

## Daily Treasury Outlook

### Highlights

**Global:** This week kicked off with news of Gulf escalation, threatening the fragile ceasefire between US and Iran. Both sides exchanged fire on Monday, and Iran claimed to have struck an American warship but was later denied by the US. The UAE's Fujairah terminal was struck by drone amid uptick in Iran's aerial attack. President Trump said the Iran war can go on for another two to three weeks. Hormuz traffic remained near a standstill, despite U.S. efforts to free up shipping. The developments signalled a more entrenched standoff at this stage, if not another re-escalation. Risk sentiment quickly deteriorated and oil prices jumped further. US treasury yields were higher across curve while equity market traded heavy.

On central bank front, Fed's Williams said to expect 3% inflation this year before returning to 2% in 2027, a somewhat higher path than his previous estimate. ECB's Kazimir said that it's highly likely that the central bank will have to hike at the June meeting. On data front, Germany's Sentix investor confidence improved unexpectedly to -16.4 in May, from the previous reading of -19.2. Australia's Melbourne Institute inflation rose at slower pace of 0.6% MoM in April (+1.3% MoM in Mar). US' factory orders rose 1.5% MoM, the biggest gain since November, led by solid demand for electronics products amid the AI boom.

**Market Watch:** Market stayed tuned for the RBA decision today, with most expecting a 25bps back-to-back hike, though voting maybe split. Given the persistent inflationary pressure and still tight labour market, RBA may not rule out further tightening. Today's economic calendar in Asia session comprises of Thailand's April manufacturing PMI, New Zealand's April ANZ commodity price, Philippines' April CPI, Australia's March household spending, Singapore's March retail sales, and Indonesia and Hong Kong's 1Q GDP. Later today, the market will watch out for US' JOLTS report and new home sales in March, as well as ISM services index in April.

### Key Market Movements

Equity	Value	% chg
S&P 500	7200.8	-0.4%
DJIA	48942	-1.1%
Nikkei 225	59513	0.0%
SH Comp	4112.2	0.0%
STI	4924.3	0.2%
Hang Seng	26096	1.2%
KLCI	1739.8	1.0%
	Value	% chg
DXY	98.374	0.2%
USDJPY	157.24	0.1%
EURUSD	1.1691	-0.3%
GBPUSD	1.3532	-0.4%
USDIDR	17380	0.2%
USDSGD	1.2769	0.3%
SGDMYR	3.1036	-0.5%
	Value	chg (bp)
2Y UST	3.95	7.45
10Y UST	4.44	6.84
2Y SGS	1.55	-0.60
10Y SGS	2.10	-0.99
3M SORA	1.03	1.16
3M SOFR	3.67	-0.15
	Value	% chg
Brent	114.44	5.8%
WTI	106.42	4.4%
Gold	4522	-2.0%
Silver	72.77	-3.4%
Palladium	1485	-2.7%
Copper	12997	0.0%
BCOM	142.25	1.4%

Source: Bloomberg

## Major Markets

**ID:** Headline inflation eased to 2.4% YoY in April, down from 3.5% in March, undershooting expectations for a more moderate easing. The softer reading partly reflected the normalisation of the base effect from electricity tariffs earlier in the year, with housing, water, electricity & other fuels inflation easing sharply to 0.7% YoY in April from 7.2% in March. This was accompanied by moderation in food, beverage & tobacco inflation (3.1% from 3.3%) and personal care & other services inflation (11.4% from 15.3%). These declines more than offset a pickup in transportation inflation (1.6% from 0.6%). Meanwhile, core CPI eased marginally to 2.4% YoY in April, from 2.5% in March. We retain our inflation forecast of 3.0% for 2026, compared with 1.9% in 2025.

**MY:** Prime Minister Anwar Ibrahim said Malaysia adopts a balanced approach to economic diplomacy, prioritising national interests including energy security while conducting reciprocal trade negotiations with partners such as Australia. He highlighted Malaysia's trade structure, including importing phosphate and exporting urea, and stressed that key national policies, including those related to Bumiputera interests, will not be compromised in any negotiations. He added that Malaysia will continue strengthening economic cooperation with major partners including the United States and China while upholding ASEAN centrality, noting that high-value sectors such as E&E and AI continue to attract investment from multinational companies including Intel and Amazon Web Services.

## ESG

**SG:** The Energy Market Authority (EMA) will conduct a feasibility study on deploying geothermal energy systems in Singapore, as part of EMA's efforts to decarbonise the country's power sector and improve its energy resilience. While Singapore is unlikely to have conventional geothermal energy resources, recent global advances in geothermal technologies have created new opportunities to harness sub-surface heat for power, heating and cooling needs. The feasibility study will assess the technical, environmental and commercial feasibility of deploying next-generation geothermal systems in Singapore. The study builds on an ongoing nationwide non-invasive geophysical survey that EMA said it commissioned in 2024 to identify areas in Singapore with the potential presence of geothermal energy.

## Credit Market Updates

### Market Commentary:

The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading flat to 1bps higher while belly tenors traded flat to 1bps lower and 10Y tenors traded 1bps lower. US Investment Grade spreads traded flat at 79bps and US High Yield spreads widened by 3bps to 266bps respectively. Bloomberg Global Contingent Capital Index tightened by 5bps to 221bps. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 56bps and Asia USD High Yield spreads tightened by 8bps to 397bps respectively. (Bloomberg, OCBC)

### New Issues:

The total issuance volumes for APAC and DM IG markets yesterday were zero and USD8.35bn respectively, lower than the prior day (USD100mn and USD37.3bn). The highest issuance in DM IG market came from Morgan Stanley Bank NA which priced USD3bn of debt in two tranches. There were no notable issuances in the Singdollar market yesterday.

### Recent Coverage Developments:

AIA Group Limited, Exxon Mobil Corporation, FWD Group Holdings Limited, Indofood CBP Sukses Makmur Tbk PT, ING Groep NV, NatWest Group PLC, PT Cikarang Listrindo Tbk and PT Medco Energi Internasional Tbk reported 1QFY2026 results, ANZ Group Holdings Ltd/ Australia & New Zealand Banking Group Ltd and National Australia Bank Ltd reported 1HFY2026 results, Mapletree Logistics Trust reported 4QFY2026 results, Capitaland Ascott Trust appointed Ms Tan Siew Bee as Chief Financial Officer (Designate) of the managers of Capitaland Ascott REIT and Capitaland Ascott Business Trust. Of note is Exxon Mobil Corporation's CEO who shared his view that the market has not yet fully reflect the unprecedented disruption to global oil and gas. (refer to Daily Credit Snapshot 04 May 2026).

## Equity Market Updates

**US:** US stocks declined Monday as escalating tensions in the Strait of Hormuz sent oil prices surging and raised concerns about sustained inflation pressures. The S&P 500 fell 0.4%, the Nasdaq slipped 0.2%, and the Dow Jones Industrial Average dropped 1.1%. An Iranian drone strike on a UAE oil facility drove Brent crude above USD114 a barrel, jumping 5.3%, whilst West Texas Intermediate rose 3.1% to USD105.12. The US and Iran exchanged fire in the Persian Gulf, with President Trump announcing the US would "guide" stranded ships safely through the strait whilst warning that further Iranian interference would be met with force. Energy was the sole S&P 500 sector to advance, whilst materials and industrials led declines. Treasury yields rose 5 to 7 basis points across the curve, with the 30-year yield climbing above 5% for the first time since July as markets priced in heightened inflation risks and increased expectations for a potential Federal Reserve rate hike by March 2027. In corporate news, GameStop offered to buy eBay for USD56b, sending eBay shares up 5.1% to a record whilst GameStop fell 10%. Palantir beat forecasts with USD1.63b in quarterly revenue as sales accelerated.

### Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.374	0.22%	USD-SGD	1.2769
USD-JPY	157.24	0.15%	EUR-SGD	1.4931
EUR-USD	1.169	-0.26%	JPY-SGD	0.8119
AUD-USD	0.717	-0.49%	GBP-SGD	1.7279
GBP-USD	1.353	-0.38%	AUD-SGD	0.9151
USD-MYR	3.956	-0.39%	NZD-SGD	0.7499
USD-CNY	6.828	-0.18%	CHF-SGD	1.6288
USD-IDR	17380	0.16%	SGD-MYR	3.1036
USD-VND	26341	-0.06%	SGD-CNY	5.3537

### SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9800	0.61%	1M	3.6419
3M	2.1990	2.33%	2M	3.6503
6M	2.5240	2.52%	3M	3.6540
12M	2.8480	3.00%	6M	3.6756
			1Y	3.7778

### Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
04/29/2026	0.000	0.000	0.000	3.641
06/17/2026	-0.050	-5.000	-0.012	3.626
07/29/2026	-0.085	-3.500	-0.021	3.618
09/16/2026	-0.052	3.300	-0.013	3.626

### Equity and Commodity

Index	Value	Net change
DJIA	48,941.90	-557.37
S&P	7,200.75	-29.37
Nasdaq	25,067.80	-46.64
Nikkei 225	59,513.12	228.20
STI	4,924.31	11.62
KLCI	1,739.77	17.75
JCI	6,971.95	15.15
Baltic Dry	2,730.00	44.00
VIX	18.29	1.30

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.55 (-0.01)	3.95(-)
5Y	1.72 (-)	4.09 (+0.07)
10Y	2.1 (-0.01)	4.44 (+0.07)
15Y	2.09 (-0.01)	--
20Y	2.09 (-0.01)	--
30Y	2.15 (-0.01)	5.01 (+0.06)

### Financial Spread (bps)

Value	Change
TED	35.36 --

### Secured Overnight Fin. Rate

SOFR	3.64
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### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	106.42	4.4%	Corn (per bushel)	4.738	1.2%
Brent (per barrel)	114.44	5.8%	Soybean (per bushel)	12.075	1.7%
Heating Oil (per gallon)	407.32	3.2%	Wheat (per bushel)	6.295	0.8%
Gasoline (per gallon)	373.82	4.0%			
Natural Gas (per MMBtu)	2.87	3.1%			

### Precious Metals

	Futures	% chg
Gold (per oz)	4522	-2.0%
Silver (per oz)	72.77	-3.4%

Source: Bloomberg, Reuters

### Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
5/05/2026 8:30	TH	S&P Global Thailand PMI Mfg	Apr	--	--	54.1	--
5/05/2026 9:00	PH	CPI YoY 2018=100	Apr	5.50%	--	4.10%	--
5/05/2026 9:00	PH	CPI NSA MoM 2018=100	Apr	1.20%	--	1.40%	--
5/05/2026 12:00	ID	GDP QoQ	1Q	-0.97%	--	0.86%	--
5/05/2026 12:00	ID	GDP YoY	1Q	5.40%	--	5.39%	--
5/05/2026 15:30	TH	Business Sentiment Index	Apr	--	--	47.7	--
5/05/2026 16:30	HK	GDP SA QoQ	1Q.A	0.90%	--	1.00%	--
5/05/2026 16:30	HK	GDP YoY	1Q.A	3.50%	--	3.80%	--
5/05/2026 20:30	US	Trade Balance	Mar	-\$61.0b	--	-\$57.3b	--
5/05/2026 20:30	US	Imports MoM	Mar	2.70%	--	4.30%	--
5/05/2026 20:30	US	Exports MoM	Mar	1.90%	--	4.20%	--
5/05/2026 21:45	US	S&P Global US Services PMI	Apr F	51.3	--	51.3	--
5/05/2026 21:45	US	S&P Global US Composite PMI	Apr F	52.1	--	52	--
5/05/2026 22:00	US	Census Releases February and March New Home Sales					
5/05/2026 22:00	US	ISM Services Index	Apr	53.7	--	54	--
5/05/2026 22:00	US	ISM Services Prices Paid	Apr	73.5	--	70.7	--

Source: Bloomberg

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