

Daily Treasury Outlook

Highlights

Global: The Iran war and the disruption risk around the Strait of Hormuz dominated cross-asset price action last week. WTI crude surged 11.4% on April 2 alone to USD111.54/bbl — its sharpest single-day gain in years, after President Trump’s April 1 address offered no clear exit from Operation Epic Fury and instead signaled a potential escalation. Iran’s foreign minister further dampened hopes of de-escalation, stating that “only Iran and Oman will decide the future of the Strait of Hormuz,” effectively shutting the door on near-term normalization. Beyond Hormuz, Ukrainian strikes on Russian port infrastructure added another layer of supply uncertainty, reinforcing the upside pressure on oil prices.

On the macro front, U.S. labour market data surprised to the upside. Nonfarm payrolls rose by 178k in March, the strongest print since December 2024, following a downwardly revised -133k in February. The rebound was partly technical, reflecting normalization after strike- and weather-related disruptions. Healthcare hiring accounted for a significant portion of the gains (+76k), including the return of 35k workers at doctors’ offices following earlier strike actions. However, underlying details were less reassuring. The unemployment rate declined to 4.26% from 4.44%, largely due to a drop in the participation rate to 61.9%. Wage growth continued to moderate, with average hourly earnings rising 0.2% MoM (vs. 0.4% previously) and slowing to 3.5% YoY — the weakest pace since May 2021.

On a positive note, job growth averaged 68k per month in 1Q26, an improvement from the prior six-month trend. Encouragingly, some forward-looking indicators improved. The African American unemployment rate, often viewed as an early signal of broader labour market stress, fell to 7.1% from 7.7%. Together with still-stable jobless claims, this points to a labour market that is not deteriorating materially, reinforcing the Fed’s cautious and data-dependent stance amid rising stagflation risks.

Across other major economies, central bank and growth signals remain mixed. A senior BOJ official reiterated that rate hikes will likely continue if economic and inflation projections materialize, underscoring Japan’s gradual normalization path. In Europe, the Bank of Italy downgraded its growth forecasts for 2026 and 2027 to 0.6% and 0.5% respectively (from 0.7% and 0.8%), highlighting the region’s fragile growth backdrop amid external shocks.

On the inflation front, early signs suggest that the pass-through from the energy shock to food prices remains contained for now. The FAO Food Price Index rose 2.4% MoM in March and is up just 1% YoY, supported by ample global cereal supply.

Key Market Movements

Equity	Value	% chg
S&P 500	6582.7	0.0%
DJIA	46505	0.0%
Nikkei 225	53123	1.3%
SH Comp	3880.1	-1.0%
STI	4947.5	0.0%
Hang Seng	25117	0.0%
KLCI	1695.5	-0.2%

	Value	% chg
DXY	100.028	0.0%
USDJPY	159.67	0.0%
EURUSD	1.1519	-0.2%
GBPUSD	1.3202	-0.2%
USDIDR	17000	0.0%
USDSGD	1.2866	0.1%
SGDMYR	3.1365	-0.1%

	Value	chg (bp)
2Y UST	3.84	4.32
10Y UST	4.34	3.57
2Y SGS	1.58	0.00
10Y SGS	2.24	0.00
3M SORA	1.07	0.00
3M SOFR	3.67	0.00

	Value	% chg
Brent	109.03	0.0%
WTI	111.54	0.0%
Gold	4677	0.0%
Silver	73.02	0.0%
Palladium	1504	0.0%
Copper	12360	0.0%
BCOM	137.23	0.0%

Source: Bloomberg

Market Watch: Looking ahead, the focus this week will shift squarely to inflation dynamics. U.S. March CPI (due Friday) is likely to reaccelerate, with headline inflation expected to rise above 3% YoY (from 2.4% in February), driven primarily by higher gasoline prices. Thursday's personal income (+0.3% vs. +0.4% prior) and consumption (+0.5% vs. +0.4%) data will provide a timely snapshot of demand conditions, while core PCE (0.39% vs. 0.36%) offers insight into underlying inflation momentum just before the escalation of the Iran conflict. In addition, the release of the March FOMC minutes will be closely watched for policy signals. While the recent energy shock has reduced the likelihood of near-term rate cuts, the key question for markets is whether easing remains the base case — or whether the balance of risks is beginning to tilt back toward a more prolonged period of restrictive policy. In China, we project PPI to rise 0.4% YoY in March, which would mark its first positive print in 40 months and a meaningful step forward in the deflation trajectory. This should continue to support the recovery in industrial profits.

Major Markets

CH: The dollar index moved back above 100 last Friday. Even so, the yuan strengthened against the dollar, with USD/CNY retreating to the 6.88 range. Yuan's counter-trend strength last week reflected a combination of cyclical and structural drivers. On the cyclical side, firmer daily fixing by the PBoC and better-than-expected PMI data helped support sentiment. On the structural side, rising CIPS-enabled trade settlement, likely driven by ongoing de-dollarization demand, appears to be providing an additional tailwind for the currency.

Data from the Cross-Border Interbank Payment System (CIPS) show that the system recorded its highest transaction value in the past 12 months in March. Average daily transaction value rose to RMB920.5bn, while the number of transactions increased to 35,740, up sharply from RMB619.7bn and 25,930 transactions in February. On April 2 alone, transaction value climbed further to RMB1.22tn, while transaction volume also increased to nearly 42,000.

ID: Agriculture Minister Andi Amran Sulaiman said Indonesia is preparing for potential El Nino impacts by increasing agricultural pumping and strengthening production systems to maintain food stability. The government will optimize 80,158 water pumps distributed in 2025 and add about 40,000 more to mitigate drought risks from April 2026, drawing on experience from past El Nino episodes in 2015, 2023, and 2024, as reported by Antara. Minister Amran noted that food security remains strong, with government rice stocks reaching 4.5mn in early April 2026, alongside food availability of up to 12.5mn tons in the hotel, restaurant, and catering sector and 11mn tons of standing crops.

MY: Domestic Trade and Cost of Living Minister Datuk Armizan Mohd Ali said the monthly allocation for the Subsidised Diesel Control Scheme (SKDS) is estimated at MYR2.2bn in March, nearly three times higher than about MYR700.0mn previously, driven by rising global diesel prices. He noted global diesel prices increased from USD93 per barrel on 26 February to USD239 per barrel on 31 March, representing a 158% rise, with projections indicating higher allocation needs compared with MYR3.45bn spent annually in 2025. The government will continue the targeted subsidy programme, which covers 33 vehicle categories with subsidised diesel priced at MYR1.88 per litre for public land transport and MYR2.15 per litre for goods transport, as reported by The Edge. The ministry is also considering measures with the Finance Ministry to expedite reimbursement payments to petrol station operators facing upfront cost pressures.

PH: According to Bangko Sentral ng Pilipinas (BSP), headline inflation for March is expected to settle “within the 3.1-3.9% range”. The BSP warned that inflation risks have intensified with higher prices arising from higher domestic fuel costs, higher rice prices, “increased electricity charges in Meralco-serviced areas,” and the depreciation of the Philippine peso. Meanwhile, lower prices of vegetables, fish, and meat should provide some offset to these upward price pressures. Even so, BSP highlighted that “upside pressures continue to warrant close monitoring.” The BSP states that it will “remain vigilant and guided by incoming data, specifically on inflation and growth prospects. We will continue to monitor recent developments in the Middle East for their implications on inflation and economic activity.”

TH: According to Prasert Sinsukprasert, Permanent Secretary for the Ministry of Energy, Thailand is facing one of its worst energy crises on record as global diesel prices have surged above USD250/bbl, far exceeding the peaks observed during the Russia-Ukraine war. As a result, the sharp increase has deepened the Oil Fuel Fund’s deficit to nearly THB50bn, with its borrowing capacity of THB150bn expected to help sustain operations for around two more months. Permanent Secretary Prasert stated that the ministry “is making every effort to find a balance to protect the public interest, particularly by drawing on excess profits, or windfall gains, to ease the burden.” As part of these efforts, the fund has reduced diesel subsidies, leading to another THB2.80/litre increase in retail diesel prices from Sunday, with B7 diesel rising to THB50.54/litre and B20 to THB45.54/litre in Bangkok. Meanwhile, petrol prices remain unchanged.

VN: GDP growth slowed to 7.8% YoY in 1Q26 from 8.5% in 4Q25, as rising input and energy costs increased inflationary pressures. Consumer prices rose 4.7% YoY in March, accelerating from 3.4% in February, driven by a 10.8% increase in transport costs. The National Statistics Office (NSO) stated that reliance on Middle Eastern oil imports, which account for more than 80% of crude supply, has heightened risks to inflation and economic stability amid ongoing supply disruptions. NSO Director Nguyen Thi Huong said meeting the 2026 growth target of at least 10% remains a major challenge.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded higher last Thursday with shorter tenors trading 4-5bps higher while belly tenors traded 7bps higher and 10Y tenors traded 8bps higher. On Friday, US Investment Grade spreads tightened by 1bps to 82ps and US High Yield spreads tightened by 3bps to 302bps respectively. Bloomberg Global Contingent Capital Index tightened by 2bps to 265bps. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 64bps and Asia USD High Yield spreads tightened by 6bps to 442bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volumes for APAC and DM IG market last Thursday and Friday were zero for both.

There were no notable issuers in the DM IG, APAC USD and Singdollar markets last Thursday/Friday.

Mandates:

There were no notable mandates last Thursday and Friday.

Equity Market Updates

US: US stocks finished flat Friday as a stronger-than-expected jobs report dampened hopes for Federal Reserve rate cuts this year, offsetting earlier optimism about potential de-escalation in the Middle East conflict. Nonfarm payrolls rose 178,000 in March, the most since the end of 2024, whilst the unemployment rate unexpectedly fell to 4.3%, beating all estimates in a Bloomberg survey. The S&P 500, Nasdaq, and Dow Jones Industrial Average all closed essentially unchanged on the day. Treasury yields climbed three to four basis points across maturities, with the 10-year yield rising 4.2 basis points and the two-year advancing 4.3 basis points, as bond traders erased remaining bets on Fed easing this year. The robust employment data suggested the labour market was stabilising despite the ongoing Iran war, though a separate report showed US services activity contracted for the first time in three years as new business slumped. Geopolitical tensions remained elevated after President Trump gave Iran 48 hours to open the Strait of Hormuz. The week marked the S&P 500's first advance since February, breaking a five-week losing streak.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	100.028	0.00%	USD-SGD	1.2866
USD-JPY	159.67	0.04%	EUR-SGD	1.4822
EUR-USD	1.152	-0.17%	JPY-SGD	0.8057
AUD-USD	0.690	-0.22%	GBP-SGD	1.7000
GBP-USD	1.320	-0.19%	AUD-SGD	0.8871
USD-MYR	4.030	-0.24%	NZD-SGD	0.7324
USD-CNY	6.882	-0.05%	CHF-SGD	1.6090
USD-IDR	17000	0.12%	SGD-MYR	3.1365
USD-VND	26339	0.01%	SGD-CNY	5.3492

Equity and Commodity

Index	Value	Net change
DJIA	46,504.67	-61.07
S&P	6,582.69	7.37
Nasdaq	21,879.18	38.23
Nikkei 225	53,123.49	660.22
STI	4,947.50	-28.33
KLCI	1,695.50	-2.80
JCI	7,026.78	-157.66
Baltic Dry	2,066.00	36.00
VIX	23.87	-0.67

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9090	0.37%	1M	3.6616
3M	2.1030	1.35%	2M	3.6710
6M	2.4580	-1.21%	3M	3.6790
12M	2.7990	-1.62%	6M	3.7034
			1Y	3.7519

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.58 (+0.04)	3.86(-)
5Y	1.88 (+0.06)	3.98 (+0.04)
10Y	2.24 (+0.04)	4.36 (+0.04)
15Y	2.28 (+0.03)	--
20Y	2.3 (+0.03)	--
30Y	2.36 (+0.01)	4.92 (+0.03)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/18/2026	0.010	1.000	0.002	3.643
04/29/2026	0.005	0.500	0.001	3.643
06/17/2026	-0.032	-3.700	-0.008	3.633
07/29/2026	-0.055	-2.300	-0.014	3.628
09/16/2026	0.024	7.900	0.006	3.647

Financial Spread (bps)

Value	Change	
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.65
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	111.54		Corn (per bushel)	4.523	-0.4%
Brent (per barrel)	109.03	7.8%	Soybean (per bushel)	11.635	-0.4%
Heating Oil (per gallon)	436.11	7.5%	Wheat (per bushel)	5.983	0.1%
Gasoline (per gallon)	328.80	6.4%	Crude Palm Oil (MYR/MT)	47.450	1.3%
Natural Gas (per MMBtu)	2.80	-0.7%	Rubber (JPY/KG)	3.786	1.0%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	12360	-0.6%	Gold (per oz)	4677	-1.7%
Nickel (per mt)	17086	-0.7%	Silver (per oz)	73.02	0.0%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
4/06/2026 13:00	IN	HSBC India PMI Composite	Mar F	--	--	56.5	--
4/06/2026 13:00	IN	HSBC India PMI Services	Mar F	--	--	57.2	--
4/06/2026 22:00	US	ISM Reschedules March Services PMI to April 6					
4/06/2026 22:00	US	ISM Services Index	Mar	54.9	--	56.1	--
4/06/2026 22:00	US	ISM Services Prices Paid	Mar	67	--	63	--
4/06/2026 22:00	US	ISM Services New Orders	Mar	56.8	--	58.6	--
4/06/2026 22:00	US	ISM Services Employment	Mar	51	--	51.8	--

Source: Bloomberg

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