By Global Markets | 13 August 2026

Daily Treasury Outlook

Highlights

Global: US equities closed mixed overnight, with the S&P 500 and Nasdaq edging higher while the Dow was broadly flat. Technology stocks led the gains, supported by stronger earnings and guidance across AI-related names, while a relatively benign US inflation report helped ease concerns over a near-term Fed rate hike. July CPI rose 0.1% MoM after falling 0.4% in June, while headline inflation eased to 3.4% YoY from 3.5%. Core CPI increased 0.2% MoM, with the annual rate moderating to 2.5% from 2.6%. Shelter rose 0.1% MoM and accounted for roughly two-thirds of the monthly increase, while food prices also increased 0.1%. Energy prices fell 1.5% MoM, although they remained 14.7% higher YoY, partly reflecting a 24.6% increase in gasoline prices. On geopolitics, a senior Iranian source said there had been no progress in reviving the interim agreement with the US and no discussions on extending the ceasefire period, as reported by Reuters. Oil prices remained broadly steady as weaker global demand forecasts and higher US crude inventories offset geopolitical supply concerns.

Market Watch: For the day ahead, attention remains on US inflation, this time from the producer side. July headline PPI is expected to rise 0.2% MoM after falling 0.3% in June, while core PPI is expected at 0.3% after 0.1% previously. Initial jobless claims are also due, with consensus looking for around 204k, compared with 199k last week. Cleveland Fed President Beth Hammack and Richmond Fed President Tom Barkin are also scheduled to speak.

Major Markets

CN: In a box in its second-quarter Monetary Policy Report, the PBOC argues that loan growth is no longer an adequate standalone measure of either financial support for the economy or the monetary-policy stance, given the material shift in China's financing structure. Between 2019 and 2025, bank loans' share of incremental aggregate financing fell from around 66% to 45%. Lower credit intensity also reflects structural changes: property and infrastructure investment are becoming less dominant, local-government debt resolution is reducing outstanding loans, and technology-oriented businesses rely more heavily on equity and bond financing.

The key message is that the PBOC wants markets to stop interpreting every slowdown in bank lending as evidence of insufficient stimulus. The central bank appears willing to tolerate structurally slower loan growth, and weak lending data alone are unlikely to trigger immediate, broad-based easing as long as aggregate financing, bond issuance and M2 growth remain reasonably firm. The discussion also serves as a defence of the current policy stance. By highlighting that M2 and aggregate financing continue to grow faster than nominal GDP, the PBOC is pushing back against claims that monetary policy is insufficiently accommodative. Slower loan growth is therefore becoming a policy-accepted "new normal" rather than an automatic precursor to aggressive easing, potentially lowering the urgency for further outright interest-rate cuts.

Key Market Movements

Equity	Value	% chg
S&P 500	7748.5	0.3%
DJIA	53770	0.0%
Nikkei 225	67524	0.8%
SH Comp	3946.7	0.3%
STI	5720.8	-0.6%
Hang Seng	25440	-0.8%
KLCI	1741.6	0.6%

	Value	% chg
DXY	100.014	0.2%
USDJPY	159.42	0.1%
EURUSD	1.1526	-0.1%
GBPUSD	1.3495	-0.1%
USDIDR	17875	0.2%
USDSGD	1.2806	0.1%
SGDMYR	3.1924	-0.1%

	Value	chg (bp)
2Y UST	4.20	-1.27
10Y UST	4.69	0.42
2Y SGS	1.68	-2.20
10Y SGS	2.28	-3.17
3M SORA	1.12	0.06
3M SOFR	3.63	0.06

	Value	% chg
Brent	88.98	0.1%
WTI	83.27	0.1%
Gold	4408	0.9%
Silver	65.32	1.0%
Palladium	1370	0.1%
Copper	14132	-0.2%
BCOM	135.84	0.8%

Source: Bloomberg

ID: The Coordinating Ministry for Economic Affairs said Indonesia is targeting a 20% ethanol fuel blend, or E20, by 2029 to strengthen national energy security, from the current E5 mandate, as reported by Antara. The government plans to expand domestic ethanol feedstock production using agricultural commodities such as sugarcane and cassava, with molasses also expected from newly developed food estate projects, including in Papua. The ministry cited the B50 biodiesel program as an example of efforts to reduce dependence on imported diesel fuel, while the President has guaranteed that subsidized diesel and Pertalite prices will remain at current levels until the end of the year.

MY: The Industrial Production Index growth eased to 6.5% YoY in June from 8.5% in May, as manufacturing growth rose to 7.3% from 6.6% and electricity to 6.7% from 4.8%, while mining slowed to 3.1% from 19.8%. Export oriented manufacturing industries expanded by 7.6% YoY from 8.8%, led by a 14.9% increase in computer, electronics & optical products, while domestic oriented industries grew by 6.4% from 2.0%, supported by motor vehicles, trailers & semi trailers at 12.6% and basic metals at 8.2%. Within Mining, Natural Gas output rose by 7.4% YoY, while Crude Oil & Condensate production declined by 3.3%. For 2Q26, the IPI grew by 7.7% YoY, compared with 4.0% in the previous quarter, with Mining, Manufacturing and Electricity rising by 9.4%, 7.4% and 7.3%, respectively.

Sustainability

SG: The Energy Market Authority (EMA) has granted conditional approvals to two companies to import 900 MW of electricity from Malaysia, as part of efforts to secure clean energy imports from the region. The approvals were granted to Sembcorp Utilities for a proposed capacity of 300MW, and Southern Solar Alliance, a subsidiary of Malaysian developer Ditrolic Energy Holdings, for a proposed capacity of 600MW. Both companies target to begin commercial operations around 2029. To date, the EMA has granted conditional approvals and conditional licences to 13 electricity import projects from Australia, Cambodia, Indonesia, Malaysia and Vietnam. The latest approvals reinforce Singapore's progress towards its goal of importing 6GW of low-carbon electricity by 2035, expected to meet around a third of the country's energy needs.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday with the shorter tenors trading 2-4bps lower, belly tenors trading 4bps lower, and the 10Y tenor also trading 4bps lower.
- US Investment Grade spreads traded flat at 78bps, and US High Yield spreads also traded flat at 267bps. Bloomberg Global Contingent Capital traded flat at 205bps.
- Bloomberg Asia USD Investment Grade widened by 1 bps to 57bps, and the Asia USD High Yield spreads widened by 2bps to 330bps. (Bloomberg, OCBC)

New Issues:

- There were SGD750mn of issuances in the Singdollar market yesterday led by Oversea-Chinese Banking Corp Ltd., who priced a SGD750mn PerpNC5 bond at 3.2%.
- The total issuances in the APAC and DM IG markets were USD100mn and USD6.1bn respectively (prior day: USD500mn and USD30.6bn respectively). The largest issuance from DM IG markets was led by Haleon US Capital LLC (guarantor: Haleon PLC) (priced USD2bn across three tranches). (Bloomberg, OCBC)

Credit Developments:

- **UBS AG (UBS):** The Economic Affairs and Taxation Committee of Switzerland's upper house postponed its UBS capital-requirements vote to 31 August, with discussions indicating a possible relaxation of the government's original proposal.
- **CapitaLand Integrated Commercial Trust (CAPITA):** 1H2026 results were decent with healthy portfolio metrics and manageable leverage, although completion of the Asia Square Tower 2 disposal remains essential following completion of the Paragon acquisition on 1 July 2026.
- **Commonwealth Bank of Australia (CBAAU):** FY2026 earnings grew on higher operating income and net interest income, while capital, funding and liquidity remained strong despite rising expenses and some deterioration in asset quality.

Equity Market Updates

US: US stocks were mixed on Wednesday as in-line July CPI data eased fears of an imminent Federal Reserve rate hike, though Middle East tensions capped broader gains. The S&P 500 rose 0.3%, the Nasdaq gained 0.5%, and the Dow slipped marginally by less than 0.1%. July headline CPI came in at +0.1% month-on-month and +3.4% year-on-year, whilst core CPI matched estimates at +0.2% month-on-month and +2.5% year-on-year, the slowest annual core pace since March 2021, trimming market-implied odds of a September Fed hike to below 44%. Technology led gains, with chipmakers rallying after cloud AI infrastructure firm CoreWeave delivered a beat-and-raise earnings result, lifting sentiment around the AI trade. The VIX fell to 14.5, its lowest since 9 Jan 2026, signalling reduced near-term volatility expectations. Treasury yields were mixed, with the 2-year yield falling approximately 1.5 basis points to 4.20%, whilst the 10-year edged up marginally to 4.70% and the 30-year rose approximately 1.7 basis points to 5.26%, as the long end faced modest pressure. Ongoing deadlock in Middle East peace negotiations and Iran's increasingly assertive military posture kept geopolitical risk elevated, partially offsetting the constructive inflation print. Nasdaq 100 futures dipped in early Asian trade after Cisco's earnings disappointed.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	100.014	0.19%	USD-SGD	1.2806
USD-JPY	159.42	0.09%	EUR-SGD	1.4762
EUR-USD	1.153	-0.14%	JPY-SGD	0.8033
AUD-USD	0.706	0.00%	GBP-SGD	1.7284
GBP-USD	1.350	-0.09%	AUD-SGD	0.9044
USD-MYR	4.085	-0.17%	NZD-SGD	0.7503
USD-CNY	6.745	-0.01%	CHF-SGD	1.5741
USD-IDR	17875	0.20%	SGD-MYR	3.1924
USD-VND	26125	-0.05%	SGD-CNY	5.2674

Equity and Commodity		
Index	Value	Net change
DJIA	53,770.27	-21.58
S&P	7,748.50	20.30
Nasdaq	26,588.49	143.04
Nikkei 225	67,524.06	553.84
STI	5,720.75	-33.42
KLCI	1,741.61	10.15
JCI	6,373.85	105.97
Baltic Dry	3,046.00	-37.00
VIX	14.55	-0.73

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.1520	-1.06%	1M	3.6409
3M	2.4900	0.61%	2M	3.7025
6M	2.6370	-0.94%	3M	3.7396
12M	2.9130	0.28%	6M	3.8538
			1Y	4.0072

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.68 (-0.02)	4.19(--)
5Y	1.98 (-0.03)	4.38 (-0.01)
10Y	2.28 (-0.03)	4.69(--)
15Y	2.34 (-0.03)	--
20Y	2.36 (-0.04)	--
30Y	2.43 (-0.03)	5.25 (+0.02)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/16/2026	0.399	39.900	0.100	3.731
10/28/2026	0.645	24.600	0.161	3.793
12/09/2026	1.094	44.900	0.274	3.905

Secured Overnight Fin. Rate	
SOFR	3.64

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	83.27	0.1%	Corn (per bushel)	4.570	4.6%
Brent (per barrel)	88.98	0.1%	Soybean (per bushel)	11.648	1.5%
Heating Oil (per gallon)	430.40	1.2%	Wheat (per bushel)	6.528	3.6%
Gasoline (per gallon)	315.37	0.5%	Crude Palm Oil (MYR/MT)	45.100	-1.1%
Natural Gas (per MMBtu)	2.80	1.3%	Rubber (JPY/KG)	4.555	1.4%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14132	-0.2%	Gold (per oz)	4408	0.9%
Nickel (per mt)	16948	0.7%	Silver (per oz)	65.32	1.0%

Source: Bloomberg, Reuters

Economic Calenda

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/13/2026 2:00	US	Federal Budget Balance	Jul	-$346.0b	-$432.3b	-$291.1b	--
8/13/2026 7:50	JN	PPI YoY	Jul	7.40%	7.20%	7.10%	7.30%
8/13/2026 14:00	UK	GDP QoQ	2Q P	0.40%	--	0.60%	--
8/13/2026 14:00	UK	GDP YoY	2Q P	1.10%	--	0.90%	--
8/13/2026 14:00	UK	Industrial Production MoM	Jun	0.10%	--	-0.50%	--
8/13/2026 14:00	UK	Industrial Production YoY	Jun	0.30%	--	1.00%	--
8/13/2026 14:00	UK	Manufacturing Production MoM	Jun	-0.10%	--	0.10%	--
8/13/2026 20:30	US	Initial Jobless Claims	8-Aug	202k	--	199k	--
8/13/2026 20:30	US	PPI Final Demand MoM	Jul	0.20%	--	-0.30%	--
8/13/2026 20:30	US	PPI Ex Food and Energy MoM	Jul	0.30%	--	0.20%	--
8/13/2026 20:30	US	PPI Final Demand YoY	Jul	4.90%	--	5.50%	--
8/13/2026	IN	Exports YoY	Jul	--	--	15.50%	--
8/13/2026-8/15/2026	CH	Money Supply M2 YoY	Jul	7.90%	--	8.00%	--

Source: Bloomberg

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