By Global Markets | 4 September 2026

Daily Treasury Outlook

Highlights

Global: US equities closed higher on Thursday, with all three major indices advancing between 1.1% and 1.4% (S&P500: +1.1%; Dow: +1.2%; NASDAQ: +1.4%), snapping a three-day losing streak. Sentiment was supported by a relatively resilient set of US services data ahead of today's August employment report. Brent crude briefly reached a six-week high before settling largely unchanged at USD95.5/bbl. On the data front, there was a heavy slate of US releases. The services surveys were unambiguously strong. The S&P Global US Services PMI rose to 56.5 in August from 54.6, its strongest reading in 20 months, supported by stronger new business and improving employment. However, input costs remained elevated, with the survey noting that this was "amid further reports of higher fuel and gas prices." Similarly, the ISM Services rose to 55.4 from 54.1, marking the 26th consecutive month of expansion. Business activity surged to 61.7 and new orders to 60.9. However, the employment index remained in contraction territory at 47.8, while the prices-paid index accelerated to 72.6 from 70.3, suggesting that services-sector cost pressures remain significant. Taken together, the surveys point to solid activity alongside persistent inflation pressures. Meanwhile, Challenger reported "52,881 job cuts in August, up 58% from the 33,429 cuts announced in July. However, this was down 38% from the 85,979 layoff plans announced in the same month last year, and marks the lowest August total since 2022." Year-to-date, "employers have announced 529,914 job cuts, down 41% from the 892,362 cuts announced in the first eight months of 2025." The technology industry continues to lead year-to-date reductions. Notably, restructuring has displaced artificial intelligence-related concerns as the leading reason for job cuts in August. On hiring, employers announced 119,825 hiring plans year-to-date, up 37% from last year, although Challenger cautioned that these positions do not appear to be filling quickly. Separately, initial jobless claims rose modestly by 1% to 206k for the week ending 29 August. Meanwhile, continuing claims rose by 0.5% to 1.78mn for the week ending 22 August. Overall, the elevated level of continuing claims remains consistent with a labour market characterised by subdued hiring activity.

Market Watch: For the day ahead, market attention will be squarely on the US August labour market report. Consensus expects nonfarm payrolls to rebound by 55,000 after a surprising decline of 23,000 in July, while the unemployment rate is expected to remain broadly stable at 4.1%.

HK: PMI (covering the manufacturing, construction, wholesale, retail and services sectors) fell back to contractionary zone for the first time since April, declining to 49.5 in August (51.0 in July), with major drags coming from new orders and output sub-indexes. Surveyed respondents highlighted a combination of higher prices and weaker demand conditions, which weighed on business activity and sales. New export orders and output sub-indexes dropped by 4.1 and 3.6 percentage points respectively, to 47.9 and 49.2 in August. The employment sub-index remained in contractionary zone at 49.6, while inflationary pressures intensified across board in August.

Key Market Movements

Equity	Value	% chg
S&P 500	7747.7	1.1%
DJIA	53686	1.2%
Nikkei 225	64214	-0.2%
SH Comp	3942.1	0.0%
STI	5747.7	0.1%
Hang Seng	25213	-0.4%
KLCI	1715.1	0.4%

	Value	% chg
DXY	98.908	-0.7%
USDJPY	155.81	-1.8%
EURUSD	1.1626	0.3%
GBPUSD	1.3525	0.3%
USDIDR	17660	-0.6%
USDSGD	1.2673	-0.3%
SGDMYR	3.1863	0.3%

	Value	chg (bp)
2Y UST	4.34	-3.30
10Y UST	4.77	-1.00
2Y SGS	1.72	-2.30
10Y SGS	2.39	-3.67
3M SORA	1.19	0.38
3M SOFR	3.65	0.03

	Value	% chg
Brent	95.52	-0.1%
WTI	91.30	0.3%
Gold	4473	2.1%
Silver	66.98	2.5%
Palladium	1421	5.1%
Copper	14334	0.8%
BCOM	143.25	0.1%

Source: Bloomberg

Major Markets

ID: President Prabowo Subianto called for stronger investment cooperation between Indonesia and Russia through sovereign wealth fund Danantara and the Russian Direct Investment Fund at the 11th Eastern Economic Forum in Vladivostok on Thursday. President Prabowo also proposed doubling bilateral trade during the initial review period of the Indonesia Eurasian Economic Union Free Trade Agreement, with implementation scheduled to begin in 2027. He said Danantara, which manages about USD1.0trn in assets, could bridge the two countries' capital markets and strategic goals, and urged both funds to move toward financing commercially viable projects.

MY: Bank Negara Malaysia (BNM) kept its policy rate unchanged at 2.75%, in line with consensus and our expectations. There were, however, some subtle shifts to the language that point to a resilient growth outlook into 2027 as well as increased vigilance regarding price pressures. Our baseline remains that BNM will normalise the policy rate to 3.00% in January 2027. BNM has historically been measured in its policy rate adjustments in either direction, and we expect this time will be no different.

Sustainability

Rest of the world: Singapore's Foreign Affairs Minister Vivian Balakrishnan floated the idea of a Pacific power grid linked to Australia on the sidelines of the Pacific Islands Forum in Palau, highlighting its potential to strengthen regional energy security while allowing countries to benefit from economies of scale in electricity generation. He also drew parallels with Southeast Asia's efforts in developing the ASEAN Power Grid and noted that recent disruptions to global energy supplies caused by the Middle East conflict underscore the importance of strengthening energy security and resilience. However, a Pacific power grid would face significant engineering challenges in bridging the vast distances between big ocean states and Australia through subsea cable infrastructure, in addition to financing and regulatory hurdles similar to those encountered in the development of the ASEAN Power Grid.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday with the shorter tenors trading flat to 1-5bps lower, belly tenors trading 4-5bps lower, and the 10Y tenor trading 4bps lower.
- US Investment Grade traded flat at 80bps, and US High Yield spreads traded flat at 264bps respectively. Bloomberg Global Contingent Capital spreads tightened by 1bps to 204bps.
- Bloomberg Asia USD Investment Grade spread traded flat at 57bps, and the Asia USD High Yield spreads widened by 2bps to 327bps. (Bloomberg, OCBC)

New Issues:

- There were SGD300mn of issuances in the Singdollar market yesterday. Bank of Nova Scotia/The priced an SGD300mn 3Y bond at 2.175%.

- The total issuances in the APAC and DM IG markets were both zero yesterday (prior day: both zero).

Credit Developments:

- **BP p.l.c. (BPLN):** Appointed Ian Tyler as Chairperson following recent board and management changes, while maintaining its credit profile amid a refocus on oil and gas, balance-sheet strengthening, and the sale of stakes in the Tupinambá and Conifer exploration assets to Shell, subject to regulatory approvals.
- **Landmark REIT (LMRTSP**): Received consent to replace SOR with SORA for its two SGD perpetuals, which will reset at SORA 5Y plus 555.62bps for LMRTSP 6.4751%-PERP on 27 September 2026 and 506.62bps for LMRTSP 8.096%-PERP on 19 December 2027.
- **Swire Pacific Limited (SWIRE):** Accelerated the redemption of its HKD4.7bn 0% 2027 exchange bond through a placement of 362.62mn Cathay Pacific shares at HKD13.20 each, reducing its Cathay stake by 5.96ppts to 39.15%, with the transaction viewed as credit neutral.

Equity Market Updates

US: US stocks advanced Thursday, with the S&P 500 gaining 1.1%, its best single-day performance in roughly a month, the Nasdaq rising 1.4%, and the Dow adding 1.2%, as dovish commentary from Federal Reserve Governor Christopher Waller eased fears of a September rate hike. Waller signalled he would support holding rates steady if inflation continues to moderate, prompting money markets to pare rate-hike wagers and pushing the dollar to its lowest level since May. Treasury yields fell sharply in response, with the 2-year yield dropping around 3 basis points to 4.33% and the 10-year declining approximately 1 basis point, reflecting the shift in rate expectations. Megacaps and tech led the broad-based rally, with Nvidia re-asserting itself as the dominant AI trade; Broadcom also recovered from initial weakness after CEO Hock Tan raised AI chip revenue guidance for fiscal 2026 to USD58b, with projections to double to USD115b by 2027. In after-hours trade, Lululemon sank around 18% after cutting its full-year revenue outlook for the second consecutive quarter to USD10.35b to USD10.5b, well below prior guidance of USD11b to USD11.15b. The yen surged on renewed intervention speculation, whilst oil prices rose amid reports of Iranian strikes against US targets in the Gulf.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	98.908	-0.69%	USD-SGD	1.2673
USD-JPY	155.81	-1.83%	EUR-SGD	1.4729
EUR-USD	1.163	0.33%	JPY-SGD	0.8134
AUD-USD	0.720	0.45%	GBP-SGD	1.7136
GBP-USD	1.353	0.29%	AUD-SGD	0.9125
USD-MYR	4.042	-0.10%	NZD-SGD	0.7450
USD-CNY	6.718	-0.01%	CHF-SGD	1.5691
USD-IDR	17660	-0.56%	SGD-MYR	3.1863
USD-VND	26098	0.10%	SGD-CNY	5.3047

Equity and Commodity		
Index	Value	Net change
DJIA	53,686.11	624.16
S&P	7,747.71	81.11
Nasdaq	26,584.06	366.23
Nikkei 225	64,214.48	-111.16
STI	5,747.71	3.60
KLCI	1,715.13	6.39
JCI	6,667.89	72.11
Baltic Dry	3,331.00	174.00
VIX	14.32	-0.88

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2950	3.10%	1M	3.7371
3M	2.6460	1.46%	2M	3.7788
6M	2.7700	-0.32%	3M	3.8105
12M	3.0680	1.29%	6M	3.9391
			1Y	4.1245

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.72 (-0.02)	4.34(--)
5Y	2.03 (-0.03)	4.51 (-0.02)
10Y	2.39 (-0.04)	4.76 (-0.01)
15Y	2.44 (-0.04)	--
20Y	2.42 (-0.05)	--
30Y	2.47 (-0.04)	5.24 (-0.01)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/16/2026	0.524	52.400	0.131	3.756
10/28/2026	0.789	26.600	0.197	3.822
12/09/2026	1.322	53.300	0.331	3.956

Secured Overnight Fin. Rate	
SOFR	3.65

Economic Calenda

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
9/04/2026 7:00	SK	BoP Current Account Balance	Jul	--	$42078.0m	$49730.4m	--
9/04/2026 7:00	SK	BoP Goods Balance	Jul	--	$40430.1m	$47891.7m	--
9/04/2026 7:30	JN	Household Spending YoY	Jul	-0.016	-0.036	-0.033	--
9/04/2026 9:00	PH	CPI YoY 2018=100	Aug	0.061	--	0.062	--
9/04/2026 14:00	GE	Factory Orders MoM	Jul	0.003	--	0.031	--
9/04/2026 14:00	GE	Factory Orders WDA YoY	Jul	0.105	--	0.065	--
9/04/2026 15:30	TH	Gross International Reserves	46262	--	--	$284.7b	--
9/04/2026 16:00	UK	New Car Registrations YoY	Aug	--	--	0.117	--
9/04/2026 16:30	UK	S&P Global UK Construction PMI	Aug	46	--	44.7	--
9/04/2026 17:00	EC	Retail Sales MoM	Jul	0.002	--	-0.003	--
9/04/2026 17:00	EC	Retail Sales YoY	Jul	0.011	--	0.007	--
9/04/2026 20:30	US	Change in Nonfarm Payrolls	Aug	55k	--	-23k	--
9/04/2026 20:30	CA	Unemployment Rate	Aug	0.064	--	0.064	--
9/04/2026 20:30	US	Unemployment Rate	Aug	0.041	--	0.041	--

Source: Bloomberg

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