

Daily Treasury Outlook

Highlights

Global: Don't hold your breath. The S&P 500 rallied another 0.59% on Friday to near all-time highs and bringing its weekly gain to 1.2%. News of US president Trump's deal to obtain Russian diesel may not move the needle significantly as the November shipment is said to be only equivalent to one day of US consumption. Meanwhile, Hurricane Isaias could pose a near-term challenge to energy markets. With cost-of-living as top of mind for the upcoming US mid-term elections, it may be too early to let one's guard down. The 10-year UST bond yield closed up 1bp at 5.243% even as the University of Michigan sentiment index fell from 48.1 in September to 46.3 in October. Elsewhere, UK chancellor John Healey plans to unleash more support for energy costs at the upcoming budget on October 28. The attacks on Saudi Arabia's main airport comes ahead of the 25th World Petroleum Congress and signals that the Middle East situation is still fragile.

Market Watch: Asian markets are likely to start the week on a slightly cautious tone while awaiting a potentially market-moving combination of US inflation, bank earnings and Asian policy decisions. The US September CPI is due on Wednesday and may reflect fuel-driven headline inflation acceleration to 0.6% MoM even as core inflation slows to 0.2% MoM. This will be followed by producer prices and retail sales on Thursday, alongside industrial and regional manufacturing indicators. Investors will scrutinise Fed officials' comments for clues ahead of the next FOMC as well as 3Q earnings season with JPMorgan, Goldman Sachs, Bank of America, Wells Fargo and Citigroup among the banks reporting. Strong trading and investment-banking revenues may support results, but markets will look just as closely at deposit costs, credit quality, loan demand and management guidance. Meanwhile, the IMF-World Bank Annual Meetings begin in Bangkok with the World Economic Outlook and Global Financial Stability Report due Tuesday where they could weigh in on debt sustainability, financial-market vulnerabilities and the economic costs of geopolitical fragmentation. In addition, China's September exports and inflation, Malaysia's 3Q26 GDP, Australia's employment data and RBA minutes this week will also offer further clues on regional growth and the inflation response to higher energy costs.

SG: The advance 3Q GDP estimates due on Wednesday is likely to print at 5.7% YoY (1.7% QoQ sa), which is a modest deceleration from 2Q26 reading of 5.9% YoY (1.4% QoQ Sa). Manufacturing likely eased from 12.5% YoY to 10.9%, while services may have expanded 4.8% (2Q: 4.9%) and construction picked up speed to 6.3% (2Q: 5.8%). MAS is anticipated to tighten monetary policy again by slightly steepening the S\$NEER slope by 25bps to 1.5% as core inflation remains sticky amid renewed oil and food price risks with the unresolved Middle East crisis, supply chain disruptions and the threat of a super El-Nino.

Major Markets

CN: China and the EU reached an understanding on 9 October 2026 aimed at easing trade frictions amid growing European concerns over its widening trade

Key Market Movements

Equity	Value	% chg
S&P 500	7811.5	0.6%
DJIA	51655	0.8%
Nikkei 225	69031	0.0%
SH Comp	3813.8	0.0%
STI	5401.9	-0.2%
Hang Seng	24211	1.8%
KLCI	1608.5	0.5%

	Value	% chg
DXY	102.213	0.1%
USDJPY	158.31	0.3%
EURUSD	1.1200	-0.1%
GBPUSD	1.3234	0.0%
USDIDR	17883	-0.1%
USDSGD	1.2805	0.0%
SGDMYR	3.1912	0.0%

	Value	chg (bp)
2Y UST	4.79	2.92
10Y UST	5.24	1.10
2Y SGS	1.93	-2.40
10Y SGS	2.45	-4.66
3M SORA	1.23	0.03
3M SOFR	3.71	0.36

	Value	% chg
Brent	104.72	0.4%
WTI	91.85	0.4%
Gold	4194	1.5%
Silver	60.82	2.8%
Palladium	1155	2.3%
Copper	14540	1.6%
BCOM	143.93	0.2%

Source: Bloomberg

deficit with China. The agreement delivered several tangible concessions for the EU, including commitments to moderate Chinese hybrid vehicle exports, reduce tariffs on selected European products and facilitate rare-earth export licensing. The most significant breakthrough came in the automotive sector. China agreed to moderate exports of hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs) to the EU. According to EU Trade Commissioner Maroš Šefčovič, the arrangement could reduce Chinese hybrid vehicle exports to Europe by several million units over four years, potentially cutting shipments by more than half. China also agreed to lower import tariffs on approximately €4bn worth of EU products, including automotive components, olive oil, footwear and textiles. Meanwhile, a dedicated "green channel" will expedite export-licence applications for rare earths and permanent magnets. Both sides will continue negotiations over minimum-price commitments by Chinese EV manufacturers as an alternative to existing EU tariffs, alongside discussions on market access for medical devices.

MY: Budget 2027 prioritises cost-of-living relief through higher cash transfers, tax cuts and wage support, while remaining on a gradual fiscal consolidation path. The government targets a narrower fiscal deficit of 3.3% of GDP in 2027 (from 3.6% in 2026). We see risks of fiscal slippage of 0.2-0.3% of GDP from lower-than-budgeted revenue collections, elevated subsidy spending and potential election-related expenditures. The government's agenda to support medium-term growth remains intact underscored by tax incentives for SMEs, green investments and digitalisation, alongside support for semiconductors, advanced manufacturing and energy infrastructure.

ID: President Prabowo Subianto and Egyptian President Abdel Fattah El-Sisi agreed to strengthen bilateral cooperation in the maritime and fisheries sectors through an MOU signed during their meeting in Jakarta on Sunday. The agreement focuses on sustainable development, marine resource conservation, combating illegal fishing and exchanging knowledge and expertise, building on the strategic partnership established in April 2025. Both countries also signed a joint Action Plan for the Strategic Partnership and a reciprocal visa waiver agreement for diplomatic, service and special passport holders, while discussing expanded trade and investment cooperation, including the potential establishment of a joint investment fund.

PH: According to the Philippine Exporters Confederation (Philexport), merchandise exports could reach a record USD100bn in 2026, supported by strong demand for electronics and minerals. Exports rose 28% YoY to USD9.1bn in August, a 35-year high, with electronics accounting for 68% of total shipments at USD6.2bn. Cumulatively, merchandise exports increased 15% YoY to USD64bn in January–August 2026, up from USD55.8bn in the same period last year. To sustain the country's export growth, Trade Secretary Cristina Roque said the Department of Trade and Industry will continue to support local firms meet global standards, greater access to overseas buyers and market diversification.

TH: According to Commerce Minister Suphatee Suthumpun, Thailand is progressing towards trade agreements with the United States and the United Arab Emirates (UAE), as part of efforts to strengthen bilateral economic ties and expand export opportunities. She added that tariff negotiations with the US had reached an agreement in principle, with only finer details left to address through the legal process ahead of a potential signing in November during the ASEAN

Summit in the Philippines. Separately, Thailand has concluded trade talks with the United Arab Emirates, with PM Anutin Charnvirakul briefed on 8 October. The agreement is expected to be signed in early 2027 following a legal review lasting ~2-3 months. The UAE would become Thailand's first FTA partner in the Middle East, opening new opportunities for Thai agricultural exports and other products, and lifting trade value by more than THB10–12bn and benefiting SMEs and farmers.

Sustainability

ID: Indonesia is targeting 7GW of nuclear power capacity as part of a broader strategy to ensure long-term energy security and support industrial expansion. The target has been formally integrated into the country's national energy master plan. Indonesia plans to commission its first nuclear power plant between 2032 and 2034, with sites for nuclear facilities expected to be determined in 2026 or by 2027 at the latest. Concurrently, it is strengthening the institutional, regulatory and technical capabilities needed to support potential nuclear deployment.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower on Friday; shorter tenors traded 3-4bps lower, belly tenors traded 4-5bps lower, and 10Y tenor traded 6bps lower.
- US Investment Grade spreads traded flat at 81bps, and US High Yield spreads tightened by 2bps to 308bps respectively. Bloomberg Global Contingent Capital spreads traded tightened by 4bps to 236bps.
- Bloomberg Asia USD Investment Grade spread tightened by 1bps 60bps, and the Asia USD High Yield spreads tightened by 2bps to 359bps. (Bloomberg, OCBC)

New Issues:

- Cagamas Global PLC issued SGD180mn 1Y bonds priced at 2.4% in the SGD market.
- There were no issuances in both the APAC and DM IG markets (prior business day: USD1.5bn and zero issuances).

Credit Headlines:

- **Temasek Holdings (Private) Limited (TEMASE):** Sevia plans to integrate Azalea Investment Management, SeaTown Holdings International and Sevia Capital into a single platform with a unified operating model from 1 January 2027, subject to regulatory approvals, to enhance operational synergies, expand client access to multi-asset capabilities and support growth; Fullerton Fund Management and InnoVen Capital will remain separate entities within Sevia.
- **CK Asset Holdings Ltd (CKPH):** CKPH will demolish and rebuild three residential towers and remediate the remaining three at its Anderson Road project after investigations found non-compliant reinforcing steel bars across all six towers; estimated construction costs could reach HKD5.5bn, although actual losses may be lower due to contractor liability,

the limited number of towers requiring reconstruction and their stage of completion, while CKPH had HKD21.9bn of net cash as of 30 June 2026.

Equity Market Updates

US: US stocks advanced Friday, capping a volatile week as a tech rebound and easing oil prices lifted sentiment despite persistent pressure from elevated bond yields. The S&P 500 rose 0.6%, the Nasdaq gained 0.6%, and the Dow added 0.8%, with nine of eleven S&P 500 sectors closing higher, led by real estate and consumer discretionary. The rally came as the week-long global bond selloff showed signs of stabilising, with well-received 10-year and 30-year Treasury auctions suggesting yields may have reached levels attractive enough to draw buyers. Nevertheless, Treasury yields edged higher on the day, with the 2-year yield rising around 3 basis points to 4.79% and the 10-year adding around 1 basis point to 5.24%, approaching levels last seen in 2002, as the curve continued to flatten. The Russell 2000 fell for a fifth consecutive week, its longest losing streak since May 2022, underscoring narrow market breadth beneath the headline gains. On the geopolitical front, President Trump announced a deal with Russia to release diesel supplies into global markets, initially around 2.25 million barrels in October, with the US Treasury issuing a temporary general licence through 7 Apr 2027, a significant policy reversal that helped ease oil prices. Looking ahead, the IMF and World Bank annual meetings in Bangkok begin this week, alongside US CPI data and major Wall Street bank earnings. Singapore's MAS monetary policy statement is due 14 Oct, coinciding with Singapore's advance third-quarter 2026 GDP estimate.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	102.213	0.07%	USD-SGD	1.2805
USD-JPY	158.31	0.27%	EUR-SGD	1.4346
EUR-USD	1.120	-0.10%	JPY-SGD	0.8089
AUD-USD	0.698	0.37%	GBP-SGD	1.6954
GBP-USD	1.323	0.05%	AUD-SGD	0.8945
USD-MYR	4.085	-0.18%	NZD-SGD	0.7186
USD-CNY	-	-	CHF-SGD	1.5426
USD-IDR	17883	-0.08%	SGD-MYR	3.1912
USD-VND	25872	-0.23%	SGD-CNY	5.2283

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4310	0.70%	1M	3.9251
3M	2.6320	-0.38%	2M	3.9556
6M	2.9090	-0.92%	3M	4.0378
12M	3.1910	-0.68%	6M	4.1928
			1Y	4.4780

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/28/2026	0.172	17.200	0.043	3.922
12/09/2026	1.002	83.000	0.251	4.130
01/27/2027	1.392	39.000	0.348	4.227
03/17/2027	2.103	71.100	0.526	4.405

Equity and Commodity

Index	Value	Net change
DJIA	51,654.95	423.31
S&P	7,811.54	46.18
Nasdaq	27,366.17	172.83
Nikkei 225	69,030.92	-11.19
STI	5,401.89	-11.07
KLCI	1,608.45	7.44
JCI	6,093.76	62.48
Baltic Dry	2,917.00	-56.00
VIX	14.84	-0.57

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.93 (-0.02)	4.79(--)
5Y	2.2 (-0.04)	5.02 (+0.03)
10Y	2.45 (-0.05)	5.24 (+0.01)
15Y	2.51 (-0.05)	--
20Y	2.47 (-0.05)	--
30Y	2.52 (-0.05)	5.6(--)

Secured Overnight Fin. Rate

SOFR	3.87
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	91.85	0.4%	Corn (per bushel)	4.798	-4.1%
Brent (per barrel)	104.72	0.4%	Soybean (per bushel)	12.920	0.3%
Heating Oil (per gallon)	473.84	-3.0%	Wheat (per bushel)	6.710	-1.8%
Gasoline (per gallon)	329.52	-0.6%	Crude Palm Oil (MYR/MT)	43.620	-1.9%
Natural Gas (per MMBtu)	3.22	1.6%	Rubber (JPY/KG)	4.470	0.4%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14540	1.6%	Gold (per oz)	4194	1.5%
Nickel (per mt)	15622	0.4%	Silver (per oz)	60.82	2.8%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
10/12/2026 8:00	SK	Exports 10 Days YoY	Oct	--	102.00%	82.60%	--
10/12/2026 8:00	SK	Imports 10 Days YoY	Oct	--	65.50%	20.70%	--
10/12/2026 12:00	SK	Bloomberg Oct. South Korea Economic Survey					
10/12/2026 18:30	IN	CPI YoY	Sep	5.57%	--	4.82%	--
10/12/2026-10/15/2026	ID	Local Auto Sales	Sep	--	--	81756	--
10/12/2026-10/18/2026	CH	FDI YTD YoY CNY	Sep	--	--	-5.30%	--
10/12/2026-10/15/2026	CH	New Yuan Loans CNY YTD	Sep	11493.5b	--	10440.0b	--
10/12/2026-10/15/2026	CH	Aggregate Financing CNY YTD	Sep	27241.0b	--	23910.0b	--
10/12/2026-10/15/2026	CH	Money Supply M2 YoY	Sep	7.40%	--	7.50%	--
10/12/2026-10/15/2026	CH	Money Supply M1 YoY	Sep	4.00%	--	4.10%	--
10/12/2026-10/15/2026	CH	Money Supply M0 YoY	Sep	--	--	11.20%	--

Source: Bloomberg

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