

Daily Treasury Outlook

Highlights

Global: In data released overnight, the US August trade deficit widened 13.7% to USD105.6bn as imports rose 4.3% MoM, driven by a USD2.4bn increase in semiconductors, proving that the AI build-out remains strong. Imports outpaced exports' 1.4% MoM increase as the goods deficit increased 8.2%. In Europe, German factory orders fell 10.6%MoM, largely reversing large transport-equipment contracts. Over in Japan, BoJ Governor Ueda highlighted broadening inflation pressure and rising expectations, with further BOJ hikes dependent on incoming developments. Fed's Daly (who is a non-voter this year) supported September's Fed hike but said further tightening depends on whether oil, tariff and AI-related shocks persist. Over in Europe, Le Pen pledged a French deficit of 3%, which is below the EU limit, as soon as 2030. This will be significantly below 2025 posted deficit of 5.1%. EIA raised its 4Q26 Brent spot-price forecast USD14 to USD105/barrel as Brent settled at USD100.58/barrel. The S&P 500 and Nasdaq reached record closes, supported by AI optimism: the S&P 500 rose 0.58%, Nasdaq 0.45% and Dow 0.49%. Treasuries came off intraday highs to settle at 5.27% on the NY close.

Market Watch: The Federal Reserve releases minutes of its September 15–16 meeting overnight. The Reserve Bank of India announces its monetary policy decision on Wednesday, and we expect a 25bp hike. Japan's central bank is scheduled to publish its Consumption Activity Index.

Major Markets

MY: Deputy Prime Minister Fadillah Yusof said Malaysia and France are expected to sign an MOU on energy transition soon to accelerate efforts towards a cleaner and more sustainable future, as reported by The Edge. DPM Fadillah said discussions with French Ambassador Marc Abensour covered stronger bilateral cooperation in energy transition and renewable energy, adding that France's expertise in green technologies could support Malaysia's transition agenda. He expressed hope that both countries would strengthen cooperation through the sharing of expertise, technology and investment opportunities.

ID: Coordinating Minister for Food Affairs Zulkifli Hasan said the government plans to expand sugarcane plantations to support the E20 program, which requires gasoline to contain at least 20% plant-based bioethanol. President Prabowo Subianto instructed Agriculture Minister Andi Amran Sulaiman to prepare 2mn hectares of sugarcane plantations within two years, while the government is also considering cassava and other crops as feedstock. Separately, Investment and Downstreaming Minister Rosan Roeslani said Indonesia plans to break ground on waste to energy facilities across 12 cities by end 2026, building on projects underway in Greater Denpasar, Bekasi City and Greater Bogor.

AU: Westpac-Melbourne Institute Consumer Sentiment Index fell 4.7% to 80.4 in October from 84.4 in September, marking one of the weakest readings since the survey began. The decline reflected renewed concerns over cost-of-living

Key Market Movements

Equity	Value	% chg
S&P 500	7818.9	0.6%
DJIA	51521	0.5%
Nikkei 225	70684	1.1%
SH Comp	3842.2	0.0%
STI	5701.5	0.7%
Hang Seng	24281	1.0%
KLCI	1633.4	0.1%

	Value	% chg
DXY	101.833	-0.3%
USDJPY	158.1	0.1%
EURUSD	1.1259	0.3%
GBPUSD	1.3276	0.4%
USDIDR	17900	0.0%
USDSGD	1.2775	-0.1%
SGDMYR	3.1954	0.1%

	Value	chg (bp)
2Y UST	4.80	-1.47
10Y UST	5.28	-2.53
2Y SGS	1.96	-0.20
10Y SGS	2.50	3.15
3M SORA	1.23	-0.07
3M SOFR	3.70	0.30

	Value	% chg
Brent	100.58	0.3%
WTI	89.44	0.0%
Gold	4164	0.6%
Silver	61.34	0.4%
Palladium	1171	-0.4%
Copper	14415	0.0%
BCOM	142.81	0.5%

Source: Bloomberg

pressures and elevated interest rates following a rebound in fuel prices and another rate hike. Survey responses collected after the rate decision was announced were around 20% lower than those recorded beforehand, highlighting the negative impact of the hike on consumer confidence. All five sub-indices recorded monthly declines for the second consecutive month, with the “family finances vs a year ago” measure posting the largest fall of 8.0%. With regards to interest rate expectations, 80% of respondents expect mortgage rates to rise further over the next 12 months. Despite the rate hike, housing sentiment improved, with the “time to buy a dwelling” index rising 3.4% and the “house price expectations” index increasing 4.3%.

PH: September headline inflation surged more-than-expected to 7.2% YoY (Consensus: 6.8% YoY, OCBC: 6.9%), up from 6.1% in August. The surge was mainly driven by higher food and energy prices, rising 6.7% YoY and 14.6% YoY, respectively, up from 4.6% and 13.5% in August. Core inflation also rose to 4.7% YoY in September, up from 4.1% in the previous month. DEPDev Secretary Arsenio Balisacan said the higher inflation was “driven mainly by disruptions in food supply caused by adverse weather and higher global oil prices.” He noted that “these are significant supply-side pressures, but they are being met with targeted interventions to mitigate the impact on households.” He added that “the best response to supply-driven inflation is to strengthen supply itself. That is why we are expanding food production and storage, improving logistics, and building resilience against climate shocks.”

TH: Headline CPI rose to 2.8% YoY (Consensus and OCBC: 3.1%), up from 2.5% in August. The main drivers were higher inflation in food (3.1% YoY versus 3.0% in August), 'medical & personal care' (0.8% YoY versus 0.1%), 'transport & communication' (8.0% YoY versus 5.7%), and 'recreation, reading, education and religion' (1.4% YoY versus 1.1%) categories. Core inflation edged slightly higher to 1.5% YoY, from 1.4% in the previous month. The Commerce Ministry revised its 2026 inflation forecast to 1.8-2.2% from 1.5-2.5%, highlighting that inflation is expected to continue accelerating in 4Q26 as higher oil prices feed through to transportation and processed food costs.

Sustainability

Rest of the world: ASEAN energy ministers are set to meet in Manila to review measures to strengthen regional energy security as the prolonged Middle East conflict highlights the region’s dependence on imported fuels. There is increased urgency to implement proposed energy security plans and reduce the region’s exposure to fossil fuel price shocks. More than half of the crude processed by ASEAN refineries comes from the Middle East, while longer-term measures including the ASEAN Power Grid and renewable-energy deployment are also on the agenda. The current energy shock could add impetus to regional power connectivity and renewable energy deployment, which would help diversify ASEAN’s energy mix and reduce its reliance on imported fossil fuels.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded flat to lower yesterday; shorter tenors traded 0-1bps lower, belly tenors traded 2bps lower, and 10Y tenor traded 2bps lower.
- US Investment Grade spreads traded tightened by 2bps to 80bps, and US High Yield spreads tightened by 9bps to 289bps respectively. Bloomberg Global Contingent Capital spreads traded tightened by 8bps to 233bps.
- Bloomberg Asia USD Investment Grade spread traded flat at 60bps, and the Asia USD High Yield spreads widened by 6bps to 357bps. (Bloomberg, OCBC)

New Issues:

- There was SGD200mn of issuances in the SGD markets, led by Etika Insurance Pte Ltd who issued SGD200mn across two tranches.
- There were zero and USD4.25bn of issuances in the APAC and DM IG markets respectively (prior business day: zero and USD3.5bn). DM IG issuances were led by CSLB Holdings Inc (guarantors: multiple guarantors), who issued USD1.5bn of bonds across two tranches.

Equity Market Updates

US: US stocks advanced Tuesday, with the S&P 500 climbing to its first record since August as AI optimism and earnings season confidence outweighed concerns over elevated bond yields and energy costs. The S&P 500 rose 0.7%, the Nasdaq gained 1.1%, marking its 23rd record close of 2026 and its fourth consecutive day of gains, whilst the Dow edged up 0.2%. The rally was led by AI-related shares, with Nvidia's market capitalisation approaching USD6t and AMD's Lisa Su forecasting "very high" chip demand. Treasury yields retreated from multi-decade highs, with the 10-year yield falling roughly 4 basis points to 5.27% after Treasury Secretary Scott Bessent sought to reassure markets on the government's debt trajectory, marking a pause in the global bond rout driven by US-Iran war inflation fears and resilient economic data. A USD58b 3-year note auction stopped through the when-issued yield at 4.932%, the highest yielding 3-year auction since 2006, drawing solid demand. Notably, the 10-year yield had touched a fresh 24-year high on Monday before Tuesday's retreat. In the region, Hong Kong's Hang Seng rose 1% led by Alibaba, Singapore's Straits Times Index gained 0.7%, and mainland China remained closed for the Golden Week holiday.

Foreign Exchange

	Day Close	% Change		Day Close
DXJ	101.833	-0.33%	USD-SGD	1.2775
USD-JPY	158.10	0.12%	EUR-SGD	1.4383
EUR-USD	1.126	0.32%	JPY-SGD	0.8079
AUD-USD	0.698	0.14%	GBP-SGD	1.6956
GBP-USD	1.328	0.41%	AUD-SGD	0.8922
USD-MYR	4.085	-0.01%	NZD-SGD	0.7182
USD-CNY	-	-	CHF-SGD	1.5359
USD-IDR	17900	-0.04%	SGD-MYR	3.1954
USD-VND	25994	0.00%	SGD-CNY	5.2395

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4320	-0.21%	1M	3.9165
3M	2.5970	-0.04%	2M	3.9399
6M	2.9860	-2.35%	3M	4.0310
12M	3.1860	-4.12%	6M	4.1883
			1Y	4.4888

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/28/2026	0.194	19.400	0.048	3.928
12/09/2026	1.040	84.600	0.260	4.139
01/27/2027	1.454	41.400	0.363	4.242
03/17/2027	2.160	70.600	0.540	4.419

Equity and Commodity

Index	Value	Net change
DJIA	51,521.28	253.38
S&P	7,818.93	44.98
Nasdaq	27,599.79	122.48
Nikkei 225	70,683.98	737.12
STI	5,701.54	37.21
KLCI	1,633.35	1.60
JCI	6,192.93	74.07
Baltic Dry	3,002.00	-68.00
VIX	15.01	-0.51

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.96 (--)	4.81(--)
5Y	2.23 (+0.02)	5.03 (-0.02)
10Y	2.5 (+0.03)	5.3 (-0.03)
15Y	2.55 (+0.04)	--
20Y	2.51 (+0.04)	--
30Y	2.55 (+0.03)	5.68(--)

Secured Overnight Fin. Rate

SOFR	3.89
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	89.44	0.0%	Corn (per bushel)	5.080	2.2%
Brent (per barrel)	100.58	0.3%	Soybean (per bushel)	13.030	1.7%
Heating Oil (per gallon)	456.94	0.5%	Wheat (per bushel)	7.043	1.7%
Gasoline (per gallon)	327.32	0.8%	Crude Palm Oil (MYR/MT)	43.400	-1.1%
Natural Gas (per MMBtu)	3.11	1.6%	Rubber (JPY/KG)	4.382	0.0%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14415	0.0%	Gold (per oz)	4164	0.6%
Nickel (per mt)	15682	-0.2%	Silver (per oz)	61.34	0.4%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
10/07/2026 7:30	JN	Labor Cash Earnings YoY	Aug	3.70%	3.80%	4.70%	4.30%
10/07/2026 9:00	PH	Unemployment Rate	Aug	--	--	6.00%	--
10/07/2026 11:00	ID	Foreign Reserves	Sep	--	--	\$146.5b	--
10/07/2026 12:30	IN	RBI Repurchase Rate	7-Oct	5.50%	--	5.25%	--
10/07/2026 13:00	JN	Leading Index CI	Aug P	--	--	117.7	--
10/07/2026 15:00	MA	Foreign Reserves	30-Sep	--	--	\$131.7b	--
10/07/2026 16:00	SI	Automobile COE Open Bid Cat B	7-Oct	--	--	133000	--
10/07/2026 16:00	SI	Automobile COE Open Bid Cat A	7-Oct	--	--	131890	--
10/07/2026 16:00	SI	Automobile COE Open Bid Cat E	7-Oct	--	--	137000	--
10/07/2026 16:00	TA	CPI YoY	Sep	2.40%	--	2.04%	--
10/07/2026 16:30	HK	Foreign Reserves	Sep	--	--	\$442.9b	--
10/07/2026 19:00	US	MBA Mortgage Applications	2-Oct	--	--	-6.00%	--
10/07/2026	CH	Foreign Reserves	Sep	\$3425.00b	--	\$3438.33b	--

Source: Bloomberg

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