

## Daily Treasury Outlook

### Highlights

**Global:** US equities closed higher overnight, with the S&P500, Dow and Nasdaq all advancing (S&P: 0.8%, Dow: 0.8%, Nasdaq: 0.9%). The tech sector continued to drive the broader market amid the ongoing Trump-Xi summit in Beijing. Both the S&P500 and Nasdaq reached fresh record high. On the US-China front, President Trump and President Xi opened a two-day summit at the Great Hall of the People on Thursday. Trump arrived with a high-profile US business delegation that included key executives from Nvidia, Apple, Tesla, and Boeing. President Trump stated that ties between the two countries will be "better than ever." President Xi emphasised partnership between the two countries over rivalry but warned that the relationship would be in "great jeopardy" if the issue over Taiwan is not handled "properly". Xi also raised the prospect of avoiding the "Thucydides Trap." The summit agenda covers issues including trade, tariffs, export controls, Taiwan and Iran. The most concrete deliverable so far is Trump's announcement that China will order 200 Boeing aircrafts. Regarding Iran, a White House official said both sides agreed that the Strait of Hormuz must remain open and free of tolls. US Treasury official Scott Bessent, in an interview with CNBC, shared that China will use its influence over the Iranian leadership to reopen the Strait. He also highlighted China's interests in purchasing more US energy in response to the ongoing supply disruption in the Middle East. Disruptions in shipping lanes in the Strait continue after an Indian cargo vessel sank off Oman following a suspected drone or missile strike. On the data front, there was a heavy slate of US releases on Thursday. The April Import Price Index surprised firmly to the upside, rising 1.9% MoM compared to 0.9% in the previous month. On a year-on-year basis, import price also picked up to 4.2% YoY. Under the hood, fuel import prices surged 16.3% MoM, while nonfuel prices also rose, but at a relatively modest pace of 0.8%, reflecting higher prices for 'capital goods', 'industrial supplies and materials', 'consumer goods, excluding automobiles', and 'foods, feeds, and beverages.' Taken together with the earlier release of the April PPI data, this suggests that underlying inflationary pressures will remain stubborn in the near-term. Separately, retail sales rose 0.5% MoM in April, in line with expectations, marking the third consecutive monthly increase though a sharp slowdown from the previous month.

**Market Watch:** For the day ahead, market focus will remain on the outcome of the Trump-Xi meeting. On the data front, the calendar is relatively light. In Asia, Malaysia will release its final 1Q26 GDP print, with consensus expecting growth to remain unchanged from the advance estimate of 5.3%. Accompanying this, the US will release its April industrial production alongside the New York Fed's May Empire State Manufacturing Survey.

### Key Market Movements

Equity	Value	% chg
S&P 500	7501.2	0.8%
DJIA	50063	0.7%
Nikkei 225	62654	-1.0%
SH Comp	4177.9	-1.5%
STI	4995.9	-0.2%
Hang Seng	26389	0.0%
KLCI	1745.6	0.0%
	Value	% chg
DXY	98.819	0.3%
USDJPY	158.37	0.3%
EURUSD	1.1669	-0.4%
GBPUSD	1.3403	-0.9%
USDIDR	17465	0.0%
USDSGD	1.276	0.3%
SGDMYR	3.0880	0.0%
	Value	chg (bp)
2Y UST	4.02	3.81
10Y UST	4.48	1.28
2Y SGS	1.58	0.90
10Y SGS	2.08	1.73
3M SORA	1.08	0.09
3M SOFR	3.66	-0.07
	Value	% chg
Brent	105.72	0.1%
WTI	101.17	0.1%
Gold	4652	-0.8%
Silver	83.53	-4.6%
Palladium	1451	-3.5%
Copper	13939	-1.5%
BCOM	141.48	-1.1%

Source: Bloomberg

## Major Markets

**CN:** China's total social financing (TSF) increased by RMB624.5bn in April, missing market consensus and coming in RMB535.4bn lower than a year earlier. Outstanding TSF growth slowed by 0.1ppt to 7.8% YoY. Credit to the real economy contracted by RMB400.6bn, a deeper decline than expected.

The contraction in loans mainly reflected three factors. First, households remained reluctant to add leverage. Household loans fell by RMB340.8bn, with medium- to long-term household loans declining RMB225.0bn more than a year earlier, suggesting that property demand remains weak. Second, corporate financing continued to shift from bank loans to bond issuance, as lower bond yields made bond financing more attractive. Third, the slow pace of major project starts also weighed on corporate loan demand.

Corporate bond financing increased by RMB452.0bn, RMB218.0bn more than a year earlier, supported by lower issuance costs amid ample liquidity and stronger institutional allocation demand. Government bond financing rose by RMB904.1bn, RMB68.8bn less than a year earlier. While government bond issuance may accelerate in May-June, the rising base from last year suggests that the YoY improvement may still be limited.

Money supply data also pointed to an uneven recovery. M1 growth eased by 0.1ppt to 5.0% YoY, possibly dragged by stronger-than-expected fiscal deposit growth. M2 growth, however, edged up by 0.1ppt to 8.6% YoY, likely supported by an increase in FX settlement, which may reflect stronger corporate willingness to sell foreign currency amid RMB appreciation.

Overall, April new loans and TSF both missed expectations. The renewed contraction in credit highlights still-weak property and consumption demand, a moderation in fiscal support at the margin, and the fact that exports alone are not sufficient to sustain corporate credit expansion.

**ID:** Industry Minister Agus Gumiwang Kartasasmita noted that Indonesia and Germany strengthened cooperation in national industrial quality infrastructure through the 3rd High Level Indonesian German Annual Meeting on Quality Infrastructure. The forum included the signing of the Indonesia Germany cooperation Work Plan for 2026 to 2027, with a focus on harmonising quality infrastructure systems under the Indonesia EU CEPA framework, strengthening product safety and quality through standardisation, and digitalising quality infrastructure. Minister Agus added that the cooperation is expected to strengthen national industrial ecosystem, improve competitiveness and adaptability to global regulatory developments, and expand export market access, especially to Europe.

**MY:** Foreign Minister Mohamad Hasan said Malaysia sees strong potential for BRICS and ASEAN to strengthen economic resilience through strategic collaboration, including trade linkages, quality infrastructure, digital and emerging technologies, and sustainable growth. Speaking at the BRICS Partners Foreign Ministers Meeting in New Delhi during his 14-15 May working visit, he said geopolitical tensions and trade policy uncertainty are driving a shift from efficiency driven globalisation toward resilience driven regionalisation, with ASEAN gaining prominence as a neutral, rules based and economically dynamic

region. Minister Mohamad added that Malaysia remains ready to work with BRICS as a constructive partner in shaping a more balanced global order that is resilient, inclusive and sustainable. Malaysia became a BRICS Partner Country on 1 Jan 2025.

**TH:** According to a survey conducted by the Bank of Thailand, most large Thai companies plan to raise prices by no more than 20%, with adjustments lagging behind actual cost increases due to weak purchasing power and intense competition. Assistant Governor (AG) for Monetary Policy Don Nakornthab noted that price pass-through has already materialised in public transport fares and air tickets, fisheries, hospitality, and raw material-intensive sectors such as petrochemicals, plastics, and agriculture. He stated that rising energy costs constitute a "salient shock," prompting businesses to pass on costs more frequently to preserve margins, rather than waiting for usual annual or semi-annual pricing cycles. If the Middle East conflict persists into 2H26, manufacturing industries could face increased pressure from rising input costs and possible shortages. Regarding the government's THB400bn baht emergency loan decree, AG Don said the inflationary impact will be limited. The main effect is expected to come from the THB200bn in stimulus measures, which are projected to contribute ~0.6pp to GDP growth. Headline CPI could rise to 4–5% and remain above target for three to four quarters, while core inflation is not expected to increase significantly due to weak purchasing power.

## Credit Market Updates

### Market Commentary:

The SGD SORA OIS curve traded flat to lower yesterday with shorter tenors trading flat while belly and 10Y traded 1bps lower. US Investment Grade spreads traded flat at 74bps, US High Yield spreads tightened by 4bps to 263bps and Bloomberg Global Contingent Capital Index tightened by 1bps to 220bps. Meanwhile, Bloomberg Asia USD Investment Grade spreads traded flat at 52bps and Asia USD High Yield spreads tightened by 2bps to 376bps. (Bloomberg, OCBC).

### New Issues:

The total issuance volumes for APAC and DM IG markets yesterday were USD1.15bn and USD4.15bn respectively, higher and lower than the prior day (zero and USD15.45bn). The highest issuance in DM IG market came from Gilead Sciences Inc which priced USD3bn of debt in four parts. There were two notable issuances in the Singdollar market yesterday, where Credit Agricole SA priced a SGD325mn 12NC7 Tier 2 subordinated fixed bond at 3.3% and Moneymax Treasury Pte Ltd (guarantor: MoneyMax Financial Services Ltd) priced a SGD30mn retap of its MMFSSP 5% '28s.

### Recent Coverage Developments:

Keppel Infrastructure Trust and ABN Amro Bank NV announced their 1QFY2026 business update, Singapore Post Limited reported weaker FY2026 results, and BHP's incoming Chief Executive Officer ("CEO") Mr Brandon Craig, commented at a conference that the company is open to value accretive growth and will focus on copper when it comes to acquisitions (refer to Daily Credit Snapshot 14 May 2026).

## Equity Market Updates

**US:** US stocks advanced Thursday as the artificial intelligence rally regained momentum, propelling major indices to fresh records. The S&P 500 rose 0.8%, the Nasdaq gained 0.9%, and the Dow added 0.7%, with the latter closing above 50,000 for the first time since the war with Iran began. Cisco Systems surged 13% to an all-time high after delivering a better-than-expected sales forecast and announcing job cuts to focus on AI, whilst AI chip maker Cerebras Systems soared nearly 70% in its trading debut, pricing its IPO well above expectations and kicking off what is anticipated to be a landmark year for AI flotations potentially including OpenAI, Anthropic and SpaceX. Nvidia climbed 4.4% as its seven-day rally pushed its valuation close to USD6t. The rally was supported by April retail sales rising 0.5% for a third consecutive month, signalling consumer resilience despite war-driven energy cost increases. Treasury yields were mixed, with the 2-year rising 4 basis points and the 10-year adding 1.4 basis points, whilst the 30-year dipped 0.7 basis points. In geopolitics, President Trump met Chinese President Xi Jinping in Beijing, with both leaders agreeing that the Strait of Hormuz should remain a free waterway, though the summit yielded few concrete outcomes in its opening phase.

### Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.819	0.30%	USD-SGD	1.2760
USD-JPY	158.37	0.32%	EUR-SGD	1.4891
EUR-USD	1.167	-0.36%	JPY-SGD	0.8056
AUD-USD	0.722	-0.51%	GBP-SGD	1.7101
GBP-USD	1.340	-0.89%	AUD-SGD	0.9214
USD-MYR	3.931	0.01%	NZD-SGD	0.7543
USD-CNY	6.787	-0.05%	CHF-SGD	1.6282
USD-IDR	17465	-0.20%	SGD-MYR	3.0880
USD-VND	26345	-0.01%	SGD-CNY	5.3211

### SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9880	0.81%	1M	3.6148
3M	2.2830	1.38%	2M	3.6303
6M	2.5480	2.54%	3M	3.6433
12M	2.8600	2.22%	6M	3.6871
			1Y	3.8067

### Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/17/2026	-0.043	-4.300	-0.011	3.618
07/29/2026	0.015	5.800	0.004	3.632
09/16/2026	0.137	12.200	0.034	3.663
10/28/2026	0.275	13.800	0.069	3.697
12/09/2026	0.513	23.800	0.128	3.757

### Equity and Commodity

Index	Value	Net change
DJIA	50,063.46	370.26
S&P	7,501.24	56.99
Nasdaq	26,635.22	232.88
Nikkei 225	62,654.05	-618.06
STI	4,995.94	-8.02
KLCI	1,745.58	-0.73
JCI	6,723.32	-135.58
Baltic Dry	3,189.00	126.00
VIX	17.26	-0.61

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.58 (+0.01)	4.03(--)
5Y	1.75 (+0.02)	4.15 (+0.04)
10Y	2.08 (+0.02)	4.49 (+0.01)
15Y	2.06 (+0.01)	--
20Y	2.06 (--)	--
30Y	2.11 (+0.02)	5.04 (-0.01)

### Financial Spread (bps)

Value	Change	
TED	35.36	--

### Secured Overnight Fin. Rate

SOFR	3.59
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	101.17	0.1%	Corn (per bushel)	4.515	-3.2%
Brent (per barrel)	105.72	0.1%	Soybean (per bushel)	11.745	-3.4%
Heating Oil (per gallon)	390.56	-1.5%	Wheat (per bushel)	6.470	-2.7%
Gasoline (per gallon)	360.57	-0.4%	Crude Palm Oil (MYR/MT)	43.500	-0.9%
Natural Gas (per MMBtu)	2.89	1.0%	Rubber (JPY/KG)	4.053	-0.7%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13939	-1.5%	Gold (per oz)	4652	-0.8%
Nickel (per mt)	18899	-1.4%	Silver (per oz)	83.53	-4.6%

Source: Bloomberg, Reuters

## Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
5/15/2026 15:30 TH		Gross International Reserves	8-May	--	--	\$287.0b	--
5/15/2026 15:30 TH		Forward Contracts	8-May	--	--	\$22.3b	--
5/15/2026 16:30 HK		GDP SA QoQ	1Q F	--	--	2.90%	--
5/15/2026 16:30 HK		GDP YoY	1Q F	5.90%	--	5.90%	--
5/15/2026 19:30 IN		Foreign Exchange Reserves	8-May	--	--	\$690.7b	--
5/15/2026 20:30 US		Empire Manufacturing	May	7.2	--	11	--
5/15/2026 21:15 US		Industrial Production MoM	Apr	0.30%	--	-0.50%	--
5/15/2026 21:15 US		Manufacturing (SIC) Production	Apr	0.20%	--	-0.10%	--
5/15/2026 21:15 US		Capacity Utilization	Apr	75.80%	--	75.70%	--
5/15/2026 CH		BoP Current Account Balance	1Q P	--	--	\$243.8b	--
5/15/2026 IN		Trade Balance	Apr	-\$25973m	--	-\$20674m	--
5/15/2026 PH		Overseas Cash Remittances YoY	Mar	2.50%	--	2.60%	--
5/15/2026 IN		Exports YoY	Apr	--	--	-7.40%	--
5/15/2026 PH		Overseas Workers Cash Remittances	Mar	--	--	\$2790m	--
5/15/2026 IN		Unemployment Rate	Apr	--	--	5.10%	--
5/15/2026-5/17/2026 CH		FDI YTD YoY CNY	Apr	--	--	-7.30%	--

Source: Bloomberg

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