By Global Markets | 12 August 2026

Daily Treasury Outlook

Highlights

Global: US equities slipped on Tuesday as an intraday reversal erased early-session gains. Sentiment initially improved on reports of progress in Oman-Iran talks, but reversed after Iran reiterated that the Strait of Hormuz would remain closed until its conditions are met.

On US data, the NFIB Small Business Optimism Index rose 2.4 points to 99.8 in July, the highest since August 2025. Labour-market indicators within the survey were notably firm. The employment index rebounded 1.9 points to 102.1 after four consecutive monthly declines, sending a somewhat contrasting signal to the recent nonfarm payroll data. The share of firms planning to create new jobs over the next three months jumped 9 points to 20%, the highest since October 2022, while the proportion reporting unfilled job openings rose to its highest level since June 2025. Labour shortages were evident across both skilled and unskilled positions. However, the apparent tightening in the small-business labour market has yet to translate into stronger wage pressures, with compensation plans remaining near cycle lows. Price pressures also eased, as the share of firms planning to raise prices declined for a second consecutive month after peaking in May. Overall, the NFIB survey does not point to a renewed build-up in inflationary pressure. The absence of labour-driven inflation reduces the urgency for the FOMC to tighten immediately, although inflation remains the more important policy consideration at this stage.

Chicago Fed President Austan Goolsbee reinforced that message, arguing that inflation remains the economy's key challenge rather than a collapse in employment or industrial activity. However, Goolsbee is not an FOMC voter this year.

Elsewhere, the Reserve Bank of Australia kept the cash rate unchanged at 4.35% for a second consecutive meeting, as widely expected, following three rate hikes earlier this year. Governor Michele Bullock nevertheless maintained a hawkish tone, noting that inflation risks remain skewed to the upside and that further tightening remains possible. Updated forecasts, however, showed lower inflation and a higher unemployment rate, while recent inflation and survey indicators have generally been softer than the RBA's rhetoric would suggest. With the RBA itself describing policy as slightly restrictive and unemployment likely to rise gradually as growth cools, the tightening cycle is probably over unless inflation delivers a meaningful upside surprise.

Market Watch: For today, attention will centre on the US July CPI report, alongside the final July inflation readings for the euro area.

Key Market Movements

Equity	Value	% chg
S&P 500	7728.2	-0.3%
DJIA	53792	-0.3%
Nikkei 225	66970	0.0%
SH Comp	3934.1	-0.8%
STI	5754.2	1.0%
Hang Seng	25653	-1.1%
KLCI	1731.5	-0.2%
	Value	**% chg**
DXY	99.828	0.0%
USDJPY	159.28	0.0%
EURUSD	1.1542	0.0%
GBPUSD	1.3507	0.0%
USDIDR	17840	0.4%
USDSGD	1.2797	0.0%
SGDMYR	3.1944	-0.1%
	Value	**chg (bp)**
2Y UST	4.21	-2.72
10Y UST	4.69	-1.84
2Y SGS	1.71	1.40
10Y SGS	2.32	1.03
3M SORA	1.12	0.11
3M SOFR	3.63	0.03
	Value	**% chg**
Brent	88.91	1.4%
WTI	83.20	1.3%
Gold	4370	-0.5%
Silver	64.68	-1.6%
Palladium	1368	-1.2%
Copper	14157	0.0%
BCOM	134.76	0.1%

Source: Bloomberg

Major Markets

CN: According to the China Passenger Car Association (CPCA), retail passenger vehicle sales fell 20.9% YoY to 1.461 million units in July, pointing to a sharp weakening in domestic auto demand. NEV retail sales proved relatively resilient, declining by just 3.9% YoY to 951,000 units and lifting the NEV penetration rate to a record 65.1%. In contrast, conventional ICE vehicle sales plunged 41% YoY to 510,000 units, highlighting the accelerating structural shift towards electrification. External demand remained a key bright spot. NEV passenger vehicle exports surged 147.8% YoY to 540,000 units in July, reinforcing exports as an increasingly important growth engine for China's auto industry amid softer domestic sales.

ID: Danantara is preparing to acquire a stake in the Indonesia Stock Exchange through PT Danantara Investment Management as part of the exchange's ongoing demutualization process, with the size of the shareholding still being finalized, as reported by Antara News. The agency is coordinating with the Financial Services Authority and the IDX Board of Directors, while the demutualization framework under Law No. 4 of 2026 gives state representatives through Bank Indonesia, the Finance Ministry, and Danantara priority to acquire exchange equity. The Financial Services Authority is drafting the implementing regulation, with completion targeted for the second week of September 2026, while Danantara expects the demutualization process to be completed within the next few months.

MY: The unemployment rate stood at 3.0% in June 2026, unchanged from May, as the number of unemployed persons increased by 0.9% MoM, or 4.4k, to 517.8k. The number of employed persons increased by 0.01% MoM, or 2.3k, to 16.83mn, driven mainly by the services sector, particularly transportation and storage, accommodation and food and beverage services, and wholesale and retail trade, while manufacturing and construction also rose but agriculture and mining and quarrying declined. The labour force expanded by 0.04% MoM, or 6.7k, to 17.34mn, with the labour force participation rate holding steady at 70.9%.

AU: The RBA left the cash rate unchanged at 4.35% at its August meeting, marking a second consecutive hold following three rate hikes earlier this year. The Board judged the current policy stance to be sufficiently restrictive and opted to assess how the economy responds to the cumulative tightening already delivered. It also noted that inflation is not expected to return to the midpoint of the target range until late 2027. Nevertheless, the RBA retained a hawkish bias, emphasising that inflation remains above target and reaffirming its willingness to raise rates further should upside risks materialise. Governor Bullock also reiterated that aggregate demand must remain subdued to alleviate capacity constraints and ensure inflation returns sustainably to target.

Australia's NAB business confidence edged lower to -6 index points in July from -5 in June, as renewed uncertainty surrounding the Iran conflict weighed on sentiment. Despite softer confidence, business conditions improved marginally to +4 index points from +3 previously, although the reading remains below its long-run average. The improvement was driven by stronger employment and profitability, while forward orders and capital expenditure remained well below historical norms, pointing to a more cautious business outlook. Capacity utilisation also rose sharply to 83.0%, suggesting underlying activity remains relatively resilient despite subdued sentiment. Overall, the outlook remains uncertain, with upside risks to costs persisting even as aggregate demand continues to soften.

Sustainability

SG: The Singapore Sustainable Aviation Fuel Company Ltd. (SAFCo), with support from the Civil Aviation Authority of Singapore (CAAS), and nine participating companies announced the successful delivery of Sustainable Aviation Fuel (SAF) under Singapore's first voluntary SAF procurement trial. The SAF was procured through SAFCo's demand aggregation model and supplied into Changi Airport's fuel distribution network, demonstrating how SAF demand from multiple corporate buyers and airlines can be consolidated through a single procurement mechanism, enabling more efficient and cost-effective access to SAF. Following the SAF delivery, SAFCo is working with stakeholders and registry partners to complete the verification, registration and issuance of SAF environmental attribute certificates. The milestone marks a significant step in strengthening operational capabilities, systems and processes required to support Singapore's broader SAF adoption plans and the implementation of its national SAF policy.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with the shorter tenors trading 3bps higher, belly tenors trading 4bps higher, and the 10Y tenor also trading 4bps higher.
- US Investment Grade spreads widened by 1bps to 78bps, and US High Yield spreads widened by 2bps to 267bps. Bloomberg Global Contingent Capital Index widened by 4bps to 205bps.
- Bloomberg Asia USD Investment Grade widened by 1 bps to 56bps, and the Asia USD High Yield spreads widened by 2bps to 328bps. (Bloomberg, OCBC)

New Issues:

- There were USD450mn of issuances in the Singdollar market yesterday led by HSBC Holdings PLC, who priced a USD450mn 6NC5 bond at 2.95%.
- The total issuances in the APAC and DM IG markets were USD500mn and USD30.6bn respectively (prior day: USD100mn and USD27.7bn respectively). The largest issuance from DM IG markets was led by Jane Street Group/JSG Finance Inc (priced USD14.625bn across three tranches). (Bloomberg, OCBC)

Credit Developments:

- **Swire Pacific Limited (SWIRE):** SWIRE delivered strong 1H2026 results with record first-half recurring underlying profit, improved credit metrics and ample liquidity, supported by stronger property, beverage and aviation earnings, with a stable outlook underpinned by recovery in HKSAR, resilient Chinese Mainland retail and conservative financial policy.
- **GuocoLand Ltd (GUOLSP):** GUOLSP and its JV partner Intrepid won the Berlayar Drive land parcel for SGD576.8mn, with GUOLSP holding a 40% stake in the project.

- **Singapore Exchange Limited (SGXSP):** SGX reported strong FY2026 revenue and profit growth driven by cash equities, FX and commodities, with higher EBITDA, improved net cash and lower debt/EBITDA while maintaining its 6-8% medium-term revenue growth guidance.
- **Sembcorp Industries Ltd (SCISP):** SCISP's utilities subsidiary received conditional approval for a 300MW renewable power import project from Malaysia to Singapore, supported by a large floating solar and battery storage development expected to begin operations in 2029.
- **ESR-REIT (EREIT):** EREIT faces tenant arrears and potential vacancy risk from ACFS, which contributes about 5.2% of effective gross rents, though bank guarantees reduce near-term arrears and OCBC's view of EREIT's credit profile remains unchanged, while the REIT also agreed to sell 15 Gul Way for SGD24.2mn.
- **PTT Global Chemical Public Company Limited (PTTGC):** PTTGC saw a temporary but broad-based 2Q2026 EBITDA recovery, positive free cash flow and sharply improved leverage, though the improvement should be viewed cautiously as much of the uplift was linked to Middle East-driven supply disruptions and timing gains.
- **Ho Bee Land Ltd (HOBEE):** HOBEE reported stronger 1H2026 earnings driven by Australian development settlements and resilient property investment income, with stable net gearing, though London asset enhancements and significant refinancing needs may pressure near-term cash flow.
- **Westpac Banking Corporation (WSTP):** Westpac's 3QFY2026 update showed solid operating performance with higher earnings, stable margins, resilient asset quality, prudent provisioning and a strong CET1 ratio well above regulatory benchmarks despite a softer economic outlook.
- **Fraser and Neave Ltd (FNNSP):** FNNSP reported decent 9MFY2026 results as higher PBIT offset lower FX-affected revenue, with beverage profit growth and improved publishing performance mitigating weaker dairies, while credit metrics remain manageable despite slightly higher net gearing.

Equity Market Updates

US: US stocks fell for a second consecutive session on Tuesday, as pre-CPI caution and a persistent Strait of Hormuz impasse weighed on sentiment, with the S&P 500 declining 0.3%, the Nasdaq shedding 0.6%, and the Dow losing 0.3%. Communication services and real estate led sector declines, with Alphabet and Amazon among the notable laggards, whilst energy and utilities held firmer. WTI crude settled near USD83 per barrel after Iran reiterated the strait would remain closed until its conditions were met, rebuffing earlier optimism from Pakistan's defence minister who had suggested a deal was close; the back-and-forth kept oil volatile and inflation expectations elevated ahead of Wednesday's July CPI print. Fed Chicago President Goolsbee separately described inflation as "the biggest problem facing our economy right now," reinforcing the cautious tone. Treasuries edged higher, with yields falling 2 to 3 basis points across the curve; the USD58b 3-year note auction drew solid demand at a yield of 4.291%, the highest for that tenor since February 2025, with a bid-to-cover of 2.71 versus 2.60 previously. In corporate news, Nvidia announced a USD500b financing coalition with Apollo, Blackstone, BlackRock, Brookfield, Goldman Sachs, and

KKR to fund AI infrastructure. On the regional front, Singapore-based Sea Ltd. raised its Shopee full-year EBITDA forecast to USD1b after second-quarter revenue beat estimates, and DayOne Data Centres reportedly filed confidentially for a USD5b US IPO, aiming to list as soon as next quarter.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.828	0.02%	USD-SGD	1.2797
USD-JPY	159.28	-0.01%	EUR-SGD	1.4776
EUR-USD	1.154	-0.01%	JPY-SGD	0.8033
AUD-USD	0.706	0.10%	GBP-SGD	1.7285
GBP-USD	1.351	0.00%	AUD-SGD	0.9036
USD-MYR	4.092	0.02%	NZD-SGD	0.7525
USD-CNY	6.746	-0.01%	CHF-SGD	1.5781
USD-IDR	17840	0.44%	SGD-MYR	3.1944
USD-VND	26137	-0.09%	SGD-CNY	5.2695

Equity and Commodity		
Index	Value	Net change
DJIA	53,791.85	-184.13
S&P	7,728.20	-24.91
Nasdaq	26,445.45	-159.91
Nikkei 225	66,970.22	1363.51
STI	5,754.17	55.74
KLCI	1,731.46	-3.91
JCI	6,267.88	-97.49
Baltic Dry	3,083.00	-6.00
VIX	15.28	-0.18

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.1750	-1.18%	1M	3.6444
3M	2.4750	0.04%	2M	3.7080
6M	2.6620	-0.78%	3M	3.7541
12M	2.9050	0.24%	6M	3.8720
			1Y	4.0236

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.71 (+0.01)	4.21(--)
5Y	2.01 (+0.15)	4.39 (-0.02)
10Y	2.32 (+0.01)	4.69 (-0.02)
15Y	2.37 (+0.01)	--
20Y	2.39 (+0.01)	--
30Y	2.46 (+0.02)	5.24 (-0.01)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/16/2026	0.481	48.100	0.120	3.751
10/28/2026	0.745	26.400	0.186	3.818
12/09/2026	1.172	42.700	0.293	3.924

Secured Overnight Fin. Rate	
SOFR	3.63

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	83.20	1.3%	Corn (per bushel)	4.368	-0.3%
Brent (per barrel)	88.91	1.4%	Soybean (per bushel)	11.475	-0.9%
Heating Oil (per gallon)	425.25	1.5%	Wheat (per bushel)	6.303	-1.6%
Gasoline (per gallon)	313.66	0.0%	Crude Palm Oil (MYR/MT)	45.620	0.4%
Natural Gas (per MMBtu)	2.77	-1.0%	Rubber (JPY/KG)	4.490	2.4%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14157	0.0%	Gold (per oz)	4370	-0.5%
Nickel (per mt)	16830	-0.6%	Silver (per oz)	64.68	-1.6%

Source: Bloomberg, Reuters

Economic Calenda

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/12/2026 7:00	SK	Unemployment rate SA	Jul	2.70%	2.80%	2.70%	--
8/12/2026 7:50	JN	Money Stock M2 YoY	Jul	--	2.20%	2.20%	--
8/12/2026 7:50	JN	Money Stock M3 YoY	Jul	--	1.40%	1.50%	--
8/12/2026 14:00	JN	Machine Tool Orders YoY	Jul P	--	--	52.70%	--
8/12/2026 18:30	IN	CPI YoY	Jul	4.40%	--	4.38%	--
8/12/2026 19:00	US	MBA Mortgage Applications	7-Aug	--	--	-2.90%	--
8/12/2026 20:30	US	CPI MoM	Jul	0.10%	--	-0.40%	--
8/12/2026 20:30	US	Core CPI MoM	Jul	0.20%	--	0.00%	--
8/12/2026 20:30	US	CPI YoY	Jul	3.40%	--	3.50%	--
8/12/2026 20:30	US	Core CPI YoY	Jul	2.50%	--	2.60%	--
8/12/2026 20:30	US	Core CPI Index SA	Jul	336.766	--	336.065	--
8/12/2026-8/15/2026	CH	Money Supply M2 YoY	Jul	7.90%	--	8.00%	--
8/12/2026-8/15/2026	CH	Money Supply M1 YoY	Jul	3.90%	--	4.00%	--
8/12/2026-8/15/2026	CH	Money Supply M0 YoY	Jul	--	--	11.80%	--

Source: Bloomberg

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