Daily Treasury Outlook

Highlights

Global: Wall Street rebounded to fresh record highs overnight, with the S&P 500 rising 0.83% to 7,260, just shy of its intraday all-time high of 7,273. Risk sentiment improved as oil prices eased from above USD110/bbl despite the ongoing US-Iran conflict and continued disruption around the Strait of Hormuz. The VIX index fell to 17.38, unwinding Monday's sharp spike in hedging demand. The dominant market narrative was confirmation that the US-Iran ceasefire remains broadly intact despite Monday's flare-up. Reports indicated that two vessels successfully transited the Strait under US military escort. Meanwhile, Iran reportedly officially activated a sovereign maritime governance framework for the Strait, introducing a tolling system for non-hostile vessel passage. In addition, the IRGC warned that vessels deviating from Iran's designated corridor would face a "firm response." This marks a significant escalation from previous verbal warnings to a more formalized assertion of sovereign control over the waterway. Commercially, this creates an additional bureaucratic chokepoint even if military tensions stabilize.
Nevertheless, markets continued to focus on the resilient AI-driven earnings story. The reflexive bid in tech remains firmly intact, supported by AI-related earnings momentum. AMD beat 1Q expectations on stronger AI data-centre sales after the close, providing a positive read-through for Asia's semiconductor complex this morning.

On the data front, US job openings declined by 56k to 6.866mn at the end of March, slightly above market expectations of 6.835mn. The job openings rate eased to 4.1% from 4.2% in February. Meanwhile, hiring jumped by 655k to 5.554mn, with the hires rate rising to 3.5% from 3.1%. However, layoffs and discharges also increased by 153k to 1.867mn, pushing the layoffs rate up to 1.2% from 1.1% previously. Overall, the data still suggest a labour market that is cooling gradually rather than deteriorating sharply.

In Europe, the German Chambers of Industry and Commerce (DIHK) now expects German exports to stagnate this year, downgrading its previous forecast for 1% growth, as companies grapple with supply chain disruptions and heightened uncertainty stemming from the Iran conflict. A DIHK survey covering 4,500 German firms operating abroad showed that 46% identified high energy prices as a key business risk. Companies operating closer to the conflict zone, as well as those in Asia-Pacific excluding China, remained broadly cautious on the outlook. In contrast, firms operating in China, the US, and South America appeared comparatively more optimistic.

The RBA raised its cash rate by 25bps to 4.35%, marking its third consecutive hike this year and effectively reversing the easing cycle delivered through 2025. However, the RBA also signalled that policy may now be approaching a pause, noting that after three hikes, "monetary policy is well placed to respond to developments." Inflation remains the central concern for policymakers. The Board emphasized that higher fuel prices are adding to inflationary pressures and that there are increasing signs of second-round effects feeding into broader

Key Market Movements

Equity	Value	% chg
S&P 500	7259.2	0.8%
DJIA	49298	0.7%
Nikkei 225	59513	0.0%
SH Comp	4112.2	0.0%
STI	4920.6	-0.1%
Hang Seng	25899	-0.8%
KLCI	1747.4	0.4%
	Value	**% chg**
DXY	98.444	0.1%
USDJPY	157.88	0.4%
EURUSD	1.1693	0.0%
GBPUSD	1.3541	0.1%
USDIDR	17425	0.3%
USDSGD	1.2754	-0.1%
SGDMYR	3.1030	0.0%
	Value	**chg (bp)**
2Y UST	3.94	-1.22
10Y UST	4.42	-1.41
2Y SGS	1.56	1.40
10Y SGS	2.12	2.38
3M SORA	1.04	0.58
3M SOFR	3.67	-0.07
	Value	**% chg**
Brent	109.87	-4.0%
WTI	102.27	-3.9%
Gold	4557	0.8%
Silver	72.85	0.1%
Palladium	1489	0.3%
Copper	13135	1.1%
BCOM	141.10	-0.8%

Source: Bloomberg

goods and services prices. In essence, the RBA chose to validate the inflation signal over the growth signal. The terminal rate outlook now appears increasingly binary on Hormuz developments: a de-escalation could allow the RBA to remain on hold by August, while sustained oil prices above USD100/bbl may reopen the door for additional tightening.

Market Watch: For today, market focus will be on the final Eurozone PMI readings, while US ADP employment data will also be closely watched for further signals on labour market momentum.

Major Markets

HK: The economy grew by the fastest pace since 2021, demonstrating resilience despite heightened geopolitical risks stemming from the Middle East conflict. Real GDP growth accelerated to 5.9% YoY in the first quarter of 2026, up sharply from 4.0% in 4Q25 and significantly above the market consensus at 3.5%. On a seasonally adjusted basis, the economy grew by 2.9% QoQ (4Q25: 1.1% QoQ). The upside surprise was primarily driven by a broad-based strengthening in domestic demand, led by private consumption and fixed investment.

During the quarter, private consumption and gross domestic fixed capital formation expanded by brisk pace of 5.0% YoY and 17.7% YoY (4Q25: 2.5% YoY and 11.7% YoY) respectively. Together, these two components contributed approximately 3.3 percentage points and 2.7 percentage points respectively, to headline growth (excluding inventory changes), accounting for the bulk of the economic expansion.

External trade dynamics, by contrast, detracted materially from growth. Goods and services exports grew by 23.8% YoY and 3.5% YoY respectively (4Q25: 15.4% YoY and 4.7% YoY), while imports rose by 29.9% YoY and 3.9% YoY respectively (4Q25: 18.2% YoY and 3.7% YoY). As a result, the contribution of net exports turned sharply negative, subtracting 9.0 percentage points from GDP growth in the quarter. Meanwhile, government consumption growth edged up to 2.9% YoY from 1.5%, though its contribution to overall growth remained modest at 0.4 percentage points.

ID: The economy grew by 5.6% YoY in 1Q26, up from 5.4% in 4Q25, marking the fastest pace since 3Q22 and exceeding expectations for a steady pace (consensus: 5.4%). The acceleration primarily reflects a surge in government spending, which rose 21.8% YoY from 4.5% in the previous quarter, driven by the rollout of the free meals programme, expanded social safety nets, Eid civil servant bonuses, and infrastructure spending. Household consumption was also robust, rising 5.5% YoY in 1Q26 from 5.1% in 4Q25, supported by Ramadan and Eid festive demand, while gross fixed capital formation remained solid at 6.0% YoY, slightly easing from 6.1%. This offset weaker net exports, as export growth slowed to 0.9% YoY from 3.3% while imports accelerated to 7.2% from 4.0%.

MY: Prime Minister Anwar Ibrahim announced fresh measures to ease cost pressures, including expanding Jualan Rahmah Madani to 30,000 events in 2026 from more than 25,000 last year, with weekly sales across all state constituencies and selected rural areas. The programme aims to reduce essential goods prices by as much as 30%, while the government will provide paddy farmers an upfront MYR200 payment at an initial fiscal cost of MYR48.0mn, benefiting about 240,000 registered farmers. PM Anwar also instructed agencies such as Majlis Amanah Rakyat and UDA Holdings to cut rental rates for small businesses in their properties, while noting fuel subsidies cost an estimated additional MYR5.0bn per month, as reported by The Edge.

ESG

Rest of the world: The European Commission has decided to exempt leather imports from the EU deforestation regulation, following a campaign by industry groups which argued that production does not incentivise the cattle farming responsible for forest destruction. The primary driver of deforestation is the expansion of agricultural land linked to the production of seven commodities covered by the regulation – cattle, wood, cocoa, soy, palm oil, coffee, rubber, and some of their derived products. The launch of the policy has been delayed by two years from the original launch date due to opposition from countries including Brazil, Indonesia and the US.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 2-3bps higher while belly and 10Y tenors traded 3bps higher. US Investment Grade spreads tightened by 2bps to 77bps and US High Yield spreads tightened by 1bps to 265bps respectively. Bloomberg Global Contingent Capital Index widened by 1bps to 222bps. Bloomberg Asia USD Investment Grade spreads traded flat at 56bps and Asia USD High Yield spreads widened by 2bps to 399bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volumes for APAC and DM IG markets yesterday were USD300mn and USD7.65bn respectively, higher and lower than the prior day respectively (zero and USD8.35bn). The highest issuance in DM IG market came from COX Asset Mexico SA de CV which priced USD2bn of debt in two tranches, while the highest issuance in APAC market came from JAPFA Pte Ltd which priced a USD300mn secured fixed bond at 8.25%. There were no notable issuances in the Singdollar market yesterday.

Recent Coverage Developments:

Agricultural Bank of China and Bank of China Ltd announced their 1QFY2026 results, while Frasers Logistics & Commercial Trust and Westpac Banking Corporation reported 1HFY2026 results (refer to Daily Credit Snapshot 05 May 2026).

Equity Market Updates

US: US stocks advanced Tuesday as easing geopolitical tensions and a retreat in oil prices lifted major indices to record highs. The S&P 500 rose 0.8%, the Nasdaq gained 1.0%, and the Dow added 0.7%. Markets rallied as signs that the US-Iran ceasefire remained in place reduced fears of a broader conflict, sending crude prices lower after Monday's surge. Semiconductor stocks powered the advance, with the PHLX semiconductor index posting its strongest 25-day performance since March 2000, up 54% since late March. Intel surged 13% on reports of discussions with Apple over chip manufacturing, whilst Micron Technology jumped 11% in its biggest single-day gain in over a year. All eleven S&P 500 sectors closed higher, led by materials and technology. Treasury yields rose modestly, with the 10-year yield climbing to approximately 4.42% and the 30-year yield approaching 4.99%, up from 4.38% and 4.97% respectively on 2 May. In Hong Kong, first-quarter GDP expanded 5.9% year-over-year, the fastest pace in nearly five years, driven by robust exports and resilient consumer spending.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.444	0.07%	**USD-SGD**	1.2754
USD-JPY	157.88	0.41%	**EUR-SGD**	1.4914
EUR-USD	1.169	0.02%	**JPY-SGD**	0.8076
AUD-USD	0.718	0.22%	**GBP-SGD**	1.7268
GBP-USD	1.354	0.07%	**AUD-SGD**	0.9160
USD-MYR	3.961	0.13%	**NZD-SGD**	0.7508
USD-CNY	6.828	#DIV/0!	**CHF-SGD**	1.6286
USD-IDR	17425	0.26%	**SGD-MYR**	3.1030
USD-VND	26331	-0.04%	**SGD-CNY**	5.3566

Equity and Commodity

Index	Value	Net change
DJIA	49,298.25	356.35
S&P	7,259.22	58.47
Nasdaq	25,326.13	258.33
Nikkei 225	59,513.12	228.20
STI	4,920.61	-3.70
KLCI	1,747.43	7.66
JCI	7,057.11	85.15
Baltic Dry	2,730.00	44.00
VIX	17.38	-0.91

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9390	-2.07%	**1M**	3.6410
3M	2.2000	0.05%	**2M**	3.6483
6M	2.5580	1.35%	**3M**	3.6530
12M	2.8830	1.23%	**6M**	3.6695
			1Y	3.7595

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.56 (+0.01)	3.94(--)
5Y	1.76 (+0.03)	4.08 (-0.01)
10Y	2.12 (+0.02)	4.42 (-0.01)
15Y	2.11 (+0.02)	--
20Y	2.11 (+0.02)	--
30Y	2.16 (+0.01)	4.99 (-0.03)

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	-0.026	-2.600	-0.007	3.632
07/29/2026	-0.105	-7.900	-0.026	3.612
09/16/2026	-0.061	4.400	-0.015	3.623

Financial Spread (bps)

	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.63

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	102.27	-3.9%	Corn (per bushel)	4.655	-1.7%
Brent (per barrel)	109.87	-4.0%	Soybean (per bushel)	11.958	-1.0%
Heating Oil (per gallon)	403.02	-1.1%	Wheat (per bushel)	6.165	-2.1%
Gasoline (per gallon)	362.06	-3.1%	Crude Palm Oil (MYR/MT)	46.420	1.9%
Natural Gas (per MMBtu)	2.79	-2.8%			

Precious Metals	Futures	% chg
Gold (per oz)	4557	0.8%
Silver (per oz)	72.85	0.1%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
5/06/2026 9:00	PH	Unemployment Rate	Mar	--	--	5.10%	--
5/06/2026 9:00	PH	Agriculture Output YoY	1Q	--	--	0.50%	--
5/06/2026 9:45	CH	RatingDog China PMI Composite	Apr	--	--	51.5	--
5/06/2026 9:45	CH	RatingDog China PMI Services	Apr	52	--	52.1	--
5/06/2026 11:30	TH	CPI YoY	Apr	2.20%	--	-0.08%	--
5/06/2026 11:30	TH	CPI NSA MoM	Apr	2.13%	--	0.60%	--
5/06/2026 11:30	TH	CPI Core YoY	Apr	0.56%	--	0.57%	--
5/06/2026 13:00	IN	HSBC India PMI Composite	Apr F	--	--	58.3	--
5/06/2026 13:00	IN	HSBC India PMI Services	Apr F	--	--	57.9	--
5/06/2026 16:00	EC	S&P Global Eurozone Services PMI	Apr F	47.4	--	47.4	--
5/06/2026 16:00	EC	S&P Global Eurozone Composite PMI	Apr F	48.6	--	48.6	--
5/06/2026 16:30	UK	S&P Global UK Services PMI	Apr F	52	--	52	--
5/06/2026 16:30	UK	Official Reserves Changes	Apr	--	--	-$7884m	--
5/06/2026 16:30	UK	S&P Global UK Composite PMI	Apr F	52	--	52	--
5/06/2026 17:00	EC	PPI MoM	Mar	3.40%	--	-0.70%	-0.70%
5/06/2026 17:00	EC	PPI YoY	Mar	1.80%	--	-3.00%	-3.00%

Source: Bloomberg

Disclaimers

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

Additional disclosures and disclaimers applicable only to clients of Bank of Singapore Limited

This material is being made available to you through an arrangement between Bank of Singapore Limited (Co Reg. No.: 197700866R) ("BOS") and Oversea-Chinese Banking Corporation Limited ("OCBC Bank") (Co Reg. No.: 193200032W). BOS and OCBC Bank shall not be responsible or liable for any loss (whether direct, indirect or consequential) that may arise from, or in connection with, any use of or reliance on any information contained in or derived from this material, or any omission from this material, other than where such loss is caused solely by BOS' or OCBC Bank's wilful default or gross negligence.

The DIFC Branch of BOS has not conducted or produced any research contained in this material and is acting solely as a conduit in forwarding it to you.

For BOS clients in the United Kingdom:
This research has been prepared by OCBC Bank and made available to BOS. It is intended solely for informational purposes and does not constitute investment advice, a personal recommendation, or an offer or solicitation to buy or sell any financial instruments. Any payments or non-monetary benefits received or paid will be fully disclosed in accordance with applicable regulations, promptly and transparently, and will not influence the advice or services offered to you. If you would like more information about any inducements received, please contact your Relationship Manager.

Cross Border Disclaimer and Disclosures
Please refer to https://www.bankofsingapore.com/Disclaimers_and_Disclosures.html for cross-border marketing disclaimers and disclosures.