

Daily Treasury Outlook

Highlights

Global: US equities recovered from earlier losses to close higher on Thursday (S&P500: +0.3%; Dow: +1.1%; NASDAQ: +0.1%). Trading was volatile following a sharp jump in producer prices, which added to inflation concerns after Wednesday's hotter-than-expected CPI report.

On the data front, US producer inflation surprised sharply to the upside, rising by 1.3% MoM in September from 0.5% in the previous month, marking its largest monthly increase since March 2022. On a year-on-year basis, PPI accelerated to 6.3% from 5.6% in August. Under the hood, the increase was broad-based and largely driven by final-demand goods prices, which rose 2.6%, with energy accounting for over 80% of the gain. Services prices also advanced by 0.8%. Importantly, PPI excluding food, energy and trade services rose 0.5% MoM, up from 0.3% in August, pointing to further pipeline inflation pressures. Meanwhile, retail sales rose 0.8% MoM in September, above the consensus estimates of 0.3%, with the August print revised higher to 1.3%. However, the headline increase was driven by higher gasoline prices, with sales at gasoline stations surging 6.4%. Excluding autos and gasoline, retail sales increased by a more modest 0.2% versus 1.0% the previous month.

Elsewhere, regional manufacturing surveys sent mixed signals in October. The Empire State index surged to 25.5, its highest level since December 2021, supported by sharply stronger new orders. However, supply availability fell to its weakest level since June 2022, while both future price indices rose further, "suggesting that expectations for price increases have become more widespread." In contrast, the Philadelphia Fed's general activity index fell to 20.9 from 37.8 in September, as new orders slumped to 4.3 while employment moderated. Notably, the prices-received index increased to 40.1, its highest level since May 2025, suggesting that price pressures remain persistent in both regions.

Market Watch: For the day ahead, Malaysia will release its advance estimate of 3Q26 GDP, with consensus expecting growth to moderate to 5.1% YoY from 6.0% in 2Q26. Later in the day, the eurozone will publish its final September CPI, following a flash estimate of 3.8% YoY, while the US will release September industrial production and import price index. On the central bank front, Fed Chair Warsh will join IMF Managing Director Georgieva for a fireside chat at the IMF-World Bank Annual Meetings at 11.30am SGT.

Major Markets

MY: Deputy Prime Minister Fadillah Yusof said the government will review enforcement coordination concerning the entry of foreign products and businesses into the local market to ensure fair competition and protect local MSMEs, as reported by The Edge. The Ministry of Investment, Trade and Industry and Ministry of Finance will establish a working committee to examine the matter, while the government also seeks to strengthen policy coordination and

Key Market Movements

Equity	Value	% chg
S&P 500	7744.1	0.3%
DJIA	52178	1.1%
Nikkei 225	64426	-4.9%
SH Comp	3707.5	-1.6%
STI	5403.5	-0.4%
Hang Seng	24063	-1.0%
KLCI	1623.7	-0.2%

	Value	% chg
DXY	102.003	-0.5%
USDJPY	158	-0.2%
EURUSD	1.1220	0.6%
GBPUSD	1.3275	0.6%
USDIDR	17938	0.2%
USDSGD	1.2818	-0.3%
SGDMYR	3.1835	0.0%

	Value	chg (bp)
2Y UST	4.74	-5.93
10Y UST	5.06	-12.74
2Y SGS	1.87	-2.30
10Y SGS	2.33	-5.43
3M SORA	1.24	0.23
3M SOFR	3.73	0.29

	Value	% chg
Brent	105.92	-0.1%
WTI	97.97	3.0%
Gold	4171	1.6%
Silver	57.40	3.3%
Palladium	1132	3.0%
Copper	14347	-1.0%
BCOM	143.90	-0.1%

Source: Bloomberg

enforcement effectiveness amid growing digital trade, alongside ongoing efforts to draft an ecommerce bill. Separately, the Cabinet committee discussed standardising the use of the “Jom Beli Produk Malaysia” logo, while Budget 2027 allocated MYR10.0mn to promote rural products and high value services through digital platforms and overseas markets.

ID: MSCI launched a consultation to reclassify Indonesia from Emerging Market to Standalone Market status, citing opaque shareholding structures, suspected coordinated trading and insufficient evidence of meaningful enforcement, as reported by Reuters. Despite announced reforms, including enhanced shareholder disclosures and a roadmap for a 15% minimum free float, MSCI said investors had yet to observe consistent material improvements, while Frontier Market status would not adequately reflect these concerns. MSCI expects to proceed with the proposal unless the consultation identifies clear evidence of material improvements in governance and market functioning, with feedback closing on 30 April 2027 and a final decision by 30 June 2027. MSCI will also maintain its existing freeze on certain index changes for Indonesian securities until further notice.

AU: Australia’s September labour-force report came in below expectations, with employment falling by 39.3k against expectations for a 20k increase. However, the weakness was concentrated in part-time employment, which declined by 73.7k, while full-time employment rose by 34.4k. The unemployment rate remained at 4.7% after August’s reading was revised up from 4.6%, although the unrounded rate edged higher to 4.72%. Meanwhile, the participation rate fell by 0.2ppt to 66.8%, limiting the rise in unemployment, while the employment-to-population ratio declined by 0.3ppt to 63.6%. Hours worked nevertheless rose by 0.1% MoM, indicating that labour-market conditions were softer but not as weak as the headline employment figure suggested.

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 5-6bps lower, and 10Y tenor traded 6bps lower.
- US Investment Grade spreads traded flat at 83bps, and US High Yield spreads tightened by 3bps to 321bps. Bloomberg Global Contingent Capital spreads traded widened by 5bps to 240bps.

- Bloomberg Asia USD Investment Grade spread widened by 3bps to 63bps, and the Asia USD High Yield spreads widened by 11bps to 372bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the SGD bond market.
- There were USD1.13bn and USD2bn in the APAC and DM IG markets respectively (prior business day: USD4.24bn and USD11.98bn issuances respectively).
- Issuance in APAC markets were led Toyota Motor Finance Netherlands BV which priced a USD737mn 5Y bond at 5.18%, and DM IG markets were led by State Street Bank & Trust Co, which issued USD1.25bn across two tranches.

Credit Headlines:

- **Bank of America / Morgan Stanley (BAC / MS):** 3QFY26 earnings were supported by equities, lending and wealth management, with resilient asset quality. BAC recorded a USD1.2bn regulatory charge, while CET1 ratios stood at 10.9% for BAC and 14.9% for MS.
- **AIMS APAC REIT (AAREIT):** 1HFY2027 revenue and NPI rose 8.5% and 11.1% y/y, respectively, with positive 5.7% rental reversion. Portfolio occupancy declined to 93.7%, while aggregate leverage and interest coverage stood at 37.4% and 2.8x.

Equity Market Updates

US: US stocks edged higher Thursday, snapping a three-day losing streak, as dip buyers stepped in even as AI-related volatility persisted. The S&P 500 rose 0.3%, whilst the Nasdaq closed marginally lower, weighed by a second consecutive session of chipmaker declines; the Dow added modestly. Anthropic's pre-IPO disclosure of USD16.8b in third-quarter revenue, impressive in absolute terms but suggesting a slowing growth rate, deepened scepticism over AI valuations, dragging Nvidia and semiconductor stocks lower. The PHLX Semiconductor Index extended its losing run to seven straight sessions, a streak that has occurred only 15 times since 1994. Rotation into defensives was pronounced, with healthcare reaching fresh record highs, consumer staples climbing to their highest since March, and financials rising 1.4%. Nvidia's CEO Jensen Huang defended AI infrastructure customer CoreWeave's financial health, helping chipmakers pare steeper intraday losses. A hotter-than-expected PPI print and strong retail sales reinforced the higher-for-longer rate narrative, yet Treasuries surged sharply in a position-driven move, likely amplified by Commodity Trading Advisors short-covering, with the 10-year yield falling roughly 15 basis points to around 5.04%, its largest single-day decline in more than a year. In Greater China, the Hang Seng fell 1% and the CSI 300 declined 1.2%, with mainland investors selling a net HKD5.08b of Hong Kong shares via Stock Connect for a third consecutive session.

Foreign Exchange

	Day Close	% Change		Day Close
DX	102.003	-0.54%	USD-SGD	1.2818
USD-JPY	158.00	-0.21%	EUR-SGD	1.4381
EUR-USD	1.122	0.56%	JPY-SGD	0.8115
AUD-USD	0.692	-0.73%	GBP-SGD	1.7021
GBP-USD	1.328	0.62%	AUD-SGD	0.8873
USD-MYR	4.082	0.00%	NZD-SGD	0.7207
USD-CNY	-	-	CHF-SGD	1.5506
USD-IDR	17938	0.21%	SGD-MYR	3.1835
USD-VND	25873	-0.08%	SGD-CNY	5.2177

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4410	-0.49%	1M	3.9519
3M	2.6280	-0.23%	2M	4.0088
6M	2.9240	0.65%	3M	4.0856
12M	3.2010	0.31%	6M	4.2421
			1Y	4.5106

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/28/2026	0.271	27.100	0.068	3.947
12/09/2026	1.157	88.600	0.289	4.169
01/27/2027	1.531	37.400	0.383	4.262
03/17/2027	2.202	67.100	0.550	4.430

Equity and Commodity

Index	Value	Net change
DJIA	52,177.69	556.21
S&P	7,744.06	25.12
Nasdaq	26,713.03	20.16
Nikkei 225	64,425.95	-3318.34
STI	5,403.50	-19.83
KLCI	1,623.70	-4.02
JCI	5,863.78	-79.24
Baltic Dry	2,667.00	-134.00
VIX	16.46	-0.41

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.87 (-0.02)	4.77(--)
5Y	2.1 (-0.05)	4.88 (-0.11)
10Y	2.33 (-0.05)	5.08 (-0.13)
15Y	2.39 (-0.05)	--
20Y	2.37 (-0.05)	--
30Y	2.43 (-0.05)	5.42 (-0.12)

Secured Overnight Fin. Rate

SOFR	3.88
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	97.97	3.0%	Corn (per bushel)	4.780	-0.6%
Brent (per barrel)	105.92	-0.1%	Soybean (per bushel)	12.630	-1.1%
Heating Oil (per gallon)	484.56	-1.7%	Wheat (per bushel)	6.700	-0.5%
Gasoline (per gallon)	318.02	-2.4%	Crude Palm Oil (MYR/MT)	44.270	0.7%
Natural Gas (per MMBtu)	3.24	1.2%	Rubber (JPY/KG)	4.700	4.0%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14347	-1.0%	Gold (per oz)	4171	1.6%
Nickel (per mt)	15221	-1.9%	Silver (per oz)	57.40	3.3%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
10/16/2026 5:00	SK	Export Price Index YoY	Sep	--	40.90%	42.40%	42.70%
10/16/2026 5:00	SK	Import Price Index YoY	Sep	--	17.60%	15.60%	15.90%
10/16/2026 7:00	SK	Unemployment rate SA	Sep	2.70%	2.60%	2.70%	--
10/16/2026 7:50	JN	Japan Buying Foreign Bonds	9-Oct	--	-¥339.7b	-¥347.6b	-¥345.7b
10/16/2026 7:50	JN	Japan Buying Foreign Stocks	9-Oct	--	-¥760.6b	¥1324.6b	¥1328.6b
10/16/2026 7:50	JN	Foreign Buying Japan Bonds	9-Oct	--	¥1080.1b	¥585.7b	¥608.1b
10/16/2026 7:50	JN	Foreign Buying Japan Stocks	9-Oct	--	¥3521.5b	¥2191.9b	¥2199.7b
10/16/2026 8:30	SI	Electronic Exports YoY	Sep	--	--	131.80%	--
10/16/2026 8:30	SI	Non-oil Domestic Exports YoY	Sep	32.20%	--	46.20%	--
10/16/2026 12:00	MA	GDP YoY	3Q A	5.10%	--	6.00%	--
10/16/2026 17:00	EC	CPI YoY	Sep F	3.80%	--	3.80%	--
10/16/2026 17:00	EC	CPI MoM	Sep F	0.60%	--	0.60%	--
10/16/2026 17:00	EC	CPI Core YoY	Sep F	2.50%	--	2.50%	--
10/16/2026 20:30	US	Import Price Index MoM	Sep	1.00%	--	0.70%	--

Source: Bloomberg

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