Daily Treasury Outlook

Highlights

Global: Geopolitical risks returned to centre stage as President Trump confirmed that the US would impose a blockade on the Strait of Hormuz and levy a 20% surcharge on goods transiting the waterway. Reports also suggested that the US had launched further strikes against Iran, while Iranian military officials responded by stating that they would target US assets and commercial vessels, further raising risks for ships attempting to transit the strait. Brent crude surged more than 9% on Monday, rallying from around USD77/bbl at the open to an intraday high of USD83.86/bbl.

Risk assets came under selling pressure as sentiment was further weakened by Fed Governor Waller's hawkish remarks, alongside markets positioning ahead of the US core CPI release and Fed Chair Kevin Warsh's testimony. Governor Waller said that a rate hike should remain on the table if this week's inflation data come in hotter than expected, although the preferred course would be to keep rates on hold if inflation remains well behaved. Major US equity indices ended the day between 0.26% and 1.55% lower, while US Treasuries weakened as markets priced in a 43%-44% probability of a Fed rate hike this month. The US dollar was marginally firmer, although moves across the major currency pairs remained relatively modest. Elsewhere, reports that Japan has no plans to overhaul pension fund allocations to boost domestic asset holdings weighed on the yen and pushed JGB yields lower.

On the data front, New Zealand's Performance of Services Index (PSI) rose 2.6 points to 50.6 in June, the highest reading since December, driven largely by an increase in new orders. Meanwhile, Singapore's 2Q26 GDP expanded 5.7% YoY, exceeding the consensus forecast of 5.5%.

Market Watch: Today's Asian economic calendar includes Australia's July Westpac Consumer Confidence and June NAB Business Confidence, China's June trade data, Japan's May industrial production and capacity utilisation, and India's June wholesale prices and output PPI. Later in the day, market participants will monitor the US June CPI, real average earnings, NFIB Small Business Optimism Index, and Fed Chair Kevin Warsh's testimony.

SG: Singapore's 2Q26 GDP growth came in at 5.7% YoY (1.3% QoQ SA), broadly in line with our forecast of 5.9% YoY (1.6% QoQ SA). Manufacturing growth accelerated to 12.2% YoY (5.3% QoQ SA), while the construction and services sectors also expanded by 6.2% YoY and 4.6% YoY, respectively. Meanwhile, 1Q26 GDP growth was revised higher to 6.3% YoY, marking the strongest expansion since 3Q24. We had previously upgraded our full-year 2026 GDP growth forecast to 4.3%, anticipating a robust 2Q26 performance. Looking ahead, leading indicators such as the PMIs suggest that the AI-driven manufacturing boom still has further room to run in the near term, notwithstanding the recent deterioration in US-Iran relations.

Key Market Movements

Equity	Value	% chg
S&P 500	7515.3	-0.8%
DJIA	52499	-0.3%
Nikkei 225	67243	-1.9%
SH Comp	3913.8	-2.1%
STI	5470.3	0.0%
Hang Seng	24214	0.2%
KLCI	1698.4	0.4%

	Value	% chg
DXY	101.235	0.3%
USDJPY	162.43	0.5%
EURUSD	1.1381	-0.3%
GBPUSD	1.3348	-0.4%
USDIDR	18105	0.3%
USDSGD	1.2945	0.2%
SGDMYR	3.1508	-0.1%

	Value	chg (bp)
2Y UST	4.28	7.36
10Y UST	4.62	6.25
2Y SGS	1.62	2.00
10Y SGS	2.15	2.31
3M SORA	1.12	0.81
3M SOFR	3.63	-0.23

	Value	% chg
Brent	83.30	9.6%
WTI	78.14	9.4%
Gold	4002	-2.9%
Silver	57.66	-3.7%
Palladium	1253	-2.1%
Copper	13541	0.4%
BCOM	128.94	1.7%

Source: Bloomberg

Major Markets

ID: S&P Global reaffirmed Indonesia's sovereign credit rating at BBB with a stable outlook. Fitch Ratings and Moody's lowered the outlook to 'negative' from 'stable' earlier in the year, with an equivalent credit rating of BBB and Baa2. S&P stated that the deterioration in external and fiscal metrics is likely to be temporary and should reverse, supported by higher commodity prices and a more stable pace of policy implementation. The key difference between S&P's assessment and those of Moody's and Fitch is that S&P has taken a more constructive view of the government's recent policy announcements.

MY: Economy Minister Akmal Nasrullah Mohd Nasir said the government expects to table the Fertiliser Bill in early 2027 to strengthen governance, quality standards, market transparency and supply resilience amid rising fertiliser prices and renewed tensions in West Asia. Drafting of the bill was about 70% to 80% complete as of 22 June, while the government had disbursed MYR46.0mn to 118,908 paddy farmers under the Ploughing Incentive for Paddy Farmers programme as of 12 July, as reported by The Edge. Separately, Malaysia plans to begin small scale production of locally developed electric vehicle batteries this month through Gigafactory Malaysia following MYR20.0mn in development costs, as reported by Nikkei Asia. Production at megawatt hour capacity is expected to begin as early as September 2026.

Sustainability

ID: Indonesia's Ministry of Transportation said the initial implementation of sustainable aviation fuel (SAF) with a 1% biofuel blend will focus on international flights operating from Soekarno-Hatta International Airport in Tangerang, Banten, and I Gusti Ngurah Rai International Airport in Bali. This is targeted to begin in 2027, depending on the readiness of SAF supplies from Pertamina, which is currently expanding its production capacity through several domestic refineries. The government aims to gradually increase SAF use to a blend ratio of around 30–50% by 2060 as part of its efforts to cut emissions from the national aviation sector.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 1bps higher, belly tenors trading 2bps higher, and the 10Y tenor trading 2bps higher.
- US Investment Grade spreads widened by 1 bps to 77bps, and US High Yield spreads widened by 3bps to 266bps. Bloomberg Global Contingent Capital Index tightened by 3bps to at 204bps.
- Bloomberg Asia USD Investment Grade tightened by 1bps to 53bps, and the Asia USD High Yield spreads tightened by 4bps to 337bps. (Bloomberg, OCBC)

New Issues:

- There were no notable issuances in the Singdollar market yesterday.
- The total issuances in the APAC and DM IG markets respectively were USD5.6bn and USD3.3bn yesterday (prior day: zero and USD491mn

respectively). The largest issuance in APAC USD came from Mitsubishi UFJ Financial Group Inc (priced USD3bn across six tranches), and the largest from IG DM came from SMBC Aviation Capital Ltd (priced USD2.0bn across three tranches). (Bloomberg, OCBC)

Credit Developments:

- There were no notable credit headlines yesterday.

Equity Market Updates

US: US stocks fell Monday as escalating US-Iran tensions drove oil prices sharply higher, reigniting inflation fears and prompting a hawkish repricing of Federal Reserve policy expectations. The S&P 500 declined 0.8%, the Nasdaq dropped 1.6%, and the Dow shed 0.3%, snapping back-to-back gains. Fresh US-Iran strikes over the weekend renewed disputes over whether the Strait of Hormuz remains open to shipping, pushing Brent crude above USD83 a barrel. Chipmakers led the equity selloff, with SK Hynix plunging 15% in Seoul, its largest single-day drop on record, dragging the Kospi down roughly 9% and triggering a market-wide trading halt, with the weakness spilling into US-listed semiconductor names. Fed Governor Christopher Waller warned that policymakers may need to raise rates in the near term if inflation continues to broaden, sending Treasury yields 4 to 6 basis points higher in a bear-flattening move; the two-year yield climbed to 4.25%, its highest since February 2025, while the 10-year yield rose to around 4.58%. Markets are now pricing roughly 50% odds of a July rate hike. In Hong Kong, Shein is reportedly targeting a listing as soon as August, seeking to raise USD2b to USD3b, after securing Chinese regulatory approval. Fed Chair Warsh testifies before Congress on 14 and 15 Jul 2026, with US CPI also due this week.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	101.235	0.28%	USD-SGD	1.2945
USD-JPY	162.43	0.46%	EUR-SGD	1.4734
EUR-USD	1.138	-0.31%	JPY-SGD	0.7968
AUD-USD	0.692	-0.52%	GBP-SGD	1.7276
GBP-USD	1.335	-0.42%	AUD-SGD	0.8955
USD-MYR	4.070	-0.07%	NZD-SGD	0.7443
USD-CNY	6.780	0.08%	CHF-SGD	1.5888
USD-IDR	18105	0.28%	SGD-MYR	3.1508
USD-VND	26256	-0.05%	SGD-CNY	5.2382

Equity and Commodity		
Index	Value	Net change
DJIA	52,498.64	-138.37
S&P	7,515.34	-60.05
Nasdaq	25,873.18	-408.43
Nikkei 225	67,242.73	-1315.00
STI	5,470.34	1.05
KLCI	1,698.44	6.95
JCI	6,037.84	113.48
Baltic Dry	2,944.00	34.00
VIX	17.16	2.13

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2700	0.49%	1M	3.7153
3M	2.4120	1.43%	2M	3.7455
6M	2.6260	0.81%	3M	3.8066
12M	2.8310	0.64%	6M	3.9480
			1Y	4.1221

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.62 (+0.02)	4.29(--)
5Y	1.79 (+0.01)	4.38 (+0.07)
10Y	2.15 (+0.02)	4.63 (+0.06)
15Y	2.18 (+0.02)	--
20Y	2.21 (+0.02)	--
30Y	2.25 (+0.02)	5.11 (+0.05)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
07/29/2026	0.433	43.300	0.108	3.733
09/16/2026	1.030	59.700	0.258	3.882
10/28/2026	1.293	26.300	0.323	3.947
12/09/2026	1.712	41.900	0.428	4.052

Financial Spread (bps)		
	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate	
SOFR	3.55

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	78.14	9.4%	Corn (per bushel)	4.378	-0.1%
Brent (per barrel)	83.30	9.6%	Soybean (per bushel)	12.020	0.5%
Heating Oil (per gallon)	382.36	7.6%	Wheat (per bushel)	6.270	-0.8%
Gasoline (per gallon)	316.63	6.1%	Crude Palm Oil (MYR/MT)	44.720	0.4%
Natural Gas (per MMBtu)	2.90	-1.5%	Rubber (JPY/KG)	4.196	1.1%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13541	0.4%	Gold (per oz)	4002	-2.9%
Nickel (per mt)	16766	0.1%	Silver (per oz)	57.66	-3.7%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/14/2026 2:00	US	Federal Budget Balance	Jun	-$129.0b	-$120.3b	$27.0b	--
7/14/2026 8:00	SI	GDP YoY	2Q A	5.50%	5.70%	6.00%	6.30%
7/14/2026 8:30	AU	Westpac Consumer Conf SA MoM	Jul	--	--	-2.90%	--
7/14/2026 9:30	AU	NAB Business Confidence	Jun	--	--	-14	--
7/14/2026 9:30	AU	NAB Business Conditions	Jun	--	--	3	--
7/14/2026 10:00	CH	Exports YoY	Jun	19.00%	--	19.40%	--
7/14/2026 10:00	CH	Trade Balance	Jun	$120.10b	--	$105.43b	--
7/14/2026 10:00	CH	Imports YoY	Jun	26.10%	--	27.40%	--
7/14/2026 14:30	IN	Wholesale Prices YoY	Jun	9.20%	--	9.68%	--
7/14/2026 18:00	US	NFIB Small Business Optimism	Jun	95.7	--	95.3	--
7/14/2026 20:30	US	CPI MoM	Jun	-0.10%	--	0.50%	--
7/14/2026 20:30	US	CPI YoY	Jun	3.80%	--	4.20%	--
7/14/2026 20:30	US	Core CPI MoM	Jun	0.20%	--	0.20%	--
7/14/2026 20:30	US	Core CPI YoY	Jun	2.80%	--	2.90%	--
7/14/2026-7/15/2026	CH	Money Supply M2 YoY	Jun	8.50%	--	8.60%	--
7/14/2026-7/15/2026	CH	Money Supply M1 YoY	Jun	4.90%	--	5.50%	--

Source: Bloomberg

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