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# OCBC Group Research

By Global Markets | 11 August 2026

# Daily Treasury Outlook

## Highlights

**Global**: Attacks on shipping and oil infrastructure in the Middle East over the weekend, together with Iran's renewed demand for concessions and rejection of direct negotiation with US, added further uncertainty to the prospect of reopening the Strait of Hormuz. Brent crude rose 5% to settle at $87.72/bbl, reviving inflation concerns as US CPI release looms. Monday's global equity session was bifurcated. Asian markets started on a firm footing, riding the tailwind of Friday's US payrolls miss, while US equities traded largely flat as concerns of AI circular financing and higher oil prices complicated the picture. Market saw a broad sell-off in sovereign bonds, pushing yields higher across curve. The dollar was firmer on Monday, recovering from Friday's payrolls-driven weakness. The yen, on the other hand, continued to erase its joint US-Japan intervention-driven gains. Spot gold staged a bullish breakout to above US$4400/oz level.

Cleveland Fed President Hammack, one of the dissenters to the FOMC July's hold decision, said that "some number" of rate hikes may be needed to bring inflation to 2%, and that she does not see inflation coming back down on its own. BoJ's July Summary of Opinions was released on Monday, with board member voicing concerns over upside risks to inflation, on the back of higher energy costs, expanded AI-related demand, and weaker yen. Many pointed out the current financial conditions remained accommodative, while one suggested faster pace of hikes.

Data calendar was fairly light on Monday. Eurozone's Sentix investor confidence improved for the fourth consecutive month, to 0.9 in August, beating market consensus at -0.5. Both current situation (at -8.0) and expectation index (at 10.3) rose, though higher energy cost continued posted drag on outlook. Japan's current account balance unexpectedly swung to deficit of JPY92.3 billion in June (vs. consensus of JPY1,512 billion surplus).

**Market Watch:** Asian markets may trade with a softer tone today, while awaiting the RBA's decision which is tipped to keep its cash rate unchanged at 4.35%. Today's key release include Australia's July NAB business confidence, South Korea's August trade data (10 days), Malaysia's June industrial production, US' July NFIB small business confidence and existing home sales. For the week ahead, US' July CPI (forecast: 0.1% MoM and 3.4% YoY respectively) and PPI final demand (forecast: 0.2% MoM and 4.9% YoY respectively) will be the key catalysts for market's move. Meanwhile, investors will also watch US' July retail sales and August consumer sentiment, UK, Japan and Taiwan's 2Q26 GDP growth, as well as China's July monetary and credit data. On the central bank front, RBA's Bullock will hold press conference this afternoon, while Fed's Barkin are scheduled to speak this week.

## Major Markets

**CN:** China's headline CPI inflation moderated further to 0.5% YoY in July from 1.0% YoY in June. On a sequential basis, CPI fell 0.1% MoM, significantly weaker

### Key Market Movements

| Equity | Value | % chg |
|---|---|---|
| S&P 500 | 7753.1 | -0.1% |
| DJIA | 53976 | -0.1% |
| Nikkei 225 | 66970 | 2.1% |
| SH Comp | 3966.6 | 0.7% |
| STI | 5698.4 | 0.0% |
| Hang Seng | 25937 | 1.0% |
| KLCI | 1735.4 | 0.0% |
| | **Value** | **% chg** |
| DXY | 99.811 | 0.3% |
| USDJPY | 159.29 | 1.0% |
| EURUSD | 1.1543 | -0.1% |
| GBPUSD | 1.3507 | 0.1% |
| USDIDR | 17762 | -0.7% |
| USDSGD | 1.2803 | 0.2% |
| SGDMYR | 3.1983 | 0.2% |
| | **Value** | **chg (bp)** |
| 2Y UST | 4.24 | 4.58 |
| 10Y UST | 4.71 | 6.13 |
| 2Y SGS | 1.69 | 0.00 |
| 10Y SGS | 2.31 | 0.00 |
| 3M SORA | 1.12 | 0.00 |
| 3M SOFR | 3.63 | 0.07 |
| | **Value** | **% chg** |
| Brent | 87.72 | 5.0% |
| WTI | 82.13 | 5.1% |
| Gold | 4391 | 1.1% |
| Silver | 65.74 | 3.4% |
| Palladium | 1385 | 0.3% |
| Copper | 14160 | 0.6% |
| BCOM | 134.68 | 2.2% |

Source: Bloomberg

than seasonal norms: over the past decade, July CPI has risen by an average of around 0.3% MoM. The reading also undershot market expectations for a seasonal pickup in food and services prices. While both categories did strengthen, including a 6.6% MoM jump in tourism prices, the gains were more than offset by a sharp decline in energy prices. Despite volatility in crude oil markets during the month, vehicle fuel prices fell another 9.8% MoM.
Encouragingly, core CPI rose 0.3% MoM, pointing to relatively resilient underlying consumer demand once the more volatile food and energy components are excluded. Looking ahead, weather-related disruptions should continue to support seasonal increases in food prices in August, while pork prices have also begun to stabilise and rebound from low levels. These factors should provide some support to headline inflation. We expect CPI inflation to edge up to around 0.7% YoY in August.

**ID:** President Prabowo Subianto nominated Bank Indonesia acting governor Destry Damayanti as the sole candidate to lead the central bank following Perry Warjiyo's resignation on 25 July. State Secretary Prasetyo Hadi said the government submitted Destry's nomination to parliament on Monday but did not clarify whether she would complete Warjiyo's remaining term or begin a new five year term, while Prabowo also nominated candidates for other senior central bank posts. Parliament can consider the nominations from 14 August, when lawmakers return from recess.

**MY:** The Department of Irrigation and Drainage has deployed 606 portable emergency pumps nationwide, ready for mobilisation within 24 hours to support water supply, agricultural irrigation and forest and peatland firefighting operations during El Niño. The department is also monitoring 56 dams nationwide and uses digital systems to track pump and water gate operations in real time, while its National Water Balance Management System provides water availability projections up to two months ahead and early warnings up to 14 days in advance. MetMalaysia expects El Niño to continue until early 2027, with lower rainfall forecast across several parts of Peninsular Malaysia, Sarawak and Sabah, increasing drought risks and pressure on water resources.

## Sustainability

**MY:** According to a study by the Malaysian Steel Institute (MSI), the European Union's Carbon Border Adjustment Mechanism (CBAM) could impose costs of approximately RM970.7 mn for Malaysia's iron and steel industry in 2026, with these costs expected to increase progressively over subsequent years. Malaysia's iron and steel exports to the EU in 2025 amounted to around 752,000 tonnes worth RM3.23 bn, accounting for around 12.5% of total export volume and 13% of total export value. While the CBAM presents additional cost pressures for the industry, it also presents an opportunity to accelerate the transition towards low-carbon steel production. To support this shift while safeguarding the competitiveness of domestic producers, the government has introduced measures aimed at enhancing industry readiness, including the development of a Carbon Measurement, Reporting, and Verification (MRV) system. These efforts aim to accelerate decarbonisation in the iron and steel sector by improving energy efficiency and increasing renewable energy usage. Meanwhile, the implementation of Malaysia's carbon tax has been delayed amid prevailing geopolitical headwinds and economic uncertainties.

## Credit Market Updates

**Market Commentary:**

- The SGD SORA OIS curve traded flat yesterday across the shorter tenors, belly tenors, and the 10Y tenor.
- US Investment Grade spreads traded flat at 77bps, and US High Yield spreads widened by 1bps to 265bps. Bloomberg Global Contingent Capital Index tightened by 4bps to 201bps.
- Bloomberg Asia USD Investment Grade tightened by 2 bps to 55bps, and the Asia USD High Yield spreads tightened by 8bps to 326bps. (Bloomberg, OCBC)

**New Issues:**

- There were no issuances in the Singdollar market yesterday.
- The total issuances in the APAC and DM IG markets were USD100mn and USD27.7bn respectively (last Friday: USD300mn and USD32.1bn respectively). The largest issuance from DM IG markets was led by Verizon Communications Inc (priced USD3.75bn across 2 tranches). (Bloomberg, OCBC)

**Credit Developments:**

- **Commerzbank AG (CMZB):** Delivered a record 2Q2026 with strong profit growth, improving efficiency and resilient asset quality; management reaffirmed FY2026 targets of at least EUR3.4bn net profit, ~12% RoTE and CET1 >14%, supported by continued momentum in corporate banking and fee-generating businesses.
- **Woodside Energy Group (WDSAU):** Agreed to sell its 70% interest in the Calypso project in Trinidad & Tobago to BP, fully exiting the country as part of its strategy to simplify its portfolio and maintain disciplined capital allocation.
- **BP p.l.c. (BPLN):** Acquiring Woodside's 70% stake in the Calypso project, increasing its ownership to 100% and strengthening its upstream position in Trinidad & Tobago.
- **Zurich Insurance Group (ZURNVX):** Reported record 1H2026 operating profit of USD4.8bn (+13% y/y), driven by strong underwriting, Life growth, record Farmers earnings and higher investment income, while maintaining a very strong solvency position (SST ratio 266%).
- **Swiss Re (SRENVX):** Generated strong 1H2026 results with net income up 9% y/y to USD2.8bn and ROE of 22.7%, supported by excellent underwriting performance, healthy life reinsurance profitability, robust investment returns and a strong SST ratio of 264%.
- **United Overseas Bank (UOBSP):** Reported softer underlying 2Q2026 performance as NIM compression, weaker fee-income outlook and a rise in Greater China NPAs offset profit growth; however, capital, liquidity and overall asset quality remain sound despite emerging pressure in Greater China commercial real estate.
- **Swire Properties (SWIPRO):** Delivered solid 1H2026 results with strong growth in underlying and recurring profits, driven by residential sales and resilient retail rental income; credit metrics remain healthy and management maintains a stable outlook supported by recurring investment-property earnings.

## Equity Market Updates

**US:** US stocks drifted lower Monday as rising oil prices and geopolitical tensions in the Strait of Hormuz weighed on sentiment, offsetting an otherwise resilient earnings backdrop. The S&P 500 slipped 0.1%, the Nasdaq fell 0.3%, and the Dow edged down 0.1%, pulling back from Friday's record close, the index's best week since April. Nvidia declined 2.9%, the largest drag on the S&P 500, reportedly on news that Wall Street firms are collaborating with the chipmaker on new initiatives, though the precise causal link to the day's decline was ambiguous; Coherent tumbled 14.2%. Financials outperformed, rising 0.3%, as the broader market struggled. With over 440 S&P 500 companies having reported, 86% have beaten estimates, on track for a seventh consecutive quarter of double-digit earnings growth, though the strong results were insufficient to offset macro headwinds. Brent crude surged above USD87 per barrel amid the ongoing Hormuz standoff, stoking fears the Fed may need to raise rates despite a softening labour market. Treasury yields rose 4 to 6 basis points across the curve, with the 10-year climbing to 4.71% and the 30-year reaching 5.25%, as oil-driven inflation concerns dominated. Markets are now squarely focused on Tuesday's CPI print as the next key catalyst.

| Foreign Exchange | | | | |
|---|---|---|---|---|
| | Day Close | % Change | | Day Close |
| DXY | 99.811 | 0.27% | USD-SGD | 1.2803 |
| USD-JPY | 159.29 | 0.97% | EUR-SGD | 1.4781 |
| EUR-USD | 1.154 | -0.14% | JPY-SGD | 0.8037 |
| AUD-USD | 0.706 | -0.17% | GBP-SGD | 1.7295 |
| GBP-USD | 1.351 | 0.12% | AUD-SGD | 0.9031 |
| USD-MYR | 4.091 | 0.00% | NZD-SGD | 0.7530 |
| USD-CNY | 6.746 | 0.01% | CHF-SGD | 1.5799 |
| USD-IDR | 17762 | -0.72% | SGD-MYR | 3.1983 |
| USD-VND | 26161 | -0.17% | SGD-CNY | 5.2676 |

| Equity and Commodity | | |
|---|---|---|
| Index | Value | Net change |
| DJIA | 53,975.98 | -60.95 |
| S&P | 7,753.11 | -4.53 |
| Nasdaq | 26,605.36 | -85.26 |
| Nikkei 225 | 66,970.22 | 1363.51 |
| STI | 5,698.43 | 59.44 |
| KLCI | 1,735.37 | -0.38 |
| JCI | 6,365.37 | -44.28 |
| Baltic Dry | 3,089.00 | 32.00 |
| VIX | 15.46 | 0.56 |

| SOFR | | | | |
|---|---|---|---|---|
| Tenor | EURIBOR | Change | Tenor | USD SOFR |
| 1M | 2.2010 | -0.68% | 1M | 3.6460 |
| 3M | 2.4740 | -0.12% | 2M | 3.7090 |
| 6M | 2.6830 | -0.15% | 3M | 3.7528 |
| 12M | 2.8980 | 0.49% | 6M | 3.8803 |
| | | | 1Y | 4.0435 |

| Government Bond Yields (%) | | |
|---|---|---|
| Tenor | SGS (chg) | UST (chg) |
| 2Y | 1.69 (+0.02) | 4.24(--) |
| 5Y | 1.86 (+0.03) | 4.41 (+0.06) |
| 10Y | 2.31 (+0.03) | 4.71 (+0.06) |
| 15Y | 2.36 (+0.03) | -- |
| 20Y | 2.38 (+0.04) | -- |
| 30Y | 2.43 (+0.04) | 5.25 (+0.05) |

| Fed Rate Hike Probability | | | | |
|---|---|---|---|---|
| Meeting | # of Hikes/Cuts | % of Hikes/Cuts | Implied Rate Change | Expected Effective Fed Funds Rate |
| 09/16/2026 | 0.521 | 52.100 | 0.130 | 3.762 |
| 10/28/2026 | 0.805 | 28.400 | 0.201 | 3.832 |
| 12/09/2026 | 1.266 | 46.100 | 0.316 | 3.948 |

| Secured Overnight Fin. Rate | |
|---|---|
| SOFR | 3.62 |

| Commodities Futures | | | | | |
|---|---|---|---|---|---|
| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
| WTI (per barrel) | 82.13 | 5.1% | Corn (per bushel) | 4.383 | -0.2% |
| Brent (per barrel) | 87.72 | 5.0% | Soybean (per bushel) | 11.578 | 0.1% |
| Heating Oil (per gallon) | 418.98 | 7.4% | Wheat (per bushel) | 6.405 | 0.1% |
| Gasoline (per gallon) | 313.54 | 5.0% | Crude Palm Oil (MYR/MT) | 45.450 | 0.4% |
| Natural Gas (per MMBtu) | 2.79 | 5.0% | Rubber (JPY/KG) | 4.490 | 2.4% |
| | | | | | |
| **Base Metals** | **Futures** | **% chg** | **Precious Metals** | **Futures** | **% chg** |
| Copper (per mt) | 14160 | 0.6% | Gold (per oz) | 4391 | 1.1% |
| Nickel (per mt) | 16925 | -0.5% | Silver (per oz) | 65.74 | 3.4% |

Source: Bloomberg, Reuters

## Economic Calenda

| Date Time | Country Code | Event | Period | Survey | Actual | Prior | Revised |
|---|---|---|---|---|---|---|---|
| 8/11/2026 7:01 | UK | BRC Sales Like-For-Like YoY | Jul | 1.50% | 1.00% | 1.70% | -- |
| 8/11/2026 8:00 | SI | GDP YoY | 2Q F | 5.80% | 5.90% | 5.70% | -- |
| 8/11/2026 9:30 | AU | NAB Business Confidence | Jul | -- | -- | -5 | -- |
| 8/11/2026 9:30 | AU | NAB Business Conditions | Jul | -- | -- | 3 | -- |
| 8/11/2026 12:00 | MA | Industrial Production YoY | Jun | 7.20% | -- | 8.40% | -- |
| 8/11/2026 12:30 | AU | RBA Cash Rate Target | 11-Aug | 4.35% | -- | 4.35% | -- |
| 8/11/2026 18:00 | US | NFIB Small Business Optimism | Jul | 97.5 | -- | 97.4 | -- |
| 8/11/2026 22:00 | US | Existing Home Sales | Jul | 4.05m | -- | 4.09m | -- |
| 8/11/2026 22:00 | US | Existing Home Sales MoM | Jul | -1.00% | -- | -2.40% | -- |
| 8/11/2026-8/13/2026 | VN | Domestic Vehicle Sales YoY | Jul | -- | -- | -5.60% | -- |
| 8/11/2026-8/15/2026 | CH | Money Supply M2 YoY | Jul | 7.90% | -- | 8.00% | -- |
| 8/11/2026-8/15/2026 | CH | Money Supply M1 YoY | Jul | 3.90% | -- | 4.00% | -- |
| 8/11/2026-8/15/2026 | CH | Money Supply M0 YoY | Jul | -- | -- | 11.80% | -- |

*Source: Bloomberg*

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