OCBC Group Research

By Global Markets | 7 July 2026

Daily Treasury Outlook

Highlights

Global: After the long weekend, US equities staged a solid rebound on Monday, driven by a revival in AI-related trades. The three major US equity indices closed 0.3%–1.1% higher. US Treasuries twist-steepened in a light trading session, while the US dollar ended little changed after paring earlier gains. Oil continued to trade within a range following OPEC's decision to increase output quotas. Meanwhile, spot gold snapped a three-day winning streak. Fed Governor Waller stated that the new Chair was "reaffirming" the Fed's commitment to its 2% inflation target and that forward guidance remains a valuable policy tool.

On the data front, the US ISM Services PMI eased from 54.5 to 54.0 in June, in line with expectations, reflecting slightly softer demand conditions. New orders declined more than expected to 55.1 (vs. consensus of 56.8), although the index remained firmly in expansionary territory. The inventories index fell to its second-lowest level since October 2025, suggesting a possible pause in the inventory stockpiling seen earlier this year. Meanwhile, the prices paid index fell to 67.7 (vs. consensus of 67.5), while the employment index improved to 51.2 (vs. consensus of 48.2).

Elsewhere, Eurozone retail sales and producer prices for May were broadly in line with expectations, rising 1.6% YoY and 5.9% YoY, respectively. Germany's factory orders increased by 1.9% MoM and 6.2% YoY in May, exceeding market expectations. In Australia, the Melbourne Institute inflation gauge moderated to 3.9% YoY in June, the lowest level since February, supported by lower petrol prices. In Japan, May nominal cash earnings rose 3.2% YoY (vs. consensus of 3.4%), down from an upwardly revised 3.6% in April, while real cash earnings increased by a more modest 1.4% YoY (vs. consensus of 1.7%). Meanwhile, household spending declined by 0.4% YoY in May, although the contraction was less severe than the market expectation of a 2.3% decline.

Market Watch: Asian markets are likely to open on a cautious note this morning, with the KOSPI retreating amid sell-the-fact flows following the release of Samsung's quarterly results. Today's Asian economic calendar includes Japan's May labour cash earnings, household spending, and leading index, the Philippines' June CPI, and Taiwan's June CPI and PPI. Later in the day, market participants will also monitor Germany's May industrial production, as well as May trade data from the US and Canada.

Key Market Movements

Equity	Value	% chg
S&P 500	7537.4	0.7%
DJIA	53056	0.3%
Nikkei 225	69738	0.0%
SH Comp	4041.2	-0.1%
STI	5259.8	0.3%
Hang Seng	23616	1.1%
KLCI	1683.5	0.3%

	Value	% chg
DXY	100.853	0.0%
USDJPY	162.09	0.5%
EURUSD	1.1441	0.0%
GBPUSD	1.3392	0.3%
USDIDR	17995	0.2%
USDSGD	1.2923	0.0%
SGDMYR	3.1575	0.1%

	Value	chg (bp)
2Y UST	4.11	-2.70
10Y UST	4.47	-1.39
2Y SGS	1.60	-0.50
10Y SGS	2.14	0.21
3M SORA	1.11	1.40
3M SOFR	3.63	-0.08

	Value	% chg
Brent	71.99	-0.2%
WTI	68.55	-0.2%
Gold	4165	-0.3%
Silver	62.05	-0.6%
Palladium	1271	-0.2%
Copper	13404	0.3%
BCOM	125.63	2.1%

Source: Bloomberg

Major Markets

CN: The third batch of China's 2026 "Two Major" construction projects has recently been approved, with RMB193.5 billion allocated through ultra-long special treasury bonds. This completes the full allocation of this year's "Two Major" project pipeline. Since the beginning of the year, the National Development and Reform Commission, together with relevant government agencies, has committed a total of RMB800 billion to support 1,417 major infrastructure and strategic development projects.

HK: PMI rose for a second consecutive month to 52.0 in June, from 50.4 in May, signalling a further improvement in business activity. The strongest contribution came from the new orders sub-index, which rose to 53.2 from 50.1, indicating a meaningful pickup in demand. Both output and new orders expanded at their fastest pace in four months, supported by new product launches, firmer client demand, and increased consumer spending associated with the World Cup. Nevertheless, margin pressure in downstream sectors persisted in June, while staffing levels was down for the third month.

ID: President Prabowo Subianto and Singapore Prime Minister Lawrence Wong oversaw the signing of 26 cooperation agreements during the annual Indonesia Singapore Leaders' Retreat, comprising 18 government to government agreements and eight business to business agreements. The agreements covered economic cooperation, investment, defence, energy, digital infrastructure, human resource development, carbon credits, cross border electricity trade and artificial intelligence, alongside commercial partnerships involving Danantara Indonesia, Keppel, Singapore Energy Interconnections, Sembcorp and Telkom Indonesia. The two countries also announced additional agreements spanning research and innovation, nuclear safety, financial technology, air connectivity, industrial estate development, education, youth and sports, with President Prabowo stating that the outcomes reflect broader and deeper bilateral cooperation.

MY: Human Resources Minister R Ramanan said Malaysia plans to establish a transit centre to temporarily house newly arrived foreign workers while they await collection by their employers, as reported by The Edge. The proposed facility aims to ensure workers are received by the same employers who applied for them, prevent diversion after arrival and ease airport congestion. Ramanan said the plan remains at the planning stage, with preliminary estimates suggesting a temporary facility may need to accommodate 1,000 to 2,000 workers at any one time. Separately, Agriculture and Food Security Minister Mohamad Sabu said Malaysia is in talks with Thailand and China's General Administration of Customs to establish land and rail routes for durian exports to China. The initiative aims to reduce logistics costs and expand access to smaller Chinese cities amid a current durian glut.

ESG

SG: Singapore and Indonesia signed a Memorandum of Understanding (MoU) on environmental cooperation to strengthen collaboration in key areas including circular economy and waste management, water and air quality management, transboundary pollution and a future-ready workforce to support the transition to a low-carbon economy. This comes at a time where the El Nino phenomenon could result in severe haze in the region. Both countries also plan to strengthen cooperation in nuclear safety, regulatory oversight and emergency preparedness as Singapore studies the role of nuclear energy to diversify its future energy mix.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 0-1bps higher, belly tenors trading 0-1bps higher, and the 10Y tenor trading flat.
- US Investment Grade spreads tightened by 1bps to 73bps and US High Yield spreads tightened by 2bps to 265bps. Bloomberg Global Contingent Capital Index tightened by 3bps to at 210bps.
- Bloomberg Asia USD Investment Grade and Asia USD High Yield spreads both traded flat at 55bps and 342bps respectively.
  (Bloomberg, OCBC)

New Issues:

- There were no issuances in the Singdollar market yesterday.
- The total issuances in the APAC and DM IG markets were US1bn and US13.2bn respectively (prior day: USD300mn and zero respectively). (Bloomberg, OCBC) The largest issuance in APAC USD and DM IG came from Korea East-West Power Co Ltd. (priced US500mn 5.5Y fixed green bond at T+58bps) and Banque Federative du Credit Mutuel SA (priced US3.25bn across three tranches) respectively.

Credit Developments:

- **Julius Baer Group:** Julius Baer appointed Peter Burrill, formerly Interim Group CFO of Standard Chartered, as CFO and Executive Board member effective 17 August 2026, subject to regulatory approval.
- **Genting Overseas Holdings:** Sentosa Development Corporation unveiled a long-term Master Plan that is expected to support Genting Singapore's growth prospects and complement its ongoing SGD6.8 billion Resorts World Sentosa 2.0 expansion.
- **Genting Malaysia (GENMMK):** Genting Malaysia has scrapped its proposed recapitalisation of Empire Resorts following the repayment of ERI's USD300 million 7.75% bonds due 2026.

Equity Market Updates

US: US stocks advanced Monday as a revival in the artificial intelligence trade lifted major indices, snapping a back-to-back selloff in chipmakers. The S&P 500 rose 0.7%, the Nasdaq gained 1.1%, and the Dow added 0.3%, with the DJIA closing above 53,000 for the first time. Technology, communication services, and consumer discretionary led gains, while healthcare, utilities, and consumer staples declined, reflecting a distinctly risk-on session. The rally was driven by a rebound in semiconductor and AI-related stocks ahead of Samsung's preliminary earnings and SK Hynix's US listing marketing process. Nvidia reassured markets that "our roadmap is intact" after research firm reported its Kyber NVL144 nextgeneration AI server rack had been delayed by over 12 months to 2028 due to printed circuit board manufacturing issues. Broadcom jumped after extending its chip supply partnership with Apple to 2031, while Tesla surged 6.7%, the largest contributor to S&P 500 gains, partly attributed to analyst estimate revisions following a Q2 delivery beat. Treasury yields were broadly lower, with the 2-year dipping around 1 basis point to 4.13% and the 10-year little changed near 4.48%, as last week's softer-than-expected jobs report reduced expectations for a near-term Fed rate hike. Notably, Trump indicated he expects to host China's President Xi in the US around 24 Sep 2026.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	100.853	0.00%	USD-SGD	1.2923
USD-JPY	162.09	0.46%	EUR-SGD	1.4782
EUR-USD	1.144	0.03%	JPY-SGD	0.7973
AUD-USD	0.696	0.22%	GBP-SGD	1.7306
GBP-USD	1.339	0.31%	AUD-SGD	0.8991
USD-MYR	4.086	0.33%	NZD-SGD	0.7368
USD-CNY	6.795	0.23%	CHF-SGD	1.6052
USD-IDR	17995	0.23%	SGD-MYR	3.1575
USD-VND	26300	0.01%	SGD-CNY	5.2615

Equity and Commodity		
Index	Value	Net change
DJIA	53,055.91	155.84
S&P	7,537.43	54.19
Nasdaq	26,121.16	288.49
Nikkei 225	69,737.69	-6.38
STI	5,259.81	15.52
KLCI	1,683.53	4.48
JCI	5,916.07	40.29
Baltic Dry	2,717.00	67.00
VIX	15.57	-0.24

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2050	-0.27%	1M	3.6710
3M	2.3210	-0.60%	2M	3.6993
6M	2.5540	-0.43%	3M	3.7377
12M	2.7090	-0.88%	6M	3.8437
			1Y	3.9766

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.6 (--)	4.12(--)
5Y	1.77 (--)	4.2 (-0.03)
10Y	2.14 (--)	4.47 (-0.01)
15Y	2.19 (+0.01)	--
20Y	2.21 (--)	--
30Y	2.25 (--)	4.99(--)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
07/29/2026	0.251	25.100	0.063	3.693
09/16/2026	0.645	39.400	0.161	3.791
10/28/2026	0.831	18.600	0.208	3.838
12/09/2026	1.163	33.200	0.291	3.920

Financial Spread (bps)		
	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate	
SOFR	3.64

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	68.55	-0.2%	Corn (per bushel)	4.408	3.7%
Brent (per barrel)	71.99	-0.2%	Soybean (per bushel)	11.823	4.5%
Heating Oil (per gallon)	329.84	3.7%	Wheat (per bushel)	6.060	2.6%
Gasoline (per gallon)	300.33	2.9%	Crude Palm Oil (MYR/MT)	44.850	1.0%
Natural Gas (per MMBtu)	3.25	1.5%	Rubber (JPY/KG)	4.085	1.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13404	0.3%	Gold (per oz)	4165	-0.3%
Nickel (per mt)	16422	0.0%	Silver (per oz)	62.05	-0.6%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/07/2026 9:00	PH	CPI YoY 2018=100	Jun	6.50%	--	6.80%	--
7/07/2026 9:00	PH	CPI NSA MoM 2018=100	Jun	-0.10%	--	-0.50%	--
7/07/2026 11:00	ID	Foreign Reserves	Jun	--	--	$144.9b	--
7/07/2026 14:30	AU	Foreign Reserves	Jun	--	--	A$100.6b	--
vbzxcvzxv	MA	Foreign Reserves	30-Jun	--	--	$130.5b	--
7/07/2026 16:30	HK	vzxcvzxvxczv	Jun	--	--	$446.5b	--
7/07/2026 17:00	SI	Foreign Reserves	Jun	xcvxzcvzxvz	--	$430.14b	--
7/07/2026 20:15	US	ADP Weekly Employment Change	20-Jun	--	--	30.750k	--
7/07/2026 20:30	US	Trade Balance	May	-$78.4b	--	vzvzxvzxvzxcv	--
7/07/2026 20:30	US	Imports MoM	May	2.10%	--	2.00%	--
7/07/2026 20:30	US	Exports MoM	May	-3.50%	--	2.60%	--
7/07/2026 23:00	US	NY Fed 1-Yr Inflation Expectations	Jun	--	--	3.46%	--
7/07/2026	CH	zxcvzxvxz	Jun	$3435.50b	--	$3442.24b	--
7/07/2026	PH	Foreign Reserves	Jun	--	--	$104.0b	--
7/07/2026	PH	Bank Lending YoY	May	--	--	12.00%	--
7/07/2026	PH	Bank Lending Net of RRPs YoY	May	--	--	11.40%	--
7/07/2026	PH	Money Supply M3 SRF YoY	May	--	--	12.20%	--

Source: Bloomberg

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