

## Daily Treasury Outlook

### Highlights

**Global:** On Monday, the tech-led equity rally in the US pushed the S&P 500 to near a record high, despite the continued rise in bond yields. The dollar extended its three-week run of gains, nearing its strongest levels of the year. Crude prices declined amid reports that Saudi Arabia cut its oil prices to six-year lows, for Asia sales. Meanwhile, exports of Middle East oil, excluding Iran, reportedly surpassed their pre-war levels last week.

European political and fiscal risks intensified. France remains a focal point for fiscal scrutiny following the release of its 2027 budget proposal. Spain's prime minister called a surprise snap election after housing votes failed. Separately, Germany and France proposed a last-resort trade instrument that would allow the EU to cut off access to the single market.

The US' September ISM services PMI cooled slightly to 54.9, from August's six-month high of 55.4, though it remains in expansion territory for the 27th consecutive month. Business activity and new orders growth rates have eased a bit, at 56.5 and 59.8 respectively (previously at 61.7 and 60.9). The prices index rose further to 74 in September (previously at 72.6), the highest since July 2022. Meanwhile, the employment index moved into expansion territory for the first time in three months with a reading of 50.1 (previously at 47.8). Supply chain constraints, namely tariffs and fuel cost, were among the top concerns of respondents. Eurozone's PPI rose by 1.9% MoM in August, in line with expectations, while Sentix investor confidence missed estimates by a large margin at 2.7 in October. In Australia, the Melbourne Institute inflation gauge for September held steady at 4.8% YoY, the same as in August.

**Market Watch:** Today's key releases include Australia's October Westpac consumer confidence (at 80.4), Hong Kong's September PMI, September CPI data from the Philippines and Thailand, India's September composite and services PMIs, Germany's August factory orders, France's August industrial production, Eurozone's August retail sales and US' August trade data.

**SG:** Headline retail sales looked soft but underlying momentum remains largely intact. August retail sales eased to 0.7% YoY (-1.0% MoM sa), slower than July's revised 1.3% YoY (0.6% MoM sa). More importantly, many discretionary segments like cosmetics/toiletries, computer/telecom and recreational goods saw healthy YoY growth, although sales of watches and jewellery fell 2.7% YoY (-7.8% MoM sa). The outlook is hazy as the anticipated impact on outdoor activities, especially for leisure/sports and F&B, is likely negative in the near-term as health-conscious consumers avoid outdoor and strenuous activities. Our full year 2026 retail sales forecast is ~2.6%, with some moderation in 4Q26 growth momentum tipped at 1.1% YoY (partly due to higher base in 2H25). Separately, the S&P Global Singapore PMI edged lower to 58.1 (vs 59.4 prior) but reinforced the narrative of a firm expansionary outlook.

### Key Market Movements

| Equity     | Value  | % chg |
|------------|--------|-------|
| S&P 500    | 7774.0 | 0.7%  |
| DJIA       | 51268  | 0.2%  |
| Nikkei 225 | 69947  | 2.4%  |
| SH Comp    | 3842.2 | 0.0%  |
| STI        | 5664.3 | 0.5%  |
| Hang Seng  | 24040  | 0.3%  |
| KLCI       | 1631.8 | 0.1%  |

|        | Value   | % chg |
|--------|---------|-------|
| DXY    | 102.167 | 0.2%  |
| USDJPY | 157.91  | 0.0%  |
| EURUSD | 1.1223  | -0.3% |
| GBPUSD | 1.3222  | -0.1% |
| USDIDR | 17907   | 0.2%  |
| USDSGD | 1.2793  | 0.1%  |
| SGDMYR | 3.1924  | 0.0%  |

|         | Value | chg (bp) |
|---------|-------|----------|
| 2Y UST  | 4.81  | -1.25    |
| 10Y UST | 5.30  | 3.40     |
| 2Y SGS  | 1.96  | -0.90    |
| 10Y SGS | 2.47  | 1.18     |
| 3M SORA | 1.23  | -0.05    |
| 3M SOFR | 3.70  | 0.82     |

|           | Value  | % chg |
|-----------|--------|-------|
| Brent     | 100.32 | -1.9% |
| WTI       | 89.43  | -1.8% |
| Gold      | 4140   | 0.0%  |
| Silver    | 61.07  | 1.2%  |
| Palladium | 1176   | 0.4%  |
| Copper    | 14420  | 1.1%  |
| BCOM      | 142.03 | 0.4%  |

Source: Bloomberg

## Major Markets

**MY:** Agriculture and Food Security Minister Mohamad Sabu said the government remains committed to strengthening the agrifood sector by increasing production and exports of high value commodities such as pineapples and durians while narrowing the food trade gap. He said a recent MOU on durian exports is expected to generate more than MYR1.0bn in additional value, while pineapple exports have tripled over the past three years, as reported by The Edge. Separately, the Economy Ministry received 9,955 new and extension project proposals totalling MYR944.0bn for 2027, with MYR80.4bn required as the development expenditure ceiling for consideration under the development planning process. Ministries and agencies may submit development programme and project proposals under the 13th Malaysia Plan 2026 to 2030 through the rolling plan process.

**ID:** Deputy Foreign Minister Arif Havas Oegroseno proposed a Green Minerals Partnership MOU with Chile covering joint industrial projects, green mining technology, an investment platform and an ocean based distribution strategy. Both sides agreed to prioritise the Indonesia Chile Comprehensive Economic Partnership Agreement in the battery and vaccine sectors, while Havas also encouraged cooperation involving Codelco, PT Freeport Indonesia and INALUM in developing battery and electric vehicle ecosystems. Havas also proposed an Indonesia Chile Industrial Bridge in mining, while bilateral trade reached USD535.5mn, up 12.40% from the previous year, as reported by Antara.

**AU:** Australia's September S&P Global Services PMI was revised higher to 51.9 from the initial flash estimate of 51.4, but still eased from 53.2 in August. This marked a fourth consecutive month of expansion, although growth slowed to its weakest pace in three months. New export business rose for the first time in five months, but softer overall demand led firms to marginally reduce staffing, with employment falling for the first time since May. Business confidence also slipped to a three-month low and further below its long-run average, reflecting concerns over the economic outlook and its implications for sales. Meanwhile, price pressures strengthened, with both input and output price inflation accelerating from August and remaining above their long-run averages.

**TH:** According to the Board of Investment (BOI), the Long-Term Resident (LTR) visa programme has generated an estimated THB43bn in economic value over the past four years through visa fees, domestic spending, direct investment and tax revenue. During this period, a total of 12,011 applicants has been approved, with wealthy pensioners forming the largest group, followed by dependents, highly skilled professionals, work-from-Thailand professionals and wealthy global citizens. The BOI said the programme supports recurring spending on food, housing, healthcare, tourism, transport and other services, while also helping Thailand attract executives and specialists needed in advanced industries. Approved applicants have mainly come from major economies including the United States, Japan and the United Kingdom. To handle rising applications, the BOI is further strengthening the programme through a new online application system linking the Department of Consular Affairs, Immigration Bureau, Department of Employment and Revenue Department. The LTR programme forms part of a broader talent and competitiveness strategy aimed at attracting

foreign talent, developing Thai workers and supporting technology-driven investment.

## Sustainability

**SG:** Singapore could face hotter and drier conditions for longer this year as a strong El Niño delays the retreat of the dry season, with relief potentially coming around December. The conditions could prolong the risk of transboundary haze as dry weather exacerbates fire risks in the region, highlighting Singapore's exposure to regional physical climate risks. It reinforces the importance of strengthening climate resilience as more extreme weather conditions can amplify Singapore's exposure to heat and transboundary haze, alongside continued regional cooperation to address cross-border environmental risks.

## Credit Market Updates

### Market Commentary:

- The SGD SORA OIS curve traded flat to lower yesterday; shorter tenors traded flat, belly tenors traded flat to 1bps lower, and 10Y tenor traded 2bps lower.
- US Investment Grade spreads traded flat at 82bps, and US High Yield spreads widened by 1bps to 307bps respectively. Bloomberg Global Contingent Capital spreads traded flat at 241bps.
- Bloomberg Asia USD Investment Grade spread traded flat at 60bps, and the Asia USD High Yield spreads widened by 5bps to 351bps. (Bloomberg, OCBC)

### New Issues:

- There was SGD215mn of issuances in the SGD markets, led by Cagamas Global PLC (guarantor: Cagamas Bhd) who issued an SGD215mn 1Y bond at 2.45%.
- There were zero and USD3.5bn of issuances in the APAC and DM IG markets respectively (prior business day: zero and USD52.5mn). DM IG issuances were led by Cargill Inc, who issued USD1.25bn of bonds across two tranches.

### Credit Headlines:

- **Julius Baer Group Ltd (BAERVX):** Announced a new share buy-back programme of up to CHF600mn, and subject to market conditions, expected to complete within the year. FINMA concluded enforcement proceedings concerning the bank's risk management and dealings with Rene Benko.
- **UBS Group AG (UBS):** The media reported that UBS executives engaged with Nordea Bank over exiting Switzerland. This comes after the Swiss Council of States voted in favor of requiring CET1 backing equivalent to 90% of UBS's investments in foreign subsidiaries, with the legislative process ongoing.
- **Temasek Holdings (Private) Limited (TEMASE):** Plans to establish offices in Riyadh and Abu Dhabi and engage with institutions in Qatar and other Middle Eastern markets for partnership and investment opportunities.

- **Amazon.com Inc (AMZN):** Exploring moving approximately USD8bn of Nvidia Grace Blackwell chips into an externally funded SPV and leasing the chips back. We consider the transaction credit-neutral as lease obligations would remain part of AMZN's overall financial commitments.
- **City Developments Ltd (CITSP):** Sold 350 units, or 61% of Lucerne Grand, which is connected to Lakeside MRT, during its launch weekend at an average SGD2,480 psf. Singaporeans accounted for around 93% of buyers.

## Equity Market Updates

**US:** US stocks advanced Monday, led by megacap technology names that pushed the Nasdaq Composite to a fresh record closing high even as Treasury yields surged to their loftiest levels in over two decades. The S&P 500 gained 0.7%, the Nasdaq rose 1.1%, and the Dow edged up 0.2%, with all sectors finishing in the green except real estate. Nvidia and Microsoft drove the bulk of the session's gains, with Hon Hai's better-than-expected quarterly revenue, up 47% year-on-year, reinforcing confidence in sustained AI infrastructure spending and lifting sentiment across the semiconductor space. In fixed income, the long end of the Treasury curve bore the brunt of selling pressure in a bear-steepening move, with the 10-year yield rising approximately 3 basis points to 5.31% and the 30-year climbing around 4 basis points to 5.67%, both at their highest levels since 2002, whilst the 2-year yield edged marginally lower to 4.81%. Notably, equities and bonds decoupled sharply, with investors rotating into large-cap tech as a perceived refuge from broader macro uncertainty. On the geopolitical front, President Trump stated the Iran conflict is "going to be over soon," though the causal link to market moves remains ambiguous. In the region, Singapore-headquartered DayOne Data Centres filed for a US IPO, and Hong Kong announced plans to introduce four new crypto licensing regimes before end-2026.

## Foreign Exchange

|         | Day Close | % Change |         | Day Close |
|---------|-----------|----------|---------|-----------|
| DXJ     | 102.167   | 0.23%    | USD-SGD | 1.2793    |
| USD-JPY | 157.91    | 0.04%    | EUR-SGD | 1.4357    |
| EUR-USD | 1.122     | -0.28%   | JPY-SGD | 0.8101    |
| AUD-USD | 0.697     | 0.23%    | GBP-SGD | 1.6917    |
| GBP-USD | 1.322     | -0.14%   | AUD-SGD | 0.8919    |
| USD-MYR | 4.086     | 0.03%    | NZD-SGD | 0.7166    |
| USD-CNY | 6.706     | #DIV/0!  | CHF-SGD | 1.5404    |
| USD-IDR | 17907     | 0.18%    | SGD-MYR | 3.1924    |
| USD-VND | 25994     | 0.03%    | SGD-CNY | 5.2298    |

## SOFR

| Tenor | EURIBOR | Change | Tenor | USD SOFR |
|-------|---------|--------|-------|----------|
| 1M    | 2.4370  | 0.12%  | 1M    | 3.9183   |
| 3M    | 2.5980  | 0.35%  | 2M    | 3.9435   |
| 6M    | 3.0580  | 0.49%  | 3M    | 4.0305   |
| 12M   | 3.3230  | 0.61%  | 6M    | 4.1896   |
|       |         |        | 1Y    | 4.4883   |

## Fed Rate Hike Probability

| Meeting    | # of Hikes/Cuts | % of Hikes/Cuts | Implied Rate Change | Expected Effective Fed Funds Rate |
|------------|-----------------|-----------------|---------------------|-----------------------------------|
| 10/28/2026 | 0.238           | 23.800          | 0.060               | 3.938                             |
| 12/09/2026 | 1.060           | 82.200          | 0.265               | 4.143                             |
| 01/27/2027 | 1.478           | 41.800          | 0.370               | 4.247                             |
| 03/17/2027 | 2.200           | 72.200          | 0.550               | 4.428                             |

## Equity and Commodity

| Index      | Value     | Net change |
|------------|-----------|------------|
| DJIA       | 51,267.90 | 90.94      |
| S&P        | 7,773.95  | 51.23      |
| Nasdaq     | 27,477.31 | 286.45     |
| Nikkei 225 | 69,946.86 | 1637.40    |
| STI        | 5,664.33  | 29.51      |
| KLCI       | 1,631.75  | 0.88       |
| JCI        | 6,118.86  | 81.97      |
| Baltic Dry | 3,148.00  | 8.00       |
| VIX        | 15.52     | 0.21       |

## Government Bond Yields (%)

| Tenor | SGS (chg)    | UST (chg)    |
|-------|--------------|--------------|
| 2Y    | 1.96 (-0.01) | 4.82(--)     |
| 5Y    | 2.22 (+0.01) | 5.06(--)     |
| 10Y   | 2.47 (+0.01) | 5.31 (+0.03) |
| 15Y   | 2.52 (+0.01) | --           |
| 20Y   | 2.48 (+0.02) | --           |
| 30Y   | 2.52 (+0.03) | 5.66 (+0.04) |

## Secured Overnight Fin. Rate

|      |      |
|------|------|
| SOFR | 3.88 |
|------|------|

## Commodities Futures

| Energy                   | Futures | % chg | Soft Commodities        | Futures | % chg |
|--------------------------|---------|-------|-------------------------|---------|-------|
| WTI (per barrel)         | 89.43   | -1.8% | Corn (per bushel)       | 4.973   | -0.1% |
| Brent (per barrel)       | 100.32  | -1.9% | Soybean (per bushel)    | 12.808  | 0.2%  |
| Heating Oil (per gallon) | 454.52  | 1.0%  | Wheat (per bushel)      | 6.923   | 1.4%  |
| Gasoline (per gallon)    | 324.62  | -2.0% | Crude Palm Oil (MYR/MT) | 43.900  | 0.8%  |
| Natural Gas (per MMBtu)  | 3.07    | 1.0%  | Rubber (JPY/KG)         | 4.382   | -0.6% |
| Base Metals              | Futures | % chg | Precious Metals         | Futures | % chg |
| Copper (per mt)          | 14420   | 1.1%  | Gold (per oz)           | 4140    | 0.0%  |
| Nickel (per mt)          | 15714   | 0.6%  | Silver (per oz)         | 61.07   | 1.2%  |

Source: Bloomberg, Reuters

## Economic Calendar

| Date Time        | Country Code | Event                             | Period | Survey | Actual    | Prior     | Revised |
|------------------|--------------|-----------------------------------|--------|--------|-----------|-----------|---------|
| 10/06/2026 5:00  | SK           | Foreign Reserves                  | Sep    | --     | \$440.56b | \$442.28b | --      |
| 10/06/2026 7:30  | AU           | Westpac Consumer Conf SA MoM      | Oct    | --     | -4.70%    | -5.20%    | --      |
| 10/06/2026 8:30  | HK           | S&P Global Hong Kong PMI          | Sep    | --     | 49.2      | 49.5      | --      |
| 10/06/2026 8:30  | AU           | ANZ-Indeed Job Advertisements MoM | Sep    | --     | 2.20%     | 2.50%     | 2.60%   |
| 10/06/2026 9:00  | PH           | CPI YoY 2018=100                  | Sep    | 6.80%  | --        | 6.10%     | --      |
| 10/06/2026 11:30 | TH           | CPI YoY                           | Sep    | 3.10%  | --        | 2.53%     | --      |
| 10/06/2026 11:30 | TH           | CPI NSA MoM                       | Sep    | 0.53%  | --        | 0.56%     | --      |
| 10/06/2026 11:30 | TH           | CPI Core YoY                      | Sep    | 1.56%  | --        | 1.44%     | --      |
| 10/06/2026 13:00 | IN           | HSBC India PMI Composite          | Sep F  | --     | --        | 56.5      | --      |
| 10/06/2026 13:00 | IN           | HSBC India PMI Services           | Sep F  | --     | --        | 55.8      | --      |
| 10/06/2026 16:30 | UK           | S&P Global UK Construction PMI    | Sep    | 44.9   | --        | 44.3      | --      |
| 10/06/2026 17:00 | EC           | Retail Sales MoM                  | Aug    | 0.20%  | --        | -0.60%    | --      |
| 10/06/2026 17:00 | EC           | Retail Sales YoY                  | Aug    | 1.00%  | --        | 0.60%     | --      |

Source: Bloomberg

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