

Daily Treasury Outlook

Highlights

Global: Iran conflict dominated headlines over the weekend, forcing markets towards a risk-off stance with a clear geopolitical risk premium amid concerns about a wider regional conflict. The S&P500 slumped 0.43% last Friday amid ongoing concerns about the AI angst. Financial stocks also underperformed amid private credit concerns last week starting with Blue Owl Capital and an Apollo Global private credit fund. The flight to quality led utilities, consumer staples and healthcare stocks to lead. The 10-year UST bond yield broke below the 4% handle amid the safe-haven flows, while the USD rallied as geopolitical tensions deteriorated.

Asian markets are likely to de-risk today with investors balanced on a knife edge due to potential disruptions to Straits of Hormuz which could hit energy and other supply chains even though OPEC+ has pledged to increase production. Today's economic data releases kick off with the slew of February manufacturing PMIs from Asia, Europe and US' manufacturing ISM, and Indonesia's February CPI. ECB's Lagarde, Nagel and Stournaras, BOJ deputy governor Himino, RBA's Hunter, BOE's Taylor are also speaking today.

Market Watch: For the week ahead, watch for Australia's 4Q25 GDP growth, China's manufacturing and non-manufacturing PMIs, services/composite PMIs from Eurozone/UK/US and Fed's Beige Book and ADP employment data on Wednesday, followed by US' January retail sales and February nonfarm payrolls data (forecast: 60k versus 130k previously), unemployment rate (forecast: unchanged at 4.3%) and average hourly earnings (forecast: 3.7% YoY/0.3% MoM versus 3.7% YoY/0.4% MoM previously) on Friday. BNM meets on 5 March and is likely to stay pat at 2.75%. UK Chancellor Reeve's Spring Forecast is due on Tuesday while China's NPC starts on Thursday which will set the policy tone for the rest of the year. On the corporate earnings front, watch for Target and Best Buy (Tuesday), especially after Walmart gave a weak forecast earlier and Broadcom (Wednesday).

SG: The February manufacturing and electronics PMIs are due at 9pm tonight and may stay rangebound near January's readings of 50.5 and 51.1 respectively. The S&P Global Singapore PMI and COE premiums are due on 4 March, while the January retail sales (forecast: 3.0% YoY/3.2% MoM sa versus December's 2.7% YoY/-5.4 MoM) is due on 5 March 2026.

Key Market Movements

Equity	Value	% chg
S&P 500	6878.9	-0.4%
DJIA	48978	-1.1%
Nikkei 225	58850	0.2%
SH Comp	4162.9	0.4%
STI	4995.1	0.6%
Hang Seng	26631	0.9%
KLCI	1716.6	-1.4%

	Value	% chg
DXY	97.608	-0.2%
USDJPY	156.05	-0.1%
EURUSD	1.1812	0.1%
GBPUSD	1.3482	0.0%
USDIDR	16771	0.1%
USDSGD	1.2651	0.1%
SGDMYR	3.0760	-0.1%

	Value	chg (bp)
2Y UST	3.37	-5.31
10Y UST	3.94	-6.66
2Y SGS	1.39	-1.50
10Y SGS	1.95	-4.52
3M SORA	1.12	-0.18
3M SOFR	3.73	-0.50

	Value	% chg
Brent	72.87	2.9%
WTI	67.02	2.8%
Gold	5279	1.8%
Silver	93.79	6.2%
Palladium	1788	0.2%
Copper	13344	0.3%
BCOM	121.68	1.2%

Source: Bloomberg

Major Markets

CH: At the 27 February Politburo meeting, policymakers reiterated their commitment to a more proactive fiscal policy and a moderately accommodative monetary policy, while emphasizing stronger coordination between reform measures and macro policies. That said, while 2025 was officially framed as a pivot toward a moderately accommodative stance, the actual magnitude of rate cuts was modest. From our perspective, the smaller-than-expected easing was largely a deliberate choice to protect banks' net interest margins, especially amid already compressed profitability in the financial system. Looking ahead, with a sizeable stock of deposits maturing this year, funding cost dynamics may shift more favorably. This could reopen the window for incremental rate cuts without materially undermining bank margins. Against this backdrop, we maintain our call for a 10bp policy rate reduction. In our base case, easing will remain measured rather than aggressive—but the bias is clearly toward accommodation, provided financial stability considerations remain manageable.

ID: The Indonesia Stock Exchange plans to phase in a requirement for listed companies to raise their minimum free float to 15%, with firms grouped by readiness and given one or two years to comply, subject to Financial Services Authority approval, according to interim chief executive Jeffrey Hendrik. Authorities are assessing companies' market capitalisation and potential additional share supply, with an estimated IDR187.0trn in shares potentially released if more than 200 firms currently below the threshold meet the rule, while some may opt to delist, as reported by Reuters. The exchange also aims to publish a list of shareholders owning more than 1% in listed firms and companies with concentrated shareholding in the near term.

MY: Prime Minister Anwar Ibrahim said the government will try to maintain the subsidised RON95 petrol price at MYR1.99 per litre under the Budi Madani RON95 programme despite global oil market uncertainty linked to the Middle East conflict. The PM also acknowledged that higher global oil prices following disruptions in the Strait of Hormuz could affect Malaysia, but said the government will make maximum efforts to avoid raising fuel prices, while noting that "(the market) is beyond our control, and we cannot guarantee there won't be any price increase," as reported by The Edge.

PH: According to Bangko Sentral ng Pilipinas (BSP), headline inflation for February is expected to settle "within the range of 2.3-3.1%." The BSP highlighted that higher prices of major food items, such as rice and fish, alongside higher domestic fuel costs and "increased electricity charges in Meralco-serviced areas," have contributed to the upward price pressure in February. Meanwhile, lower prices of vegetables, fruits, and meat, as well as the appreciation of the Philippine peso provided some offset to these upward price pressures. The BSP stated that it will continue "to monitor domestic and international developments to ensure that its policy settings remain consistent with the pursuit of price stability conducive with sustainable growth and employment."

TH: January economic activity data was mixed. Although export growth and private sector demand accelerated, government spending was lackluster. Export growth accelerated to 23.6% YoY in January from 18.1% in December 2025, while import growth was even stronger at 30.1% YoY (December: 18.0%). As a result, the trade balance shifted into a deficit of USD0.7bn, down from a surplus of USD2.7bn in December. On the domestic demand front, the private consumption index improved to 7.6% YoY from 6.3% in December, while the private investment index picked up to 8.2% YoY from 2.3% the previous month. In contrast, government spending declined sharply by 28.7% YoY, down from +21.5% in December.

VN: Vietnam and the European Free Trade Association (EFTA) bloc continue to make progress in their latest round of negotiations, resolving key outstanding issues across goods, services, investment, intellectual property, sustainable development, and government procurement. Both sides have agreed to avoid introducing new topics and to focus on finalizing legal reviews, with the aim of concluding talks and potentially signing the agreement at the EFTA Ministerial Conference in Iceland this June.

ESG

Rest of the world: The UN has advanced efforts to implement Article 6.4 of the Paris Agreement and agreed on an accelerated plan to deliver high-quality carbon credits. Moving beyond rule-setting, the UN Body is now focusing on implementation, prioritising key sectors and speeding up the technical work needed to activate the market. The work includes ramping up the development of methodologies that form the technical foundation to ensure that emissions reductions are real, measurable and verified. The UN Body has also signed off on a new tool to measure emissions from electricity generation and consumption, along with a tool used to estimate the technical lifetime of equipment used by Paris Agreement Crediting Mechanism (PACM) activities. These efforts support the PACM in becoming operational and driving high-quality methodologies and carbon credits.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded lower last Friday with shorter tenors trading 1-3bps lower while belly and 10Y tenors traded 4bps lower. Global Investment Grade spreads widened by 3bps to 84bps and Global High Yield spreads widened by 9bps to 293bps respectively. Bloomberg Global Contingent Capital Index widened by 11bps to 235bps. Bloomberg Asia USD Investment Grade spreads traded flat at 61bps and Asia USD High Yield spreads widened by 5bps to 349bps respectively. (Bloomberg, OCBC)

New Issues:

APAC USD and DM IG recorded no new issuances last Friday.

There were no notable issuers in the DM IG, APAC USD and Singdollar markets last Friday.

Mandates:

There were no notable mandates last Friday.

Equity Market Updates

US: US equities closed lower on last Friday as AI disruption concerns dominated sentiment, with the S&P 500 falling 0.4%, the Nasdaq declining 0.9%, and the Dow dropping 1.1%. Markets were pressured by a bearish Citrini Research report outlining AI-driven job displacement scenarios and Block's announcement of 4,000 layoffs, nearly 40% of its workforce. Nvidia fell 4.2% despite record quarterly sales of USD68.1b, as investors focused on USD95b in purchase commitments and intensifying competition. However, the weekend brought a seismic geopolitical shift as US-Israeli strikes killed Iran's Supreme Leader Ayatollah Ali Khamenei on 28 Feb, triggering retaliatory missile attacks across the Middle East that killed at least five in Israel and three in the UAE by 1 Mar 2026. Oil markets are expected to surge when trading resumes, with Rystad Energy forecasting Brent crude to rise USD20 per barrel as shipping through the Strait of Hormuz, which handles 20% of global oil supply, remains largely paused. OPEC+ announced a larger-than-expected production increase to stabilize markets. Asian equities face risk-off pressure, with energy, defence, and gold shares expected to rally while airlines and travel stocks decline. Treasury yields are positioned for sharp declines on flight-to-quality flows when markets open.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	97.608	-0.19%	USD-SGD	1.2651
USD-JPY	156.05	-0.05%	EUR-SGD	1.4940
EUR-USD	1.181	0.13%	JPY-SGD	0.8105
AUD-USD	0.712	0.18%	GBP-SGD	1.7056
GBP-USD	1.348	0.00%	AUD-SGD	0.9000
USD-MYR	3.893	0.09%	NZD-SGD	0.7584
USD-CNY	6.862	0.22%	CHF-SGD	1.6442
USD-IDR	16771	0.10%	SGD-MYR	3.0760
USD-VND	26058	-0.06%	SGD-CNY	5.4248

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9430	-0.56%	1M	3.6670
3M	2.0130	0.00%	2M	3.6662
6M	2.1280	-0.28%	3M	3.6566
12M	2.2220	0.23%	6M	3.5982
			1Y	3.4258

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
01/28/2026	#N/A N/A	#N/A N/A	#N/A N/A	#N/A N/A
03/18/2026	-0.059	-5.900	-0.015	3.624
04/29/2026	-0.245	-18.600	-0.061	3.578
06/17/2026	-0.637	-39.200	-0.159	3.480
07/29/2026	-1.055	-41.800	-0.264	3.375
09/16/2026	-1.595	-54.000	-0.399	3.240

Equity and Commodity

Index	Value	Net change
DJIA	48,977.92	-521.28
S&P	6,878.88	-29.98
Nasdaq	22,668.21	-210.17
Nikkei 225	58,850.27	96.88
STI	4,995.07	30.69
KLCI	1,716.61	-24.33
JCI	8,235.49	0.22
Baltic Dry	2,140.00	23.00
VIX	19.86	1.23

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.39 (-0.02)	3.37(--)
5Y	1.52 (-0.04)	3.5 (-0.07)
10Y	1.95 (-0.05)	3.93 (-0.07)
15Y	2.05 (-0.05)	--
20Y	2.1 (-0.05)	--
30Y	2.17 (-0.04)	4.61 (-0.05)

Financial Spread (bps)

Value	Change
TED	35.36

Secured Overnight Fin. Rate

SOFR	3.67
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	67.02	2.8%	Corn (per bushel)	4.388	1.3%
Brent (per barrel)	72.48	2.4%	Soybean (per bushel)	11.573	0.8%
Heating Oil (per gallon)	267.09	2.2%	Wheat (per bushel)	5.913	3.4%
Gasoline (per gallon)	207.79	2.2%	Crude Palm Oil (MYR/MT)	39.890	0.9%
Natural Gas (per MMBtu)	2.86	1.1%	Rubber (JPY/KG)	3.733	1.7%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13344	0.3%	Gold (per oz)	5279	1.8%
Nickel (per mt)	17844	0.8%	Silver (per oz)	93.79	6.2%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
3/02/2026 6:00	AU	S&P Global Australia PMI Mfg	Feb F	--	51	51.5	--
3/02/2026 8:00	AU	Melbourne Institute Inflation MoM	Feb	--	-0.20%	0.20%	--
3/02/2026 8:00	AU	Melbourne Institute Inflation YoY	Feb	--	3.60%	3.60%	--
3/02/2026 8:30	ID	S&P Global Indonesia PMI Mfg	Feb	--	53.8	52.6	--
3/02/2026 8:30	MA	S&P Global Malaysia PMI Mfg	Feb	--	49.3	50.2	--
3/02/2026 8:30	PH	S&P Global Philippines PMI Mfg	Feb	--	54.6	52.9	--
3/02/2026 8:30	TH	S&P Global Thailand PMI Mfg	Feb	--	53.5	52.7	--
3/02/2026 8:30	VN	S&P Global Vietnam PMI Mfg	Feb	--	54.3	52.5	--
3/02/2026 12:00	ID	CPI YoY	Feb	4.30%	--	3.55%	--
3/02/2026 12:00	ID	CPI Core YoY	Feb	2.48%	--	2.45%	--
3/02/2026 12:00	ID	CPI NSA MoM	Feb	0.30%	--	-0.15%	--
3/02/2026 15:00	GE	Retail Sales MoM	Jan	0.00%	--	0.10%	0.80%
3/02/2026 15:00	GE	Retail Sales NSA YoY	Jan	1.20%	--	3.20%	3.90%
3/02/2026 15:30	TH	Business Sentiment Index	Feb	--	--	49.1	--
3/02/2026 22:45	US	S&P Global US Manufacturing PMI	Feb F	51.4	--	51.2	--
3/02/2026 23:00	US	ISM Manufacturing	Feb	51.5	--	52.6	--

Source: Bloomberg

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