

Daily Treasury Outlook

Highlights

Global: The Fed minutes leaned hawkish, suggesting that most officials expect another rate hike by year-end. Fed funds futures last indicated that the probability of a rate hike at the October meeting remained low, with expectations for a 25bp hike by December largely intact. The FOMC minutes themselves did not contain much new information. However, it was noteworthy that members cited "surging AI-related investments" as contributing to inflationary pressures, alongside "ongoing geopolitical developments" that had "pushed up prices for crude oil and refined fuel products". In addition, "several participants observed that the rate of price increases in core services excluding housing remained elevated". On the labour market, "participants judged that labour market conditions were stable and generally viewed the labour market as close to maximum employment". In particular, "several participants noted that dynamism in the labour market was unusually low, as reflected by low rates of hiring and layoffs, a low job-finding rate, and a persistently elevated long-term unemployment rate". Long-dated bonds resumed their sell-off, while equities retreated from Tuesday's record highs. The 10-year and 30-year Treasury yields both reached their highest intraday levels since 2002 before closing lower. Brent crude prices hovered close to USD100/bbl. In Asia, the RBI raised its policy rate by 25bp, as widely expected and in line with our conviction call that the RBI and ASEAN central banks are turning more hawkish. We expect another 25bp hike from the RBI this fiscal year (ending March 2027), although the risks are skewed towards more rather than fewer rate hikes. In Indonesia, Parliament passed a revised labour law on 6 October, replacing the labour cluster of the Job Creation Law. The direction of change is worker-friendly, with stronger severance protections, reduced employer flexibility in terminating workers, and changes to the determination of minimum wages. Malaysia's state election in Malacca is scheduled for 14 November, with attention turning to the Budget 2027 announcement tomorrow afternoon. We expect the government to announce fiscal deficits of 3.6% of GDP and 3.4% of GDP for 2026 and 2027, respectively. However, our view is that the scope for fiscal consolidation may be limited, and we therefore expect the fiscal deficit to remain at 3.6% of GDP in both years. The outcome will depend on assumptions regarding oil prices, estimates of the subsidy bill, and Petronas dividends.

Market Watch: The data docket for the day ahead includes Japan's Eco Watchers Survey for September, Taiwan's September trade data and weekly US labour market data. There are several central bank speakers scheduled to speak today including Fed's Waller, ECB's Lane and BoE Governor Bailey. ECB will publish its account of the 9-10 Sept. policy meeting.

Major Markets

MY: Plantation and Commodities Minister Noraini Ahmad said Malaysia's CPO production in 2026 could match or exceed the decade high of 20.28mn tonnes recorded in 2025, despite risks from Super El Niño, as reported by The Edge. The

Key Market Movements

Equity	Value	% chg
S&P 500	7801.8	-0.2%
DJIA	51180	-0.7%
Nikkei 225	70036	-0.9%
SH Comp	3842.2	0.0%
STI	5608.4	-1.6%
Hang Seng	24131	-0.6%
KLCI	1611.8	-1.3%
	Value	% chg
DXY	102.242	0.4%
USDJPY	158.08	0.0%
EURUSD	1.1197	-0.6%
GBPUSD	1.3214	-0.5%
USDIDR	17882	-0.1%
USDSGD	1.28	0.2%
SGDMYR	3.1938	-0.1%
	Value	chg (bp)
2Y UST	4.77	-2.93
10Y UST	5.28	0.44
2Y SGS	1.95	-0.60
10Y SGS	2.48	-2.21
3M SORA	1.23	-0.02
3M SOFR	3.70	0.36
	Value	% chg
Brent	100.20	-0.4%
WTI	88.28	-1.3%
Gold	4111	-1.3%
Silver	59.78	-2.5%
Palladium	1121	-4.3%
Copper	14476	0.4%
BCOM	142.55	-0.2%

Source: Bloomberg

Malaysian Palm Oil Board (MPOB) forecasts CPO production of 19.5mn to 19.8mn tonnes in 2026. MPOB data showed CPO production reached 1.82mn tonnes in August, bringing cumulative output in 8M26 to approximately 12.63mn tonnes, while a Bloomberg survey estimated September production may have risen 16% MoM to 2.11mn tonnes. Separately, Noraini encouraged the palm oil industry to commercialise biomass waste into renewable energy and higher value products through greater investment, technology adoption and business partnerships.

ID: The Ministry of Micro, Small and Medium Enterprises (MSMEs) plans to introduce a 50% discount on e-commerce platform fees by end October 2026 for micro and small businesses selling local products with annual turnover of up to IDR15.0bn, as reported by Antara. Deputy for Small Business Temmy Satya Permana said the minister has signed a decree establishing the programme, while businesses must register through SAPA UMKM before the ministry and participating e-commerce platforms verify their eligibility. The ministry has identified around 42,000 local product sellers for potential participation and plans to expand cooperation with other platforms, including TikTok Shop and Tokopedia.

PH: According to the Philippine Statistics Authority (PSA), the unemployment rate eased to 5.3% in August, down from 6.0% in July (August 2025: 3.9%). In contrast, the labour force participation rate edged higher to 64.0% in August compared to 63.6% in the previous month (August 2025: 65.1%). By economic sector, PSA reported that the largest annual increase in the number of employed persons in August was from the following areas: 'agriculture and forestry' (532k), 'education' (298k), 'accommodation and food service activities' (195k), 'transportation and storage' (185k), and 'human health and social work activities' (142k). According to National Statistician Claire Dennis Mapa, the moderation in the unemployment rate was driven by fewer individuals joining the labour force.

Sustainability

SG: The Energy Market Authority (EMA) will study the feasibility of establishing an energy infrastructure cluster on Pulau Tekong, as part of efforts to strengthen Singapore's energy security and support its energy transition while meeting the country's long-term power demand. The proposed cluster could be located on reclaimed land on Pulau Tekong and include hydrogen-ready natural gas-fired power plants, a liquefied natural gas terminal and other low-carbon energy technologies. This reflects Singapore's efforts to bolster energy resilience while developing the infrastructure needed to meet rising electricity demand and support the transition towards cleaner energy sources.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded mixed yesterday; shorter tenors traded 0-1bps lower, belly tenors traded 0-1bps higher, and 10Y tenor traded 1bps higher.
- US Investment Grade spreads traded flat at 80bps, and US High Yield spreads widened by 7bps to 305bps respectively. Bloomberg Global Contingent Capital spreads traded widened by 5bps to 238bps.

- Bloomberg Asia USD Investment Grade spread traded flat at 60bps, and the Asia USD High Yield spreads tightened by 1bps to 356bps. (Bloomberg, OCBC)

New Issues:

- There was SGD200mn of issuances in the SGD markets, led by UOL Treasury Services Pte Ltd (guarantor: UOL Group Ltd), who priced an SGD200mn 7Y bond at 3.2% coupon.
- There were USD600mn and USD850mn of issuances in the APAC and DM IG markets respectively (prior business day: zero and USD4.25bn). APAC issuances were led by NBN Co Ltd, who issued USD600mn 10Y bonds priced at T+82bps.

Credit Headlines:

- **Julius Baer Group Ltd (BAERVX):** Nominated Caroline Kuhnert and Elaine Arden to its board as part of its governance revamp; this follows FINMA's conclusion of enforcement proceedings and the lifting or relaxation of certain capital and liquidity restrictions, alongside a planned share buyback of up to CHF600mn.
- **PT Freeport Indonesia (FRIDPT):** Mill throughput averaged approximately 140kt/day in 3Q2026, around 67% of pre-incident normalized rates, with production expected to reach 80% of capacity by mid-2027 and approach full capacity by end-2027.
- **ESR-REIT (EREIT):** Received all rent due from ACFS for the period since 13 August 2026 and recovered approximately 75% of earlier arrears through a partial drawdown of the banker's guarantee, reducing outstanding arrears from AUD12.2mn to AUD3.0mn as at 30 September 2026.
- **BHP Group Limited (BHP):** Entered into agreements to sell the Kambalda Nickel Concentrator and a package of tenements and mineralisation rights to Gold Fields Ltd, while its remaining Western Australia Nickel assets remain temporarily suspended.
- **Exxon Mobil Corporation (XOM):** Is negotiating a production-sharing agreement for exploration in Trinidad and Tobago and is expected to drill its first ultra-deepwater exploration well by late-2027 or early-2028.

Equity Market Updates

US: US stocks retreated Wednesday as rising long-end Treasury yields and elevated oil prices stoked inflation concerns, pulling major indices back from recent record highs. The S&P 500 fell 0.2%, the Nasdaq slipped 0.2%, and the Dow declined 0.7%, with industrials leading losses, as Caterpillar sank over 6% amid broader sector weakness flagged by RBC Capital Markets downgrades across building product stocks. The 30-year Treasury yield climbed to 5.67%, approaching a 24-year high, whilst the 10-year yield edged up to 5.29%; the 2-year yield eased slightly to 4.77% as the curve bear-steepened. Fed minutes from the September meeting confirmed most officials supported further rate hikes, with the path of additional tightening left open, reinforcing the higher-for-longer narrative. US mortgage rates jumped to 7.49%, the highest since November 2023, marking a seventh consecutive weekly rise. Oil's advance above USD100 per barrel, partly driven by heightened Iranian activity in the Strait of Hormuz, amplified inflation fears. In Asia, Citi warned that China's domestic economy is on the verge of recession, forecasting GDP growth to slow

to 4.1% in 2027. Hong Kong's Hang Seng Tech Index announced an expansion to 50 constituents from 30, effective 7 Dec 2026, to better capture AI and robotics exposure.



Foreign Exchange

	Day Close	% Change		Day Close
DXD	102.242	0.40%	USD-SGD	1.2800
USD-JPY	158.08	-0.01%	EUR-SGD	1.4327
EUR-USD	1.120	-0.55%	JPY-SGD	0.8097
AUD-USD	0.696	-0.27%	GBP-SGD	1.6913
GBP-USD	1.321	-0.47%	AUD-SGD	0.8911
USD-MYR	4.086	0.03%	NZD-SGD	0.7167
USD-CNY	-	-	CHF-SGD	1.5358
USD-IDR	17882	-0.10%	SGD-MYR	3.1938
USD-VND	25981	-0.05%	SGD-CNY	5.2431

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4240	-0.33%	1M	3.9225
3M	2.6020	0.19%	2M	3.9554
6M	2.9540	-1.07%	3M	4.0371
12M	3.1770	-0.28%	6M	4.1881
			1Y	4.4595

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	1.009	81.500	0.252	4.131
01/27/2027	1.374	36.500	0.343	4.222
03/17/2027	2.013	63.900	0.503	4.382

Equity and Commodity

Index	Value	Net change
DJIA	51,179.87	-341.41
S&P	7,801.77	-17.16
Nasdaq	27,538.69	-61.20
Nikkei 225	70,035.71	-648.27
STI	5,608.44	-93.10
KLCI	1,611.78	-21.57
JCI	6,146.72	-46.20
Baltic Dry	3,002.00	-68.00
VIX	15.08	0.07

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.95 (-0.01)	4.77(--)
5Y	2.21 (-0.02)	5.03 (-0.01)
10Y	2.48 (-0.02)	5.29(--)
15Y	2.53 (-0.02)	--
20Y	2.5 (-0.02)	--
30Y	2.54 (-0.01)	5.68 (+0.01)

Secured Overnight Fin. Rate

SOFR	3.90
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	88.28	-1.3%	Corn (per bushel)	5.020	-1.2%
Brent (per barrel)	100.20	-0.4%	Soybean (per bushel)	12.975	-0.4%
Heating Oil (per gallon)	462.27	1.2%	Wheat (per bushel)	6.865	-2.5%
Gasoline (per gallon)	323.42	-1.2%	Crude Palm Oil (MYR/MT)	43.100	-0.7%
Natural Gas (per MMBtu)	3.20	2.9%	Rubber (JPY/KG)	4.463	1.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14476	0.4%	Gold (per oz)	4111	-1.3%
Nickel (per mt)	15735	0.3%	Silver (per oz)	59.78	-2.5%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
10/08/2026 2:00	US	FOMC Meeting Minutes	16-Sep	--	--	--	--
10/08/2026 3:00	US	Consumer Credit	Aug	\$15.000b	\$8.281b	\$18.062b	\$17.740b
10/08/2026 7:00	SK	BoP Current Account Balance	Aug	--	\$46113.0m	\$42078.0m	--
10/08/2026 7:00	SK	BoP Goods Balance	Aug	--	\$46812.1m	\$40430.1m	--
10/08/2026 7:01	UK	RICS House Price Balance	Sep	-30.00%	-32.00%	-28.00%	--
10/08/2026 7:50	JN	BoP Current Account Balance	Aug	¥3172.3b	¥4062.0b	¥2988.9b	--
10/08/2026 7:50	JN	Trade Balance BoP Basis	Aug	-¥715.2b	-¥687.7b	-¥399.9b	--
10/08/2026 7:50	JN	BoP Current Account Adjusted	Aug	¥2157.9b	¥2979.4b	¥2523.1b	--
10/08/2026 7:50	JN	Japan Buying Foreign Bonds	2-Oct	--	-¥347.6b	-¥684.5b	-¥682.3b
10/08/2026 7:50	JN	Japan Buying Foreign Stocks	2-Oct	--	¥1324.6b	¥225.8b	--
10/08/2026 7:50	JN	Foreign Buying Japan Bonds	2-Oct	--	¥585.7b	-¥1341.8b	--
10/08/2026 7:50	JN	Foreign Buying Japan Stocks	2-Oct	--	¥2191.9b	-¥362.0b	-¥354.2b
10/08/2026 11:45	TH	Consumer Confidence Economic	Sep	--	--	46.6	--
10/08/2026 16:00	TA	Imports YoY	Sep	44.20%	--	44.30%	--

Source: Bloomberg

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