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OCBC Group Research

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Daily Treasury Outlook

Highlights

Global: Stagflation fears loom as US-Iran deal remains elusive. US president Trump has indicated that Iran is ready to make a deal but the US wants better terms. Meanwhile, the Us has called for more warships to be sent to reopen the Strait of Hormuz after recently striking military sites on Kharg Island (where Iran exports nearly all its oil). On Friday, the S&P500 dipped 0.61% to register its third weekly decline amid the prolonged Iran conflict and the downward revision of 4Q25 GDP growth to 0.7% annual rate (half of its advance 1.4% estimate) while the 2- and 10-year UST bond yields rose to 3.73% and 4.28% respectively. Separately, US and Chinese trade negotiators led by US Treasury Secretary Bessent and Chinese vice-premier He Lifeng have begun talks in Paris ahead of the leaders' summit later this month from March 31 to April 2. This comes under the shadow of the US launching a Section 301 investigation into alleged industrial overcapacity and forced labour practices for various economies including China. Given the multitude of global headwinds, we advocate a cautious market posture given the rising likelihood of stagflation and some economic scarring from persistently elevated energy prices the longer the Iran conflict drags on.

Market Watch: Asian markets are likely to soften today, as market players fret over a protracted Middle East crisis with spillovers into more global supply chains. Today's economic data calendar comprises of China's February data dump for new and used home sales, retail sales, industrial production, fixed assets and property investment and jobless rate, as well as Indonesia's external debt and US' February industrial production. For the week ahead, keep an eye for US' February PPI and a eurozone's CPI on Wednesday; Malaysia's CPI, UK's ILO unemployment rate and US' initial jobless claims and new home sales on Thursday; and Taiwan's February export orders on Friday.

One key focus will be on central bank policy decisions galore this week - the RBA may hike for the second consecutive time from 3.85% to 4.1% tomorrow, whereas BI is likely to keep its policy rate steady at 4.75% to balance IDR stability amid heightened energy and inflation risks. The Fed is likely to remain on hold at its March 17-18 meeting, but its growth and inflation assessment, the summary of economic projections as well as the refreshed dot plot will be key since the futures market is now only pricing one 25bp rate cut at the end of this year. The BOC is also expected to hold its policy rate at 2.25% on Wednesday, balancing headline inflation which is near its 2% target whilst February job losses was the highest in four years. The ECB is likely to also be static on Thursday with rhetoric likely to focus on the inflation risk assessment in the wake of rising energy prices, especially since markets are now leaning towards at least one 25bp hike this year. The BOJ also meets on Thursday and is also tipped to hold interest rates steady amid the energy price shock and a weakening JPY, but may potentially hint of a hike ahead. The BOE is more likely on hold on Thursday after governor Bailey hinted at a 50-50 cut at the previous meeting, notwithstanding that the UK economy is at risk of missing the 1Q

Key Market Movements

Equity	Value	% chg
S&P 500	6632.2	-0.6%
DJIA	46558	-0.3%
Nikkei 225	53820	-1.2%
SH Comp	4095.4	-0.8%
STI	4842.3	-0.3%
Hang Seng	25466	-1.0%
KLCI	1698.9	-0.7%
	Value	**% chg**
DXY	100.362	0.6%
USDJPY	159.73	0.2%
EURUSD	1.1417	-0.8%
GBPUSD	1.3230	-0.8%
USDIDR	16944	0.3%
USDSGD	1.2829	0.3%
SGDMYR	3.0749	-0.2%
	Value	**chg (bp)**
2Y UST	3.72	-2.38
10Y UST	4.28	1.58
2Y SGS	1.45	1.70
10Y SGS	2.10	3.40
3M SORA	1.10	-0.32
3M SOFR	3.69	-0.02
	Value	**% chg**
Brent	103.14	2.7%
WTI	98.71	3.1%
Gold	5019	-1.2%
Silver	80.59	-3.9%
Palladium	1554	-4.1%
Copper	12781	-1.7%
BCOM	134.94	-0.1%

Source: Bloomberg

growth forecast of 0.3%. CBC is also unlikely to hike rates from its current 2% on Thursday.

SG: February NODX data due tomorrow likely rose 1.8% YoY (-2.6% MoM sa) versus January's 9.3% YoY (56.1% MoM sa) due to the different Chinese New Year holiday timings. COE premiums are also due on 18 March. Although Minister Tan See Leng said Singapore has LNG and diesel stockpiles to last for months, market attention is likely to focus on the upcoming February inflation release on 23 March even though it may not fully capture the impact of the energy shock from the Iran war which only started on 28 February.

Major Markets

CH: On 13 March, Premier Li Qiang chaired a State Council executive meeting that explicitly called for the establishment of a nationwide unified negative list regime for local fiscal subsidies, clearly delineating the areas in which local governments will be prohibited from offering subsidies. The introduction of the negative list effectively shuts down the most direct and broad-based subsidy channel previously used by local governments. This suggests that inter-regional competition may gradually shift from "competing through subsidies" to "competing through the business environment." Such a shift should help curb inefficient investment, redundant construction, and some of the more distortive forms of internal competition. From an international perspective, a more transparent and rules-based subsidy framework also gives China a stronger institutional foundation in responding to WTO scrutiny and bilateral trade negotiations.

ID: Coordinating Minister for Economic Affairs Airlangga Hartarto noted that Indonesia may impose additional taxes on commodities such as palm oil, nickel, gold, and copper to mitigate the fiscal impact of rising global oil prices. He said government modelling shows that if the Iran war keeps oil prices elevated, maintaining the fiscal deficit within the legal limit of 3% of GDP would be difficult without spending cuts or slower economic growth, while President Prabowo Subianto said austerity measures could also be considered to minimize the impact of rising global oil prices, as reported by The Straits Times. Separately, Energy and Mineral Resources Minister Bahlil Lahadalia said Indonesia and Japan signed a Memorandum of Cooperation on critical minerals and nuclear energy on the sidelines of the Indo-Pacific Energy Security Ministerial and Business Forum in Tokyo to strengthen supply chains and develop low carbon energy technologies.

MY: Prime Minister Anwar Ibrahim said the government has to allocate MYR2.0bn per month, or MYR24.0bn per year, to keep RON95 petrol at MYR1.99 per litre under the Budi Madani RON95 initiative following the surge in global crude oil prices. He added that the government will continue to absorb the diesel subsidy in Sabah and Sarawak, where the pump price remains MYR2.15 per litre versus an actual cost of MYR4.30 per litre, with the annual subsidy estimated at MYR4.6bn this year from MYR2.0bn last year if current prices persist. Separately, Investment, Trade and Industry Minister Johari Abdul Ghani noted that Malaysia will discuss to the US allegations of structural excess capacity, production practices, and forced labour under the Section 301(b) investigation of the US Trade Act of 1974, noting that excess capacity does not imply dumping if export prices are comparable to domestic prices, as reported by The Edge.

VN: Vietnam's National Election Council said tens of millions of voters cast ballots on March 15 to elect 500 members of the National Assembly and representatives for local councils in five yearly elections. A total of 864 candidates is contesting the election, with nearly 93% from the Communist Party and 7.5% independents, while the party currently holds 97% of parliamentary seats. Election results will be announced on March 23, with the new parliament expected to convene in early April to approve top state leaders nominated by the party, including the president and prime minister.

ESG

CH: China's legislators approved a new environmental law that strengthens ecological and climate protections while also ensuring economic growth, known as the Ecological and Environmental Code. The adoption of this code aims to further improve systems to advance carbon reduction, pollution control, green expansion and economic growth in a coordinated way. The code is aligned with China's pledges to peak carbon emissions before 2030 and achieve carbon neutrality before 2060. However, challenges such as extreme weather events, geopolitical tensions and supply chain disruptions continue to weigh on global efforts to advance climate action.

Credit Market Updates

Market Commentary:
The SGD SORA OIS curve traded higher last Friday with shorter tenors trading 5-7bps higher while belly tenors traded 7-8bps higher and 10Y tenors traded 6bps higher. Global Investment Grade spreads widened by 2bps to 92ps and Global High Yield spreads widened by 13bps to 312bps respectively. Bloomberg Global Contingent Capital Index widened by 5ps to 250bps. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 62bps and Asia USD High Yield spreads widened by 11bps to 383bps respectively. (Bloomberg, OCBC)

New Issues:
The total issuance volumes for APAC and DM IG market last Friday were zero and USD50mn respectively.

There were no notable issuers in the DM IG, APAC USD and Singdollar markets last Friday.

Mandates:
There were no notable mandates last Friday.

Equity Market Updates

US: US stocks declined Friday as the intensifying conflict with Iran continued to weigh on investor sentiment, marking a third consecutive weekly loss for major indices. The S&P 500 fell 0.6%, the Nasdaq slipped 0.9%, and the Dow Jones Industrial Average lost 0.3%. Markets initially rose in morning trading but reversed direction as the US and Israel separately said they were intensifying their attacks on Iran, denting hopes for de-escalation. Brent crude settled above USD103 a barrel for a second straight session as oil prices surged over the week, the most since October, on heightened US-Iran tensions. Treasury yields edged higher, with the 10-year yield climbing after fourth-quarter economic growth was revised lower and inflation accelerated. Meta tumbled 3.8% on reports it was delaying the release of its upcoming AI model after it failed to perform as well as rivals, and may even consider temporarily licensing Google's Gemini for use in its products. Investment-grade bond sales rose to USD116.4b last week whilst spreads widened 9 basis points.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	100.362	0.62%	**USD-SGD**	1.2829
USD-JPY	159.73	0.24%	**EUR-SGD**	1.4645
EUR-USD	1.142	-0.83%	**JPY-SGD**	0.8032
AUD-USD	0.698	-1.36%	**GBP-SGD**	1.6973
GBP-USD	1.323	-0.85%	**AUD-SGD**	0.8955
USD-MYR	3.938	0.29%	**NZD-SGD**	0.7411
USD-CNY	6.904	0.33%	**CHF-SGD**	1.6220
USD-IDR	16944	0.30%	**SGD-MYR**	3.0749
USD-VND	26286	0.04%	**SGD-CNY**	5.3782

Equity and Commodity

Index	Value	Net change
DJIA	46,558.47	-119.38
S&P	6,632.19	-40.43
Nasdaq	22,105.36	-206.62
Nikkei 225	53,819.61	-633.35
STI	4,842.27	-13.06
KLCI	1,698.85	-12.16
JCI	7,137.21	-224.91
Baltic Dry	2,028.00	56.00
VIX	27.19	-0.10

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9480	0.41%	**1M**	3.6810
3M	2.1570	0.33%	**2M**	3.6841
6M	2.2890	2.88%	**3M**	3.6881
12M	2.5220	2.69%	**6M**	3.6706
			1Y	3.6258

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.45 (+0.02)	3.7(--)
5Y	1.69 (+0.04)	3.86 (-0.01)
10Y	2.1 (+0.03)	4.25 (+0.02)
15Y	2.17 (+0.03)	--
20Y	2.18 (+0.03)	--
30Y	2.24 (+0.03)	4.89 (+0.02)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/18/2026	-0.005	-0.500	-0.001	3.638
04/29/2026	-0.067	-6.200	-0.017	3.623
06/17/2026	-0.253	-18.600	-0.063	3.576
07/29/2026	-0.447	-19.400	-0.112	3.528
09/16/2026	-0.619	-17.100	-0.155	3.485

Financial Spread (bps)

	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.65

Commodities Futures

Energy	**Futures**	**% chg**	**Soft Commodities**	**Futures**	**% chg**
WTI (per barrel)	98.71	3.1%	Corn (per bushel)	4.525	0.9%
Brent (per barrel)	103.14	2.7%	Soybean (per bushel)	12.110	-0.2%
Heating Oil (per gallon)	401.47	3.0%	Wheat (per bushel)	6.185	4.4%
Gasoline (per gallon)	304.14	2.6%	Crude Palm Oil (MYR/MT)	45.250	2.3%
Natural Gas (per MMBtu)	3.13	-3.2%	Rubber (JPY/KG)	3.850	2.7%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	12781	-1.7%	Gold (per oz)	5019	-1.2%
Nickel (per mt)	17266	-2.7%	Silver (per oz)	80.59	-3.9%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
3/16/2026 9:30	CH	New Home Prices MoM	Feb	--	--	-0.37%	--
3/16/2026 9:30	CH	Used Home Prices MoM	Feb	--	--	-0.54%	--
3/16/2026 10:00	CH	Retail Sales YTD YoY	Feb	2.50%	--	--	--
3/16/2026 10:00	CH	Industrial Production YTD YoY	Feb	5.30%	--	--	--
3/16/2026 10:00	CH	Fixed Assets Ex Rural YTD YoY	Feb	-5.10%	--	--	--
3/16/2026 10:00	CH	Surveyed Jobless Rate	Feb	5.10%	--	--	--
3/16/2026 10:00	CH	Property Investment YTD YoY	Feb	-19.30%	--	--	--
3/16/2026 10:00	CH	Residential Property Sales YTD YoY	Feb	--	--	--	--
3/16/2026 11:00	ID	External Debt	Jan	--	--	$431.7b	--
3/16/2026 14:30	IN	Wholesale Prices YoY	Feb	2.10%	--	1.81%	--
3/16/2026 15:30	EC	Bloomberg March Eurozone Economic Survey					
3/16/2026 20:30	US	Empire Manufacturing	Mar	3.9	--	7.1	--
3/16/2026 21:15	US	Industrial Production MoM	Feb	0.10%	--	0.70%	--
3/16/2026 21:15	US	Manufacturing (SIC) Production	Feb	0.10%	--	0.60%	--
3/16/2026 21:15	US	Capacity Utilization	Feb	76.20%	--	76.20%	--
3/16/2026 22:00	US	NAHB Housing Market Index	Mar	37	--	36	--

Source: Bloomberg

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