfortably covered short-term debt; net gearing was broadly stable at 0.93x, though mainland China hotels remained loss-making.
- **GuocoLand (GUOLSP):** FY2026 underlying profitability and credit metrics improved, supported by recurring investment-property income, strong Singapore residential sales and debt reduction, but sizeable China development allowances caused a reported loss and future land funding could limit further deleveraging.

Equity Market Updates

US: US stocks slipped on Friday, as Federal Reserve Chairman Kevin Warsh delivered a hawkish address at the Jackson Hole Symposium, vowing to bring inflation to the Fed's 2% target and signalling that persistent price pressures could necessitate higher interest rates. The S&P 500 fell 0.2%, the Nasdaq declined 0.5%, and the Dow was nearly flat, down less than 0.1%. Front-end Treasury yields surged sharply, with the 2-year yield climbing approximately 11 to 12 basis points to around 4.34% to 4.35%, near its year-to-date high, marking one of its largest single-day moves of the year, whilst the long end was little changed, resulting in a notable curve flattening. The probability of a September rate hike rose toward 60%, driving Wall Street to pile on rate-hike bets. Separately, President Trump announced what he described as a major agreement granting the US government a stake in Venezuela's oil reserves, though details from the White House remained limited as of Sunday, 30 Aug 2026.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.702	0.55%	USD-SGD	1.2741
USD-JPY	160.09	0.44%	EUR-SGD	1.4758
EUR-USD	1.159	-0.58%	JPY-SGD	0.7965
AUD-USD	0.716	-0.42%	GBP-SGD	1.7252
GBP-USD	1.354	-0.40%	AUD-SGD	0.9125
USD-MYR	4.025	-0.21%	NZD-SGD	0.7537
USD-CNY	6.730	0.15%	CHF-SGD	1.5750
USD-IDR	17692	-0.19%	SGD-MYR	3.1674
USD-VND	26078	-0.02%	SGD-CNY	5.2766

Equity and Commodity		
Index	Value	Net change
DJIA	53,559.99	-9.45
S&P	7,711.76	-19.23
Nasdaq	26,402.42	-138.93
Nikkei 225	66,405.56	273.58
STI	5,699.93	15.81
KLCI	1,725.88	-15.84
JCI	6,518.12	-3.63
Baltic Dry	3,186.00	79.00
VIX	14.43	-0.08

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2910	0.35%	1M	3.7201
3M	2.5730	0.63%	2M	3.7762
6M	2.7620	0.58%	3M	3.8202
12M	2.9810	0.85%	6M	3.9624
			1Y	4.1487

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.67 (+0.02)	4.33(--)
5Y	1.98 (+0.02)	4.48 (+0.08)
10Y	2.34 (+0.03)	4.71 (+0.04)
15Y	2.39 (+0.02)	--
20Y	2.37 (+0.01)	--
30Y	2.43 (+0.01)	5.2 (+0.01)

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	3.64

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	83.40	-0.2%	Corn (per bushel)	5.120	0.3%
Brent (per barrel)	89.31	-0.4%	Soybean (per bushel)	12.763	1.6%
Heating Oil (per gallon)	435.67	1.8%	Wheat (per bushel)	7.670	3.3%
Gasoline (per gallon)	348.99	3.1%	Crude Palm Oil (MYR/MT)	46.280	0.8%
Natural Gas (per MMBtu)	2.89	-0.7%	Rubber (JPY/KG)	4.570	-0.7%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14294	0.1%	Gold (per oz)	4455	-3.1%
Nickel (per mt)	16861	-0.1%	Silver (per oz)	66.38	-4.1%

Source: Bloomberg, Reuters

Economic Calenda

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/31/2026 7:00	SK	Industrial Production YoY	Jul	4.70%	3.60%	5.80%	6.00%
8/31/2026 7:00	SK	Industrial Production SA MoM	Jul	-0.50%	0.20%	6.40%	6.70%
8/31/2026 7:50	JN	Retail Sales YoY	Jul	3.30%	4.00%	0.50%	0.60%
8/31/2026 7:50	JN	Retail Sales MoM	Jul	1.60%	2.40%	-4.10%	-3.90%
8/31/2026 7:50	JN	Industrial Production MoM	Jul P	-0.70%	0.10%	1.90%	--
8/31/2026 7:50	JN	Industrial Production YoY	Jul P	3.30%	4.10%	4.90%	--
8/31/2026 9:00	NZ	ANZ Business Confidence	Aug	--	--	56.1	--
8/31/2026 9:00	AU	Melbourne Institute Inflation MoM	Aug	--	--	1.00%	--
8/31/2026 9:30	AU	Private Sector Credit MoM	Jul	0.70%	--	0.80%	--
8/31/2026 9:30	CH	Manufacturing PMI	Aug	49.5	--	49.2	--
8/31/2026 9:30	AU	Private Sector Credit YoY	Jul	--	--	8.50%	--
8/31/2026 9:30	CH	Non-manufacturing PMI	Aug	49.4	--	49	--
8/31/2026 13:00	JN	Housing Starts YoY	Jul	7.80%	--	18.60%	--
8/31/2026 15:00	TH	BoP Current Account Balance	Jul	-$1700m	--	-$3474m	--

Source: Bloomberg

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