

## Daily Treasury Outlook

### Highlights

**Global:** There was a slew of US data overnight, along with the publication of the Beige book. The data included February ADP, which showed that private sector companies added 63k jobs in February, with ‘construction’ and ‘education and health services’ being the main drivers of job creation. The better-than-anticipated result (consensus: 48k) was the “best showing for job gains since July 2025.” The ADP data precedes Bureau of Labor Statistics’ nonfarm payrolls report scheduled for this Friday, with consensus forecast expecting an increase of 55k jobs in February. On top of that, US ISM Services Index rose more-than-expected to 56.1 points (consensus: 53.5), up from 53.8 in January. Notably, one of the subindices, the Prices Index fell 3.6 points to 63, recording its lowest reading since March 2025. This provided some relief regarding price pressures following the recent reported spike in the Prices Index subcomponent of the ISM manufacturing index last week. Separately, the Beige Book noted that “overall economic activity increased at a slight to moderate pace” in most of its Federal Reserve Districts. “Economic expectations were optimistic, with most Districts expecting slight to moderate growth in the coming months.” On the labour market, “employment levels were generally stable in recent weeks,” with no change in hiring in most districts. Regarding prices, many areas have reported an increase in prices and have attributed this to tariffs. “On balance, firms expected prices to rise at a somewhat slower pace in the near term.” Overall, strong economic data releases bolstered market sentiment amid ongoing conflict in the Middle East, which threatens to spill over into the wider region. US equities closed higher with the broad indices of S&P500, Dow, and Nasdaq rising between 0.5% and 1.3% (S&P500: 0.8%; Dow: 0.5%; NASDAQ: 1.3%).

**Market Watch:** On the Asian calendar, scheduled releases include Singapore's January retail sales, and February inflation data from Thailand and the Philippines. Market attention will also likely focus on Bank Negara Malaysia (BNM), with both consensus and our expectations indicating that BNM will keep its policy rate unchanged at 2.75%. Moreover, China Premier Li Qiang delivered a government work report today at opening of National People’s Congress, entailing its 2026 economic growth target at 4.5% to 5% which marks the first cut in three years. Additionally, the US will release its February Challenger Jobs Cuts data.

### Key Market Movements

Equity	Value	% chg
S&P 500	6869.5	0.8%
DJIA	48739	0.5%
Nikkei 225	54246	-3.6%
SH Comp	4082.5	-1.0%
STI	4812.8	-2.1%
Hang Seng	25249	-2.0%
KLCI	1698.2	-0.8%
	Value	% chg
DXY	98.769	-0.3%
USDJPY	157.06	-0.4%
EURUSD	1.1634	0.2%
GBPUSD	1.3375	0.1%
USDIDR	16885	0.2%
USDSGD	1.2752	-0.1%
SGDMYR	3.0891	0.0%
	Value	chg (bp)
2Y UST	3.55	3.92
10Y UST	4.10	3.65
2Y SGS	1.38	-0.20
10Y SGS	1.97	-0.01
3M SORA	1.12	-0.14
3M SOFR	3.71	-0.28
	Value	% chg
Brent	81.40	0.0%
WTI	74.66	0.1%
Gold	5140	1.0%
Silver	83.55	1.9%
Palladium	1674	1.6%
Copper	13058	0.8%
BCOM	124.57	-0.1%

Source: Bloomberg

## Major Markets

**CH:** China's manufacturing PMI moderated further to 49.0 in February, down from 49.3 in January, remaining below the 50 threshold for the second consecutive month. Both new orders and production softened, indicating continued weakness in manufacturing activity. The production sub-index declined by 1.0 point to 49.6, while new orders fell by 0.6 points to 48.6. The larger decline in production relative to new orders likely reflects seasonal calendar distortions, as this year's Chinese New Year holiday was one day longer than in previous years, leading to more production disruptions. One notable feature in the February data was the widening divergence between large and small manufacturers. The PMI for large enterprises rose to 51.5 from 50.3, remaining firmly in expansion territory, while the PMI for small enterprises dropped sharply to 44.8 from 47.6. In our view, this divergence likely reflects the different positions along the industrial value chain. Large enterprises tend to be concentrated in upstream sectors, which are generally less sensitive to holiday-related production disruptions, whereas smaller firms—often located further downstream—tend to experience more pronounced seasonal volatility. Turning to the non-manufacturing sector, the asymmetric impact of the Lunar New Year holiday became even more evident. The construction PMI continued to decline, while services PMI segments linked to travel and holiday consumption showed signs of improvement. Traditional infrastructure activity was also affected by the holiday slowdown, with the construction PMI falling a further 0.6 points to 48.2. In contrast, the services PMI edged up by 0.2 points to 49.7, suggesting a modest pickup in holiday-related service activity.

Looking ahead, business expectations improved across both sectors, offering a more encouraging signal for the near-term outlook. The manufacturing PMI business expectations index rose by 0.6 points to 53.2, while the non-manufacturing expectations index increased by 1.1 points to 50.9. This rebound in sentiment suggests that PMI readings are likely to recover once the temporary holiday distortions fade in the coming months.

**ID:** Fitch Ratings "has revised the Outlook on Indonesia's Long-Term Foreign-Currency Issuer Default Rating (IDR) to Negative from Stable and affirmed the IDR at 'BBB'." This follows a similar change from Moody's Ratings in February. Against the backdrop of heightened global geopolitical uncertainty, the impact of this downgrade maybe somewhat more mixed. More fundamentally, however, it speaks to the concerns on the direction of policy making and fiscal risks. We noted last month that ratings outlook downgrade from Moody's outlook was a warning shot, which could trigger other ratings agencies to follow suit. This has proved to be the case with Fitch's move. The responses of the authorities will be watched even more closely, as credible policy choices remain a necessity to avert a credit rating downgrade.

**MY:** Deputy Science, Technology and Innovation Minister Mohammad Yusof Apdal said the Ministry of Science, Technology and Innovation through Mimos Bhd is focusing on integrated circuit design, advanced packaging and high value technology to help local companies move towards original design manufacturers and technology ownership. He said the approach includes strengthening research and development infrastructure, intellectual property, technology transfer and talent development, alongside facilities such as the Semiconductor Technology Centre and Industry Technology Innovation Centre in Kulim that provide wafer fabrication, IC testing and reliability analysis services. Mimos also supports commercialisation through grants such as CIP Spark and CIP Sprint offered via Cradle Fund, where 72% of CIP Spark recipients and 100% of CIP Sprint recipients have successfully commercialised their technology products as of 31 December 2025, as reported by The Edge.

## Credit Market Updates

### Market Commentary:

The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 2-3bps lower while belly and 10Y tenors traded 3bps lower. Global Investment Grade spreads tightened by 2bps to 80bps and Global High Yield spreads tightened by 13bps to 281bps respectively. Bloomberg Global Contingent Capital Index tightened by 9bps to 239bps. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 63bps and Asia USD High Yield spreads widened by 13bps to 373bps respectively. (Bloomberg, OCBC)

### New Issues:

The total issuance volumes for APAC and DM IG market yesterday were USD120mn and USD17.95bn respectively.

There were three notable issuers in the DM IG market yesterday where issuers priced deals of at least USD1.0bn.

- Eaton Corp PLC (guarantors: Multiple Guarantors) priced USD8.5bn of debt in six tranches.
- Fidelity National Information Services Inc priced USD6.8bn of debt in four tranches.
- Canadian Pacific Railway Co (guarantor: Canadian Pacific Kansas City Ltd) priced USD1.2bn of debt in two tranches.

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

- Bank of Nova Scotia (guarantor: Scotiabank Covered Bond Guarantor LP) priced USD300mn of debt in one tranche.

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

### Mandates:

There were no notable mandates yesterday.

## Equity Market Updates

**US:** US equities rebounded sharply Wednesday as hopes for diplomatic resolution to the Iran conflict eased geopolitical concerns, with the S&P 500 rose 0.8%, the Nasdaq gained 1.3%, and the Dow added 0.5%. Markets rallied after a New York Times report suggested potential US-Iran diplomatic talks, whilst oil prices stabilised following two sessions of sharp gains. The Institute for Supply Management's services index surged to 56.1 in February, reaching its highest level in three and a half years and bolstering risk sentiment. Consumer discretionary stocks led gains, Tesla rose after Bank of America reinstated a buy recommendation, and Ross Stores jumped on comparable sales beats. Treasury Secretary Scott Bessent announced the US would provide ships insurance and military escorts through the Strait of Hormuz to ease oil flows. Treasury yields rose 3.7 basis points to 4.100% as traders continued to reduce Federal Reserve rate cut expectations amid inflation concerns stemming from elevated oil prices. Asian markets had suffered severe losses earlier, with South Korea's Kospi plunging 12.1% in its worst-ever single-day decline and Hong Kong's Hang Seng Index falling 3% as the region grappled with energy import concerns.

### Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.769	-0.29%	USD-SGD	1.2752
USD-JPY	157.06	-0.43%	EUR-SGD	1.4836
EUR-USD	1.163	0.18%	JPY-SGD	0.8119
AUD-USD	0.708	0.55%	GBP-SGD	1.7057
GBP-USD	1.338	0.13%	AUD-SGD	0.9023
USD-MYR	3.944	-0.06%	NZD-SGD	0.7576
USD-CNY	6.897	-0.30%	CHF-SGD	1.6363
USD-IDR	16885	0.17%	SGD-MYR	3.0891
USD-VND	26202	0.07%	SGD-CNY	5.4076

### SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9250	-0.62%	1M	3.6721
3M	2.0350	0.44%	2M	3.6726
6M	2.1200	-0.52%	3M	3.6717
12M	2.2320	0.13%	6M	3.6391
			1Y	3.5299

### 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	-0.037	-3.700	-0.009	3.633
04/29/2026	-0.141	-10.300	-0.035	3.608
06/17/2026	-0.387	-24.600	-0.097	3.546
07/29/2026	-0.681	-29.400	-0.170	3.473
09/16/2026	-1.091	-41.100	-0.273	3.370

### Equity and Commodity

Index	Value	Net change
DJIA	48,739.41	238.14
S&P	6,869.50	52.87
Nasdaq	22,807.48	290.79
Nikkei 225	54,245.54	-2033.51
STI	4,812.75	-103.90
KLCI	1,698.22	-13.73
JCI	7,577.06	-362.70
Baltic Dry	2,242.00	55.00
VIX	21.15	-2.42

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.38 (--)	3.55(--)
5Y	1.57 (--)	3.68 (+0.04)
10Y	1.97 (--)	4.1 (+0.04)
15Y	2.07 (--)	--
20Y	2.1 (-0.02)	--
30Y	2.17 (-0.02)	4.73 (+0.03)

### Financial Spread (bps)

Value	Change	
TED	35.36	--

### Secured Overnight Fin. Rate

SOFR	3.70
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## Commodities Futures

Energy			Soft Commodities		
	Futures	% chg		Futures	% chg
WTI (per barrel)	74.66	0.1%	Corn (per bushel)	4.318	-0.6%
Brent (per barrel)	81.40	0.0%	Soybean (per bushel)	11.545	-0.1%
Heating Oil (per gallon)	329.38	3.4%	Wheat (per bushel)	5.668	-1.0%
Gasoline (per gallon)	251.49	2.3%	Crude Palm Oil (MYR/MT)	40.710	-0.2%
Natural Gas (per MMBtu)	2.92	-4.5%	Rubber (JPY/KG)	3.590	-1.2%

  

Base Metals			Precious Metals		
	Futures	% chg		Futures	% chg
Copper (per mt)	13058	0.8%	Gold (per oz)	5140	1.0%
Nickel (per mt)	17491	2.2%	Silver (per oz)	83.55	1.9%

Source: Bloomberg, Reuters  
(Note that rates are for reference only)

## Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
3/05/2026 3:00	US	Fed Releases Beige Book					
3/05/2026 5:00	SK	Foreign Reserves	Feb	--	\$427.62b	\$425.91b	--
3/05/2026 9:00	PH	CPI YoY 2018=100	Feb	2.40%	2.40%	2.00%	--
3/05/2026 9:00	PH	CPI NSA MoM 2018=100	Feb	0.30%	0.20%	0.80%	--
3/05/2026 11:30	TH	CPI YoY	Feb	-0.60%	--	-0.66%	--
3/05/2026 11:30	TH	CPI NSA MoM	Feb	0.15%	--	-0.28%	--
3/05/2026 11:30	TH	CPI Core YoY	Feb	0.51%	--	0.60%	--
3/05/2026 15:00	MA	BNM Overnight Policy Rate	5-Mar	2.75%	--	2.75%	--
3/05/2026 18:00	EC	Retail Sales MoM	Jan	0.30%	--	-0.50%	--
3/05/2026 18:00	EC	Retail Sales YoY	Jan	1.70%	--	1.30%	--
3/05/2026 20:30	US	Challenger Job Cuts YoY	Feb	--	--	117.80%	--
3/05/2026 20:30	US	Challenger Job Cuts Total	Feb	--	--	108435	--
3/05/2026 21:30	US	Import Price Index MoM	Jan	0.30%	--	0.10%	--
3/05/2026 21:30	US	Import Price Index ex Petroleum MoM	Jan	0.50%	--	0.40%	--
3/05/2026 21:30	US	Import Price Index YoY	Jan	0.10%	--	0.00%	--
3/05/2026 21:30	US	Export Price Index MoM	Jan	0.20%	--	0.30%	--

Source: Bloomberg

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