

Daily Treasury Outlook

Highlights

Global: The main focus overnight was the upside surprise in September US CPI. Headline inflation rose 0.6% MoM and 3.7% YoY, largely driven by a 9.1% surge in gasoline prices. Core CPI was also firmer than expected, rising 0.3% MoM and 2.6% YoY. The underlying details were less encouraging, with shelter, the largest component of the CPI basket, increasing 0.4% MoM, while energy component rose 5.2% MoM, pointing to relatively broad-based price pressures. Boston Fed President Susan Collins said it would be appropriate to raise rates slightly further before year-end, broadly echoing recent comments from other Fed officials suggesting scope for one more hike. A December move remains consistent with our house view. Market pricing for an October hike rose from around 20% before the CPI release to above 50% initially, before easing to 35%. Despite the inflation surprise, moves in Treasuries were relatively contained: the 2Y yield closed 2bps higher at 4.81%, while the 10Y yield fell 2bps to 5.19%. US equities bore the brunt of the inflation surprise. The S&P 500 fell 1.11%, marking its worst session since July, with eight of the 11 sectors closing lower. The Nasdaq underperformed, declining 1.88%, while the Dow slipped 0.09%.

Market Watch: Australia releases September labour-market data and the United Kingdom publishes August GDP. Finally, the United States releases September producer prices and September retail sales.

Major Markets

CN: China's new RMB loans and total social financing (TSF) both exceeded expectations in September, largely driven by accelerated government bond issuance. Net government bond financing reached RMB1.53tn, up RMB343.8bn YoY, underscoring the stepped-up pace of fiscal support. In contrast, new RMB loans under the TSF measure totalled RMB1.27tn, down RMB334.2bn YoY, remaining the main drag on overall credit expansion. Despite the stronger-than-expected headline figures, outstanding TSF growth edged down by 0.1ppt to 7.1% YoY, suggesting that the underlying credit impulse remains weak. Overall, September's credit data point to a widening divergence between policy-driven financing and private-sector credit demand. Accelerated government bond issuance is providing the main support to aggregate financing, with tentative signs of positive spillovers into corporate borrowing. However, household credit demand remains stubbornly weak, highlighting the limitations of relying on fiscal expansion alone to revive domestic demand. The key question is whether the latest policy measures announced in late September can translate stronger government financing into a sustained recovery in private-sector borrowing, particularly among households. In our view, the next phase of China's recovery will depend less on the scale of policy support and more on the effectiveness of its transmission to the real economy.

MY: Finance Minister II Amir Hamzah Azizan said Malaysia aims to reduce its fiscal deficit to below 3% of GDP within the next two years through fiscal consolidation,

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Key Market Movements

Equity	Value	% chg
S&P 500	7718.9	-1.1%
DJIA	51621	-0.1%
Nikkei 225	67744	0.0%
SH Comp	3767.2	-0.9%
STI	5423.3	-0.1%
Hang Seng	24314	-0.1%
KLCI	1627.7	0.3%

	Value	% chg
DXY	102.553	0.4%
USDJPY	158.33	0.0%
EURUSD	1.1157	-0.4%
GBPUSD	1.3193	-0.5%
USDIDR	17900	0.0%
USDSGD	1.2854	0.4%
SGDMYR	3.1849	-0.2%

	Value	chg (bp)
2Y UST	4.80	0.85
10Y UST	5.19	-2.30
2Y SGS	1.89	-1.90
10Y SGS	2.39	-3.01
3M SORA	1.24	0.03
3M SOFR	3.73	0.28

	Value	% chg
Brent	106.06	0.4%
WTI	95.09	1.0%
Gold	4105	-1.3%
Silver	55.56	-6.1%
Palladium	1099	-2.4%
Copper	14491	-0.6%
BCOM	144.07	-0.6%

Source: Bloomberg

targeted subsidy reforms and greater private sector participation, as reported by The Edge. He noted that the fiscal deficit had narrowed from 6.4% of GDP in 2021 to 3.7% in 2025, while emphasising the need to protect vulnerable groups and redirect subsidy savings towards more productive sectors. Amir Hamzah also highlighted efforts to deepen domestic capital markets and maintain adequate financial buffers. Separately, Economy Minister Akmal Nasrullah Mohd Nasir said the government aims to create 500,000 job opportunities through AI initiatives, alongside efforts to upgrade workforce skills and expand high growth, high value industries.

ID: The Foreign Ministry said that it had agreed with Serbia to strengthen economic cooperation, particularly in industrial downstreaming and food and energy security, as reported by Antara. Indonesia invited Serbia to collaborate on mineral exploration and electric vehicle supply chains, while separately outlining its ambitions in AI, data centres and semiconductor supply chains. Bilateral trade grew by an average of 20.62% over 2021 to 2025, reaching USD53.6mn in 2025, while Indonesian investment in Serbia totalled EUR20.5mn. Both countries also agreed to explore a free trade agreement and convene a joint economic commission to diversify and expand bilateral trade.

PH: The Bangko Sentral ng Pilipinas (BSP) expects the country's balance of payments (BOP) to remain in deficit at USD9.2bn (1.8% of GDP) in 2026, before narrowing to USD8.5bn (1.6% of GDP) in 2027, amid subdued global growth, geopolitical tensions, and elevated energy costs. Meanwhile, the current account deficit is projected at USD19.1bn (3.8% of GDP) in 2026 and to remain broadly stable at USD19.4bn (3.6% of GDP) in 2027, driven mainly by elevated fuel and commodity prices, although import growth is expected to moderate amid weaker domestic demand. Electronics exports, services receipts, and remittances are expected to provide some support, but will not be "sufficient to fully offset the trade-driven deficit," leaving net financial inflows of USD11.4bn in 2026 and USD11.8bn in 2027 to partly finance the shortfall. Gross international reserves are expected to remain above USD100bn in both years, providing "a critical buffer against external shocks."

AU: Australia's NAB business confidence index fell further into negative territory in September, declining 4 points to -13, some 18 points below its long-run average and its third consecutive monthly decline. Confidence remained negative across all industries except mining, with most industries recording readings between -10 and -12 in trend terms. The deterioration in sentiment was driven by concerns over the outlook for interest rates and inflation, ongoing uncertainty surrounding the Middle East conflict, and elevated fuel costs. Meanwhile the business conditions index remained unchanged at -1, below its long run average of 7. Following sharp declines in August, the trading conditions and profitability sub-indices recovered slightly, rising to 4 and -5 respectively. However, the employment sub-index fell 3 points to -1, its lowest level in five years, suggesting a potential softening in labour demand.

Sustainability

Rest of the world: Guyana's flagship jurisdictional REDD+ programme was found to have over-issued carbon credits by around 40% for its 2023 vintage due to a spreadsheet error that used an incorrect baseline year. Ratings agency BeZero Carbon estimated that the error resulted in around 3.9mn excess credits, despite

the calculations having gone through verification and audit processes. Stakeholders are working to correct the excess issuance. The incident adds to longstanding concerns over the integrity of carbon credits, which have weighed on buyer confidence and contributed to weaker demand and depressed prices in the voluntary carbon market.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday; shorter tenors traded 2-4bps lower, belly tenors traded 4bps lower, and 10Y tenor traded 4bps lower.
- US Investment Grade spreads widened by 1bps to 83bps, and US High Yield spreads widened by 11bps to 324bps. Bloomberg Global Contingent Capital spreads traded widened by 1bps to 235bps.
- Bloomberg Asia USD Investment Grade spread traded flat at 60bps, and the Asia USD High Yield spreads widened by 1bps to 361bps. (Bloomberg, OCBC)

New Issues:

- In the SGD credit market, Cagamas Global PLC (guarantor: Cagamas Bhd) issued a SGD190mn 1Y bond priced at 2.35%.
- Issuance in the APAC and DM IG markets were zero and USD3.75bn respectively (prior business day: USD4.24bn and USD11.98bn issuances respectively).
- Issuance in DM IG markets were led by Morgan Stanley Bank NA, who priced USD3bn across two tranches.

Credit Headlines:

- **BPLN:** 3Q2026 upstream production is expected at 2,190-2,240mboe/d (2Q2026: 2,201mboe/d); Gas & Low Carbon Energy is expected to benefit from realisations (+USD0.1bn to +USD0.3bn) and significantly higher gas marketing and trading results, while Oil Production & Operations is expected to see a realisation impact of -USD0.2bn to -USD0.4bn; reported net debt is expected at USD13.5bn-14.5bn (2Q2026: USD22.3bn) with post-tax impairments of USD3.0bn-4.5bn primarily related to transition businesses.
- **HKLSP / HKLC / HPLSP:** HKLSP is in discussions with HPLSP to acquire a majority stake in Singapore assets comprising voco Orchard, Forum shopping mall and HPL House; discussions remain preliminary and a potential transaction could value the assets at over SGD2bn.
- **ACAFP:** CASA has agreed to acquire 100% of Germany's IKB Deutsche Industriebank AG from Lone Star Funds; IKB had EUR14.3bn of assets and a EUR8.2bn loan book as of end-2025. The acquisition will be funded internally and is expected to reduce CASA's CET1 ratio by around 20bp at closing.
- **WSTP / CBAAU:** WSTP announced a restructuring across Risk, Institutional Banking and Finance teams affecting 174 roles (102 redundancies and 72 role changes), while CBAAU has proposed a pay package including a 13% increase over three years for the lowest pay band

and additional guaranteed increases for higher-paid staff, subject to employee approval.

- **JPM / C / GS / WFC:** 1Q results were supported by strong equities activity, balance-sheet growth and higher NII; GS reported the highest ROTCE at 20.5%, followed by JPM (20.0%), WFC (16.3%) and C (11.5%). NII increased at JPM, C and WFC but declined at GS, while asset quality remained broadly resilient and CET1 ratios stayed above regulatory requirements

Equity Market Updates

US: U.S. stocks fell sharply on Wednesday as hotter-than-expected September inflation revived concerns over further Federal Reserve rate hikes, ending the S&P 500's 53-session streak without a 1% decline, its longest since January 2020. The S&P 500 fell 1.1%, the Nasdaq declined 1.9%, while the Dow slipped 0.1%. The Philadelphia Semiconductor Index sank 4.3%, extending its losing streak to six sessions and wiping out USD1.6 trillion in market value, as concerns surrounding AI-related credit exposure weighed on Dell, Oracle and other technology names. The Russell 2000 also entered correction territory. September CPI rose 3.7% year-on-year, the fastest pace in five months, while core inflation also exceeded expectations amid broad-based pressures across shelter, services and goods. The Federal Reserve's Beige Book reinforced these concerns, highlighting intensifying price pressures across half of its 12 districts. The 2-year Treasury yield initially jumped to 4.95% before easing as the equity sell-off revived safe-haven demand, while longer-term yields finished broadly flat to slightly higher. Bank of America fell 4.8% following weaker-than-expected earnings and a USD1.21 billion regulatory fine. Geopolitical risks also resurfaced after two Singapore-registered container vessels were reportedly struck by unknown projectiles in the Strait of Hormuz on 13–14 October, with one vessel sinking, although all crew were safely evacuated. Meanwhile, China's September exports surged 36% year-on-year, lifting its trade surplus to nearly USD134 billion and keeping it on track to surpass 2025's record.

Foreign Exchange

	Day Close	% Change		Day Close
DXD	102.553	0.37%	USD-SGD	1.2854
USD-JPY	158.33	0.00%	EUR-SGD	1.4338
EUR-USD	1.116	-0.38%	JPY-SGD	0.8119
AUD-USD	0.697	-0.17%	GBP-SGD	1.6960
GBP-USD	1.319	-0.47%	AUD-SGD	0.8962
USD-MYR	4.082	-0.07%	NZD-SGD	0.7188
USD-CNY	-	-	CHF-SGD	1.5395
USD-IDR	17900	0.02%	SGD-MYR	3.1849
USD-VND	25894	-0.08%	SGD-CNY	5.2104

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4530	0.37%	1M	3.9523
3M	2.6340	0.08%	2M	4.0072
6M	2.9050	0.45%	3M	4.0804
12M	3.1910	0.44%	6M	4.2326
			1Y	4.4903

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/28/2026	0.316	31.600	0.079	3.957
12/09/2026	1.163	84.800	0.291	4.169
01/27/2027	1.556	39.200	0.389	4.267
03/17/2027	2.222	66.600	0.555	4.434

Equity and Commodity

Index	Value	Net change
DJIA	51,621.48	-48.62
S&P	7,718.94	-86.51
Nasdaq	26,692.87	-511.51
Nikkei 225	67,744.29	-33.23
STI	5,423.33	-7.17
KLCI	1,627.72	4.37
JCI	5,943.02	17.05
Baltic Dry	2,801.00	-51.00
VIX	16.87	1.60

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.89 (-0.02)	4.75(--)
5Y	2.15 (-0.02)	4.99 (-0.01)
10Y	2.39 (-0.03)	5.14 (-0.02)
15Y	2.44 (-0.03)	--
20Y	2.41 (-0.03)	--
30Y	2.47 (-0.03)	5.49 (-0.03)

Secured Overnight Fin. Rate

SOFR	3.89
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	95.09	1.0%	Corn (per bushel)	4.808	-0.4%
Brent (per barrel)	106.06	0.4%	Soybean (per bushel)	12.773	-0.5%
Heating Oil (per gallon)	492.74	-0.1%	Wheat (per bushel)	6.733	0.6%
Gasoline (per gallon)	325.95	0.3%	Crude Palm Oil (MYR/MT)	44.270	0.7%
Natural Gas (per MMBtu)	3.20	-2.6%	Rubber (JPY/KG)	4.518	0.0%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14491	-0.6%	Gold (per oz)	4105	-1.3%
Nickel (per mt)	15510	-0.5%	Silver (per oz)	55.56	-6.1%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
10/15/2026 7:50	JN	Core Machine Orders MoM	Aug	2.30%	5.20%	-3.70%	--
10/15/2026 8:30	AU	Employment Change	Sep	20.0k	--	39.5k	--
10/15/2026 8:30	AU	Unemployment Rate	Sep	4.60%	--	4.60%	--
10/15/2026 8:30	AU	Participation Rate	Sep	67.00%	--	67.10%	--
10/15/2026 12:30	JN	Industrial Production MoM	Aug F	--	--	-1.70%	--
10/15/2026 14:00	UK	Industrial Production MoM	Aug	-0.10%	--	0.20%	--
10/15/2026 14:00	UK	Industrial Production YoY	Aug	0.70%	--	0.60%	--
10/15/2026 14:00	UK	Manufacturing Production MoM	Aug	0.00%	--	0.90%	--
10/15/2026 20:30	US	Retail Sales Advance MoM	Sep	0.30%	--	1.20%	1.10%
10/15/2026 20:30	US	Empire Manufacturing	Oct	12	--	7.6	--
10/15/2026 20:30	US	Philadelphia Fed Business Outlook	Oct	28	--	37.8	--
10/15/2026 20:30	US	Initial Jobless Claims	10-Oct	200k	--	197k	--
10/15/2026 20:30	US	PPI Final Demand MoM	Sep	0.60%	--	0.40%	--
10/15/2026 20:30	US	PPI Ex Food and Energy MoM	Sep	0.30%	--	0.20%	--

Source: Bloomberg

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