

Daily Treasury Outlook

Highlights

Global: US equities closed mixed overnight, with the S&P 500 falling 0.5% and Nasdaq declining 1.3%, while the Dow edged up 0.1%. Technology shares led the losses, with the semiconductor index down 3.4% amid concerns over AI-related revenues and financing. Separately, the Trump administration suspended Microsoft and several major technology firms from a programme facilitating permanent residency for foreign workers, citing alleged abuses. Investigations into J-1 visa use at nine universities were also announced. Oil prices rose sharply amid renewed Middle East tensions and hurricane-related US supply disruptions. Brent gained more than 3% to USD103.7/bbl, while WTI rose to USD91.0/bbl, despite President Trump's statement ruling out US strikes on Iran before the November midterm elections.

On the US data front, initial jobless claims fell by 2k to 197k in the week ended 3 October, below consensus of 200k, while continuing claims rose by 17k to 1.716mn. The figures suggest layoffs remain limited despite subdued hiring. Meanwhile, Fed Governor Christopher Waller indicated that further rate hikes would likely be needed to return inflation to 2%, but emphasised flexibility over their timing, leaving room for a pause in October.

In China, the PBOC defended its RMB exchange-rate policy, rejecting claims of deliberate undervaluation and attributing global trade imbalances largely to structural factors. It also pledged greater FX data disclosure to the IMF from 2027. We view the statement as strategic positioning ahead of the upcoming IMF meetings rather than a policy pivot. With substantial corporate USD holdings potentially amplifying appreciation pressure, we continue to expect gradual RMB appreciation rather than an abrupt, Plaza-style revaluation.

Market Watch: Malaysia will be in focus today as Prime Minister Anwar Ibrahim tables Budget 2027 in Parliament at 3:30pm. While we forecast a fiscal deficit of 3.6% of GDP in both 2026 and 2027, we expect the government to announce a modest narrowing in its deficit target to 3.4% in 2027 from 3.6%. Elsewhere, attention tonight turns to the preliminary US consumer sentiment survey for October, particularly household inflation expectations amid elevated energy prices.

Major Markets

CH: The People's Bank of China (PBOC) published an unusually detailed, 11-page policy position on the RMB exchange rate on 8 October, offering a robust defence of China's exchange-rate framework amid growing international pressure over its trade surplus. The central message is clear: China rejects the argument that an undervalued RMB is a principal driver of global trade imbalances. Instead, the PBOC attributes these imbalances primarily to structural differences in savings, investment, industrial competitiveness and economic policies. The statement seeks to shape discussions at the upcoming IMF meetings amid mounting

Key Market Movements

Equity	Value	% chg
S&P 500	7765.4	-0.5%
DJIA	51232	0.1%
Nikkei 225	69042	-1.4%
SH Comp	3811.9	-0.8%
STI	5413.0	-3.5%
Hang Seng	23786	-1.4%
KLCI	1601.0	-0.7%
	Value	% chg
DXY	102.138	-0.1%
USDJPY	157.88	-0.1%
EURUSD	1.1211	0.1%
GBPUSD	1.3228	0.1%
USDIDR	17898	0.1%
USDSGD	1.2811	0.1%
SGDMYR	3.1914	-0.1%
	Value	chg (bp)
2Y UST	4.76	-1.05
10Y UST	5.23	-5.69
2Y SGS	1.96	0.40
10Y SGS	2.49	1.88
3M SORA	1.23	-0.16
3M SOFR	3.71	0.39
	Value	% chg
Brent	104.28	4.1%
WTI	91.49	3.6%
Gold	4133	0.5%
Silver	59.17	-1.0%
Palladium	1129	0.7%
Copper	14309	-1.2%
BCOM	143.64	0.8%

Source: Bloomberg

pressure from the US and Europe for RMB appreciation. China pledges greater FX data disclosure from 2027 but retains control over exchange-rate adjustments. We expect gradual CNY appreciation rather than a Plaza-style revaluation.

MY: Prime Minister Anwar Ibrahim said Malaysia and Myanmar agreed to strengthen bilateral cooperation in trade, investment, education, agrifood, energy, healthcare and capacity building, as reported by Bernama. Anwar also conveyed Malaysia's concerns over democratic reforms in Myanmar and welcomed its commitment to engage all parties to avoid further escalation of violence. Separately, Communications Minister Fahmi Fadzil said the government is assessing the impact of e-commerce platforms on SMEs, retailers and postal and courier operators amid concerns over potential market imbalances. Fahmi said MCMC would invite e-commerce platforms for discussions, including on excessively low or below-market pricing, while he and Investment, Trade and Industry Minister Johari Abdul Ghani plan to meet platform operators and affected businesses.

ID: Bank Indonesia (BI) reported that Indonesia's foreign exchange reserves stood at USD146.3bn at end September 2026, broadly stable from USD146.5bn at end August. BI attributed the development to the "government's foreign loan withdrawal as well as tax and services receipts, amid maturing government external debt repayments and Bank Indonesia's rupiah stabilisation policy, in response to persistently high global financial markets uncertainty." The reserves covered 5.3 months of imports or 5.2 months of imports and government external debt servicing, above the international adequacy benchmark of around three months of imports.

TH: The consumer confidence index (CCI) fell to 52.1 in September from 53.2 in August. According to the University of the Thai Chamber of Commerce (UTCC), this is its first decline in fourth months. The decline was broad based across the sub-indices of 'economic situation' (45.1 versus 46.6 in August), 'income' (61.2 versus 62.1), and 'job' (50.1 versus 50.9). UTCC cited widespread flooding in various parts of the country, higher energy costs and weak household purchasing power as key factors that weighed on sentiment. UTCC estimated flood damage at THB22–30bn (~0.1–0.2% of GDP), concentrated in Central region rice-growing areas. Nevertheless, government support measures, including the extended Thais Help Thais Plus scheme and flood relief, are expected to cushion the impact. UTCC maintained its 2026 GDP growth forecast at 2.2–2.5%, anticipating a gradual recovery in consumption and tourism from mid-November if flooding subsides.

Sustainability

Rest of the world: South Korea unveiled a 1,000trn won (US\$747bn) energy transition and decarbonisation strategy through 2035, aimed at expanding renewable power, decarbonising emissions-intensive industries and creating new drivers of growth. The K-GX, or Korea-Green Transformation, plan targets 100GW of renewable energy capacity by 2030, alongside support for green steel, batteries, solar, wind, hydrogen and small modular reactors. It also aims for electric and hydrogen-powered vehicles to account for more than 70% of new vehicle sales by 2035 as part of a broader push to electrify transport and reduce emissions. The plan reflects the government's approach to sharing investment

risks with the private sector, which could encourage long-term decarbonisation investments amid uncertainty over technology, markets and policy.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday; shorter tenors traded 1bps higher, belly tenors traded 1-2bps higher, and 10Y tenor traded 2bps higher.
- US Investment Grade spreads widened by 1bps to 81bps, and US High Yield spreads widened by 5bps to 310bps respectively. Bloomberg Global Contingent Capital spreads traded widened by 2bps to 240bps.
- Bloomberg Asia USD Investment Grade spread widened by 1bps 61bps, and the Asia USD High Yield spreads tightened by 5bps to 361bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the SGD market.
- There were USD1.5bn and zero issuances in the APAC and DM IG markets respectively (prior business day: USD1.35bn and USD850mn). APAC issuances were led by DBS Group Holdings Ltd, who issued USD1.5bn of bonds across three tranches.

Credit Headlines:

- **CLIVSG / OUECT / UOBSP:** CLIVSG and IOI Properties Group Bhd have reportedly entered exclusive due diligence for a 50-50 acquisition of One Raffles Place for ~SGD2.4bn. OUECT holds an effective 67.95% interest in the complex through OUB Centre Ltd, with minority stakes held by UOBSP, UOL Group and Khattar Holdings. The ~120,000 sqm property above Raffles Place MRT comprises two office towers and a retail podium.
- **FRIDPT:** FCX reported 3Q2026 results in line with expectations, with Grasberg operations continuing their planned phased ramp-up. Mill throughput averaged ~140kt/day, or ~67% of pre-September 2025 normalized levels, including ~70kt/day from Grasberg Block Cave. Production is expected to reach 80% of capacity by mid-2027 and approach full capacity by end-2027.
- **ABNANV:** The Dutch government plans to reduce its ABN Amro stake from 20.7% to 10.5%, continuing its gradual exit from the 2008 bailout position. The sell-down has a neutral credit impact and doesn't change the bank's capital strength or credit profile, as its ratings stay anchored in standalone fundamentals.

Equity Market Updates

US: US stocks closed mixed on Thursday as a selloff in AI-linked chipmakers dragged technology shares lower, whilst energy outperformed on surging oil prices. The S&P 500 fell 0.5%, the Nasdaq dropped 1.3%, its worst single-day decline in seven weeks, and the Dow edged up 0.1%. The catalyst was a Financial Times report that OpenAI's annualised revenue was approaching USD50b at end-September, roughly USD20b below figures previously signalled to investors,

reigniting concerns over the sustainability of AI infrastructure spending. The Philadelphia Semiconductor Index sank 3.4%, with Nvidia falling nearly 3%, Oracle down 4.9%, and Micron losing 4.6%. Partially offsetting the tech weakness, energy stocks led sector gains as Brent crude surged 4.1% to settle above USD104 a barrel, its largest single-day gain in a month, driven by Iran's escalating tanker attacks in the Strait of Hormuz, including a rare strike deep inside the Persian Gulf near Qatar. Oil pared some gains after President Trump stated the US would not attack Iran ahead of November's midterm elections. On the rates front, Treasuries rallied, with yields falling 2 to 7 basis points across the curve in a bull-flattening move; the 10-year yield declined 5 basis points to 5.23%, whilst the 30-year fell 7 basis points to 5.6%, off its highest level since 2002, after a USD22b 30-year auction drew solid demand, with a bid-to-cover ratio of 2.54, above the one-year average of 2.42.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	102.138	-0.10%	USD-SGD	1.2811
USD-JPY	157.88	-0.13%	EUR-SGD	1.4358
EUR-USD	1.121	0.13%	JPY-SGD	0.8113
AUD-USD	0.696	-0.09%	GBP-SGD	1.6947
GBP-USD	1.323	0.11%	AUD-SGD	0.8914
USD-MYR	4.092	0.14%	NZD-SGD	0.7179
USD-CNY	-	-	CHF-SGD	1.5403
USD-IDR	17898	0.09%	SGD-MYR	3.1914
USD-VND	25931	-0.19%	SGD-CNY	5.2330

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4430	0.78%	1M	3.9246
3M	2.6360	1.31%	2M	3.9541
6M	2.9470	-0.24%	3M	4.0376
12M	3.1940	0.54%	6M	4.1869
			1Y	4.4568

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/28/2026	0.172	17.200	0.043	3.922
12/09/2026	0.994	82.200	0.248	4.128
01/27/2027	1.352	35.800	0.338	4.218
03/17/2027	2.033	68.100	0.508	4.388

Equity and Commodity

Index	Value	Net change
DJIA	51,231.64	51.77
S&P	7,765.36	-36.41
Nasdaq	27,193.34	-345.35
Nikkei 225	69,042.11	-993.60
STI	5,412.96	-195.48
KLCI	1,601.01	-10.77
JCI	6,031.28	-115.44
Baltic Dry	2,994.00	-8.00
VIX	15.41	0.33

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.96 (--)	4.76(--)
5Y	2.24 (+0.02)	4.99 (-0.04)
10Y	2.49 (+0.02)	5.23 (-0.06)
15Y	2.55 (+0.02)	--
20Y	2.52 (+0.02)	--
30Y	2.57 (+0.03)	5.61 (-0.07)

Secured Overnight Fin. Rate

SOFR	3.88
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	91.49	3.6%	Corn (per bushel)	5.003	-0.3%
Brent (per barrel)	104.28	4.1%	Soybean (per bushel)	12.875	-0.8%
Heating Oil (per gallon)	488.29	5.6%	Wheat (per bushel)	6.833	-0.5%
Gasoline (per gallon)	331.60	2.5%	Crude Palm Oil (MYR/MT)	44.480	3.2%
Natural Gas (per MMBtu)	3.17	-1.1%	Rubber (JPY/KG)	4.450	-0.3%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14309	-1.2%	Gold (per oz)	4133	0.5%
Nickel (per mt)	15553	-1.2%	Silver (per oz)	59.17	-1.0%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
10/09/2026 7:30	JN	Household Spending YoY	Aug	-3.60%	-3.10%	-3.60%	--
10/09/2026 9:00	JN	Bloomberg Oct. Japan Economic Survey					
10/09/2026 12:00	MA	Industrial Production YoY	Aug	5.00%	--	4.70%	--
10/09/2026 12:00	MA	Manufacturing Sales Value YoY	Aug	--	--	9.10%	--
10/09/2026 14:00	JN	Machine Tool Orders YoY	Sep P	--	--	64.70%	--
10/09/2026 15:30	TH	Gross International Reserves	2-Oct	--	--	\$278.4b	--
10/09/2026 15:30	TH	Forward Contracts	2-Oct	--	--	\$24.4b	--
10/09/2026 22:00	US	U. of Mich. Sentiment	Oct P	47.6	--	48.1	--
10/09/2026 22:00	US	U. of Mich. Current Conditions	Oct P	50.1	--	50.9	--
10/09/2026 22:00	US	U. of Mich. Expectations	Oct P	45.7	--	46.3	--
10/09/2026 22:00	US	U. of Mich. 1 Yr Inflation	Oct P	4.80%	--	4.60%	--
10/09/2026 22:00	US	U. of Mich. 5-10 Yr Inflation	Oct P	3.50%	--	3.40%	--
10/09/2026-10/13/2026	VN	Domestic Vehicle Sales YoY	Sep	--	--	-12.90%	--
10/09/2026-10/15/2026	CH	New Yuan Loans CNY YTD	Sep	11486.9b	--	10440.0b	--

Source: Bloomberg

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