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OCBC Group Research

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Daily Treasury Outlook

Highlights

Global: The market saw knee-jerk risk-off response on Monday, as traders gauged the scale and severity of conflict fallout in Middle East. Haven flow and supply disruption fears sent dollar, gold and oil higher, but later eased off earlier highs. Nonetheless, dollar index still ended the day 0.8% higher, while spot gold and oil settled at US$5322 per ounce and US$78 per barrel respectively at closing. Meanwhile, the benchmark European liquefied natural gas surged to more than 50% on production halt before trimming some gains.

Apart from US and China, almost all major stock market in Asia and Europe closed Monday 1-3% lower. S&P500 and Nasdaq managed to advance in a volatile session, on US' better-than-expected manufacturing activity. Also, prior to the strikes on Iran, the market was already assumed defensive mode given the latest private credit market woes and AI scare trade. UST yields gapped lower, but soon recouped all losses and ended the day higher on inflation concerns.

On geopolitical front, Iran's National Security Chief said to refuse to negotiate with US, while initiating more attacks on US bases in the region. US President Trump hinted a four- to five-week timeline for the war, while saying the "big wave" in the war is yet to come. Meanwhile, countries in the Middle East are reportedly looking to build a wide coalition to persuade Trump to end the conflict soon.

On data front, Germany's January retail sales disappointed and fell by 0.9% MoM. US' February ISM manufacturing PMI fell marginally but still beat market expectation at 52.4 (vs. consensus 51.5). The gauge of prices at the factory gate raced to a more than 3-year high, at 70.5, while attack on Iran sent oil prices even higher. The new orders index fell but stayed above the 50-mark (at 55.8), while the employment index rose 0.7 pts to 48.8.

Market Watch: India and Thai market will be closed today. Asian market is likely to trade with a cautious tone this morning, with eyes on geopolitical headlines. This morning, Japan's January jobless rate came in higher at 2.7%, while New Zealand's January building permits rebounded by 1.9% MoM. Next focus is Australia's 4Q BoP current account balance and January building approvals, as well as South Korea's February S&P manufacturing PMI. Later today, the market will watch out for Eurozone's February CPI.

SG: The February manufacturing and electronics PMIs came out at 50.6 and 51.3, exceeding January's readings of 50.5 and 51.1 respectively.

Key Market Movements

Equity	Value	% chg
S&P 500	6881.6	0.0%
DJIA	48905	-0.1%
Nikkei 225	58057	-1.3%
SH Comp	4182.6	0.5%
STI	4890.9	-2.1%
Hang Seng	26060	-2.1%
KLCI	1700.2	-1.0%
	Value	**% chg**
DXY	98.381	0.8%
USDJPY	157.39	0.9%
EURUSD	1.1688	-1.0%
GBPUSD	1.3407	-0.6%
USDIDR	16861	0.5%
USDSGD	1.274	0.7%
SGDMYR	3.0883	0.4%
	Value	**chg (bp)**
2Y UST	3.48	10.03
10Y UST	4.03	9.70
2Y SGS	1.37	-2.30
10Y SGS	1.92	-3.16
3M SORA	1.12	-0.07
3M SOFR	3.72	-1.48
	Value	**% chg**
Brent	77.74	6.7%
WTI	71.23	6.3%
Gold	5322	0.8%
Silver	89.38	-4.7%
Palladium	1781	-0.4%
Copper	13108	-1.8%
BCOM	123.81	1.7%

Source: Bloomberg

Major Markets

ID: Export growth slowed sharply to 3.4% YoY in January 2026 from 11.6% in December 2025, while import growth accelerated to 18.2% YoY from 10.8% previously. As a result, the trade surplus narrowed significantly to USD954.3mn in January, down from USD2.5bn in December. The moderation in export growth was broad-based across both the non-oil & gas (non-O&G) (4.4% YoY in January 2026 from 13.7% in December 2025) and the oil & gas (O&G) sector, which, despite a slight improvement, still contracted by 15.6% YoY from -18.1%, marking its tenth consecutive month of decline. By contrast, imports strengthened markedly in January, supported by broad-based gains in both non-O&G (16.7% YoY from 12.5%) and O&G (27.5% from 1.7%) categories. By end use, the acceleration was led by capital goods (35.2% from 34.7%), followed by raw materials (14.7% from 5.6%) and consumer goods (11.8% from 4.6%). Elsewhere, headline inflation rose to 4.8% YoY in February 2026 from 3.5% in January, pushing CPI above Bank Indonesia's 1.5–3.5% target range. The February increase was driven largely by a significant base effect in utility prices.

MY: Plantation and Commodities Minister Datuk Seri Dr Noraini Ahmad said the latest US tariffs have had a minimal impact on Malaysia's palm oil exports, as shipments to the US account for only 1.1% compared with key markets such as India, Kenya and China. She told the Dewan Negara that the effect remains manageable and does not significantly affect export performance, noting stable demand from US industries including the bakery and cosmetics sectors where palm oil is difficult to substitute. She added that the actual impact on rubber exports will depend on the final tariff rate and product scope. She said the government is intensifying efforts to diversify export markets to reduce reliance on a single market.

TH: The business sentiment index (BSI) rose to 49.6 in February, up from 49.1 in January. The increase in the BSI was driven by the sub-components of 'total order books', 'investment', and 'employment'. By sector, the BSI "edged up slightly mainly driven by the manufacturing sector, supported by higher demand for steel from both domestic and export markets and continued strong growth in AI-related products," as reported by the Bank of Thailand. Meanwhile, the 3-month expected BSI declined slightly to 52.0, down from 52.3 in January. The decline is driven by a drop in the sub-components of 'performance', 'investment' and 'total order books'.

ESG

Rest of the world: The International Renewable Energy Agency (Irena) plans to convene an investor forum in Singapore in late 2026 or early 2027 to match suitable clean energy projects with interested investors. Examples of such projects include solar panel and onshore wind projects that have secured land, permits and feasibility assessments as well as transmission and grid reinforcement projects that support a greater share of renewables and cross-border electricity trade. This follows the launch of an initiative called the Accelerated Partnership for Renewable Energy in Southeast Asia (Apresa) at the Singapore-Irena high-level forum in Oct 2025. Programmes to support renewable energy and energy efficiency have been rolled out in Malaysia and Indonesia in February.

Credit Market Updates

Market Commentary:
The SGD SORA OIS curve traded lower yesterday with shorter, belly and 10Y tenors trading 1bps lower. Global Investment Grade spreads tightened by 1bps to 83bps and Global High Yield spreads tightened by 4bps to 289bps respectively. Bloomberg Global Contingent Capital Index widened by 4bps to 239bps. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 62bps and Asia USD High Yield spreads widened by 9bps to 358bps respectively. (Bloomberg, OCBC)

New Issues:
The total issuance volumes for APAC and DM IG market yesterday were USD650mn and zero respectively.

There were no notable issuers in the DM IG and APAC USD markets yesterday.

There were two notable issuances in the Singdollar market yesterday.

- Barclays Bank PLC priced a SGD100mn 3Y fixed bond at 1.85%.
- CMT MTN Pte Ltd (guarantor: CapitaLand Integrated Commercial Trust) priced a SGD300mn 5Y green fixed bond at 2.18%.

Mandates:
There were no notable mandates yesterday.

Equity Market Updates

US: US equities erased sharp early losses Monday to close nearly flat as investors assessed the escalating Middle East conflict, with the S&P 500 rising fractionally, the Nasdaq gaining 0.4%, and the Dow falling 0.2%. Markets initially sold off following the weekend US-Israeli strikes that killed Iran's Supreme Leader Ayatollah Ali Khamenei, but rallied through the session as energy and technology stocks advanced. Oil prices surged over 6%, with crude jumping more than 8% at one point as tanker traffic through the Strait of Hormuz remained disrupted, lifting energy stocks to record highs, with Chevron closing at an all-time peak. Airlines and consumer discretionary stocks were the worst performers as travel demand concerns mounted. In a notable shift, Treasury yields rose sharply rather than falling on safe-haven demand, with the 10-year climbing 12 basis points to 4.038% in the biggest selloff in nine months, as investors focused on inflation risks from elevated oil prices rather than geopolitical safety. Former Treasury Secretary Janet Yellen said the conflict puts the Federal Reserve "even more on hold" regarding rate cuts.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.381	0.79%	**USD-SGD**	1.2740
USD-JPY	157.39	0.86%	**EUR-SGD**	1.4889
EUR-USD	1.169	-1.05%	**JPY-SGD**	0.8095
AUD-USD	0.709	-0.35%	**GBP-SGD**	1.7077
GBP-USD	1.341	-0.56%	**AUD-SGD**	0.9036
USD-MYR	3.927	0.89%	**NZD-SGD**	0.7570
USD-CNY	6.905	0.62%	**CHF-SGD**	1.6348
USD-IDR	16861	0.54%	**SGD-MYR**	3.0883
USD-VND	26171	0.43%	**SGD-CNY**	5.4186

Equity and Commodity

Index	Value	Net change
DJIA	48,904.78	-73.14
S&P	6,881.62	2.74
Nasdaq	22,748.86	80.65
Nikkei 225	58,057.24	-793.03
STI	4,890.86	-104.21
KLCI	1,700.21	-16.40
JCI	8,016.83	-218.65
Baltic Dry	2,140.00	23.00
VIX	21.44	1.58

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9430	-0.56%	**1M**	3.6718
3M	2.0130	0.00%	**2M**	3.6718
6M	2.1280	-0.28%	**3M**	3.6662
12M	2.2220	0.23%	**6M**	3.6165
			1Y	3.4776

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.37 (-0.02)	3.47(--)
5Y	1.51 (-0.02)	3.61 (+0.11)
10Y	1.92 (-0.03)	4.04 (+0.1)
15Y	2.01 (-0.03)	--
20Y	2.07 (-0.03)	--
30Y	2.14 (-0.03)	4.69 (+0.07)

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	-0.018	-1.800	-0.004	3.634
04/29/2026	-0.162	-14.500	-0.041	3.598
06/17/2026	-0.503	-34.100	-0.126	3.512
07/29/2026	-0.862	-35.900	-0.216	3.422
09/16/2026	-1.343	-48.000	-0.336	3.302

Financial Spread (bps)

	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.68

Commodities Futures

Energy	**Futures**	**% chg**	**Soft Commodities**	**Futures**	**% chg**
WTI (per barrel)	71.23	6.3%	Corn (per bushel)	4.333	-1.3%
Brent (per barrel)	77.74	7.3%	Soybean (per bushel)	11.500	-0.6%
Heating Oil (per gallon)	290.04	8.6%	Wheat (per bushel)	5.745	-2.8%
Gasoline (per gallon)	237.06	14.1%	Crude Palm Oil (MYR/MT)	40.580	1.7%
Natural Gas (per MMBtu)	2.96	3.5%	Rubber (JPY/KG)	3.680	-1.4%

Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	13108	-1.8%	Gold (per oz)	5322	0.8%
Nickel (per mt)	17160	-3.8%	Silver (per oz)	89.38	-4.7%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
3/03/2026 8:30	AU	BoP Current Account Balance	4Q	-A$16.5b	-A$21.1b	-A$16.6b	-A$18.3b
3/03/2026 8:30	AU	Net Exports of GDP	4Q	-0.3	-0.1	-0.1	--
3/03/2026 8:30	MY	S&P Global Myanmar PMI Mfg	Feb	--	51.5	50.9	--
3/03/2026 8:30	AU	Building Approvals MoM	Jan	5.00%	-7.20%	-14.90%	--
3/03/2026 8:30	AU	Private Sector Houses MoM	Jan	--	1.10%	0.40%	1.20%
3/03/2026 15:45	FR	Budget Balance YTD	Jan	--	--	-124.7b	--
3/03/2026 18:00	EC	Eurozone Inflation Ticker Update					
3/03/2026 18:00	EC	CPI Estimate YoY	Feb P	1.70%	--	1.70%	--
3/03/2026 18:00	EC	CPI YoY	Feb P	1.70%	--	1.70%	--
3/03/2026 18:00	EC	CPI MoM	Feb P	0.50%	--	-0.60%	--
3/03/2026 18:00	EC	CPI Core YoY	Feb P	2.20%	--	2.20%	--
3/03/2026	PH	Budget Balance PHP	Dec	--	--	-157.6b	--

Source: Bloomberg

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