Daily Treasury Outlook

Highlights

Global: Geopolitics remained the clear focus overnight. The US military destroyed five Iranian tankers, and Iran retaliated by attacking a US-used base in Jordan, marking a sharp escalation compared to the relative calm of recent weeks. Brent crude is currently trading at USD101.2/bbl, while WTI is at USD97.13/bbl. US equities closed lower on Wednesday (S&P 500: -0.48%; Dow Jones: -0.77%; Nasdaq: -0.64%), while 10-year UST yields moved higher before ending the session at 4.84%. The DXY Index was broadly unchanged. According to Lloyd's Intelligence, "It remains too early to assess transit levels between 31 August and 6 September." However, "August marked a post-conflict record, with more than 190 non-Iranian-linked vessels entering the Gulf." US President Donald Trump stated that the US is not seeking a deal with Iran, although negotiations "could happen", and suggested that oil prices could fall "immediately" after the November midterm elections. The Iranian Foreign Ministry noted that security in the Gulf and the Sea of Oman should be ensured through cooperation among littoral states and "without the interference of foreign powers". Meanwhile, the US-Canada tariff dispute continued, with the United States announcing bans on certain Canadian alcohol products, motorcycles and dairy imports, effective 29 September.

Within Asia, moves in Malaysian FX and rates attracted market attention. Our long-held view has been that Bank Negara Malaysia (BNM) will normalise its policy rate by 25bp at its January 2027 meeting, bringing the OPR to 3.00%, with attention now turning to the Budget 2027 announcement on 9 October. We expect fiscal slippage of 0.2% of GDP, resulting in a deficit of 3.7% of GDP in 2026. However, the bigger focus is likely to be the fiscal deficit outlook for 2027, where additional fiscal slippage, against the backdrop of an increasingly active political calendar, could weigh on the path of further fiscal consolidation.

More fundamentally, alongside higher global oil prices, it is worth noting that key food prices continue to trend higher. Thailand's 5% broken white rice price, a key Asian benchmark, rose by 1.4% to USD490/tonne, marking the seventh consecutive week of increases. Indeed, Thailand's August CPI accelerated to 2.53% YoY from 1.95% in July, underscoring building price pressures across the region. Furthermore, the sowing of India's kharif (monsoon) crop is running approximately 21% below 2025 levels. We recently published a research note assessing the impact of El Niño on India and ASEAN-5 economies, ranking the Philippines as very high risk, followed by India and Thailand as high risk, and Indonesia as moderately high risk (see *ASEAN-5 & India: Assessing the Impact of El Niño*, 9 September 2026).

Market Watch: The data docket today includes the final reading of Eurozone August inflation, US August PPI, US August existing home sales, wholesale inventories, and weekly US labour market data. The ECB is widely expected to raise its policy rate by 25bp at today's meeting, with market focus likely to centre on the accompanying forward guidance and the expected policy path thereafter.

Key Market Movements

Equity	Value	% chg
S&P 500	7636.4	-0.5%
DJIA	52381	-0.8%
Nikkei 225	65143	-0.2%
SH Comp	3951.5	0.3%
STI	5729.6	-0.7%
Hang Seng	25275	-0.2%
KLCI	1714.3	0.0%
	Value	**% chg**
DXY	98.817	0.0%
USDJPY	153.56	-0.3%
EURUSD	1.1633	0.1%
GBPUSD	1.3547	0.0%
USDIDR	17513	-0.7%
USDSGD	1.2643	-0.1%
SGDMYR	3.2169	0.2%
	Value	**chg (bp)**
2Y UST	4.43	3.59
10Y UST	4.84	5.24
2Y SGS	1.71	0.90
10Y SGS	2.36	0.58
3M SORA	1.20	0.01
3M SOFR	3.65	0.06
	Value	**% chg**
Brent	101.21	3.4%
WTI	96.05	3.2%
Gold	4399	1.0%
Silver	67.29	2.4%
Palladium	1356	0.2%
Copper	14768	0.4%
BCOM	144.98	0.8%

Source: Bloomberg

Major Markets

ID: Bank Indonesia's Consumer Survey showed that consumer confidence improved in August 2026, with the Consumer Confidence Index rising to 118.5 from 116.8 in July and remaining in optimistic territory above 100. The higher reading reflected improvements in both the Current Economic Conditions Index (109.4 from 107.9) and the Consumer Expectations Index (127.6 from 125.7). Notably, consumers' views on current and expected employment conditions improved, alongside stronger sentiment regarding durable goods purchases and business conditions. Meanwhile, consumers' assessment of current income deteriorated slightly, although they expect income conditions to improve going forward.

MY: Industrial Production Index growth eased to 4.7% YoY in July from 6.5% in June, as growth slowed across key sectors. Manufacturing IP growth slowed to 6.4% from 7.3%, while Electricity IP growth eased to 5.0% from 6.7% and Mining fell 3.2% after growing 3.1% in June. Export oriented manufacturing industries grew 6.7% from 7.6%, supported by computer, electronics & optical products at 14.0% and machinery & equipment at 14.6%, while domestic oriented industries grew 5.8% from 6.4%. Crude Oil & Condensate production fell 13.1% from a 3.3% decline in June, while overall IPI increased 5.7% YoY in the first seven months of 2026.

PH: According to the Philippine Statistics Authority (PSA), the unemployment rate rose to 6.0% in July, up from 4.9% in June (July 2025: 5.3%). In contrast, the labour force participation rate fell to 63.6% in July, down from 65.1% in June (July 2025: 60.7%). By economic sector, PSA reported that the largest annual increase in the number of employed persons in July were recorded in 'agriculture and forestry' (1.03mn), 'accommodation and food service activities' (729k), 'wholesale and retail trade; repair of motor vehicles and motorcycles' (424k), 'administrative and support service activities' (201k), 'transportation and storage' (197k). Department of Economy, Planning, and Development (DEPDev) Secretary Arsenio Balisacan noted that "these figures show both progress and challenge. More Filipinos are participating in the labor market, which means that we need to intensify efforts to attract investments, especially those that create quality jobs." He added that "the key is to continuously improve the ease of doing business in the country."

Sustainability

Rest of the world: South Korea's power demand is expected to rise in the coming years as chipmakers Samsung Electronics and SK Hynix expand production capacity and new AI data centres are developed. AI-related power demand alone is projected to increase power demand by 25 – 30 GW. In addition, the country will need to manage growing electricity consumption from greater electrification across the transport and industrial sectors. There will be an upcoming update to the country's long-term energy roadmap, with nuclear power and renewables likely to play a larger role in meeting rising energy needs. While the country aims to phase out its 60 coal-fired power plants by 2040, around 20 plants are expected to remain within their legal operating lifespans beyond that date and could be retained as emergency backup capacity.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with the shorter tenors, belly tenors, and 10Y tenor trading 3bps lower.
- US Investment Grade tightened by 1bps to 79bps, and US High Yield spreads widened by 4bps to 271bps respectively. Bloomberg Global Contingent Capital spreads tightened by 1bps to 202bps.
- Bloomberg Asia USD Investment Grade spread tightened by 1bps to 56bps, and the Asia USD High Yield spreads tightened by 5bps to 320bps. (Bloomberg, OCBC)

New Issues:

- Yesterday, there were SGD180mn of issuances in the Singdollar market. APAC and DM IG markets were USD1.05bn and USD3.6bn respectively yesterday (prior day: USD9.8bn and USD32.6bn). FedEx Corp (guarantor: subsidiaries) led DM IG issuances with a USD1.1bn 10Y bond priced at T+95bps.

Credit Headlines:

- **PTTGC / TOP:** Potential Adnoc investment in PTT group refining assets could strengthen crude supply security, feedstock flexibility, and refinery utilization, representing a positive business-risk development if formalized, although details and credit implications remain uncertain at this stage.
- **MLTSP:** MLTSP issued its inaugural CNY500mn bond to diversify funding sources and support refinancing, while also divesting a small Australian asset, with both actions broadly supportive of balance sheet and funding flexibility.
- **European Insurance Industry**: Rising natural catastrophe risks continue to pressure claims trends, making underwriting and risk discipline increasingly important as softer reinsurance pricing reduces earnings buffers for reinsurers while lowering costs for primary insurers.
- **NAB:** NAB's restructuring of its Corporate and Institutional Banking division reflects ongoing efforts to simplify operations and improve client delivery, with limited direct credit impact expected from the workforce reorganization.
- **STOAU:** Santos' planned acquisition of an additional 3.3% stake in Papua LNG increases exposure to a strategic growth project, although completion remains contingent on regulatory approvals and a final investment decision.

Equity Market Updates

US: US equities extended losses for a third straight session on 9 September as a surge in oil prices and rising Treasury yields weighed on investor sentiment. The S&P 500 fell 0.5%, the Nasdaq lost 0.6%, and the Dow declined 0.8%. Brent crude climbed above USD100 per barrel for the first time since July following escalating tensions in the Middle East, raising concerns over energy supply disruptions and renewed inflation pressures. Energy was the market's only positive sector. Meanwhile, Treasury yields moved higher after a government debt buyback announcement fell short of market expectations. The 10-year yield rose to 4.85%, its highest level since 2023, while a separate 10-year note auction cleared at the highest yield since 2007. Technology shares remained under pressure, although gains in a major AI-related stock helped cushion broader weakness. Investors are also monitoring the widening gap between US and China government bond yields, which has reached a record level and could add pressure on regional capital flows and currencies. In Singapore, DBS stated it will contest a SGD1.3 billion legal claim linked to 1MDB-related liquidators.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	98.817	0.03%	USD-SGD	1.2643
USD-JPY	153.56	-0.27%	EUR-SGD	1.4708
EUR-USD	1.163	0.08%	JPY-SGD	0.8234
AUD-USD	0.722	0.00%	GBP-SGD	1.7127
GBP-USD	1.355	0.04%	AUD-SGD	0.9125
USD-MYR	4.070	0.18%	NZD-SGD	0.7380
USD-CNY	6.708	-0.03%	CHF-SGD	1.5604
USD-IDR	17513	-0.66%	SGD-MYR	3.2169
USD-VND	25918	-0.30%	SGD-CNY	5.3049

Equity and Commodity		
Index	Value	Net change
DJIA	52,380.66	-405.41
S&P	7,636.36	-37.16
Nasdaq	26,253.34	-168.07
Nikkei 225	65,142.78	-126.55
STI	5,729.63	-37.82
KLCI	1,714.34	-0.06
JCI	6,678.20	-8.24
Baltic Dry	3,584.00	9.00
VIX	16.46	0.74

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.3730	-0.29%	1M	3.7923
3M	2.6350	-1.27%	2M	3.8312
6M	2.7960	-0.04%	3M	3.8630
12M	3.1170	0.03%	6M	3.9930
			1Y	4.1912

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.71 (+0.01)	4.43(--)
5Y	2.01 (--)	4.62 (+0.05)
10Y	2.36 (+0.01)	4.84 (+0.05)
15Y	2.41 (+0.01)	--
20Y	2.37 (--)	--
30Y	2.42 (+0.01)	5.29 (+0.04)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/16/2026	0.632	63.200	0.158	3.786
10/28/2026	0.920	28.800	0.230	3.858
12/09/2026	1.484	56.400	0.371	3.999

Secured Overnight Fin. Rate

SOFR	3.64

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	96.05	3.2%	Corn (per bushel)	5.078	-0.6%
Brent (per barrel)	101.21	3.4%	Soybean (per bushel)	12.953	-0.6%
Heating Oil (per gallon)	480.10	5.1%	Wheat (per bushel)	7.113	-2.6%
Gasoline (per gallon)	321.06	-1.3%	Crude Palm Oil (MYR/MT)	46.690	-0.4%
Natural Gas (per MMBtu)	2.82	-3.2%	Rubber (JPY/KG)	4.681	0.0%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	14768	0.4%	Gold (per oz)	4399	1.0%
Nickel (per mt)	16897	0.2%	Silver (per oz)	67.29	2.4%

Source: Bloomberg, Reuters

Economic Calenda

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
9/10/2026 7:01	UK	RICS House Price Balance	Aug	-30.00%	-28.00%	-30.00%	-29.00%
9/10/2026 7:50	JN	Japan Buying Foreign Bonds	4-Sep	--	¥111.9b	-¥824.0b	--
9/10/2026 7:50	JN	Foreign Buying Japan Stocks	4-Sep	--	¥690.0b	¥35.8b	¥35.9b
9/10/2026 20:15	EC	ECB Deposit Facility Rate	10-Sep	2.50%	--	2.25%	--
9/10/2026 20:15	EC	ECB Main Refinancing Rate	10-Sep	2.65%	--	2.40%	--
9/10/2026 20:15	EC	ECB Marginal Lending Facility	10-Sep	2.90%	--	2.65%	--
9/10/2026 20:30	US	Initial Jobless Claims	5-Sep	205k	--	206k	--
9/10/2026 20:30	US	Continuing Claims	29-Aug	1780k	--	1779k	--
9/10/2026 20:30	US	PPI Final Demand MoM	Aug	0.40%	--	0.00%	--
9/10/2026 20:30	US	PPI Ex Food and Energy MoM	Aug	0.30%	--	0.20%	--
9/10/2026 20:30	US	PPI Final Demand YoY	Aug	5.30%	--	4.70%	--
9/10/2026 20:30	US	PPI Ex Food and Energy YoY	Aug	4.60%	--	4.20%	--
9/10/2026 22:00	US	Existing Home Sales	Aug	3.98m	--	4.06m	--
9/10/2026 22:00	US	Existing Home Sales MoM	Aug	-1.70%	--	-1.70%	--

Source: Bloomberg

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