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Daily Treasury Outlook

Highlights

Global: Upside nonfarm payrolls surprise elevated FOMC rate hike expectations again. August nonfarm payrolls rose 162,000, nearly triple market expectations, while the unemployment rate held at 4.1%. This pushed market pricing of a September Fed hike to around 60%, and the 2- and 10-year Treasury yields up to 4.37% and 4.78% respectively. By sectors, leisure & hospitality (+62k), government (+35k) and education & health services (+29k) saw the strongest job gains, while the labor participation rate also improved to 61.6% whilst the net 2-month net NFP revision was +55k. Meanwhile, Norges Bank Investment Management has also proposed cutting its UST exposure by 12.2% points to 21.9% of the benchmark, equivalent to ~US$80 by increasing allocations to non-government US debt. The S&P 500 fell 0.38% on Friday, although it still managed a marginal weekly gain. Note September is traditionally the weakest month historically for the S&P500, especially with Brent hovering at mid-US$90 per barrel range.

Market Watch: This tricky combination of **resilient US growth, sticky inflation, heavy fiscal borrowing and renewed energy-price pressures may cap risk sentiments for the week ahead as we await Friday's US inflation data (forecast: 0.4% MoM headline and 0.2% core). US market is closed for Labor Day holiday today.** Today's economic data calendar comprises of Thailand's CPI, China and Malaysia's foreign reserves, and Eurozone's Sentix investor confidence. For the week ahead, keep an eye on China's CPI and PPI readings, as well as inflation cues from Thailand and Taiwan, Japan's 2Q26 GDP growth and July wage data, and trade data from China and Taiwan. The ECB is widely tipped to deliver a second hike by 25bps to 2.5%, 2.65% and 2.9% for its deposit facility rate, main refinancing rate and the marginal lending facility respectively on Thursday after euro-zone inflation data jumped to 3.3% in August, the highest in nearly three years. Canada's counter tariffs to the US also take effect tomorrow. Also on tap are BOJ's Masu, ECB's Lagarde, Bundesbank Nagel, RBA's Hunter and Hauser, RBNZ's Silk, and BOE's Bailey and others are testifying before the Parliament Treasury Committee, whereas the Fed's communications blackout period starts ahead of its September 15-16 meeting. In Germany, the far-right, anti-immigration Alternative für Deutschland (AfD) has emerged as the winner in the Saxony-Anhalt election, exit polls have projected but could fall short of a majority. On the corporate side, Apple and Huawei are also launching new phone models.

SG: July retail sales likely rose 2.0% YoY (1.5% MoM SA) versus the June reading of 4.2% YoY (1.0% MoM SA), partly due to a high base last year. STI hit a record high of 5801.96 (+0.94%) on Friday, marking its first close above 5800 handle.

Key Market Movements

Equity	Value	% chg
S&P 500	7718.6	-0.4%
DJIA	53414	-0.5%
Nikkei 225	65021	1.3%
SH Comp	3930.1	-0.3%
STI	5802.0	0.9%
Hang Seng	25651	1.7%
KLCI	1708.1	-0.4%

	Value	% chg
DXY	99.176	0.3%
USDJPY	156.26	0.3%
EURUSD	1.1614	-0.1%
GBPUSD	1.3519	0.0%
USDIDR	17637	-0.1%
USDSGD	1.2666	-0.1%
SGDMYR	3.1905	0.1%

	Value	chg (bp)
2Y UST	4.37	3.01
10Y UST	4.78	1.41
2Y SGS	1.71	-0.20
10Y SGS	2.38	-1.15
3M SORA	1.20	0.24
3M SOFR	3.65	0.03

	Value	% chg
Brent	96.28	0.8%
WTI	91.48	0.2%
Gold	4430	-1.0%
Silver	66.21	-1.2%
Palladium	1392	-2.1%
Copper	14416	0.6%
BCOM	142.87	-0.3%

Source: Bloomberg

Major Markets

ID: Transportation Minister Dudy Purwagandhi said authorities temporarily closed eight airports across western Java and southern Sumatra on Sunday as volcanic ash from Mount Anak Krakatau disrupted air traffic, as reported by Antara. The closures cover Soekarno Hatta International Airport, Halim Perdanakusuma Airport, Radin Inten II Airport, Husein Sastranegara Airport, Budiarto Airport, Pondok Cabe Airport, Taufik Kiemas Airport and Atung Bungsu Airport, with reopening dependent on ash dispersion and safe atmospheric conditions. The ministry instructed airlines to provide real time updates and full ticket refunds to affected passengers, while opening options to divert scheduled flights to Kertajati, Semarang, Surabaya and Yogyakarta.

MY: The National Farmers Organisation (Nafas) signed an MOU with China's Guizhou Phosphate Chemical Group and Jiangsu Chemical Design Institute involving an estimated MYR1.5bn investment to develop an integrated phosphate fertiliser industry in Malaysia, as reported by The Edge. The five-year collaboration covers a phosphate fertiliser raw material processing facility, long term raw material supply, technology transfer, local technical capacity building and exploration of downstream opportunities. Nafas also signed three other MOUs with the Malaysian Pineapple Industry Board and Meraque, while its subsidiary Malaysian NPK Fertilizer signed an MOU with Agricultural Chemical and an MOA with Mardi, with those agreements carrying a combined estimated investment value of MYR121.6mn.

PH: Headline inflation eased to 6.1% YoY in August, down from 6.2% in July. The main drivers were lower inflation in the 'food & non-alcoholic beverages' (4.6% YoY versus 5.2% in July), 'housing, water, electricity, gas & other fuels' (7.9% versus 8.2%), 'information & communication' (1.0% versus 1.1%), 'recreation, sport & culture' (5.1% versus 5.3%) and 'education services' (1.7% versus 2.0%). This was partly offset by higher inflation in the 'alcoholic beverages & tobacco', 'furnishings, HH equip & routine HH maintenance', 'health', 'transport' and 'personal care & misc goods & services' categories. Similarly, core CPI edged lower to 4.1% YoY in August, down from 4.2% in the previous month. DEPDev Secretary Arsenio Balisacan said that "while the overall figure remained stable, the moderation in key drivers such as food inflation gives us confidence that we are moving in the right direction." He added that the priority is to "strengthen the foundations of long-term price stability through improved food security, more efficient logistics, and targeted support for vulnerable sectors."

TH: The government has ordered a temporary pause on 166 data centre projects while it develops nationwide standards covering resource use, locations, safety, and economic benefits. The pause affects 49 projects already under construction and 117 awaiting approvals, while four subcommittees have been given one month to develop detailed criteria covering economic benefits, infrastructure, sites and buildings, and the environment. The government wants future projects to deliver greater value through employment, technology transfer, affordable cloud and AI services, clean-energy use and stronger contributions to the domestic economy, rather than functioning mainly as server-hosting facilities. Board of Investment Secretary-General Narit Therdsteerasukdi added that clearer nationwide rules should also strengthen long-term investor confidence by giving businesses greater certainty over costs, operating conditions and resource availability as Thailand develops into a sustainable regional data centre hub.

Sustainability

SG: The Civil Aviation Authority of Singapore (CAAS) will implement the Sustainable Aviation Fuel (SAF) levy for all origin-destination passengers and general and business aviation flights departing Singapore from 1 January 2027, applicable to tickets or services sold from 1 October 2026. However, the SAF levy on air cargo shipments will be deferred by one year following industry feedback, to apply to services sold from 1 October 2027 for flights departing Singapore from 1 January 2028. The deferment reflects the greater complexity of air cargo operations and will provide more time for CAAS to develop and implement a levy collection framework with industry stakeholders. Revenue collected through the SAF levy will be channelled into the SAF Fund to support the purchase of SAF and related environmental attributes, as well as associated administrative costs.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower last Friday with the shorter tenors trading flat to 2bps lower, belly tenors trading 2bps lower, and the 10Y tenor trading 2bps lower.
- US Investment Grade traded flat at 80bps, and US High Yield spreads traded widened by 3bps to 267bps respectively. Bloomberg Global Contingent Capital spreads traded flat at 204bps.
- Bloomberg Asia USD Investment Grade spread tightened by 1bps to 56bps, and the Asia USD High Yield spreads tightened by 3bps to 324bps. (Bloomberg, OCBC)

New Issues:

- There were no of issuances in the Singdollar market last Friday.
- The total issuances in the APAC and DM IG markets were both zero last Friday (prior day: USD54.2mn and USD2.8bn).

Credit Developments:

- **CapitaLand Investment Ltd (CLIVSG):** Cut 90 jobs in Singapore in 2026, representing about 4% of its 2,200-person Singapore workforce, without disclosing the affected functions; the union was informed in advance and involved in safeguarding workers' interests and ensuring severance complied with the Collective Agreement, while CLIVSG stated that it maintained a 24% turnover rate with "no major layoffs" and had separately reduced its China workforce by 10% amid the country's real-estate crisis. Latest report: Credit Update, 29 September 2025.
- **UBS AG (UBS):** A Swiss parliamentary committee proposed an AT1 statutory overlay under which a breach of the applicable CET1 requirement would immediately suspend AT1 coupons and redemptions, with an uncured six-month breach potentially leading to capital-restoration measures such as an AT1 exchange or conversion; the proposal remains preliminary and subject to the wider parliamentary process, while grandfathering, conversion mechanics, treatment of legacy write-down instruments, and differentiation between existing and future issuance remain unresolved. Latest report: Credit Update, 1 September 2026.

- **Woodside Energy Group Ltd (WDSAU):** Signed a non-binding MOU with Petróleos Mexicanos to analyse potential future deepwater hydrocarbon exploration and extraction opportunities in the Gulf of Mexico; the companies are also jointly developing the Trion Oil Project, located about 180 kilometres off Mexico's coast and 30 kilometres south of the US-Mexico maritime border, which was 64% complete as at 30 June 2026 and targets first oil in 2028. Latest report: Credit Update, 14 August 2026.
- **Santos Ltd (STOAU):** The GLNG joint-venture partners entered into binding agreements to acquire the Greater Meridian coal-seam-gas project in Queensland, a producing supplier to GLNG comprising 280 wells and gas-export capacity, with STOAU acquiring a 30% interest, becoming operator upon completion, and expecting a net acquisition cost of approximately USD85 million to USD90 million. Latest report: Credit Update, 27 July 2026.

Equity Market Updates

US: US equities retreated on Friday after a much stronger-than-expected August payrolls report, with 162,000 jobs added versus forecasts of roughly 55,000, reigniting expectations of further Federal Reserve tightening ahead of the 16 September policy meeting. The S&P 500 fell 0.4%, the Dow Jones Industrial Average declined 0.5%, and the Nasdaq Composite eased 0.3%, led lower by consumer discretionary, healthcare, and financial stocks, although the S&P 500 still managed a slight weekly gain. Among notable movers, a major athletic apparel company plunged as much as 20% after cutting its full-year sales and earnings guidance for a second straight quarter, while a leading semiconductor firm declined despite another earnings beat as its AI-related revenue outlook failed to meet elevated market expectations. Rare earth stocks outperformed following reports that some Chinese suppliers had halted shipments to US customers. Treasury yields moved higher across the curve, particularly at the short end, reflecting rising rate-hike expectations. The 2-year yield briefly climbed to 4.38%, while the 10-year and 30-year yields ended near 4.78% and 5.25%, respectively. Markets are now pricing in more than a 50% chance of a September rate hike, with upcoming CPI and PPI readings likely to be key catalysts. On the geopolitical front, reports indicate that Chinese President Xi Jinping may visit Washington on 24 September for a summit with US President Donald Trump, potentially marking the highest-level engagement between the two countries in more than a decade.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.176	0.27%	USD-SGD	1.2666
USD-JPY	156.26	0.29%	EUR-SGD	1.4705
EUR-USD	1.161	-0.10%	JPY-SGD	0.8108
AUD-USD	0.720	0.03%	GBP-SGD	1.7128
GBP-USD	1.352	-0.04%	AUD-SGD	0.9125
USD-MYR	4.045	0.06%	NZD-SGD	0.7451
USD-CNY	6.711	-0.11%	CHF-SGD	1.5644
USD-IDR	17637	-0.13%	SGD-MYR	3.1905
USD-VND	26080	-0.07%	SGD-CNY	5.2970

Equity and Commodity		
Index	Value	Net change
DJIA	53,414.25	-271.86
S&P	7,718.60	-29.11
Nasdaq	26,506.99	-77.07
Nikkei 225	65,020.94	806.46
STI	5,801.96	54.25
KLCI	1,708.10	-7.03
JCI	6,636.48	-31.42
Baltic Dry	3,628.00	140.00
VIX	14.53	0.21

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.3640	1.85%	1M	3.7550
3M	2.6790	0.90%	2M	3.7985
6M	2.7940	0.18%	3M	3.8298
12M	3.1080	-0.03%	6M	3.9545
			1Y	4.1398

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.71 (--)	4.37(--)
5Y	2.02 (-0.01)	4.54 (+0.03)
10Y	2.38 (-0.01)	4.78 (+0.01)
15Y	2.43 (-0.01)	--
20Y	2.4 (-0.02)	--
30Y	2.46 (-0.01)	5.24(--)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/16/2026	0.580	58.000	0.145	3.771
10/28/2026	0.846	26.600	0.211	3.838
12/09/2026	1.354	50.900	0.339	3.965

Secured Overnight Fin. Rate	
SOFR	3.66

Economic Calenda

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
9/07/2026 9:30	AU	ANZ-Indeed Job Advertisements MoM	Aug	--	--	0.80%	--
9/07/2026 11:00	ID	Foreign Reserves	Aug	--	--	$145.3b	--
9/07/2026 11:30	TH	CPI YoY	Aug	2.43%	--	1.95%	--
9/07/2026 11:30	TH	CPI Core YoY	Aug	1.40%	--	1.34%	--
9/07/2026 11:30	TH	CPI NSA MoM	Aug	0.51%	--	-0.73%	--
9/07/2026 13:00	SI	Retail Sales YoY	Jul	3.10%	--	4.00%	--
9/07/2026 13:00	JN	Leading Index CI	Jul P	118	--	116.5	--
9/07/2026 14:00	GE	Industrial Production SA MoM	Jul	0.20%	--	0.20%	--
9/07/2026 14:00	GE	Industrial Production WDA YoY	Jul	0.00%	--	-0.10%	--
9/07/2026 15:00	MA	Foreign Reserves	28-Aug	--	--	$132.7b	--
9/07/2026 16:30	HK	Foreign Reserves	Aug	--	--	$447.8b	--
9/07/2026 17:00	EC	GDP SA QoQ	2Q T	0.40%	--	0.40%	--
9/07/2026 17:00	EC	GDP SA YoY	2Q T	1.00%	--	1.00%	--
9/07/2026 17:00	SI	Foreign Reserves	Aug	--	--	$427.87b	--

Source: Bloomberg

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