Daily Treasury Outlook

Highlights

Global: Global markets are increasingly trading around the risk of higher energy costs as geopolitical tensions escalate. The US dollar strengthened further, supported not only by safe-haven flows but also by the US's status as a net energy exporter, which structurally benefits from rising oil prices. In contrast, US Treasuries, which had previously rallied on risk-off sentiment, came under renewed selling pressure. The 10-year yield climbed back above 4.05% on Tuesday as investors reassessed the risk of a rebound in inflation expectations. Traffic through the Strait of Hormuz remained suspended for a fourth consecutive day, while LNG facilities in Qatar continued to operate below capacity. India has begun rationing gas supplies to industrial users. In the US, gasoline prices rose above USD 3 per gallon, the highest level since November last year. That said, oil prices pared earlier gains and equity indices recovered part of their intraday losses after President Trump pledged to ensure that the Strait of Hormuz remains open to oil tankers. He also announced that the US International Development Finance Corporation would provide insurance at competitive rates to safeguard energy shipments and commercial trade flows in the Gulf. Ultimately, the trajectory of global asset prices will hinge on oil. If the Strait faces a sustained and substantive blockade, the inflation shock could be meaningful; if disruptions prove temporary, markets may stabilise quickly. Elsewhere, share prices of alternative asset managers extended their losses. Blackstone's flagship private credit fund reportedly faced a surge in redemptions in 1Q, amid investor anxiety over what some market participants have dubbed "credit cockroaches".

On the data front, Eurozone inflation surprised to the upside. Headline CPI rose to 1.9% YoY from 1.7% previously, exceeding market expectations, as stronger food and services prices offset softer energy costs. Core inflation accelerated to 2.4% YoY from 2.2%, driven by persistent services inflation. The Iran conflict adds a fresh layer of uncertainty to the Euro area's inflation outlook. Nevertheless, market pricing continues to imply no change to the ECB's 2% deposit rate throughout the year.

Market Watch: Looking ahead, markets will continue to assess the extent to which the Iran conflict feeds into sustained energy price pressures. On the data calendar, China will release its February PMI figures, while both the US and the Eurozone will publish final February PMI readings. The Eurozone unemployment rate and the Fed's Beige Book are also scheduled for release, offering further insight into labour market conditions and business sentiment.

Key Market Movements

Equity	Value	% chg
S&P 500	6816.6	-0.9%
DJIA	48501	-0.8%
Nikkei 225	56279	-3.1%
SH Comp	4122.7	-1.4%
STI	4916.7	0.5%
Hang Seng	25768	-1.1%
KLCI	1712.0	0.7%
	Value	**% chg**
DXY	99.052	0.7%
USDJPY	157.74	0.2%
EURUSD	1.1613	-0.6%
GBPUSD	1.3358	-0.4%
USDIDR	16857	0.0%
USDSGD	1.277	0.2%
SGDMYR	3.0880	0.0%
	Value	**chg (bp)**
2Y UST	3.51	3.29
10Y UST	4.06	2.49
2Y SGS	1.38	1.70
10Y SGS	1.97	5.97
3M SORA	1.12	0.13
3M SOFR	3.72	-0.34
	Value	**% chg**
Brent	81.40	4.7%
WTI	74.56	4.7%
Gold	5089	-4.4%
Silver	82.02	-8.2%
Palladium	1648	-7.4%
Copper	12955	-1.2%
BCOM	124.73	0.7%

Source: Bloomberg

Major Markets

ID: Energy Minister Bahlil Lahadalia said Indonesia will source part of its crude oil imports from the US as an alternative to the Middle East, citing uncertainty over the Iran war, with the region accounting for about 20% to 25% of imports. Minister Lahadalia added that the country will secure LPG supplies from countries outside the Strait of Hormuz, and is seeking to raise fuel storage capacity to three months from a maximum of 26 days, and was already shifting crude sourcing to the US under a new trade agreement, as reported by Bloomberg. In addition, he added that Indonesia is in talks with Exxon Mobil on production sharing at the Cepu block as the company seeks to extend its contract beyond 2035, and noted that there are no plans to raise subsidised fuel prices ahead of Eid unless the government issues a new policy.

MY: Minister of Investment, Trade and Industry Johari Abdul Ghani said Malaysia's exports to Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) member countries rose 4.7% to MYR486.8bn in 2025 from MYR464.8bn in 2024, driven by higher shipments to Mexico (up 57%), Chile (+15.3%), Singapore (+8.1%), Vietnam (+2.6%), the United Kingdom (+2.4%), Canada (+2.1%), and Peru (+1.6%). He noted that certificates of origin issued for the bloc surged to 21,993 in 2025 with export value of MYR7.0bn, compared with 6,230 certificates and MYR2.7bn in 2023, and said exporters are increasingly leveraging CPTPP tariffs and accessing non-traditional markets, as reported by The Edge.

ESG

SG: Singapore will invest S$800mn into decarbonisation initiatives over the next five years, as part of efforts to meet its 2035 abatement target and 2050 net-zero ambition. There will be a significant increase in investments in promising solutions to reduce emissions from the power sector and industry, while ensuring a reliable and resilient power system. Examples include solar power, hydrogen and its derivatives, energy efficiency, energy storage, carbon capture and utilisation and grid modernisation. The funding will support both early-stage laboratory research and the piloting of more mature solutions. A new programme, Singapore Pilots for Energy and Enterprise Decarbonisation, was also launched to support local research, development and demonstration activities and attract private investments. This can support hard-to-abate sectors in scaling decarbonisation efforts and implementing novel solutions to achieve more energy efficient operations.

Credit Market Updates

Market Commentary:
The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 4-11bps higher while belly tenors traded 12-13bps higher and 10Y tenors trading 13bps higher. Global Investment Grade spreads tightened by 1bps to 82bps and Global High Yield spreads widened by 5bps to 294bps respectively. Bloomberg Global Contingent Capital Index widened by 9bps to 248bps. Bloomberg Asia USD Investment Grade spreads traded flat at 62bps and Asia USD High Yield spreads widened by 2bps to 360bps respectively. (Bloomberg, OCBC)

New Issues:
The total issuance volumes for APAC and DM IG market yesterday were USD1.4bn and USD100mn respectively.

There were no notable issuers in the DM IG market yesterday where issuers priced deals of at least USD1.0bn.

Among issuers under our official coverage, there was one notable issuer in the DM IG market.

- Wells Fargo Bank NA priced a USD100mn 5Y fixed bond at 4.35%.

There was one notable issuer in the APAC USD market yesterday where issuers priced deals of at least USD500mn.

- Norinchukin Bank/The priced USD1bn of debt in two tranches.

There was one notable issuance in the Singdollar market yesterday.

- Housing & Development Board priced a SGD925mn 7Y fixed bond at 2.073%.

Mandates:
There were no notable mandates yesterday.

Equity Market Updates

US: US equities fell sharply Tuesday as the escalating Middle East conflict intensified inflation concerns, with the S&P 500 declining 0.9%, the Nasdaq dropping 1.0%, and the Dow losing 0.8% after trimming an early plunge. Markets sold off globally as the US-Israeli war against Iran entered its fourth day, with drone strikes hitting the US Embassy in Riyadh overnight and the State Department ordering evacuations at facilities in Bahrain, Iraq, and Jordan. Oil prices climbed sharply, with US crude rising to USD73.26 per barrel, whilst average US petrol prices rocketed to USD3.109 per gallon, erasing all savings achieved since President Trump took office in Jan 2025. Materials led sector declines, falling 2.7%, whilst energy stocks also retreated despite higher oil prices. Treasury yields rose 2.5 basis points to 4.063% as bond traders priced in worst-case inflation scenarios rather than seeking safe-haven protection, with traders sharply reducing expectations for Federal Reserve rate cuts this year. Kansas City Fed President Schmid said policymakers cannot be complacent with above-target inflation, whilst New York Fed President Williams expects inflation to cool later this year once tariff effects pass.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	99.052	0.68%	USD-SGD	1.2770
USD-JPY	157.74	0.22%	EUR-SGD	1.4834
EUR-USD	1.161	-0.64%	JPY-SGD	0.8096
AUD-USD	0.704	-0.80%	GBP-SGD	1.7057
GBP-USD	1.336	-0.37%	AUD-SGD	0.8983
USD-MYR	3.946	0.48%	NZD-SGD	0.7520
USD-CNY	6.918	0.19%	CHF-SGD	1.6331
USD-IDR	16857	-0.02%	SGD-MYR	3.0880
USD-VND	26183	0.05%	SGD-CNY	5.4152

Equity and Commodity

Index	Value	Net change
DJIA	48,501.27	-403.51
S&P	6,816.63	-64.99
Nasdaq	22,516.69	-232.17
Nikkei 225	56,279.05	-1778.19
STI	4,916.65	25.79
KLCI	1,711.95	11.74
JCI	7,939.77	-77.07
Baltic Dry	2,187.00	47.00
VIX	23.57	2.13

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9370	-0.31%	1M	3.6786
3M	2.0260	0.65%	2M	3.6777
6M	2.1310	0.14%	3M	3.6729
12M	2.2290	0.32%	6M	3.6338
			1Y	3.5156

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.38 (+0.02)	3.51(--)
5Y	1.57 (+0.06)	3.64 (+0.03)
10Y	1.97 (+0.06)	4.06 (+0.02)
15Y	2.07 (+0.05)	--
20Y	2.12 (+0.05)	--
30Y	2.19 (+0.04)	4.7 (+0.02)

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	-0.019	-1.900	-0.005	3.634
04/29/2026	-0.143	-12.400	-0.036	3.602
06/17/2026	-0.464	-32.100	-0.116	3.522
07/29/2026	-0.783	-31.900	-0.196	3.443
09/16/2026	-1.214	-43.100	-0.304	3.335

Financial Spread (bps)

	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.71

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	74.56	4.7%	Corn (per bushel)	4.343	0.2%
Brent (per barrel)	81.40	4.7%	Soybean (per bushel)	11.558	0.5%
Heating Oil (per gallon)	318.69	9.9%	Wheat (per bushel)	5.723	-0.4%
Gasoline (per gallon)	245.74	3.7%	Crude Palm Oil (MYR/MT)	40.800	0.5%
Natural Gas (per MMBtu)	3.05	3.2%	Rubber (JPY/KG)	3.633	-1.3%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	12955	-1.2%	Gold (per oz)	5089	-4.4%
Nickel (per mt)	17120	-0.2%	Silver (per oz)	82.02	-8.2%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
3/04/2026 7:00	SK	Industrial Production YoY	Jan	3.20%	7.10%	-0.30%	1.40%
3/04/2026 7:00	SK	Industrial Production SA MoM	Jan	0.50%	-1.90%	1.70%	1.50%
3/04/2026 7:00	SK	Cyclical Leading Index Change	Jan	--	0.7	0.6	0.5
3/04/2026 9:30	CH	Manufacturing PMI	Feb	49.2	--	49.3	--
3/04/2026 9:30	CH	Non-manufacturing PMI	Feb	49.7	--	49.4	--
3/04/2026 9:30	CH	Composite PMI	Feb	--	--	49.8	--
3/04/2026 9:45	CH	RatingDog China PMI Composite	Feb	--	--	51.6	--
3/04/2026 9:45	CH	RatingDog China PMI Services	Feb	52.3	--	52.3	--
3/04/2026 9:45	CH	RatingDog China PMI Mfg	Feb	50.1	--	50.3	--
3/04/2026 20:00	US	MBA Mortgage Applications	27-Feb	--	--	0.40%	--
3/04/2026 21:15	US	ADP Employment Change	Feb	50k	--	22k	--
3/04/2026 22:45	US	S&P Global US Services PMI	Feb F	52.3	--	52.3	--
3/04/2026 22:45	US	S&P Global US Composite PMI	Feb F	52.3	--	52.3	--
3/04/2026 23:00	US	ISM Services Index	Feb	53.5	--	53.8	--
3/04/2026 23:00	US	ISM Services Prices Paid	Feb	68.3	--	66.6	--
3/04/2026 23:00	US	ISM Services New Orders	Feb	53.5	--	53.1	--

Source: Bloomberg

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