

Daily Treasury Outlook

Highlights

Global: U.S. equities closed mixed on Wednesday, with the S&P 500 and Nasdaq Composite both hitting fresh record highs, driven by continued strength in mega-cap technology and semiconductor names. The dominant market catalyst was news that NVIDIA CEO Jensen Huang joined President Donald Trump on his China trip, fueling speculation that the US may allow sales of H200 AI chips to China. The development lifted sentiment across the semiconductor complex and reinforced the AI-led rally despite mounting macro headwinds.

A hotter-than-expected April PPI report failed to derail the tech rally. Headline PPI surged 1.4% MoM in April, the largest increase since March 2022, following an upwardly revised 0.7% gain in March. On a YoY basis, PPI accelerated sharply to 6.0% from 4.3%, marking the strongest increase since December 2022. The broad-based rise in producer prices was mainly driven by higher energy costs amid the oil shock. Services PPI rose 1.2% MoM, the largest increase in four years, accounting for nearly 60% of the monthly headline increase. Margins received by wholesalers and retailers surged 2.7%, suggesting businesses are increasingly passing through higher energy costs to consumers. Food prices also rebounded by 0.2% MoM, with fresh and dried vegetable prices jumping 13.5%. Underlying inflation pressure also strengthened further. Excluding food and energy, producer goods prices rose 0.7% MoM. Core goods prices accelerated to 4.6% YoY, supported by solid increases in industrial chemicals, iron and steel scrap, and household furniture prices. Overall, the latest inflation data provide growing evidence that both tariff-related pass-through effects and the energy shock are spreading more broadly across the economy. The stronger CPI and PPI readings are also likely to place further upward pressure on core PCE inflation in the coming months.

Fed officials maintained a hawkish tone. Susan Collins warned that rates may need to remain on hold for “some time” and did not rule out further hikes if inflation worsens. Meanwhile, Neel Kashkari commented that inflation had been “looking worse” recently. Fed funds futures are now pricing in a small probability of another rate hike before year-end.

Meanwhile, the Strait of Hormuz crisis has entered a more precarious phase. According to classified US intelligence assessments reported by The New York Times, Iran still retains roughly 70% of its pre-war mobile missile launchers and stockpiles, while access has reportedly been restored to 30 of 33 missile sites along the Strait of Hormuz. The latest EIA projections now show global oil inventories declining by 2.6mn b/d this year, sharply wider than last month’s 0.3mn b/d forecast, with normalization of production and trade flows only expected by late 2026 or early 2027.

For today, market focus will remain on the Trump-Xi meeting. On the data front, investors will closely watch US initial jobless claims and April retail sales for further signs of how higher oil prices are feeding into broader economic activity and consumption trends.

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Key Market Movements

Equity	Value	% chg
S&P 500	7444.3	0.6%
DJIA	49693	-0.1%
Nikkei 225	63272	0.8%
SH Comp	4242.6	0.7%
STI	5004.0	1.2%
Hang Seng	26388	0.2%
KLCI	1746.3	-0.2%

	Value	% chg
DXY	98.524	0.2%
USDJPY	157.86	0.1%
EURUSD	1.1711	-0.2%
GBPUSD	1.3523	-0.1%
USDIDR	17465	-0.2%
USDSGD	1.2727	0.1%
SGDMYR	3.0893	-0.1%

	Value	chg (bp)
2Y UST	3.98	-1.23
10Y UST	4.47	0.58
2Y SGS	1.57	-0.60
10Y SGS	2.06	-1.20
3M SORA	1.08	0.15
3M SOFR	3.66	-0.06

	Value	% chg
Brent	105.63	-2.0%
WTI	101.02	-1.1%
Gold	4689	-0.6%
Silver	87.55	1.3%
Palladium	1503	0.5%
Copper	14153	0.9%
BCOM	143.11	0.0%

Source: Bloomberg

Major Markets

ID: Coordinating Minister for Economic Affairs Airlangga Hartarto and Russian First Deputy Prime Minister Denis Manturov discussed progress on the ratification and implementation of the Indonesia Eurasian Economic Union Free Trade Agreement at the 14th Indonesia Russia Joint Commission Meeting in Kazan on Wednesday (13 May). Coordinating Minister Airlangga also noted that the agreement, signed on 21 December 2025 and now undergoing domestic ratification, would provide market access for priority products including palm oil and its derivatives, coffee, cocoa, fishery products, textiles, footwear and furniture. The two sides also discussed further cooperation in agriculture, energy, trade and special economic zones, alongside planned oil purchases, oil and gas field development, the Tuban Grass Root Refinery project and opportunities for nuclear energy cooperation.

MY: The Ministry of Tourism, Arts and Culture reported that international visitor arrivals increased 5.4% YoY to 10.65mn in 1Q2026, with Singapore remaining the largest source market at 5.14mn visitors, followed by China at 1.41mn and Indonesia at 1.05mn. Tourism, Arts and Culture Minister Tiong King Sing said geopolitical tensions in the Middle East disrupted fuel supplies, increased airline operating costs and contributed to higher airfares and flight cancellations towards end March, although overall performance remained encouraging. Under Visit Malaysia 2026, the government targets 47mn international tourist arrivals and MYR147.1bn in tourism receipts this year.

PH: According to the Bangko Sentral ng Pilipinas (BSP), Foreign Direct Investments (FDIs) recorded a net inflow of USD590mn in February. However, this represented a 31.0% (January: -39.2% YoY) decline compared to the same period last year. Net debt instruments accounted for the largest share of total FDI inflows in February at ~70%. Year-to-February, the BSP reported that the majority of equity capital investments originated from Japan, the US and Singapore, and were primarily directed towards the manufacturing, financial and insurance, and real estate sectors.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading flat to 1bps higher while belly and 10Y traded 1bps lower. US Investment Grade spreads tightened by 2bps to 75bps, US High Yield spreads traded flat at 267bps and Bloomberg Global Contingent Capital Index traded flat at 221bps. Meanwhile, Bloomberg Asia USD Investment Grade spreads traded flat at 52bps and Asia USD High Yield spreads widened by 2bps to 378bps. (Bloomberg, OCBC).

New Issues:

The total issuance volumes for APAC and DM IG markets yesterday were nil and USD14.2bn respectively, lower than the prior day (USD600mn and USD15.5bn). The highest issuance in DM IG market came from Wells Fargo & Co which priced USD6bn of debt in three tranches. There were no notable issuances in the APAC and Singdollar markets yesterday.

Recent Coverage Developments:

Commonwealth Bank of Australia reported 3QFY2026 financial results which were broadly stable, while Genting Singapore Limited/Genting Overseas Holdings Limited reported 1Q2026 results which saw sharp earnings decline (refer to Daily Credit Snapshot 13 May 2026).

Equity Market Updates

US: US stocks advanced Wednesday as a technology rally drove major indices to fresh records, overshadowing hotter-than-expected inflation data that reinforced expectations the Federal Reserve will keep rates elevated for longer. The S&P 500 rose 0.6%, the Nasdaq Composite surged 1.2%, and the Dow Jones Industrial Average slipped 0.1%. Nvidia led the advance, climbing 2.3% as Chief Executive Jensen Huang joined President Donald Trump's business delegation to China for high-stakes talks with President Xi Jinping, with the chipmaker briefly reaching a USD5.5t market capitalisation. The semiconductor sector rebounded 2.6% after Tuesday's 3% decline, lifting megacap technology names including Alphabet, which hit an all-time high. Ford Motor surged 13% in its biggest single-day jump since 2020. Cisco Systems soared as much as 19% in late trading after delivering a better-than-anticipated sales forecast and announcing plans to cut thousands of jobs to focus on AI infrastructure. Treasury yields were mixed, with the 2-year falling 1 basis point while the 10-year and 30-year yields rose 0.6 and 0.9 basis points respectively. Oil prices retreated as traders viewed the Trump-Xi summit as a potential route to resolving the US-Iran conflict.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.524	0.23%	USD-SGD	1.2727
USD-JPY	157.86	0.15%	EUR-SGD	1.4903
EUR-USD	1.171	-0.24%	JPY-SGD	0.8061
AUD-USD	0.726	0.25%	GBP-SGD	1.7213
GBP-USD	1.352	-0.13%	AUD-SGD	0.9237
USD-MYR	3.931	-0.11%	NZD-SGD	0.7555
USD-CNY	6.791	-0.09%	CHF-SGD	1.6277
USD-IDR	17465	-0.20%	SGD-MYR	3.0893
USD-VND	26348	0.05%	SGD-CNY	5.3359

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9720	1.28%	1M	3.6237
3M	2.2520	-0.09%	2M	3.6390
6M	2.4850	-0.28%	3M	3.6491
12M	2.7980	0.72%	6M	3.6869
			1Y	3.7847

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/17/2026	-0.025	-2.500	-0.006	3.625
07/29/2026	-0.015	1.000	-0.004	3.628
09/16/2026	0.103	11.800	0.026	3.657
10/28/2026	0.225	12.200	0.056	3.688
12/09/2026	0.400	17.500	0.100	3.731

Equity and Commodity

Index	Value	Net change
DJIA	49,693.20	-67.36
S&P	7,444.25	43.29
Nasdaq	26,402.34	314.14
Nikkei 225	63,272.11	529.54
STI	5,003.96	57.96
KLCI	1,746.31	-4.25
JCI	6,723.32	-135.58
Baltic Dry	3,063.00	62.00
VIX	17.87	-0.12

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.57 (-0.01)	3.97(-)
5Y	1.73 (-)	4.12 (-0.01)
10Y	2.06 (-0.01)	4.46 (+0.01)
15Y	2.05 (-0.01)	--
20Y	2.06 (-0.01)	--
30Y	2.1 (-)	5.03 (+0.01)

Financial Spread (bps)

Value	Change
TED	35.36

Secured Overnight Fin. Rate

SOFR	3.60
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Commodities Futures

Energy			Soft Commodities		
Futures	% chg		Futures	% chg	
WTI (per barrel)	101.02	-1.1%	Corn (per bushel)	4.665	-0.2%
Brent (per barrel)	105.63	-2.0%	Soybean (per bushel)	12.153	0.1%
Heating Oil (per gallon)	396.67	-4.6%	Wheat (per bushel)	6.650	0.0%
Gasoline (per gallon)	361.87	-2.1%	Crude Palm Oil (MYR/MT)	43.900	-1.4%
Natural Gas (per MMBtu)	2.86	0.7%	Rubber (JPY/KG)	4.080	1.8%

Base Metals			Precious Metals		
Futures	% chg		Futures	% chg	
Copper (per mt)	14153	0.9%	Gold (per oz)	4689	-0.6%
Nickel (per mt)	19177	1.2%	Silver (per oz)	87.55	1.3%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
5/14/2026 7:01 UK		RICS House Price Balance	Apr	-25.00%	-34.00%	-23.00%	-25.00%
5/14/2026 14:00 UK		GDP QoQ	1Q P	0.60%	--	0.10%	--
5/14/2026 14:00 UK		GDP YoY	1Q P	0.80%	--	1.00%	--
5/14/2026 14:00 UK		Private Consumption QoQ	1Q P	0.30%	--	0.10%	--
5/14/2026 14:00 UK		Government Spending QoQ	1Q P	0.60%	--	0.10%	--
5/14/2026 14:00 UK		Gross Fixed Capital Formation QoQ	1Q P	0.50%	--	0.20%	--
5/14/2026 14:00 UK		Exports QoQ	1Q P	0.40%	--	-0.70%	--
5/14/2026 14:00 UK		Imports QoQ	1Q P	0.30%	--	0.70%	--
5/14/2026 14:00 UK		Total Business Investment QoQ	1Q P	1.20%	--	-2.50%	--
5/14/2026 14:00 UK		Total Business Investment YoY	1Q P	--	--	2.00%	--
5/14/2026 20:30 US		Import Price Index YoY	Apr	3.10%	--	2.10%	--
5/14/2026 20:30 US		Export Price Index YoY	Apr	7.00%	--	5.60%	--
5/14/2026 20:30 US		Initial Jobless Claims	9-May	205k	--	200k	--
5/14/2026 20:30 US		Continuing Claims	2-May	1780k	--	1766k	--
5/14/2026 20:30 US		Retail Sales Advance MoM	Apr	0.50%	--	1.70%	--
5/14/2026-5/17/2026 CH		FDI YTD YoY CNY	Apr	--	--	-7.30%	--

Source: Bloomberg

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