Daily Treasury Outlook

Highlights

Global: The broad-based rally on Wednesday appears to have lost momentum, with the S&P, Nasdaq, and Dow declining between -0.3% and -1.6% (S&P500: -0.6%; Dow: -1.6%; NASDAQ: -0.3%). Attention has once again shifted back to the ongoing conflict in the Middle East after reports that Iran struck an oil tanker anchored at Iraqi waters. This incident marks one of the farthest points beyond the Strait of Hormuz where vessels have been targeted, leaving market participants on tenterhooks. Crude oil prices jumped higher following some stablisation in the prior trading day. On the data front, US import prices were broadly stable, rising 0.2% MoM. Consensus had expected import prices to rise by 0.3% MoM. According to the Bureau of Labor Statistics (BLS), "higher prices for nonfuel imports more than offset lower prices for fuel imports in January." With traffic through the Strait of Hormuz at a standstill, surging global oil and gas prices due to supply disruption, and rising shipping costs, risks are tilted towards the upside for potentially higher import prices ahead. In an interview with Bloomberg, Fed's Barkin cautioned that recent and expected data reflect "a couple months of relatively high inflation," which "certainly puts pause to any conclusion that we are done fighting this." Separately, on the labour market front, outplacement firm Challenger, Gray & Christmas Inc. reported that planned layoffs declined by 71.9% YoY, while data from the US Department of Labor showed that initial jobless claims was broadly stable at 213k for the week ending 28 February. Taken together with recent releases of labour market data, this adds to evidence that the labour market could be stabilising.

Market Watch: The economic releases scheduled for today include Vietnam's February CPI, trade, and activity data. Later in the day, the third reading of Eurozone's 4Q25 GDP will also be released, followed by the US January retail sales, February nonfarm payrolls, and unemployment rate data.

SG: January retail sales unexpectedly fell 0.4% YoY, partly skewed by CNY effects. This missed the Bloomberg consensus forecast of 2.8% YoY and our forecast for 3.0% YoY, as well as a reversal of the revised 2.5% YoY growth seen in December 2025. Compared to December, retail sales did expand 6.1% MoM sa, versus a 2.7% MoM sa contraction previously. There was also a rebasing of the retail sales index (RSI) from 2017 to 2025. Notably, the weight of Motor Vehicles including parts & accessories (namely tyres and batteries for motor vehicles and parts and accessories for motor vehicles) actually fell from 18.1% to 14.8% post-rebasing. Looking ahead, February retail sales is likely to rebound to around 5.2% given the low base last year (-3.2% YoY) to bring 1Q26 retail sales to 2.3% YoY. For full-year 2026, retail sales is likely to grow around 2-3% YoY, which is similar to the 2025 performance of 2.8% YoY growth. While headline GDP growth is tipped to moderate from the 2025 blockbuster pace of 5% YoY to around 2-4% as per the official forecast (our house forecast: 3.0% YoY), the recent developments in the Middle East, especially on the Iran situation and the impact on energy prices and the Straits of Hormuz are closely monitored for the potential duration and severity of the disruptions.

Key Market Movements

Equity	Value	% chg
S&P 500	6830.7	-0.6%
DJIA	47955	-1.6%
Nikkei 225	55278	1.9%
SH Comp	4108.6	0.6%
STI	4846.6	0.7%
Hang Seng	25321	0.3%
KLCI	1713.2	0.9%

	Value	% chg
DXY	99.317	0.6%
USDJPY	157.59	0.3%
EURUSD	1.1609	-0.2%
GBPUSD	1.3357	-0.1%
USDIDR	16883	0.0%
USDSGD	1.2805	0.4%
SGDMYR	3.0912	0.1%

	Value	chg (bp)
2Y UST	3.58	2.91
10Y UST	4.14	4.04
2Y SGS	1.38	-0.20
10Y SGS	1.98	0.94
3M SORA	1.12	-0.21
3M SOFR	3.71	-0.28

	Value	% chg
Brent	85.41	4.9%
WTI	81.01	8.5%
Gold	5082	-1.1%
Silver	82.24	-1.6%
Palladium	1637	-2.2%
Copper	12902	-1.2%
BCOM	126.79	1.8%

Source: Bloomberg

Major Markets

CH: China has lowered its 2026 GDP growth target from "around 5%" to a range of 4.5%–5%, broadly in line with market expectations. The weighted GDP growth target across China's 31 provinces is 5% in 2026, slightly below 5.3% in 2025, reflecting a more pragmatic approach to economic policymaking. Historically, China's actual GDP growth tends to come in around 0.3 percentage points below the weighted provincial targets, implying that the economy may grow at around 4.7% in 2026, broadly consistent with our forecast. The 4.5% lower bound can be interpreted as the minimum growth rate required during the 15th Five-Year Plan (2026–2030) to keep China broadly on track toward the 2035 goal of doubling per capita GDP relative to 2020. China's fiscal impulse remained largely stable, slightly below market expectation. As the fiscal impulse stabilises, we anticipate monetary policy will again take the lead in steering economic outcomes. Against this backdrop, we maintain our call for a 10bp policy rate reduction.

ID: Energy and Mineral Resources Minister Bahlil Lahadalia said Indonesia has begun gradually importing crude oil from the United States to diversify supply away from the Middle East, noting shipments are being implemented in stages due to limited domestic storage capacity. He said the move also reflects the country's response to escalating tensions in the Middle East, while the government plans to expand crude oil reserves from the current 25 to 26 days to 90 days in line with international standards. The government has secured investors for a crude storage facility in Sumatra, with the project currently undergoing a feasibility study and construction targeted to begin this year, as reported by Antara News.

MY: Bank Negara Malaysia's Monetary Policy Committee decided to maintain the Overnight Policy Rate at 2.75%, stating that "at the current OPR level, the MPC considers the monetary policy stance to be appropriate and supportive of the economy amid price stability." The central bank said the Malaysian economy grew 5.2% in 2025 and expects growth momentum to continue in 2026, anchored by resilient domestic demand, supported by employment, wage growth and investment activity, while the external sector will benefit from continued strength in electrical and electronics exports and higher tourist spending. Headline and core inflation stood at 1.6% and 2.3% in January 2026, and the MPC said "headline inflation in 2026 is expected to remain moderate" while "core inflation in 2026 is expected to remain stable and close to its long-term average," although uncertainties have increased due to the ongoing Middle East conflict.

PH: Headline inflation rose by 2.4% in February, up from 2.0% YoY in January. The main drivers of the February inflation print were primarily the 'food & non-alcoholic beverages' (1.8% YoY versus 1.1% in January), 'clothing & footwear' (2.4% versus 2.3%), 'housing, water, electricity, gas & other fuels' (3.5% versus 3.3%), 'furnishings, hh equip & routine hh maintenance' (2.9% versus 2.3%), 'health' (3.2% versus 3.0%), 'recreation, sport & culture' (4.3% versus 2.2%), 'restaurants & accommodation services' (4.4% versus 4.0%), and 'personal care & misc goods & services' (2.8% versus 2.6%) subcategories. Meanwhile, the February core CPI rose modestly to 2.9% YoY, up from 2.8% the previous month. Department of Economy, Planning, and Development Secretary Arsenio Balisacan stated, "overall price conditions remain stable. However, we are mindful of recent geopolitical developments, which we are closely monitoring, along with domestic supply conditions of key commodities."

TH: Headline inflation declined by 0.9% YoY in February, down from -0.7% in January. This marked the 11th consecutive month of negative inflation. The main drivers were lower inflation in key categories such as 'food & non alcoholic beverages' (0.3% YoY versus 0.9% in January) and 'housing & furnishing' (-1.1% YoY versus -1.0%). Meanwhile, core inflation remained broadly unchanged at 0.6%. The Commerce Ministry expects inflation to pick up in March due to higher oil prices, with Director-General of the Trade Policy and Strategy Office, Nantapong Chiralerspong, indicating that inflation could accelerate to between 1-3%, if global oil prices remain in the USD80-120/bbl range.

ESG

ID: Indonesia plans to commission its first nuclear power plant between 2032 and 2034, as part of a broader plan to reach 44GW of nuclear capacity by 2060 and aligned with its net-zero commitment. Of the 44 GW, 35GW is intended for electricity generation, while 9GW will support hydrogen production starting 2045. The government intends to prioritise small modular reactor (SMR) technology, as well as address challenges such as regulatory hurdles and public concerns over disaster risks. Indonesia plans to also focus on international cooperation, which could include collaboration with other Southeast Asian countries that are also exploring advanced nuclear technologies.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading 1bps lower to 1bps higher while belly and 10Y tenors traded 2bps higher. Global Investment Grade spreads widened by 1bps to 81bps and Global High Yield spreads widened by 2bps to 283bps respectively. Bloomberg Global Contingent Capital Index tightened by 3bps to 236bps. Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 61bps and Asia USD High Yield spreads tightened by 8bps to 365bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volumes for APAC and DM IG market yesterday were USD1.05bn and USD33bn respectively.

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

- HSBC Holdings PLC priced USD8bn of debt in four tranches.
- Baker Hughes Holdings LLC / Baker Hughes Co-Obligor Inc (guarantor: Baker Hughes Co) priced USD6.5bn of debt in five tranches.
- Mercedes-Benz Finance North America LLC (guarantor: Mercedes-Benz Group AG) priced USD3bn of debt in five tranches.

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

- JPMorgan Chase Bank NA priced a USD100mn debt in one tranche.

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

- Industrial Bank Co Ltd/Hong Kong priced a USD800mn 3Y green FRN at SOFR+41bps.

There were no notable issuers in the Singdollar market yesterday.

Mandates:

There were no notable mandates yesterday.

Equity Market Updates

US: US stocks fell Thursday as oil prices surged to their highest level in over a year amid the escalating US-Israeli conflict with Iran, now in its sixth day. The S&P 500 declined 0.6%, the Nasdaq dropped 0.3%, and the Dow lost 1.6%, briefly falling more than 1,000 points during the session. West Texas Intermediate crude jumped 8.5% to USD81.01 per barrel, its strongest weekly gain since 2022, as the widening Middle East war forced a de facto closure of the Strait of Hormuz, trapping thousands of ships and forcing Gulf producers to slash output. The oil spike intensified stagflation concerns, with parallels to the 2022 Russia-Ukraine invasion. Semiconductor stocks led declines, falling 2.5% after news reported the US is considering requiring permits for AI chip sales. Treasury yields rose 2 to 3 basis points across the curve, with the 10-year climbing to around 4.12% as investors digested the geopolitical risks and inflation implications. Earlier in the session, US productivity data for the fourth quarter beat forecasts at 2.8% annualised growth, whilst jobless claims held steady at 213,000. Mainland Chinese investors sold a record HKD27.7 billion of Hong Kong stocks through the southbound connect, underscoring waning appetite for shares seen as vulnerable to geopolitical uncertainty.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	99.317	0.55%	**USD-SGD**	1.2805
USD-JPY	157.59	0.34%	**EUR-SGD**	1.4860
EUR-USD	1.161	-0.21%	**JPY-SGD**	0.8128
AUD-USD	0.701	-0.95%	**GBP-SGD**	1.7106
GBP-USD	1.336	-0.13%	**AUD-SGD**	0.8977
USD-MYR	3.945	0.03%	**NZD-SGD**	0.7550
USD-CNY	6.911	0.21%	**CHF-SGD**	1.6398
USD-IDR	16883	-0.01%	**SGD-MYR**	3.0912
USD-VND	26189	-0.05%	**SGD-CNY**	5.3849

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9480	1.19%	**1M**	3.6690
3M	2.0560	1.03%	**2M**	3.6691
6M	2.1350	0.71%	**3M**	3.6673
12M	2.3070	3.36%	**6M**	3.6368
			1Y	3.5405

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	-0.378	-23.700	-0.094	3.548
07/29/2026	-0.641	-26.300	-0.160	3.483
09/16/2026	-1.006	-36.600	-0.252	3.391

Equity and Commodity

Index	Value	Net change
DJIA	47,954.74	-784.67
S&P	6,830.71	-38.79
Nasdaq	22,748.99	-58.49
Nikkei 225	55,278.06	1032.52
STI	4,846.56	33.81
KLCI	1,713.20	14.98
JCI	7,710.54	133.47
Baltic Dry	2,233.00	-9.00
VIX	23.75	2.60

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.38 (--)	3.58(--)
5Y	1.58 (+0.01)	3.73 (+0.05)
10Y	1.98 (+0.01)	4.14 (+0.04)
15Y	2.08 (+0.01)	--
20Y	2.11 (+0.01)	--
30Y	2.18 (+0.01)	4.75 (+0.02)

Financial Spread (bps)

	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.67

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	81.01	8.5%	Corn (per bushel)	4.415	2.3%
Brent (per barrel)	85.41	4.9%	Soybean (per bushel)	11.638	0.8%
Heating Oil (per gallon)	361.43	9.7%	Wheat (per bushel)	5.828	2.8%
Gasoline (per gallon)	267.09	6.2%	Crude Palm Oil (MYR/MT)	40.960	0.6%
Natural Gas (per MMBtu)	3.00	2.9%	Rubber (JPY/KG)	3.630	1.1%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	12902	-1.2%	Gold (per oz)	5082	-1.1%
Nickel (per mt)	17218	-1.6%	Silver (per oz)	82.24	-1.6%

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

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
3/06/2026 7:00	SK	CPI MoM	Feb	0.40%	0.30%	0.40%	--
3/06/2026 7:00	SK	CPI YoY	Feb	2.10%	2.00%	2.00%	--
3/06/2026 7:00	SK	CPI Ex Food and Energy YoY	Feb	2.10%	2.30%	2.00%	--
3/06/2026 10:05	VN	CPI YoY	Feb	2.75%	--	2.53%	--
3/06/2026 10:05	VN	Exports YoY	Feb	12.80%	--	29.70%	--
3/06/2026 10:05	VN	Imports YoY	Feb	13.30%	--	49.20%	--
3/06/2026 10:05	VN	Trade Balance	Feb	-$2025m	--	-$1780m	--
3/06/2026 10:05	VN	Industrial Production YoY	Feb	--	--	21.50%	--
3/06/2026 10:05	VN	Retail Sales YoY	Feb	--	--	9.30%	--
3/06/2026 11:00	ID	Foreign Reserves	Feb	--	--	$154.6b	--
3/06/2026 15:00	MA	Foreign Reserves	27-Feb	--	--	$127.9b	--
3/06/2026 21:30	US	Change in Nonfarm Payrolls	Feb	55k	--	130k	--
3/06/2026 21:30	US	Change in Manufact. Payrolls	Feb	-2k	--	5k	--
3/06/2026 21:30	US	Nonfarm Payrolls 3-Mo Avg Chg	Feb	--	--	73k	--
3/06/2026 21:30	US	Average Hourly Earnings MoM	Feb	0.30%	--	0.40%	--
3/06/2026 21:30	US	Average Hourly Earnings YoY	Feb	3.70%	--	3.70%	--

Source: Bloomberg

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