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Daily Treasury Outlook

Highlights

Global: US Treasury yields surged following a hotter-than-expected inflation report, despite easing oil prices after Washington downplayed the need for further military action against Iran. The upside inflation surprise fuelled expectations of more aggressive Fed rate hikes, triggering a sharp bear-flattening of the US Treasury yield curve. The 2-year Treasury yield jumped 18.4bps to 4.731%, its largest one-day increase since the April 2025 "tariff tantrum", while the benchmark 10-year yield rose 12.6bps to 4.988%.

US headline CPI rose 0.4% MoM in October, moderating from 0.6% in September but marking the third consecutive month of increases of at least 0.4%. Shelter inflation eased slightly to 0.3% MoM from 0.4%, while gasoline prices rose 1.0%, following a sharp 9.1% increase in September. Electricity prices also increased. Meanwhile, diesel prices continued to rise despite easing from record highs, increasing by 2.7% MoM following an 11.9% surge in September.

More concerning was the broadening of inflationary pressures, with early signs that higher transportation and energy costs may be feeding through to consumer prices. Food inflation accelerated to 0.5% MoM after remaining largely subdued over the preceding three months. Grocery prices rose 0.4%, driven by higher prices across several categories, including beef (+0.9%), eggs (+0.6%), fruits and vegetables (+0.6%) and dairy products (+0.6%). Snack prices surged 1.0%. Inflationary pressures also extended to services, with food-away-from-home prices rising 0.5%, compared with 0.2% in September. Full-service meal prices increased by a sharper 0.7%.

Core CPI increased 0.3% MoM for the third consecutive month, suggesting that underlying inflation remains persistent. Tariff-related price pressures also appeared to be filtering through to consumer goods. Prices of household furnishings and supplies rebounded by 0.7%, while toy prices jumped 1.8%. The combination of persistent core inflation, rising food prices and renewed goods inflation suggests that price pressures are becoming more broad-based, complicating the Fed's efforts to contain inflation.

Fed officials' latest remarks highlighted growing concerns over persistent inflation, although views differed on the urgency of further tightening. Ahead of the CPI release, Fed Governor Christopher Waller indicated that a 0.3% core CPI reading for October would prompt him to consider a 50bps rate hike at the 8–9 December FOMC meeting. Dallas Fed President Lorie Logan similarly suggested that it "may be possible to move more rapidly", while Kansas City Fed President Jeffrey Schmid emphasised that inflation remained his top concern and described monetary policy as still "fairly accommodative".

Fed Vice Chair for Supervision Michelle Bowman, however, struck a more balanced tone. While acknowledging persistent inflation risks, she cautioned that tightening financial conditions, particularly falling equity prices and rising bond yields, could weigh on economic activity. She also expected inflation to moderate

Key Market Movements

Equity	Value	% chg
S&P 500	7520.9	-0.4%
DJIA	52232	-0.3%
Nikkei 225	60460	2.9%
SH Comp	3663.7	0.1%
STI	5258.6	1.5%
Hang Seng	24557	0.4%
KLCI	1604.1	-0.8%

	Value	% chg
DXY	102.217	0.6%
USDJPY	158.75	0.5%
EURUSD	1.1164	-0.5%
GBPUSD	1.3344	-0.7%
USDIDR	18051	-0.2%
USDSGD	1.2812	0.2%
SGDMYR	3.1743	0.1%

	Value	chg (bp)
2Y UST	4.74	17.62
10Y UST	4.99	10.76
2Y SGS	1.83	2.20
10Y SGS	2.12	3.27
3M SORA	1.34	1.72
3M SOFR	3.81	0.27

	Value	% chg
Brent	91.49	-1.2%
WTI	86.04	-0.9%
Gold	4033	-2.6%
Silver	51.53	-3.5%
Palladium	1029	-1.3%
Copper	13679	-1.6%
BCOM	132.83	-0.6%

Source: Bloomberg

next year, provided that price pressures associated with the AI investment boom and the Middle East conflict subside. Her remarks suggested less urgency to accelerate rate hikes.

Market Watch: The economic calendar is relatively light today, with Germany's final October CPI reading the main data release to watch.

Major Markets

CH: October trade growth remained robust, supported by strong AI-related demand and a broad-based expansion in exports. In USD terms, exports rose by 35.2% YoY, while imports surged by 41.2% YoY. AI-related trade continued to be a key growth driver, with exports of AI intermediate goods, including semiconductors and automatic data processing (ADP) equipment, jumping by 85.36% YoY. Their share of China's total exports climbed to a record high of 16.1%, underscoring the growing importance of AI-related products in China's export structure. External demand was also broad-based across major markets, with exports to the US, EU and Japan rising by 32.91%, 24.35% and 14.32% YoY, respectively.

Import growth was equally impressive, reflecting both strong demand for technology-related components and a sharp rebound in energy imports. Imports of integrated circuits surged by 78.33% YoY, consistent with the continued strength of the AI supply chain. More notably, the value of crude oil imports jumped by 41% YoY in October, following relatively subdued growth in previous months.

China's cumulative trade surplus exceeded US$1tn in the first ten months of 2026, putting it on track for another record year. Looking ahead, we expect the global AI investment cycle to remain a key pillar of China's trade resilience, supporting demand for semiconductors, computing equipment and other AI-related intermediate goods.

MY: The Industrial Production Index (IPI) rose 6.3% YoY in Sep, accelerating from 5.0% in Aug, although growth moderated to 5.3% YoY in 3Q26 from 7.7% in 2Q26. Manufacturing output increased 9.4% YoY, up from 7.4%, supported by electrical and electronics products (17.3%), food, beverages and tobacco (7.2%), and metal-related and non-metallic mineral products (6.8%). Export-oriented manufacturing industries expanded 10.7% YoY, led by computer, electronic and optical products (19.3%), while domestic-oriented industries grew 6.6%. Electricity output rose 10.7% YoY, compared with 9.0% in Aug, while mining output contracted 9.4%, following a 7.4% decline previously.

ID: Indonesia and the US discussed potential commercial agreements worth more than USD2bn in energy and information and communications technology, according to a US Embassy statement released on 10 Nov. US Under Secretary of State for Economic Affairs Jacob Helberg met Investment and Downstreaming Minister Rosan Roeslani, Communications and Digital Minister Meutya Hafid and industry representatives to explore opportunities for bilateral cooperation. The discussions also covered technology investment, industrial development and supply-chain security. Separately, Vice President Gibran Rakabuming Raka expressed his intention to resign during a meeting with President Prabowo Subianto on 10 Nov, according to State Secretary Prasetyo Hadi. Gibran remains

in office and has requested an opportunity to establish the validity of his educational documents through legal proceedings.

PH: The Bangko Sentral ng Pilipinas (BSP) reported that net Foreign Direct Investment (FDI) inflows have declined by 19.2% to USD4.8bn in January–August 2026, from USD5.9bn in the same period a year earlier (January-August 2025: -3.5%). The decline was driven mainly by lower net investments in debt instruments, reflecting reduced net intercompany borrowing from foreign direct investors. Equity capital placements were little changed, with Japan, the United States and Singapore the main sources. These investments were directed primarily toward the 'manufacturing', 'financial and insurance', and 'real estate' sectors.

AU: The October NAB Business Survey pointed to a further deterioration in business sentiment and activity, with the business confidence index falling 1pt to-15, well below its long-run average of +4, while the business conditions index also declined 1pt to-2, versus its long-run average of +7. The deterioration in conditions reflected weaker trading conditions and profitability, which fell 4pts to-1 and 2pts to-8, respectively. Forward orders also plunged 11pts to-12, with the decline broad-based but led by construction and manufacturing, pointing to the risk of further weakness in business activity over the coming months. In contrast, the employment index rose 5pts to +4, suggesting that labour demand remains resilient despite the broader slowdown in activity.

Sustainability

Rest of the world: The COP31 climate summit opened in Antalya, Türkiye, with the presidency focusing this year's climate talks on a goal to electrify more than a third of the global economy by 2035, up from around a fifth today. Nearly 200 countries are gathering for the summit amid heightened energy security concerns, rising electricity demand and geopolitical tensions. This goal aims to accelerate the shift from fossil fuel use towards electricity across sectors such as transport, buildings and industry. However, climate advocates have criticised the pledge because it does not require the additional electricity to come from low-carbon sources.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 3-5bps higher, belly tenors trading 2-3bps higher, and the long tenors trading 2bps higher.
- US Investment Grade spreads tightened by 1bps to 88bps, and US High Yield spreads tightened by 6bps to 320bps.
- Bloomberg Asia USD Investment Grade tightened by 5bps to 69bps, and the Asia USD High Yield spreads tightened by 21bps to 363bps. The Bloomberg Global contingent capital statistics tightened by 10bps to 234bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the Singdollar yesterday. APAC USD and DM IG markets saw USD150mn and USD12bn of issuances respectively. (prior

business day: zero and USD22.6bn respectively). DM IG issuances were led by Fox Corp (priced USD8.4bn across seven tranches).

Credit Headlines:

- Qantas Airways Ltd (QANAU): Qantas will reportedly outsource 850 head-office roles in finance, procurement, human resources and marketing to Accenture as part of an overhaul of its legacy IT systems; the deal value was not disclosed.
- Alibaba Group Holding Ltd (BABA): Alibaba's Singapore subsidiary reportedly financed a Malaysian subsidiary of AI-compute provider Megaspeed, which is under investigation over alleged Nvidia chip smuggling to China, creating regulatory and headline risks amid tighter US restrictions on overseas access to advanced AI chips and computing power.
- Exxon Mobil Corporation (XOM): ExxonMobil Holdings Corporation was established as Exxon Mobil's new parent under its redomiciliation from New Jersey to Texas, guarantees Exxon Mobil's existing and future long-term debt, and has signed an MOU with Venezuela and PDVSA regarding potential upstream opportunities.
- Lendlease Group (LLCAU): The sale of Lendlease's 17.6%-owned Milano Santa Giulia project was terminated, eliminating expected proceeds of AUD90mn and potentially requiring Lendlease to fund AUD160mn of project obligations by end-2026, while it continues its planned AUD2.5bn disposal of non-core assets.
- Crédit Agricole Group / Crédit Agricole S.A. (ACAFP): Crédit Agricole proposed merging Crédit Agricole Italia with Banco BPM through a share-based transaction that would increase its Banco BPM stake from approximately 30% to 45%, with a 20% exchange-ratio premium, EUR1bn extraordinary dividend and expected annual synergies of EUR800mn, subject to shareholder, ECB and Italian government approvals.
- National Australia Bank Ltd (NAB): NAB appointed former Macquarie Group director Ian Saines as chair-elect to succeed Philip Chronican, with Saines expected to join the board in March 2027 and become chair in July 2027.
- Commerzbank AG (CMZB): UniCredit expects to obtain the remaining regulatory approvals by end-November 2026 and control close to 50% of Commerzbank's voting rights, potentially enabling governance changes from 1Q2027 and an earlier-than-expected merger with HypoVereinsbank, which would require at least 75% shareholder support.
- UniCredit S.p.A.: UniCredit is seeking regulatory approval to control close to 50% of Commerzbank's voting rights and potentially accelerate governance changes and a merger with HypoVereinsbank, while reporting 3Q2026 net income of EUR3.26bn, up 24% y/y, and a CET1 ratio of 15.0%.
- Australia & New Zealand Banking Group Ltd (ANZ): ANZ's FY2026 cash profit rose 31% y/y to AUD7.59bn, operating income increased 3% to AUD22.5bn, NIM declined 2bps to 1.53%, credit impairment charges rose 32% to AUD582mn, and its CET1, LCR and NSFR ratios were 12%, 132% and 116%, respectively.

Equity Market Updates

US: US stocks fell Tuesday as a hotter-than-expected October CPI print, rising 0.4% against the 0.3% consensus, cemented expectations for further Federal Reserve rate hikes, reversing Monday's sharp rebound, which had been the S&P 500's best session in roughly seven months. The S&P 500 slipped 0.4%, the Nasdaq shed 0.7%, and the Dow dipped 0.3%. Nvidia weighed on the Nasdaq, extending losses tied to the spy scandal surrounding CEO Jensen Huang, whilst six of eleven S&P 500 sectors closed lower. Fed Governor Christopher Waller flagged openness to a 50-basis point hike at the 9 Dec meeting, and Dallas Fed President Lorie Logan called for at least two further 25 basis point increases, whilst Fed Vice Chair Michelle Bowman also cautioned that inflation work remains unfinished. Treasuries bore the brunt of the repricing, with 2-year yields surging as much as 20 basis points, their largest single-day move since April 2025, to around 4.77%, whilst the 10-year yield crossed back above 5%, drawing a USD42b auction at 5.020%, tailing the pre-sale when-issued yield by approximately 1 basis point. The curve bear-flattened sharply, with markets briefly pricing a small probability of a 50-basis point December move.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	102.217	0.55%	USD-SGD	1.2812
USD-JPY	158.75	0.53%	EUR-SGD	1.4307
EUR-USD	1.116	-0.53%	JPY-SGD	0.8075
AUD-USD	0.687	-0.88%	GBP-SGD	1.7106
GBP-USD	1.334	-0.73%	AUD-SGD	0.8802
USD-MYR	4.057	-0.06%	NZD-SGD	0.7181
USD-CNY	6.679	0.11%	CHF-SGD	1.5531
USD-IDR	18051	-0.19%	SGD-MYR	3.1743
USD-VND	25599	0.29%	SGD-CNY	5.2080

Equity and Commodity

Index	Value	Net change
DJIA	52,231.89	-157.86
S&P	7,520.93	-29.01
Nasdaq	25,065.87	-187.27
Nikkei 225	60,459.58	1684.08
STI	5,258.59	79.42
KLCI	1,604.07	-12.51
JCI	5,125.73	51.96
Baltic Dry	2,854.00	49.00
VIX	19.46	-0.46

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4760	0.12%	1M	3.9350
3M	2.7730	-0.75%	2M	4.0690
6M	3.0010	-0.50%	3M	4.1517
12M	3.2040	-1.35%	6M	4.3230
			1Y	4.5531

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.83 (+0.02)	4.74(--)
5Y	1.92 (+0.03)	4.82 (+0.14)
10Y	2.12 (+0.03)	4.99 (+0.11)
15Y	2.16 (+0.04)	--
20Y	2.15 (+0.05)	--
30Y	2.19 (+0.05)	5.35 (+0.07)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/28/2026	0.072	7.200	0.018	3.898
12/09/2026	1.118	111.800	0.279	4.158
01/27/2027	1.735	61.700	0.434	4.313
03/17/2027	2.389	65.400	0.597	4.476

Secured Overnight Fin. Rate

SOFR	3.88

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	86.04	-0.9%	Corn (per bushel)	4.490	2.2%
Brent (per barrel)	91.49	-1.2%	Soybean (per bushel)	12.245	3.6%
Heating Oil (per gallon)	413.09	-2.0%	Wheat (per bushel)	5.928	0.8%
Gasoline (per gallon)	260.88	-1.6%	Crude Palm Oil (MYR/MT)	40.400	-0.2%
Natural Gas (per MMBtu)	3.30	2.4%	Rubber (JPY/KG)	4.370	1.6%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	13679	-1.6%	Gold (per oz)	4033	-2.6%
Nickel (per mt)	16030	-1.2%	Silver (per oz)	51.53	-3.5%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
11/11/2026 7:00	SK	Unemployment rate SA	Oct	2.60%	2.50%	2.60%	--
11/11/2026 7:50	JN	Money Stock M2 YoY	Oct	--	1.70%	2.00%	1.90%
11/11/2026 7:50	JN	Money Stock M3 YoY	Oct	--	0.90%	1.20%	1.10%
11/11/2026 11:00	SK	Bank Lending To Household Total	Oct	--	--	KR1198.9t	--
11/11/2026 11:45	TH	Consumer Confidence Economic	Oct	--	--	45.1	--
11/11/2026 14:00	JN	Machine Tool Orders YoY	Oct P	--	--	60.40%	--
11/11/2026 20:00	US	MBA Mortgage Applications	6-Nov	--	--	-1.20%	--
11/11/2026-11/13/2026	VN	Domestic Vehicle Sales YoY	Oct	--	--	-0.30%	--
11/11/2026-11/15/2026	CH	Money Supply M2 YoY	Oct	7.20%	--	7.20%	--
11/11/2026-11/15/2026	CH	Money Supply M1 YoY	Oct	3.50%	--	3.20%	--
11/11/2026-11/15/2026	CH	Money Supply M0 YoY	Oct	--	--	10.60%	--

Source: Bloomberg

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