

## Daily Treasury Outlook

### Highlights

**Global:** US equities staged their strongest rally since spring 2025, with the S&P 500 up 2.9% and the Nasdaq surging 3.8%, after headlines pointed to a possible de-escalation in the Iran conflict. A Wall Street Journal report that President Trump had told aides he was willing to wind down the campaign — even without fully reopening the Strait of Hormuz — combined with Iranian President Pezeshkian’s remark to the European Council president that Tehran had the “necessary will” to end the war, triggered the sharpest single-day equity rebound of 2026. Notably, the Nasdaq recouped nearly half of its total war-related drawdown in just one session.

On the data front, US consumer confidence unexpectedly improved in March despite the energy shock stemming from the Iran war. The Conference Board’s consumer confidence index edged up by 0.8pt to 91.8, beating market expectations. That said, the details were less reassuring. Consumers’ median 12-month inflation expectations jumped to 5.2%, the highest level since May 2025, from 4.5% in February, after the national average retail gasoline price rose above USD4 per gallon for the first time in more than three years. Meanwhile, the survey’s labor market differential — a gauge derived from respondents’ views on whether jobs are plentiful or hard to get — rose only marginally to 5.8% from 5.7% in February. Separately, February JOLTS data showed job openings fell by 358k to 6.882mn, reinforcing the view that the labor market had already been cooling before the Iran-driven energy shock was layered on top. Kansas Fed President Schmid also struck a notably more hawkish tone, warning against “complacency” on inflation. He emphasized that inflation had already been running close to 3% before the war, and argued that the oil shock would push up both headline and core inflation, pushing back against any premature “transitory” narrative.

In Europe, euro area headline inflation rose to 2.5% YoY in March from 1.9% in February, slightly below the 2.6% consensus. The main driver was energy, where inflation swung sharply from -3.1% YoY to +4.9% YoY, marking an 8ppt reversal in just one month. However, the underlying details were more benign. Core inflation, which excludes food and energy, eased to 2.3% YoY from 2.4%, while services inflation — the largest component in the CPI basket and a key barometer of domestic price pressure — slowed to 3.2% YoY from 3.4%. ECB Governing Council member Vujcic said the post-war uptick in inflation was “expected” and broadly consistent with ECB models. To us, this leaves the ECB in a delicate position ahead of the April meeting: headline inflation argues for caution, but softer core prints and still-fragile growth argue against rushing into action. Our base case remains that the ECB will lean hawkish in rhetoric, while holding off on any policy move until June.

### Key Market Movements

Equity	Value	% chg
S&P 500	6528.5	2.9%
DJIA	46342	2.5%
Nikkei 225	51064	-1.6%
SH Comp	3891.9	-0.8%
STI	4885.5	-0.2%
Hang Seng	24788	0.2%
KLCI	1690.4	0.1%
	Value	% chg
DXY	99.961	-0.5%
USDJPY	158.72	-0.6%
EURUSD	1.1553	0.8%
GBPUSD	1.3227	0.3%
USDIDR	16995	0.0%
USDSGD	1.2868	-0.3%
SGDMYR	3.1379	0.4%
	Value	chg (bp)
2Y UST	3.79	-3.49
10Y UST	4.32	-3.16
2Y SGS	1.61	-6.00
10Y SGS	2.29	-8.57
3M SORA	1.07	-0.18
3M SOFR	3.68	-0.09
	Value	% chg
Brent	103.97	-3.2%
WTI	101.38	-1.5%
Gold	4668	3.5%
Silver	75.17	7.3%
Palladium	1480	5.0%
Copper	12336	0.9%
BCOM	135.25	0.2%

Source: Bloomberg

**Market Watch:** Over the past 24 hours, the market narrative has clearly shifted toward a lower probability of a prolonged war. Even so, one important point has not changed: WTI remains above USD100/bbl. In other words, the market may be willing to price less geopolitical tail risk for now, but it is not yet pricing out the energy shock itself. From here, headlines around the Iran conflict will remain the dominant driver of sentiment, while the next key data watch will be US and euro area PMIs, which should offer a timely read on whether business sentiment is beginning to absorb the recent shock.

## Major Markets

**CH:** China's manufacturing PMI rebounded meaningfully in March, rising to 50.4 from 49.0 in February. One key driver was the "natural" recovery as Lunar New Year distortions faded. That said, the strength of the rebound still stood out. The new orders index rose by 3.0ppts MoM to 51.6, a larger increase than the typical post-holiday recovery seen in previous years. From a demand perspective, domestic orders improved solidly, with the domestic demand orders index rising by 2.8ppts to 52.0. External demand also showed resilience. The new export orders index increased by 4.1ppts to 49.1. Although still slightly below the 50 threshold, the magnitude of the rebound suggests export activity likely remained relatively firm in March. Meanwhile, non-manufacturing PMI also moved back into expansion territory, rising from 49.5 to 50.1. However, the recovery was less convincing in construction. The construction PMI rose by 1.1ppts to 49.3 in March, but the rebound was weaker than the usual post-Lunar New Year pattern, pointing to a relatively slow resumption of work after the holiday.

**ID:** Indonesia has unveiled a comprehensive fiscal austerity package to shield the economy from rising global oil prices. The package aims to save up to IDR243.4trn (approximately USD14.3 billion) in state spending. First, the government is instituting a mandatory Friday work-from-home policy for all central and regional employees, with exemptions for essential sectors such as healthcare, security, and logistics. This measure is projected to yield IDR6.2trn in fuel savings for the state budget. Second, official mobility is being sharply curtailed, with domestic official travel and overseas travel reduced by 50% and 70%, respectively. Moreover, there will be a 50% reduction in the usage of official vehicles, except for electric vehicles (EVs). Third, the government will undertake a "budget refocusing" exercise, reducing spending on ceremonial activities, non-operational outlays, and official travel, which is projected to save IDR130.2trn. Fourth, the rollout of a 50% biodiesel blend (B50) for subsidized diesel is expected to reduce fossil fuel import dependency and save approximately IDR48trn. Fifth, subsidized fuel purchases will be capped at 50 liters per vehicle per day, with exemptions for public transportation; this will be effective on 1 April 2026.

**MY:** Bank Negara Malaysia (BNM) released its Annual Report 2025, Economic and Monetary Review 2025, and Financial Stability Review for 2H25. In these reports, BNM highlighted that the Malaysian economy grew by 5.2% in 2025, driven by strong domestic demand — household spending remained firm while investment activity picked up significantly. Meanwhile, Inflation averaged 1.4% in 2025, marking its lowest level in five years. Looking ahead, BNM expects economic growth to be between 4-5% in 2026. BNM highlights that the economy is "entering this challenging period from a position of strength, supported by robust domestic demand, moderate inflation, a sound financial sector, and a resilient external position." Regarding inflation, BNM anticipates headline inflation to average between 1.5-2.5%, "well anchored and close to its long-term average." BNM added that "domestic monetary and financial conditions will remain supportive of financial needs amid continued economic expansion", and that "monetary policy will continue to focus on maintaining price stability while fostering conditions that support sustainable growth."

**TH:** According to the Royal Gazette announcement, His Majesty King Maha Vajiralongkorn has endorsed the 35-member cabinet, led by PM Anutin Charnvirakul. The oath-taking ceremony is expected to take place on 6 April 2026. The cabinet comprises 31 members from Bhumjaithai party and 9 members from the Pheu Thai party, with some appointees holding concurrent roles. PM Anutin Charnvirakul highlighted key policy priorities, including energy, environmental issues, anti-corruption measures, and a stronger crackdown on drug trafficking. He added that a draft government policy statement has been largely completed, with the final document set to incorporate inputs from coalition parties as well as and all sectors.

## ESG

**ID:** The Indonesian Ministry of Forestry is strengthening its partnership with the Japan International Cooperation Agency (JICA) to foster more innovative and impactful forestry initiatives. Both parties agreed to strengthen strategic cooperation in the forestry sector, particularly in supporting climate change mitigation agendas, land degradation rehabilitation and the management of world-class conservation areas. The hope is for this initiative to become an international benchmark for nature-based climate change mitigation and adaptation.

## Credit Market Updates

### Market Commentary:

The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 5-7bps lower while belly tenors traded 7-9bps lower and 10Y tenors traded 10bps lower. Global Investment Grade spreads tightened by 2bps to 89ps and Global High Yield spreads tightened by 18bps to 320bps respectively. Bloomberg Global Contingent Capital Index tightened by 4bps to 275bps. Bloomberg Asia USD Investment Grade spreads widened by 2bps to 69bps and Asia USD High Yield spreads widened by 2bps to 450bps respectively. (Bloomberg, OCBC)

### New Issues:

The total issuance volumes for APAC and DM IG market yesterday were USD1.25bn and USD2.15bn respectively.

There was one notable issuer in the DM IG market yesterday where issuers priced deals of at least USD1.0bn.

- Hyundai Capital America priced USD2bn of debt in three tranches.

There were two notable issuers in the APAC USD market yesterday where issuers priced deals of at least USD500mn.

- Bank Mandiri Persero Tbk PT priced a USD750mn 5Y fixed bond at T+150bps.
- Korea Mine Rehabilitation & Mineral Resources Corp priced a USD500mn 5Y fixed bond at T+100bps.

There were no notable issuers in the Singdollar market yesterday.

### Mandates:

There were no notable mandates yesterday.

## Equity Market Updates

**US:** US stocks surged Tuesday as optimism mounted that the war with Iran may be nearing an end. The S&P 500 rose 2.9%, the Nasdaq jumped 3.8%, and the Dow added 2.5%. The rally was sparked by a Wall Street Journal report indicating President Donald Trump told aides he was willing to end military hostilities with Iran, even if the Strait of Hormuz remains largely closed. Hours later, Iran's president said he was ready to end the war but wanted guarantees, according to state media. Technology and communication services sectors led gains, with Nvidia climbing 5.6% and ON Semiconductor surging 11.3%. Airlines jumped whilst energy producers slipped as crude oil pared earlier advances of nearly 4% to close only modestly higher. Treasury yields fell across the curve, with the 10-year yield declining 6 basis points to 4.30% as growth concerns gained traction over inflation worries. Despite the dramatic rally, market breadth remained exceptionally strong, with the Tick Index hitting a record 2,329, representing nearly 100% of NYSE stocks moving higher. However, some strategists expressed scepticism about the sustainability of the rally, with March still marking the worst month for the S&P 500 since September 2022.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.961	-0.55%	USD-SGD	1.2868
USD-JPY	158.72	-0.62%	EUR-SGD	1.4880
EUR-USD	1.155	0.77%	JPY-SGD	0.8107
AUD-USD	0.690	0.69%	GBP-SGD	1.7021
GBP-USD	1.323	0.31%	AUD-SGD	0.8878
USD-MYR	4.050	0.46%	NZD-SGD	0.7393
USD-CNY	6.894	-0.26%	CHF-SGD	1.6097
USD-IDR	16995	0.02%	SGD-MYR	3.1379
USD-VND	26340	0.00%	SGD-CNY	5.3600

Equity and Commodity		
Index	Value	Net change
DJIA	46,341.51	1125.37
S&P	6,528.52	184.80
Nasdaq	21,590.63	795.99
Nikkei 225	51,063.72	-822.13
STI	4,885.45	-11.81
KLCI	1,690.36	2.46
JCI	7,048.22	-43.45
Baltic Dry	1,995.00	-22.00
VIX	25.25	-5.36

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.8780	-0.74%	1M	3.6600
3M	2.1220	-0.24%	2M	3.6688
6M	2.5290	1.00%	3M	3.6730
12M	2.9320	2.52%	6M	3.6761
			1Y	3.6842

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.61 (-0.06)	3.77(--)
5Y	1.91 (-0.08)	3.94 (-0.04)
10Y	2.29 (-0.09)	4.29 (-0.03)
15Y	2.35 (-0.08)	--
20Y	2.36 (-0.07)	--
30Y	2.45 (-0.08)	4.89(--)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/18/2026	0.010	1.000	0.002	3.643
04/29/2026	0.026	2.600	0.006	3.648
06/17/2026	-0.068	-9.400	-0.017	3.624
07/29/2026	-0.134	-6.600	-0.034	3.608
09/16/2026	-0.133	0.100	-0.033	3.608

Financial Spread (bps)		
Value	Change	
TED	35.36	--

  

Secured Overnight Fin. Rate	
SOFR	3.63

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	101.38	-1.5%	Corn (per bushel)	4.578	0.4%
Brent (per barrel)	118.35	4.9%	Soybean (per bushel)	11.710	1.0%
Heating Oil (per gallon)	416.34	-4.6%	Wheat (per bushel)	6.163	1.5%
Gasoline (per gallon)	331.23	-1.2%	Crude Palm Oil (MYR/MT)	47.290	1.4%
Natural Gas (per MMBtu)	2.88	-0.1%	Rubber (JPY/KG)	3.680	1.2%

  

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	12336	0.9%	Gold (per oz)	4668	3.5%
Nickel (per mt)	17110	-0.9%	Silver (per oz)	75.17	7.3%

Source: Bloomberg, Reuters

## Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
4/01/2026 6:00	AU	S&P Global Australia PMI Mfg	Mar F	--	49.8	50.1	--
4/01/2026 8:30	ID	S&P Global Indonesia PMI Mfg	Mar	--	50.1	53.8	--
4/01/2026 8:30	VN	S&P Global Vietnam PMI Mfg	Mar	--	51.2	54.3	--
4/01/2026 8:30	AU	Building Approvals MoM	Feb	5.50%	29.70%	-7.20%	--
4/01/2026 8:30	AU	Private Sector Houses MoM	Feb	--	0.20%	1.10%	1.70%
4/01/2026 9:45	CH	RatingDog China PMI Mfg	Mar	51.5	--	52.1	--
4/01/2026 12:00	ID	Trade Balance	Feb	\$1581m	--	\$954m	--
4/01/2026 12:00	ID	Imports YoY	Feb	10.40%	--	18.21%	--
4/01/2026 12:00	ID	Exports YoY	Feb	4.40%	--	3.39%	--
4/01/2026 12:00	ID	CPI YoY	Mar	3.64%	--	4.76%	--
4/01/2026 12:00	ID	CPI Core YoY	Mar	2.64%	--	2.63%	--
4/01/2026 12:00	ID	CPI NSA MoM	Mar	0.57%	--	0.68%	--
4/01/2026 16:00	EC	S&P Global Eurozone Manufacturing PMI	Mar F	51.4	--	51.4	--
4/01/2026 17:00	EC	Unemployment Rate	Feb	6.10%	--	6.10%	6.10%
4/01/2026 19:00	US	MBA Mortgage Applications	27-Mar	--	--	-10.50%	--
4/01/2026 20:15	US	ADP Employment Change	Mar	40k	--	63k	--

Source: Bloomberg

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