By Global Markets | 15 July 2026

Daily Treasury Outlook

Highlights

Global: US equities closed higher on Tuesday as stronger-than-expected earnings from major banks and a softer-than-expected inflation report lifted risk appetite, helping markets look past escalating geopolitical tensions in the Middle East. After surging 9% on Monday, oil prices rose more modestly on Tuesday after US President Donald Trump backed away from a proposal to impose a 20% transit fee on vessels passing through the Strait of Hormuz. Instead, he indicated that the US would pursue investment partnerships with Gulf states. However, geopolitical risks remain elevated. Trump reimposed a naval blockade on all Iranian ports and threatened strikes on Iranian power plants and bridges next week unless Tehran returns to negotiations. Iran's Deputy Foreign Minister Kazem Gharibabadi responded that the Strait of Hormuz is part of Iran's national security and vowed to defend its sovereignty "whatever the cost." Meanwhile, speculation is growing that Iran could escalate the conflict by leveraging Yemen's Houthi forces to disrupt shipping through the Bab el-Mandeb Strait, potentially opening another front against the US. The Middle East situation remains a key binary risk for global markets.

On the data front, US June CPI surprised materially to the downside as headline CPI fell 0.4% MoM SA and slowed to 3.5% YoY, versus consensus of −0.1% MoM and 3.8% YoY respectively. The energy component fell 5.7% MoM, subtracting 0.437 percentage points from headline CPI. Gasoline accounted for nearly all of the drag, declining 9.7% MoM and contributing −0.394 points. Meanwhile, core CPI was unchanged MoM and eased to 2.6% YoY, against expectations 0.2% MoM and 2.8% YoY. This marked a clear reversal from May's 0.5% headline and 0.2% MoM core gains. The composition was constructive as the sticky component of shelter rose just 0.1% MoM, its smallest gain since January 2021, with rent at 0.1% MoM and owners' equivalent rent at 0.2% MoM. Core goods fell 0.1% MoM, while services excluding energy were unchanged as weaker motor-vehicle insurance and lodging offset firmer recreation. In all, the information suggested that there could be a deceleration in core CPI outside of the energy-affected sectors. For the Fed, the combination of benign goods inflation, slower shelter and softer non-housing services strengthens confidence that underlying inflation is moderating and reduced pressure for further tightening for the time being. However, the headline improvement was heavily energy-driven and could reverse if tensions in the Straits of Hormuz continues.

In his first congressional testimony as Fed Chair, Kevin Warsh reiterated that the Fed remains firmly committed to returning inflation to its 2% target and stressed that policymakers would not "cherry-pick" a single benign CPI reading as evidence that the inflation fight has been won. Equally important was his strong defence of the Fed's independence.

Market Watch: Looking ahead, markets will focus on China's 2Q GDP release, alongside June activity data and monetary and credit figures, for a clearer assessment of the economy's underlying momentum. In the US, June PPI will be closely watched for confirmation that producer price pressures continue to ease.

Key Market Movements

Equity	Value	% chg
S&P 500	7543.6	0.4%
DJIA	52508	0.0%
Nikkei 225	67744	0.7%
SH Comp	3967.1	1.4%
STI	5495.6	0.5%
Hang Seng	24341	0.5%
KLCI	1719.9	1.3%

	Value	% chg
DXY	100.919	-0.3%
USDJPY	162.25	-0.1%
EURUSD	1.1420	0.3%
GBPUSD	1.3390	0.3%
USDIDR	18092	-0.1%
USDSGD	1.2912	-0.3%
SGDMYR	3.1550	0.1%

	Value	chg (bp)
2Y UST	4.19	-8.81
10Y UST	4.59	-3.43
2Y SGS	1.67	5.20
10Y SGS	2.22	6.66
3M SORA	1.13	0.13
3M SOFR	3.63	-0.07

	Value	% chg
Brent	84.73	1.7%
WTI	79.34	1.5%
Gold	4053	1.3%
Silver	58.70	1.8%
Palladium	1306	4.2%
Copper	13643	0.8%
BCOM	130.06	0.9%

Source: Bloomberg

On the central bank front, Warsh will testify before the Senate Banking Committee for a second day, while the Bank of Canada is widely expected to leave its policy rate unchanged.

Major Markets

CN: June exports rose 27.0% YoY, accelerating from 19.4% in May. For the first half of the year, cumulative exports grew 17.6% YoY, far exceeding market expectations at the start of the year and marking the fastest pace of expansion since the post-pandemic rebound in 2021. Imports also strengthened, with growth accelerating to 36.0% YoY from 27.4% in May. As a result, China's merchandise trade surplus narrowed only marginally to USD577.3 billion in the first half, from USD583.4 billion a year earlier, while remaining historically elevated. Against the backdrop of subdued domestic demand, exports continued to serve as the key engine of economic growth.

AI-related products remained one of the most important drivers of export performance. China's AI exports are concentrated mainly in intermediate goods, particularly semiconductors and computing hardware. In June, integrated circuit (IC) exports surged 121.9% YoY, extending this year's record-breaking momentum. During the first half, integrated circuits and automatic data processing (ADP) equipment together accounted for 14.8% of China's total exports, up from 10.7% in 2025, while their combined exports expanded 67.5% YoY. On the import side, IC imports also reached a new monthly record, with growth accelerating to 72.3% YoY, highlighting robust demand for upstream semiconductor components. The simultaneous strength in both IC exports and imports points to sustained expansion across China's AI supply chain, suggesting that AI-related exports should remain a key source of support for overall export growth in the coming months.

ID: Industry Minister Agus Gumiwang Kartasasmita said Indonesia is strengthening chemical management as part of its OECD accession process by aligning regulations with international standards to enhance industrial competitiveness and investor confidence, as reported by Antara News. The initiative includes cooperation with the OECD Secretariat during the first Fact Finding Mission on Chemicals Management Instruments, held in Jakarta from 1 to 3 July, which reviewed Indonesia's chemical management policies, regulations and implementation against OECD standards. The government said the accession process will also strengthen oversight of hazardous chemicals, promote greater policy harmonisation and improve interagency coordination to enhance transparency and regulatory effectiveness.

MY: Prime Minister Anwar Ibrahim and President Tharman Shanmugaratnam reaffirmed Malaysia and Singapore's commitment to deepen cooperation in food security and energy during the Singapore president's inaugural state visit to Malaysia from 12 to 15 July, as reported by The Edge. The leaders also exchanged views on developments in West Asia and reaffirmed the importance of upholding international law, particularly the United Nations Convention on the Law of the Sea, and safeguarding freedom of navigation. Separately, Tharman discussed technical and vocational education, climate adaptation, flood mitigation, start-up growth and greater exchanges with Selangor Sultan Sharafuddin Idris Shah and Menteri Besar Amirudin Shari.

AU: The latest Westpac-Melbourne Institute Consumer Sentiment Index rose 4.1% to 83.9 in July versus 80.6 in June as perceptions of both current and future family finances improved, likely reflecting lower fuel prices and easing rate hike expectations. Views on the broader economic outlook over the medium and long term were largely unchanged. However, the Unemployment Expectations Index declined, suggesting consumers have become more confident about labour market conditions. Housing sentiment has improved, with the "time to buy a dwelling index" increasing 5.3% to 85.4, although it remains below its historical average of 119. The House Price Expectations Index fell 8% to 118, the lowest level in three years.

The NAB Business Confidence Index rose by 9 points to -5, largely recovering from the -29 reading in March following the onset of the Middle East conflict. Inflation expectations have also eased, with purchase cost growth down from its March peak and retail prices declining for the first time in seven years. However, the Business Confidence Index remains unchanged at 3, slightly below its historical average, while labour costs remain elevated and margins continue to come under pressure. Overall, the data suggests a gradual cooling in business activity, though less pronounced than expected, as concerns over the Middle East conflict's impact on growth and inflation have largely faded.

Sustainability

Rest of the world: The EU Commission has updated the product scope and digital tools to support the implementation of the EU Deforestation Regulation. It will apply from 30 Dec 2026 for large and medium-sized operators and for micro and small operators already covered by the EU Timber Regulation, and from 30 Jun 2027 for other micro and small operators. Changes involve removing cattle hides, skins and leather, re-treaded tyres, soybeans for sowing, articles of vulcanised rubber, conveyor and transmission belts, and aircraft and motor vehicle seats from the scope of the regulation. It concurrently adds soluble coffee, certain palm oil derivatives and frozen cattle tongues. To provide businesses sufficient time to prepare for the updated product scope, the new products added to the scope will become subject to the regulation from 30 Dec 2027. The EU Commission also adopted the Implementing Act establishing the technical rules for the EUDR Information System. The updated system introduces operational simplifications requested by member states and industry, including simplified declarations for micro and small primary operators and updated technical specifications for automated application programming interfaces. These measures are part of the simplification package to reduce administrative and cost burdens for businesses and partner countries ahead of the regulation's application.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 4-7bps higher, belly tenors trading 6bps higher, and the 10Y tenor trading 6bps higher.
- US Investment Grade spreads widened by 1 bps to 78bps, and US High Yield spreads widened by 2bps to 268bps. Bloomberg Global Contingent Capital Index tightened by 5bps to at 209bps.

- Bloomberg Asia USD Investment Grade widened by 2bps to 55bps, and the Asia USD High Yield spreads tightened by 9bps to 346bps. (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 zero and USD13.9bn yesterday (prior day: USD5.6bn and USD3.3bn respectively). The largest issuance in DM IG came from Goldman Sachs Inc/The (priced USD10bn across three tranches). (Bloomberg, OCBC)

Credit Developments:

- Keppel Ltd (KEPSP): Keppel's Connectivity Division has fully committed all five fibre pairs on the Bifrost Cable System, securing contracts worth ~SGD1.7bn over 25 years, while evaluating two new subsea cable projects connecting Singapore with the Middle East, South Asia, Japan, and ASEAN.
- Suntec REIT (SUNSP): Suntec REIT appointed Celine Tang as Chairperson following the Tang family's acquisition of the REIT manager and increase in influence as the largest unitholder group, while the REIT continues its strategic review amid growing interest from major shareholders.
- Santos Ltd (STOAU): Santos is challenging Australia's proposed gas reservation scheme, arguing it would retrospectively redirect LNG exports to the domestic market, undermine investment incentives, and threaten long-term energy security despite supporting a more flexible reserve policy.

Equity Market Updates

US: US stocks advanced Tuesday as a sharper-than-expected decline in June CPI, falling 0.4% month-on-month against a consensus of -0.1%, the largest monthly drop in over six years, eased fears of imminent Federal Reserve rate hikes and lifted both equities and bonds. The S&P 500 rose 0.4%, the Nasdaq gained 0.9%, and the Dow edged up less than 0.1%. Strong bank earnings from Goldman Sachs, which surged 9% in its biggest single-day jump since April 2025, Bank of America, and Citigroup provided additional support, whilst IBM cratered 25%, erasing USD69b in market value and marking its worst session since at least 1968, after preliminary Q2 revenue of USD17.2b missed estimates of USD17.9b, with management citing a customer shift in capex towards AI hardware. The IBM miss dragged software and IT services names broadly lower, though chipmakers rallied as the spending rotation narrative benefited the semiconductor complex. President Trump's withdrawal of plans to impose a toll on Strait of Hormuz cargo also lifted sentiment. Treasury yields fell sharply, with the 2-year down around 8 basis points and the 10-year ending approximately 5 basis points lower near 4.58%, as markets unwound bets on a July Fed rate hike, with implied probability falling to around 20%. China's June exports hit a record USD412b, surging 27% year-on-year.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	100.919	-0.31%	USD-SGD	1.2912
USD-JPY	162.25	-0.11%	EUR-SGD	1.4746
EUR-USD	1.142	0.34%	JPY-SGD	0.7958
AUD-USD	0.698	0.82%	GBP-SGD	1.7294
GBP-USD	1.339	0.31%	AUD-SGD	0.9007
USD-MYR	4.078	0.19%	NZD-SGD	0.7505
USD-CNY	6.772	-0.13%	CHF-SGD	1.5954
USD-IDR	18092	-0.07%	SGD-MYR	3.1550
USD-VND	26261	0.02%	SGD-CNY	5.2469

Equity and Commodity		
Index	Value	Net change
DJIA	52,508.27	9.63
S&P	7,543.59	28.25
Nasdaq	26,107.01	233.83
Nikkei 225	67,743.50	500.77
STI	5,495.61	25.27
KLCI	1,719.94	21.50
JCI	6,039.52	1.68
Baltic Dry	2,960.00	16.00
VIX	16.50	-0.66

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2240	-2.03%	1M	3.6791
3M	2.4310	0.79%	2M	3.6940
6M	2.6210	-0.19%	3M	3.7422
12M	2.8000	-1.10%	6M	3.8486
			1Y	4.0028

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.67 (+0.05)	4.18(--)
5Y	1.85 (+0.06)	4.32 (-0.05)
10Y	2.22 (+0.07)	4.58 (-0.03)
15Y	2.24 (+0.06)	--
20Y	2.27 (+0.06)	--
30Y	2.32 (+0.06)	5.1(--)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
07/29/2026	0.166	16.600	0.041	3.668
09/16/2026	0.661	49.600	0.165	3.791
10/28/2026	0.886	22.400	0.221	3.848
12/09/2026	1.243	35.700	0.311	3.937

Financial Spread (bps)		
	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate	
SOFR	3.60

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	79.34	1.5%	Corn (per bushel)	4.338	-0.9%
Brent (per barrel)	84.73	1.7%	Soybean (per bushel)	12.073	0.4%
Heating Oil (per gallon)	401.43	5.0%	Wheat (per bushel)	6.313	0.7%
Gasoline (per gallon)	322.73	1.9%	Crude Palm Oil (MYR/MT)	45.150	1.0%
Natural Gas (per MMBtu)	2.90	0.2%	Rubber (JPY/KG)	4.266	1.7%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	13643	0.8%	Gold (per oz)	4053	1.3%
Nickel (per mt)	16765	0.0%	Silver (per oz)	58.70	1.8%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/15/2026 4:00	US	Net Long-term TIC Flows	May	--	$232.7b	$103.1b	$104.8b
7/15/2026 7:00	SK	Unemployment rate SA	Jun	2.80%	2.70%	2.80%	--
7/15/2026 10:00	CH	GDP YoY	2Q	4.50%	--	5.00%	--
7/15/2026 10:00	CH	Industrial Production YoY	Jun	4.60%	--	4.50%	--
7/15/2026 10:00	CH	Retail Sales YoY	Jun	-0.10%	--	-0.60%	--
7/15/2026 10:00	CH	Industrial Production YTD YoY	Jun	5.30%	--	5.40%	--
7/15/2026 19:00	US	MBA Mortgage Applications	10-Jul	--	--	-2.20%	--
7/15/2026 20:30	US	PPI Final Demand MoM	Jun	0.00%	--	1.10%	--
7/15/2026 20:30	US	Empire Manufacturing	Jul	9.2	--	5.7	--
7/15/2026 20:30	US	PPI Final Demand YoY	Jun	6.20%	--	6.50%	--
7/15/2026 20:30	US	PPI Ex Food and Energy MoM	Jun	0.30%	--	0.40%	--
7/15/2026 20:30	US	PPI Ex Food and Energy YoY	Jun	5.10%	--	4.90%	--
7/15/2026	CH	Money Supply M2 YoY	Jun	8.50%	--	8.60%	--
7/15/2026	PH	Overseas Cash Remittances YoY	May	2.10%	--	2.00%	--

Source: Bloomberg

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