# Daily Treasury Outlook

## Highlights

**Global**: The macro picture delivered a mixed set of signals. The US ISM Services headline rose to 54.1, with business activity at 59.1 and new orders at 57.2, but employment fell to 47.4 and prices rose to 70.3. Meanwhile, ADP showed private employers added only 44k jobs (exp: 65k); services accounted for the net gain, while goods-producing industries lost jobs. However, we note that ADP numbers have not tracked well with NFP prints and should not be seen as a leading indicator for Friday's non-farm payrolls. Straits of Hormuz developments saw the status quo maintained. Negotiators reportedly finalised a draft, but Iran's political approval and contested implementation terms were still pending. Meanwhile, Fed's Kashkari said that it may be time to "start slowing moving rates higher", which was no surprise given that he was one of the members who voted for a hike in the recent July FOMC decision. Wednesday's New York session was broadly rangebound, even though gold broke multiple resistance levels and traded near US$4,247 as lower real yields and softer energy supported precious metals, the S&P 500 and Nasdaq fell 0.2% and 0.8% respectively, while the Dow rose 0.5%. Brent was little changed at US$79.45.

**Market Watch:** For the day ahead, markets will watch out for CPI data out of Thailand and Taiwan. Germany factory orders and Eurozone retail sales are also due, along with initial jobless claims out of the U.S. and wholesale inventories.

## Major Markets

**ID:** GDP growth moderated to 5.3% YoY in 2Q26 from 5.6% in 1Q26, above expectations (OCBC: 5.2%; Consensus: 5.1%). Private consumption slowed to 5.1% from 5.5%, while government spending eased to 16.0% from 21.8%. Gross fixed capital formation strengthened to 6.9% YoY from 6.0%, while export growth accelerated to 4.1% from 0.9%. On the supply side, manufacturing growth slowed to 4.5% YoY from 5.0% and transportation and warehousing growth eased to 5.7% from 8.0%, while mining and quarrying remained in contraction at -1.6% from -2.1%.

**MY:** Investment, Trade and Industry Minister Johari Abdul Ghani said the government will assess Malaysia's import needs, particularly capital goods, and formulate policies to reduce dependence on external ecosystems while strengthening domestic industries and technological capabilities. The review will identify products that Malaysia can produce locally, as Minister Johari warned that excessive reliance on lower-cost imports could weaken domestic industrial capacity. He added that foreign investors should complement the domestic ecosystem by introducing products and technologies not yet available in Malaysia, while sustained improvements in productivity, innovation and economic complexity remain necessary to achieve high-income status.

**AU:** Australia's household spending rose 0.8% MoM in June, comfortably beating market expectations of a 0.2% increase and following a strong 1.2% gain in May. On an annual basis, spending accelerated to 6.0% YoY. The increase was primarily

### Key Market Movements

| Equity | Value | % chg |
|---|---|---|
| S&P 500 | 7723.6 | -0.2% |
| DJIA | 54349 | 0.5% |
| Nikkei 225 | 66300 | 3.7% |
| SH Comp | 3878.4 | 1.5% |
| STI | 5581.4 | -0.6% |
| Hang Seng | 25916 | 0.2% |
| KLCI | 1748.2 | 0.9% |
| | **Value** | **% chg** |
| DXY | 99.676 | -0.2% |
| USDJPY | 157.75 | 0.0% |
| EURUSD | 1.1553 | 0.2% |
| GBPUSD | 1.3468 | 0.1% |
| USDIDR | 17930 | -0.5% |
| USDSGD | 1.281 | -0.1% |
| SGDMYR | 3.1933 | 0.1% |
| | **Value** | **chg (bp)** |
| 2Y UST | 4.18 | -1.05 |
| 10Y UST | 4.61 | 0.01 |
| 2Y SGS | 1.67 | -3.20 |
| 10Y SGS | 2.29 | -6.67 |
| 3M SORA | 1.12 | -0.56 |
| 3M SOFR | 3.63 | 0.06 |
| | **Value** | **% chg** |
| Brent | 79.45 | 0.1% |
| WTI | 75.22 | -0.7% |
| Gold | 4247 | 4.1% |
| Silver | 62.05 | 4.2% |
| Palladium | 1366 | 1.1% |
| Copper | 14111 | 0.3% |
| BCOM | 129.68 | 0.6% |

Source: Bloomberg

driven by a 1.2% rise in discretionary spending, supported by strong new vehicle sales, particularly electric vehicles, alongside a rebound in travel and spending on recreational and cultural services. In real terms, household spending rose 0.7% QoQ in 2Q26 to AUD 227.8 bn, highlighting resilient consumer demand.

## Credit Market Updates

**Market Commentary:**

- The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 4-7bps lower, belly tenors trading 7-8bps lower, and the 10Y tenor trading 8bps lower.
- US Investment Grade spreads traded flat at 76bps, and US High Yield spreads widened by 1bps to 267bps. Bloomberg Global Contingent Capital Index tightened by 1 bps to 208bps.
- Bloomberg Asia USD Investment Grade tightened by 1 bps to 57bps, and the Asia USD High Yield spreads tightened by 5bps to 339bps. (Bloomberg, OCBC)

**New Issues:**

- There were no issuances in the Singdollar market yesterday.
- The total issuances in the APAC and DM IG markets were USD110mn and USD11.2bn respectively yesterday (day before: USD1.57bn and USD17.75bn respectively). The largest issuance from DM IG markets was led by Bank of New York Mellon Corp/The (priced USD2.5bn across three tranches). (Bloomberg, OCBC)

**Credit Developments:**

- **CapitaLand China Trust (CRCTSP):** 1H2026 results remained resilient on a same-store basis with improved retail performance and lower leverage, although business parks continue to face occupancy and rental pressures amid weak Chinese office markets.
- **HSBC Holdings (HSBC):** HSBC delivered stronger-than-expected 2Q2026 earnings, raised NII and cost-saving guidance, and maintained capital levels despite ongoing headwinds from China wealth-flow restrictions.
- **Keppel Infrastructure Trust (KITSP):** KITSP is investing in a second German solar portfolio to expand its portfolio of long-term contracted renewable assets and generate stable cash flows.
- **Ho Bee Land (HOBEE):** Ho Bee Land formed joint ventures for two Australian residential developments, reducing capital concentration risk while expanding its presence in Western Australia through local partnerships.
- **Pfizer (PFE):** Pfizer reported resilient non-COVID growth and raised 2026 guidance, though patent-expiry risks and pipeline execution challenges continue to weigh on its medium-term outlook.
- **Commerzbank AG / UniCredit (CMZB, UniCredit):** UniCredit moved closer to increasing its stake in Commerzbank after German regulatory approval, with ECB and other regulatory clearances still pending.
- **United Overseas Bank (UOBSP):** UOB is divesting UOB Asset Management to Allianz Global Investors at a substantial premium while retaining distribution access through a long-term strategic partnership**.**

- **BP p.l.c. (BPLN):** BP continues portfolio rationalisation through planned asset sales while benefiting from stronger earnings, cash generation and a reduction in net debt.

## Equity Market Updates

**US:** US stocks diverged on Wednesday as a USD3.7t four-day S&P 500 rally showed signs of exhaustion, with investors rotating out of technology whilst strong earnings lifted blue-chips. The S&P 500 slipped 0.2%, the Nasdaq fell 0.8%, and the Dow gained 0.5%, notching its third consecutive record close and a fifth straight session of gains, its best such run in recent memory. Earnings drove the session's narrative, with Disney beating estimates at an adjusted EPS of USD2.06 versus the USD1.86 consensus, Amgen raising its full-year revenue guidance to USD38.2b to USD39.4b, and Eli Lilly lifting its 2026 sales outlook to USD85b to USD87b on surging obesity drug demand. Chipmakers fell 1.4% as AI-rally fatigue set in, though Nvidia bucked the trend. SpaceX sank 14% as USD101b in stock became available for trading. ADP private payrolls rose just 44,000 in July, well below the 65,000 estimate and the weakest reading since January, keeping focus on Friday's non-farm payrolls. Treasury yields were broadly unchanged, with the 10-year firmly above 4.50% amid geopolitical tensions and inflation uncertainty, whilst the Treasury maintained its quarterly refunding at USD125b, in line with expectations. Overnight, China tightened drone export controls and sanctioned six US entities in retaliation for US restrictions.

| Foreign Exchange | | | | |
|---|---|---|---|---|
| | Day Close | % Change | | Day Close |
| DXY | 99.676 | -0.18% | USD-SGD | 1.2810 |
| USD-JPY | 157.75 | 0.00% | EUR-SGD | 1.4803 |
| EUR-USD | 1.155 | 0.19% | JPY-SGD | 0.8120 |
| AUD-USD | 0.706 | 0.17% | GBP-SGD | 1.7254 |
| GBP-USD | 1.347 | 0.12% | AUD-SGD | 0.9042 |
| USD-MYR | 4.094 | -0.09% | NZD-SGD | 0.7542 |
| USD-CNY | 6.749 | 0.00% | CHF-SGD | 1.5876 |
| USD-IDR | 17930 | -0.52% | SGD-MYR | 3.1933 |
| USD-VND | 26268 | -0.04% | SGD-CNY | 5.2691 |

| Equity and Commodity | | |
|---|---|---|
| Index | Value | Net change |
| DJIA | 54,349.12 | 263.24 |
| S&P | 7,723.55 | -12.97 |
| Nasdaq | 26,363.44 | -221.55 |
| Nikkei 225 | 66,300.44 | 2342.91 |
| STI | 5,581.37 | -30.88 |
| KLCI | 1,748.17 | 15.51 |
| JCI | 6,351.14 | 31.53 |
| Baltic Dry | 3,063.00 | 127.00 |
| VIX | 15.81 | -0.69 |

| SOFR | | | | |
|---|---|---|---|---|
| Tenor | EURIBOR | Change | Tenor | USD SOFR |
| 1M | 2.2430 | 0.04% | 1M | 3.6448 |
| 3M | 2.4980 | 1.50% | 2M | 3.7121 |
| 6M | 2.7240 | 0.70% | 3M | 3.7544 |
| 12M | 2.9270 | -0.41% | 6M | 3.8795 |
| | | | 1Y | 4.0268 |

| Government Bond Yields (%) | | |
|---|---|---|
| Tenor | SGS (chg) | UST (chg) |
| 2Y | 1.67 (-0.03) | 4.19(--) |
| 5Y | 1.84 (-0.05) | 4.33(--) |
| 10Y | 2.29 (-0.07) | 4.61(--) |
| 15Y | 2.33 (-0.06) | -- |
| 20Y | 2.35 (-0.06) | -- |
| 30Y | 2.4 (-0.05) | 5.16 (-0.01) |

| Fed Rate Hike Probability | | | | |
|---|---|---|---|---|
| Meeting | # of Hikes/Cuts | % of Hikes/Cuts | Implied Rate Change | Expected Effective Fed Funds Rate |
| 09/16/2026 | 0.549 | 54.900 | 0.137 | 3.771 |
| 10/28/2026 | 0.795 | 24.600 | 0.199 | 3.833 |
| 12/09/2026 | 1.233 | 43.800 | 0.308 | 3.942 |

| Secured Overnight Fin. Rate | |
|---|---|
| SOFR | 3.66 |

| Commodities Futures | | | | | |
|---|---|---|---|---|---|
| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
| WTI (per barrel) | 75.22 | -0.7% | Corn (per bushel) | 4.368 | -1.2% |
| Brent (per barrel) | 79.45 | 0.1% | Soybean (per bushel) | 11.515 | -0.3% |
| Heating Oil (per gallon) | 379.62 | 0.7% | Wheat (per bushel) | 6.423 | 0.6% |
| Gasoline (per gallon) | 283.88 | -0.5% | Crude Palm Oil (MYR/MT) | 45.190 | -0.7% |
| Natural Gas (per MMBtu) | 2.69 | 0.2% | Rubber (JPY/KG) | 4.200 | -1.2% |
| | | | | | |
| Base Metals | Futures | % chg | Precious Metals | Futures | % chg |
| Copper (per mt) | 14111 | 0.3% | Gold (per oz) | 4247 | 4.1% |
| Nickel (per mt) | 17114 | -0.5% | Silver (per oz) | 62.05 | 4.2% |

Source: Bloomberg, Reuters

## Economic Calendar

| Date Time | Country Code | Event | Period | Survey | Actual | Prior | Revised |
|---|---|---|---|---|---|---|---|
| 8/06/2026 7:00 | SK | BoP Current Account Balance | Jun | -- | $49730.4m | $38607.4m | -- |
| 8/06/2026 7:00 | SK | BoP Goods Balance | Jun | -- | $47891.7m | $37859.2m | -- |
| 8/06/2026 7:50 | JN | Japan Buying Foreign Bonds | 31-Jul | -- | ¥477.9b | -¥811.4b | -¥810.1b |
| 8/06/2026 7:50 | JN | Foreign Buying Japan Bonds | 31-Jul | -- | ¥558.9b | -¥1513.9b | -¥1514.1b |
| 8/06/2026 7:50 | JN | Japan Buying Foreign Stocks | 31-Jul | -- | -¥276.4b | ¥320.2b | ¥289.1b |
| 8/06/2026 7:50 | JN | Foreign Buying Japan Stocks | 31-Jul | -- | -¥392.5b | ¥912.1b | ¥912.4b |
| 8/06/2026 9:00 | PH | Unemployment Rate | Jun | -- | -- | 4.80% | -- |
| 8/06/2026 9:30 | AU | Trade Balance | Jun | -A$1080m | -- | -A$3018m | -- |
| 8/06/2026 16:30 | UK | S&P Global UK Construction PMI | Jul | 40 | -- | 38.4 | -- |
| 8/06/2026 17:00 | EC | Retail Sales MoM | Jun | 0.10% | -- | 0.20% | -- |
| 8/06/2026 17:00 | EC | Retail Sales YoY | Jun | 1.00% | -- | 1.60% | -- |
| 8/06/2026 17:30 | US | Challenger Job Cuts YoY | Jul | -- | -- | -4.50% | -- |
| 8/06/2026 20:30 | US | Nonfarm Productivity | 2Q P | 0.60% | -- | 0.30% | -- |
| 8/06/2026 20:30 | US | Unit Labor Costs | 2Q P | 2.10% | -- | 1.80% | -- |

*Source: Bloomberg*

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