

## Daily Treasury Outlook

### Highlights

**Global:** US president Trump rejected Iran’s response to his peace proposal and said the US-Iran ceasefire was on “massive life support”. Trump’s government is reportedly mulling renewed military action, while Treasury imposed more sanctions on entities aiding Iran in purchases and manufacturing of weapons. Oil and US treasury yields jumped on headlines. US and global stocks again refreshed new highs on Monday, despite the lack of progress on the Hormuz Strait and higher bond yields. Investors continued to chase upside, as semiconductor and mega-cap tech led gains amid the AI frenzy.

After major election setback over the past weekend, UK PM Starmer said to take responsibility for the outcome but won’t walk away now. That said, he is facing growing pressure to step down as calls for his departure among parliament mounted. Prediction market now sees around 80% change that Starmer will step down by year-end. Starmer’s major political challengers include Burnham, Streeter, West and Rayner. Gilts extended declines amid the political upheaval.

On data front, US’ April existing home sales rose less-than-expected by 0.2% MoM to annualized 4.02 million units, as elevated mortgage rate and inflation fear weighed on households. Meanwhile, March data was revised down to -2.9% MoM.

**Market Watch:** Asian markets are likely to open on an upbeat tone today. Today’s economic calendar in Asia session comprises of Japan’s March housing spending, leading coincident indices, and BoJ Summary of Opinion, Thailand’s April Consumer confidence, and India’s April CPI. Australia’s federal budget for FY27 will also be announced. Speculation has that it will contain plans to increase fuel reserves, business tax relief etc. Later today, the market will watch out for US’ April CPI.

### Major Markets

**China:** CPI showed signs of a mild recovery in April, edging up to 1.2% YoY, with MoM inflation turning positive. PPI rose more sharply, accelerating to 2.8% YoY from 0.5% in March. However, the breakdown suggests that the PPI rebound was driven mainly by supply-side and imported factors, as prices of production goods rose 2.1% MoM. By contrast, prices of consumer goods continued to decline by 0.1% MoM, indicating that upstream-to-downstream price transmission remains weak. The moderate CPI reading was partly flattered by the negative contribution from the pork-price downcycle. Meanwhile, the pass-through from higher international oil prices has started to emerge. In April, transport & communications and other goods & services saw notable YoY improvements, contributing around 0.66ppt and 0.32ppt to headline CPI, respectively. However, indirect pass-through through the manufacturing cost chain remained modest, as overcapacity, weak end demand, and government price controls continued to absorb cost pressures. While low capacity utilisation will take time to resolve, it

### Key Market Movements

| Equity     | Value  | % chg    |
|------------|--------|----------|
| S&P 500    | 7412.8 | 0.2%     |
| DJIA       | 49704  | 0.2%     |
| Nikkei 225 | 62418  | -0.5%    |
| SH Comp    | 4225.0 | 1.1%     |
| STI        | 4942.8 | 0.4%     |
| Hang Seng  | 26407  | 0.0%     |
| KLCI       | 1745.3 | -0.2%    |
|            | Value  | % chg    |
| DXY        | 97.955 | 0.1%     |
| USDJPY     | 157.19 | 0.3%     |
| EURUSD     | 1.1783 | 0.0%     |
| GBPUSD     | 1.3610 | -0.2%    |
| USDIDR     | 17412  | 0.2%     |
| USDSGD     | 1.2684 | 0.1%     |
| SGDMYR     | 3.0906 | -0.1%    |
|            | Value  | chg (bp) |
| 2Y UST     | 3.95   | 6.90     |
| 10Y UST    | 4.41   | 5.93     |
| 2Y SGS     | 1.57   | 1.10     |
| 10Y SGS    | 2.07   | -0.99    |
| 3M SORA    | 1.07   | 1.95     |
| 3M SOFR    | 3.66   | -0.12    |
|            | Value  | % chg    |
| Brent      | 104.21 | 2.9%     |
| WTI        | 98.07  | 2.8%     |
| Gold       | 4736   | 0.4%     |
| Silver     | 86.06  | 7.1%     |
| Palladium  | 1510   | 1.3%     |
| Copper     | 13943  | 2.7%     |
| BCOM       | 141.20 | 2.0%     |

Source: Bloomberg

has also helped cushion the inflation impact.

PPI exceeded CPI for the first time since July 2022, reopening the “scissors gap” between upstream and downstream prices. This suggests that part of the imported inflation shock will likely be absorbed by corporate margins rather than fully passed on to consumers. Overall, the oil-driven price pressure should be viewed mainly as a short-term impulse. Producer inflation may peak in May before edging lower, but the inflation centre is likely to move higher. As oil prices are unlikely to fall sharply in the near term, they should remain a key driver of YoY price gains for some time.

**ID:** Bank Indonesia’s Consumer Confidence Index rose slightly to 123.0 in April from 122.9 in March, supported by an improvement in the Current Economic Conditions Index to 116.5 from 115.4. Current conditions improved on stronger perceptions of job availability and durable goods purchases, while the current income index eased but remained in optimistic territory. The Consumer Expectations Index eased to 129.6 from 130.4, although expectations for income, job availability, and business activity were still above 100.

**MY:** The Malaysian Palm Oil Board (MPOB) revealed that palm oil stocks rose 1.7% MoM to 2.3mn tonnes in April 2026 from 2.27mn tonnes in March. CPO production surged 18.4% to 1.6mn tonnes from 1.4mn tonnes, while palm kernel output increased 19.9% MoM to 390,124 tonnes. Palm oil exports declined 14.3% to 1.3mn tonnes from 1.52mn tonnes, although exports of palm kernel oil, palm kernel cake, oleochemicals, and biodiesel increased over the same period.

**PH:** The House of Representatives impeached Vice President Sara Duterte for a second time on 11 May, voting 257–25 to send her to a Senate trial on charges of plundering public funds and an alleged plot against President Ferdinand Marcos Jr. The vote far exceeded the required threshold, making her the first official in Philippine history to be impeached twice. The four articles of impeachment include betrayal of public trust, culpable violation of the Constitution, graft and corruption, and other high crimes. This second attempt followed the Supreme Court’s earlier nullification of the February 2025 impeachment. The case now moves to the Senate, which must convene as an impeachment court and secure a two-thirds vote to remove Duterte from office and disqualify her from the 2028 presidential race. The House vote occurred just hours after Duterte-aligned senators orchestrated a leadership shakeup, ousting Senate President Tito Sotto and installing Senator Alan Peter Cayetano in his place.

**VN:** The Ha Noi People’s Council approved the Hong River scenic boulevard project, with investment of nearly VND737.0trn, or about USD29.4bn, across 16 riverside wards and communes. The project covers more than 11,400ha and includes scenic boulevards, ecological and entertainment parks, urban development areas, technical infrastructure, water surfaces, embankment works, resettlement areas, and urban redevelopment in Long Bien, Linh Nam, and Bat Trang. Construction will run from 2026 to 2038, with Ha Noi prioritising the two riverside boulevard routes, embankment and riverbank improvement systems, key public parks, urban redevelopment areas, resettlement zones, and independent land clearance projects from 2026 to 2030.

## Credit Market Updates

## Market Commentary:

The SGD SORA OIS curve traded higher yesterday with shorter tenors trading flat to 1bps lower while belly tenors traded 1bps higher and 10Y tenors traded flat. US Investment Grade spreads tightened by 1bps to 76bps and US High Yield spreads tightened by 3bps to 263bps respectively. Bloomberg Global Contingent Capital Index tightened by 3bps to 219bps. Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 53bps and Asia USD High Yield spreads tightened by 6bps to 380bps respectively (Bloomberg, OCBC).

## New Issues:

The total issuance volumes for APAC and DM IG markets last yesterday were USD1.6bn and USD21.4bn respectively, higher than the prior day (USD300mn and USD100mn). The highest issuance in DM IG market came from Verizon Communications Inc which priced USD4bn of debt in two tranches: a USD2bn 32NC7 junior subordinated fixed bond at 6.05% and a USD2bn 30NC10 junior subordinated fixed bond at 6.2%, while the highest issuance from APAC market came from ICBCIL Finance Co Ltd which priced a USD600mn 3Y sustainability FRN at SOFR+48bps. There was one notable issuance in the Singdollar market yesterday where OUE Treasury Pte Ltd (guarantor: OUE Ltd) priced a SGD150mn 7Y green fixed bond at 3.25%.

## Recent Coverage Developments:

DBS Trustee Limited (in its capacity as trustee of Mapletree North Asia Commercial Trust) will redeem all of the outstanding SGD250mn MAGIC 3.5%-PERP on 8 June 2026, and Suntec Real Estate Investment Trust ("SUNSP") announced that Ms Dawn Lai, the Chief Operating Officer of the REIT Manager of SUNSP have mutually agreed to part ways. Meanwhile, Commerzbank AG and Swire Properties Ltd reported their 1Q2026 results and Macquarie Group Limited reported its FY2026 results (refer to Daily Credit Snapshot 11 May 2026).

## Equity Market Updates

**US:** US stocks edged higher Monday, with the S&P 500 rising 0.2%, the Nasdaq advancing 0.1%, and the Dow Jones Industrial Average gaining 0.2%. Both the S&P 500 and Nasdaq reached new all-time closing highs. Energy led sector gains, climbing 1.8%, whilst communication services fell 1.5%. The rally occurred despite escalating US-Iran tensions after President Donald Trump said the ceasefire was on "life support" following his rejection of Iran's latest peace proposal, sending Brent crude oil 2.9% higher to USD104.21 and West Texas Intermediate up 3% to USD98.25. Treasury yields rose across the curve, with the 10-year yield climbing 5.5 basis points to 4.41% and the 30-year yield gaining 4.8 basis points to 4.986%, as markets digested the oil price surge and inflation concerns. Traders are increasingly pricing in the possibility that the Federal Reserve will keep policy on hold through 2026 amid persistent inflation pressures from elevated energy costs. Semiconductor stocks continued their rally, with the Philadelphia Semiconductor Index up 71% year-to-date, reflecting renewed AI optimism that has helped offset concerns about geopolitical risks.

| Foreign Exchange |           |          |         |           |
|------------------|-----------|----------|---------|-----------|
|                  | Day Close | % Change |         | Day Close |
| DXY              | 97.955    | 0.06%    | USD-SGD | 1.2684    |
| USD-JPY          | 157.19    | 0.33%    | EUR-SGD | 1.4951    |
| EUR-USD          | 1.178     | -0.03%   | JPY-SGD | 0.8067    |
| AUD-USD          | 0.725     | 0.04%    | GBP-SGD | 1.7263    |
| GBP-USD          | 1.361     | -0.15%   | AUD-SGD | 0.9196    |
| USD-MYR          | 3.925     | 0.08%    | NZD-SGD | 0.7564    |
| USD-CNY          | 6.796     | -0.07%   | CHF-SGD | 1.6305    |
| USD-IDR          | 17412     | 0.22%    | SGD-MYR | 3.0906    |
| USD-VND          | 26324     | 0.06%    | SGD-CNY | 5.3554    |

| Equity and Commodity |           |            |
|----------------------|-----------|------------|
| Index                | Value     | Net change |
| DJIA                 | 49,704.47 | 95.31      |
| S&P                  | 7,412.84  | 13.91      |
| Nasdaq               | 26,274.13 | 27.05      |
| Nikkei 225           | 62,417.88 | -295.77    |
| STI                  | 4,942.77  | 20.87      |
| KLCI                 | 1,745.31  | -2.75      |
| JCI                  | 6,905.62  | -63.78     |
| Baltic Dry           | 2,978.00  | -56.00     |
| VIX                  | 18.38     | 1.19       |

| SOFR  |         |        |       |          |
|-------|---------|--------|-------|----------|
| Tenor | EURIBOR | Change | Tenor | USD SOFR |
| 1M    | 1.9670  | -0.35% | 1M    | 3.6307   |
| 3M    | 2.2340  | -0.62% | 2M    | 3.6413   |
| 6M    | 2.4720  | -1.98% | 3M    | 3.6505   |
| 12M   | 2.7080  | -3.11% | 6M    | 3.6820   |
|       |         |        | 1Y    | 3.7708   |

| Government Bond Yields (%) |              |              |
|----------------------------|--------------|--------------|
| Tenor                      | SGS (chg)    | UST (chg)    |
| 2Y                         | 1.57 (+0.01) | 3.96(-)      |
| 5Y                         | 1.73 (-)     | 4.07 (+0.07) |
| 10Y                        | 2.07 (-0.01) | 4.42 (+0.06) |
| 15Y                        | 2.06 (-0.01) | --           |
| 20Y                        | 2.07 (-0.01) | --           |
| 30Y                        | 2.11 (-0.02) | 4.99 (+0.05) |

| Fed Rate Hike Probability |                 |                 |                     |                                   |
|---------------------------|-----------------|-----------------|---------------------|-----------------------------------|
| Meeting                   | # of Hikes/Cuts | % of Hikes/Cuts | Implied Rate Change | Expected Effective Fed Funds Rate |
| 06/17/2026                | -0.040          | -4.000          | -0.010              | 3.624                             |
| 07/29/2026                | -0.065          | -2.500          | -0.016              | 3.618                             |
| 09/16/2026                | 0.013           | 7.800           | 0.003               | 3.637                             |
| 10/28/2026                | 0.105           | 9.200           | 0.026               | 3.660                             |
| 12/09/2026                | 0.240           | 13.500          | 0.060               | 3.694                             |

| Financial Spread (bps) |        |    |
|------------------------|--------|----|
| Value                  | Change |    |
| TED                    | 35.36  | -- |

  

| Secured Overnight Fin. Rate |      |
|-----------------------------|------|
| SOFR                        | 3.60 |

| Commodities Futures      |  |         |       |                         |             |
|--------------------------|--|---------|-------|-------------------------|-------------|
| Energy                   |  | Futures | % chg | Soft Commodities        |             |
| WTI (per barrel)         |  | 98.07   | 2.8%  | Corn (per bushel)       | 4.608 1.0%  |
| Brent (per barrel)       |  | 104.21  | 2.9%  | Soybean (per bushel)    | 11.998 0.5% |
| Heating Oil (per gallon) |  | 396.86  | 1.8%  | Wheat (per bushel)      | 6.223 2.4%  |
| Gasoline (per gallon)    |  | 359.98  | 2.1%  | Crude Palm Oil (MYR/MT) | 44.950 0.4% |
| Natural Gas (per MMBtu)  |  | 2.91    | 5.5%  | Rubber (JPY/KG)         | 3.965 -1.8% |

  

| Base Metals     |  | Futures | % chg | Precious Metals |            |
|-----------------|--|---------|-------|-----------------|------------|
| Copper (per mt) |  | 13943   | 2.7%  | Gold (per oz)   | 4736 0.4%  |
| Nickel (per mt) |  | 19253   | 1.9%  | Silver (per oz) | 86.06 7.1% |

Source: Bloomberg, Reuters

## Economic Calendar

| Date Time           | Country Code | Event                        | Period | Survey | Actual | Prior   | Revised |
|---------------------|--------------|------------------------------|--------|--------|--------|---------|---------|
| 5/12/2026 6:33      | ID           | Local Auto Sales             | Apr    | --     | 80776  | 61271   | 61268   |
| 5/12/2026 7:01      | UK           | BRC Sales Like-For-Like YoY  | Apr    | 0.80%  | -3.40% | 3.10%   | --      |
| 5/12/2026 11:45     | TH           | Consumer Confidence          | Apr    | --     | --     | 51.8    | --      |
| 5/12/2026 11:45     | TH           | Consumer Confidence Economic | Apr    | --     | --     | 45.5    | --      |
| 5/12/2026 18:00     | US           | NFIB Small Business Optimism | Apr    | 96.1   | --     | 95.8    | --      |
| 5/12/2026 18:30     | IN           | CPI YoY                      | Apr    | 3.78%  | --     | 3.40%   | --      |
| 5/12/2026 20:15     | US           | ADP Weekly Employment Change | 25-Apr | --     | --     | 39.250k | --      |
| 5/12/2026 20:30     | US           | Real Avg Weekly Earnings YoY | Apr    | --     | --     | 0.20%   | 0.10%   |
| 5/12/2026 20:30     | US           | Real Avg Hourly Earning YoY  | Apr    | --     | --     | 0.30%   | 0.20%   |
| 5/12/2026 20:30     | US           | CPI MoM                      | Apr    | 0.60%  | --     | 0.90%   | --      |
| 5/12/2026 20:30     | US           | Core CPI MoM                 | Apr    | 0.30%  | --     | 0.20%   | --      |
| 5/12/2026 20:30     | US           | CPI YoY                      | Apr    | 3.70%  | --     | 3.30%   | --      |
| 5/12/2026 20:30     | US           | Core CPI YoY                 | Apr    | 2.70%  | --     | 2.60%   | --      |
| 5/12/2026 20:30     | US           | CPI Index NSA                | Apr    | 332.69 | --     | 330.213 | --      |
| 5/12/2026 20:30     | US           | Core CPI Index SA            | Apr    | 335.36 | --     | 334.165 | --      |
| 5/11/2026-5/13/2026 | VN           | Domestic Vehicle Sales YoY   | Apr    | --     | --     | 20.20%  | --      |

Source: Bloomberg

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