Daily Treasury Outlook

Highlights

Global: US equities sold off broadly at the start of September as a deepening global bond rout and renewed escalation in the US-Iran conflict drove oil prices sharply higher and pushed Treasury yields highs. The US launched fresh strikes against Islamic Revolutionary Guard Corps (IRGC) targets in Iran, while Tehran warned that it could prevent oil exports from the Gulf. US Treasury Secretary Scott Bessent also signaled that additional sanctions targeting Iranian banks could be announced this week. Against this backdrop, WTI crude surged 5.2% to US$90.22/bbl, while Brent jumped 4.6% to US$94.65/bbl. The selloff in global bonds was equally striking: Japan's 10-year government bond yield reached 3.0% for the first time since 1996, the UK 30-year yield climbed to its highest level since 1998, and Germany's 10-year yield rose to a 15-year high.

Meanwhile, Eurozone headline inflation accelerated to 3.3% YoY in August from 2.9% in July, largely reflecting higher energy costs. Encouragingly, core inflation eased to 2.4% YoY from 2.5%, while services inflation—the largest component of the consumer basket—slowed to 3.0% from 3.3%. The divergence suggests that the latest increase in headline inflation is still primarily an energy-driven shock rather than a broadening of underlying price pressures. Nevertheless, with headline inflation back above 3%, a sustained rise in energy prices would increase pressure on the ECB to respond. Markets have already largely priced in a September rate hike, shifting the key question from whether the ECB hikes in September to what comes next.

Activity data were also relatively resilient. S&P Global's Eurozone Manufacturing PMI rose to 52.7 in August from 51.9 in July, its strongest reading since May 2022, although slightly below the preliminary estimate of 52.8. The improvement was supported by a rebound in European new orders, while continued strength in global demand for AI-related hardware remained an important tailwind for manufacturing activity.

In the US, Federal Reserve Governor Michael Barr reinforced the increasingly hawkish policy tone, saying that if inflation fails to cool sufficiently, the Fed may need to raise interest rates. At the same time, he left the door open to patience if incoming data provide greater confidence that inflation is returning toward the 2% target. His comments reinforce the Fed's data-dependent bias, but also underline that renewed tightening is increasingly part of the policy discussion rather than a remote tail risk.

Market Watch: The convergence of an oil-price shock, rapidly rising global bond yields and increasingly hawkish central-bank rhetoric creates a challenging backdrop for risk assets. Attention today will turn to the RBNZ and BoC policy decisions, US ADP employment report and Fed Beige Book. Collectively, these releases will help determine whether markets need to price a broader shift toward synchronized monetary tightening across major economies.

Key Market Movements

Equity	Value	% chg
S&P 500	7631.5	-0.7%
DJIA	52767	-0.8%
Nikkei 225	66215	-0.1%
SH Comp	3979.9	-0.2%
STI	5710.4	-0.8%
Hang Seng	25330	-0.9%
KLCI	1700.5	-1.5%
	Value	**% chg**
DXY	99.677	0.3%
USDJPY	160.18	0.3%
EURUSD	1.1593	-0.2%
GBPUSD	1.3516	-0.2%
USDIDR	17726	0.0%
USDSGD	1.2732	0.2%
SGDMYR	3.1720	0.3%
	Value	**chg (bp)**
2Y UST	4.40	5.83
10Y UST	4.80	4.81
2Y SGS	1.72	2.50
10Y SGS	2.41	5.96
3M SORA	1.19	0.58
3M SOFR	3.64	0.06
	Value	**% chg**
Brent	94.65	4.6%
WTI	90.22	5.2%
Gold	4329	-2.4%
Silver	64.08	-3.7%
Palladium	1314	-3.7%
Copper	14275	-0.1%
BCOM	143.26	1.3%

Source: Bloomberg

Major Markets

MO: Despite the conclusion of FIFA World Cup which had previously been viewed as a temporary diversion of gaming and tourism spending away from Macau, gross gaming revenue (GGR) still registered year-on-year decline of 1.2% in August, falling short of the market estimates. The data miss may be attributed to Mainland authority's tighter capital controls and still fragile consumer confidence among Mainland visitors. In the first eight months this year, GGR amounted to MOP169.05 billion, 3.7% higher than in the prior-year period. Earlier on, we have revised down our full-year growth forecast for Macau, given the weak-than-expected outturn, as well as the more challenging external environment.

ID: The trade balance returned to a marginal USD0.1bn surplus in July from a deficit of USD0.5bn in June, as import growth (27% YoY in July from 34.3% in June) slowed more sharply than export growth (6.1% from 8.8% in June). Headline CPI inflation rose to 3.2% YoY in August from 2.9% in July, moving closer to the upper bound of BI's 1.5–3.5% target range. With the year-to-date average for headline CPI at 3.3%, we see upside risks to our full-year headline CPI forecast of 3.0% in 2026. The data mix of continued external pressures amid rising inflation remains consistent with our forecast for additional monetary policy tightening. Our baseline is for another cumulative 75bp in rate hikes for 2026. However, the risk is that our baseline may prove too aggressive should IDR stability be sustained for the next few months

MY: The Agriculture and Food Security Ministry recorded 14 MOUs worth MYR1.5bn at the opening of MAHA Trade Days 2026 on 1 September, against its MYR8.0bn target for the three day programme from 1 to 3 September. The agreements cover agricultural inputs, processing, livestock, halal food, pineapple, technology and capacity development, including a MYR1.0bn pineapple processing plant in Tukau, Miri. Agriculture and Food Security Minister Mohamad Sabu said the ministry aims to expand Malaysian agri food products in international markets, including through stronger cooperation with Africa, as reported by Bernama. Separately, the S&P Global Malaysia Manufacturing PMI eased to 50.2 in August from 50.7 in July, remaining above 50 for a third consecutive month as new order growth slowed and manufacturing output declined.

TH: The Cabinet has approved three southern double-track railway projects worth a combined THB106.8bn. The approved projects cover the Chumphon–Surat Thani (THB36.9bn), Surat Thani–Hat Yai Junction (THB61.5bn), and Hat Yai Junction–Padang Besar (THB8.4bn) sections. These projects will be fully funded by the government through annual budget allocations, while the Finance Ministry will arrange domestic borrowing and guarantees as appropriate, with construction scheduled to continue until FY2031–FY2033. The project costs were revised higher to reflect factors including rising material and diesel prices, and higher land-acquisition costs. The Cabinet also granted in-principle approval to three additional double-track routes (Pak Nam Pho–Den Chai, Den Chai–Chiang Mai, and Thanon Chira Junction–Ubon Ratchathani) pending updated feasibility and business reviews. The government expects the rail programme to strengthen regional connectivity, reduce transport costs, and support economic and tourism activity in southern Thailand.

AU: Australia's current account deficit widened to AUD27.2bn in 2Q26 from AUD25.4bn in 1Q26. The deterioration was driven primarily by a weaker goods and services balance, which recorded a AUD5.1bn deficit, widening from AUD2.9bn in the previous quarter and reversing the AUD2.2bn surplus recorded a year earlier. Goods imports were the main drag, rising 6.9% QoQ in current price terms, while import volumes increased 2.4%. The increase was led by fuel and lubricant imports, which surged 42.5%, alongside a strong pickup in non-industrial transport equipment imports. Services imports provided a partial offset, falling 4.1% as fewer Australians travelled overseas. In chain volume terms, net exports are expected to contribute 0.1ppt to 2Q26 GDP growth.

Australia's general government net operating balance deteriorated to a AUD2.8bn deficit in 2Q26 from a AUD0.8bn surplus in 1Q26. While total revenue increased 8.7% QoQ to AUD288.7bn, driven by a 9.3% rise in taxation revenue, expenditure growth outpaced receipts, with total expenses climbing 10.2% to AUD291.5bn. Public investment also lost momentum, as total public GFCF fell 1.3% QoQ. This reflected a 7.3% decline in national government GFCF, while investment by state and local governments was broadly unchanged. Government financing needs also increased during the quarter, with net borrowing rising to AUD23.6bn from AUD11.4bn in 1Q26.

Sustainability

MY: Malaysia is making progress on grid advancements, with TNB committing to build future-ready energy infrastructure with the commencement of a new 500 kV National Grid Backbone transmission line. Upon the completion of this project in Pahang by 2030, it will become the longest 500kV transmission system ever to be developed in Malaysia, spanning around 500km. This project can enable the integration of existing and future generation sources while enhancing overall grid reliability and supporting the implementation of the NETR. Alongside expanding renewable energy capacity, continued investment in transmission infrastructure and energy storage will be critical to support long-term energy security, improve grid reliability and minimise renewable energy curtailment.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with the shorter tenors trading 2-5bps higher, belly tenors trading 5-7bps higher, and the 10Y tenor trading 7bps higher.
- US Investment Grade traded widened by 1bps to 79bps, and US High Yield spreads widened by 4bps to 265bps respectively. Bloomberg Global Contingent Capital spreads widened by 2bps to 203bps.
- Bloomberg Asia USD Investment Grade spread widened by 1bps to 56bps, and the Asia USD High Yield spreads tightened by 3bps to 318bps. (Bloomberg, OCBC)

New Issues:

- There was one SGD400mn issue in the Singdollar market yesterday, where CMT MTN Pte Ltd (guarantor CapitaLand Integrated Commercial Trust) priced a SGD400mn 5Y bond at 2.646%.
- The total issuances in the APAC and DM IG markets were both zero yesterday (prior day: USD600mn and zero respectively).

Credit Developments:

- **Mapletree Industrial Trust (MINTSP):** MINTSP continues to evaluate selective North American divestments under its SGD500mn to SGD600mn portfolio-rejuvenation plan, with proceeds intended for redeployment across data centres, industrial assets and new geographies, although there is no certainty that any transaction will materialise as a result of this strategy.
- **Fosun International (FOSUNI):** The proposed ClubMed Lifestyle Hong Kong IPO is credit supportive, as external funding for resort expansion could improve liquidity, reduce reliance on Fosun's balance sheet and advance its asset-monetisation strategy.
- **ESR-REIT (EREIT):** Long-serving CEO Adrian Chui's planned departure creates near-term leadership and strategic uncertainty, but an orderly transition and successor search are underway, and the announcement does not change OCBC's fundamental credit view.

Equity Market Updates

US: US stocks fell Tuesday as surging oil prices and a sharp global bond selloff, triggered by escalating US-Iran military exchanges over the Strait of Hormuz, weighed on risk appetite at the start of a seasonally weak month. The S&P 500 dropped 0.7%, the Nasdaq fell 1.0%, and the Dow declined 0.8%, with the Dow breaking below its 50-day moving average for the first time since 10 Apr 2026. West Texas Intermediate crude topped USD90 a barrel, surging more than 5% on the session, as fighting raised concerns over potential disruptions to Strait of Hormuz flows. Treasury yields rose sharply, with the 10-year climbing approximately 5 basis points to 4.80% and the 2-year rising around 6 basis points to 4.40%, pushing global yields to their highest since 2008 and reinforcing Fed rate-hike expectations. On the corporate front, Dell surged 8.6% in after-hours trade after fiscal second-quarter revenue soared 58% year-on-year to USD46.97b on record AI server demand, whilst Palo Alto Networks rose approximately 5% after hours on strong quarterly results. Notably, US Treasury Secretary Bessent confirmed at the G20 that the US and China agree the Strait of Hormuz must remain open.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.677	0.25%	**USD-SGD**	1.2732
USD-JPY	160.18	0.28%	**EUR-SGD**	1.4757
EUR-USD	1.159	-0.22%	**JPY-SGD**	0.7949
AUD-USD	0.715	-0.31%	**GBP-SGD**	1.7209
GBP-USD	1.352	-0.24%	**AUD-SGD**	0.9096
USD-MYR	4.040	0.37%	**NZD-SGD**	0.7501
USD-CNY	6.721	0.02%	**CHF-SGD**	1.5688
USD-IDR	17726	0.03%	**SGD-MYR**	3.1720
USD-VND	26074	0.00%	**SGD-CNY**	5.2788

Equity and Commodity		
Index	Value	Net change
DJIA	52,766.88	-419.02
S&P	7,631.47	-54.67
Nasdaq	26,099.77	-271.12
Nikkei 225	66,215.34	-96.59
STI	5,710.37	-44.99
KLCI	1,700.54	-25.34
JCI	6,599.94	74.47
Baltic Dry	3,186.00	79.00
VIX	16.34	1.42

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2570	-1.48%	**1M**	3.7460
3M	2.5930	0.78%	**2M**	3.7988
6M	2.7700	0.29%	**3M**	3.8418
12M	3.0030	0.74%	**6M**	3.9855
			1Y	4.1878

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.72 (+0.02)	4.4(--)
5Y	2.05 (+0.04)	4.56 (+0.05)
10Y	2.41 (+0.06)	4.8 (+0.05)
15Y	2.46 (+0.06)	--
20Y	2.44 (+0.05)	--
30Y	2.5 (+0.05)	5.28 (+0.03)

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	3.68

Commodities Futures					
Energy	**Futures**	**% chg**	**Soft Commodities**	**Futures**	**% chg**
WTI (per barrel)	90.22	5.2%	Corn (per bushel)	5.215	1.3%
Brent (per barrel)	94.65	4.6%	Soybean (per bushel)	13.068	2.5%
Heating Oil (per gallon)	467.73	4.0%	Wheat (per bushel)	7.640	1.0%
Gasoline (per gallon)	313.51	-8.8%	Crude Palm Oil (MYR/MT)	46.490	0.5%
Natural Gas (per MMBtu)	2.90	-1.1%	Rubber (JPY/KG)	4.607	-0.4%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	14275	-0.1%	Gold (per oz)	4329	-2.4%
Nickel (per mt)	16665	-1.2%	Silver (per oz)	64.08	-3.7%

Source: Bloomberg, Reuters

Economic Calenda

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
9/02/2026 7:00	SK	CPI MoM	Aug	0.40%	0.20%	-0.20%	--
9/02/2026 7:00	SK	CPI YoY	Aug	3.20%	3.10%	2.80%	--
9/02/2026 7:00	SK	CPI Ex Food and Energy YoY	Aug	3.40%	3.40%	2.60%	--
9/02/2026 7:50	JN	Monetary Base YoY	Aug	--	-15.70%	-13.80%	--
9/02/2026 7:50	JN	Monetary Base End of period	Aug	--	¥543.8t	¥557.6t	--
9/02/2026 9:30	AU	GDP SA QoQ	2Q	0.30%	--	0.30%	--
9/02/2026 9:30	AU	GDP YoY	2Q	1.80%	--	2.50%	--
9/02/2026 12:00	SI	MAS Survey of Professional Forecasters					
9/02/2026 19:00	US	MBA Mortgage Applications	28-Aug	--	--	-1.00%	--
9/02/2026 20:15	US	ADP Employment Change	Aug	47k	--	44k	--
9/02/2026 21:00	SI	Electronics Sector Index	Aug	--	--	52.4	--
9/02/2026 21:00	SI	Purchasing Managers Index	Aug	--	--	51.4	--
9/02/2026 22:00	US	Factory Orders	Jul	0.70%	--	-0.30%	--
9/02/2026 22:00	US	Factory Orders Ex Trans	Jul	0.40%	--	-0.40%	--

Source: Bloomberg

Disclaimers

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

Additional disclosures and disclaimers applicable only to clients of Bank of Singapore Limited

This material is being made available to you through an arrangement between Bank of Singapore Limited (Co Reg. No.: 197700866R) ("BOS") and Oversea-Chinese Banking Corporation Limited ("OCBC Bank") (Co Reg. No.: 193200032W). BOS and OCBC Bank shall not be responsible or liable for any loss (whether direct, indirect or consequential) that may arise from, or in connection with, any use of or reliance on any information contained in or derived from this material, or any omission from this material, other than where such loss is caused solely by BOS' or OCBC Bank's wilful default or gross negligence.

The DIFC Branch of BOS has not conducted or produced any research contained in this material and is acting solely as a conduit in forwarding it to you.

For BOS clients in the United Kingdom:
This research has been prepared by OCBC Bank and made available to BOS. It is intended solely for informational purposes and does not constitute investment advice, a personal recommendation, or an offer or solicitation to buy or sell any financial instruments. Any payments or non-monetary benefits received or paid will be fully disclosed in accordance with applicable regulations, promptly and transparently, and will not influence the advice or services offered to you. If you would like more information about any inducements received, please contact your Relationship Manager.

Cross Border Disclaimer and Disclosures
Please refer to https://www.bankofsingapore.com/Disclaimers_and_Disclosures.html for cross-border marketing disclaimers and disclosures.