

Daily Treasury Outlook

Highlights

Global: The volatility in US markets persisted on Wednesday, with equities ending the session mixed (S&P 500: -0.25%; Nasdaq: +0.24%; Dow Jones: -0.86%). US Treasury yields rebounded from their intraday lows, with the 10-year yield closing at 5.2849%, while the DXY traded broadly unchanged. Incoming US data continued to point to a combination of resilient economic growth and moderating inflationary pressures. The third estimate of 2Q GDP growth was revised higher to 2.2% q-o-q saar from 1.5% previously, while personal consumption growth was upgraded to 3.8%. In the labour market, ADP employment data showed that private-sector payrolls increased by 90,000 in September, up from 36,000 in August.

On the inflation front, headline PCE rose 0.3% m-o-m in August, in line with expectations, while the year-on-year rate of 3.4% came in below consensus expectations of 3.7%. Core PCE increased by 0.2% m-o-m, also softer than expected, while the annual rate was unchanged at 3.0%. US asset markets initially reacted positively to the softer inflation data, with equities rallying, Treasury yields declining and the US dollar weakening. However, these moves were largely reversed as investors reassessed the implications of continued economic resilience. Among Federal Reserve officials, Minneapolis Fed President Neel Kashkari highlighted that the strength of the US economy extended beyond the AI sector, noting that "many sectors of the economy" continue to perform well. That said, he acknowledged that AI remains "the real engine of growth".

Underscoring the strength of the AI cycle, Micron Technology reported another set of record results, posting fiscal 4Q26 revenue of USD54.23bn. The positive momentum in AI-related industries continues to ripple across global supply chains, prompting regional authorities to better capture these developments in official economic statistics. In Thailand, authorities revised the Manufacturing Production Index (MPI) basket to include products such as laptops, optical transceivers and backup-power equipment used in data-processing systems. The move aims to narrow the gap between manufacturing output and export performance, with exports growing around 19% y-o-y through August compared with MPI growth of just 4.0% y-o-y. Elsewhere in Asia, South Korea's exports surged 83.5% y-o-y in September, accelerating from 68.7% in August and once again highlighting the strength of AI-related demand across the region.

Market Watch: Looking ahead, key data releases today include Japan's 3Q26 Tankan Survey, S&P Global PMIs across major economies, Australia's August trade balance, Indonesia's August trade data and September CPI, the Eurozone's August unemployment rate, US Challenger job cuts, weekly US labour market data, and the final reading of the US S&P Global Manufacturing PMI.

Major Markets

ID: Indonesian authorities have temporarily suspended construction of BDx Data Centers' planned 640MW artificial intelligence data center in Jatiluhur, West

Key Market Movements

Equity	Value	% chg
S&P 500	7651.5	-0.3%
DJIA	50906	-0.9%
Nikkei 225	66754	1.9%
SH Comp	3842.2	0.3%
STI	5675.9	-0.7%
Hang Seng	24613	0.4%
KLCI	1651.2	0.4%

	Value	% chg
DXY	101.451	0.1%
USDJPY	157.41	0.1%
EURUSD	1.1330	-0.1%
GBPUSD	1.3265	0.2%
USDIDR	17870	-0.6%
USDSGD	1.2772	-0.1%
SGDMYR	3.1958	0.2%

	Value	chg (bp)
2Y UST	4.89	1.05
10Y UST	5.28	4.87
2Y SGS	1.99	-4.00
10Y SGS	2.47	-10.99
3M SORA	1.23	0.14
3M SOFR	3.68	0.25

	Value	% chg
Brent	103.53	0.9%
WTI	90.42	1.2%
Gold	4157	-0.6%
Silver	60.43	-1.7%
Palladium	1208	-1.5%
Copper	14410	-0.2%
BCOM	141.78	0.4%

Source: Bloomberg

Java, pending the completion of environmental impact (AMDAL) and building permit approvals. While the government remains supportive of investment in digital infrastructure, officials cited the need to ensure compliance with regulatory requirements and assess potential impacts on water resources, particularly the project's reliance on water from the Jatiluhur Reservoir, which also serves household and agricultural needs. The suspension highlights increasing environmental scrutiny of large-scale data center developments in Indonesia as the country seeks to expand digital infrastructure capacity to support AI and the digital economy. Despite the temporary halt, the government has indicated that permitting reviews are being expedited, underscoring efforts to balance economic development with environmental sustainability.

MY: Effective 1 January 2027, Express Rail Link (ERL) will increase fares for its KLIA Ekspres and KLIA Transit services, with the standard one-way adult fare between KL Sentral and KLIA Terminal 1 and 2 rising from RM55 to RM65, marking the first fare revision in 11 years. ERL cited higher operating and maintenance costs, as well as the need to sustain service quality and fund future improvements, as key reasons for the increase. Fares across all other sectors, including routes serving Bandar Tasik Selatan, Putrajaya/Cyberjaya and Salak Tinggi, will also be adjusted. To help mitigate the impact on passengers, ERL is exploring partnerships to offer ticket discounts of up to 30% from January 2027.

AU: Australia's headline CPI rose 4.0% YoY in August from 3.5% in July, broadly in line with market expectations. Trimmed mean inflation remained stubbornly high at 3.6%, unchanged from the previous month. The main contributors to the increase were housing and transport. Housing inflation rose 5.7% YoY, reflecting higher costs for both new dwellings and electricity. Transport prices increased 5.6% YoY, driven by automotive fuel prices, which rose 14.8% in August compared with 7.5% in July, reflecting higher global oil prices and the unwinding of government fuel excise measures.

Sustainability

ID: Indonesia is offering carbon market incentives to encourage investments in the country's green projects, announced during the 81st UN General Assembly and Climate Week NYC 2026. This is accompanied by efforts to streamline regulatory frameworks and strengthen carbon trading governance to ensure high-integrity carbon assets. Three key sectors were outlined for green investment, namely (i) sustainable agriculture through low-emission rice cultivation, (ii) waste-to-energy processing, and (iii) marine conservation through blue carbon development. Indonesia is seeking various international partners to scale up low-emission rice production, also part of efforts to strengthen domestic food security while reducing agricultural methane emissions.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday; shorter tenors traded 6bps lower, belly tenors traded 6bps lower, and 10Y tenor traded 6bps lower.

- US Investment Grade tightened by 2bps to 80bps, and US High Yield spreads widened by 2bps to 311bps respectively. Bloomberg Global Contingent Capital spreads widened by 3bps to 221bps.
- Bloomberg Asia USD Investment Grade spread tightened by 1bps to 56bps, and the Asia USD High Yield spreads tightened by 2bps to 339bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the SGD markets.
- There were zero issuances in the APAC and DM IG markets respectively (prior day: USD750mn and zero).

Credit Headlines:

- **Julius Baer Group Ltd (BAER):** FINMA concluded its proceedings, reduced the additional CET1 requirement from CHF500mn to CHF250mn and confiscated approximately CHF10mn of profits.
- **Commerzbank AG (CMZB) / UniCredit SpA:** UniCredit reportedly aims to secure control of CMZB by end-February and replace its supervisory board and CEO, subject to regulatory approvals.
- **Lendlease Group (LLCAU):** LLCAU completed the AUD525mn Keyton disposal, with further asset-sale and apartment proceeds expected to reduce gearing and support FY2027 earnings.

Equity Market Updates

US: US stocks ended Wednesday on a mixed and volatile note, with a late-session reversal erasing earlier gains driven by softer-than-expected inflation data. The S&P 500 fell 0.3%, capping its worst monthly performance since June, whilst the Dow dropped 0.9%; the Nasdaq bucked the trend, edging up 0.2%, supported by technology and chipmaker strength. Markets had initially rallied after August PCE inflation came in at 3.4% year-on-year, in line with July, and second-quarter GDP was revised up to 2.2%, easing near-term rate hike fears. However, gains faded as Treasury yields resumed their climb, with the 10-year yield rising to 5.29% and the 30-year touching 5.64%, its highest since 2002, with the third-quarter rise in the 10-year of approximately 87 basis points marking the steepest quarterly increase since the first quarter of 1994. Heavy corporate bond supply, including a USD30b eight-part offering from Paramount, added pressure on the long end. Micron Technology reported solid earnings after the close. In China, September manufacturing PMI returned to expansion at 50.1, whilst Beijing's latest stimulus package, including mortgage subsidies, underwhelmed markets, with investors awaiting more substantive demand-side measures.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	101.451	0.08%	USD-SGD	1.2772
USD-JPY	157.41	0.08%	EUR-SGD	1.4470
EUR-USD	1.133	-0.11%	JPY-SGD	0.8118
AUD-USD	0.695	-0.56%	GBP-SGD	1.6949
GBP-USD	1.327	0.25%	AUD-SGD	0.8875
USD-MYR	4.080	-0.08%	NZD-SGD	0.7198
USD-CNY	6.706	-0.01%	CHF-SGD	1.5289
USD-IDR	17870	-0.58%	SGD-MYR	3.1958
USD-VND	25964	-0.03%	SGD-CNY	5.2503

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4900	0.24%	1M	3.9125
3M	2.6170	0.89%	2M	3.9565
6M	3.1030	1.21%	3M	4.0418
12M	3.3620	0.18%	6M	4.2193
			1Y	4.5459

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/28/2026	0.360	36.000	0.090	3.967
12/09/2026	1.173	81.300	0.293	4.171
01/27/2027	1.720	54.700	0.430	4.307
03/17/2027	2.466	74.600	0.616	4.494

Equity and Commodity

Index	Value	Net change
DJIA	50,906.05	-443.87
S&P	7,651.54	-19.30
Nasdaq	26,861.06	63.52
Nikkei 225	66,753.72	1272.45
STI	5,675.88	-38.96
KLCI	1,651.17	7.21
JCI	6,071.14	-50.56
Baltic Dry	3,178.00	-90.00
VIX	16.34	0.30

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.99 (-0.04)	4.89(--)
5Y	2.24 (-0.07)	5.09 (+0.04)
10Y	2.47 (-0.11)	5.3 (+0.05)
15Y	2.52 (-0.09)	--
20Y	2.46 (-0.1)	--
30Y	2.49 (-0.11)	5.64 (+0.06)

Secured Overnight Fin. Rate

SOFR	3.88
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	90.42	1.2%	Corn (per bushel)	5.008	-4.1%
Brent (per barrel)	103.53	0.9%	Soybean (per bushel)	12.930	-0.4%
Heating Oil (per gallon)	495.69	1.2%	Wheat (per bushel)	6.758	-2.5%
Gasoline (per gallon)	343.78	4.9%	Crude Palm Oil (MYR/MT)	44.240	-0.2%
Natural Gas (per MMBtu)	3.03	0.5%	Rubber (JPY/KG)	4.450	1.4%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14410	-0.2%	Gold (per oz)	4157	-0.6%
Nickel (per mt)	15928	-0.2%	Silver (per oz)	60.43	-1.7%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
10/01/2026 20:30	US	Initial Jobless Claims	26-Sep	200k	--	197k	--
10/01/2026 22:00	US	ISM Manufacturing	Sep	55	--	54.6	--
10/01/2026 8:00	SK	Exports YoY	Sep	62.50%	83.50%	68.70%	68.70%
10/01/2026 8:30	ID	S&P Global Indonesia PMI Mfg	Sep	--	--	49.8	--
10/01/2026 8:30	JN	S&P Global Japan PMI Mfg	Sep F	--	--	54.1	--
10/01/2026 8:30	SK	S&P Global South Korea PMI Mfg	Sep	--	--	52.3	--
10/01/2026 8:30	TA	S&P Global Taiwan PMI Mfg	Sep	--	--	54.7	--
10/01/2026 13:00	IN	HSBC India PMI Mfg	Sep F	--	--	55.7	--
10/01/2026 16:00	EC	S&P Global Eurozone Manufacturing PMI	Sep F	52.7	--	52.7	--
10/01/2026 16:30	UK	S&P Global UK Manufacturing PMI	Sep F	52	--	52	--
10/01/2026 21:45	US	S&P Global US Manufacturing PMI	Sep F	57	--	57	--
10/01/2026 7:50	JN	Tankan Large Mfg Index	3Q	25	24	22	--
10/01/2026 14:00	UK	Nationwide House PX MoM	Sep	0.00%	--	0.20%	--
10/01/2026 12:00	ID	CPI YoY	Sep	3.30%	--	3.19%	--

Source: Bloomberg

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