OCBC

OCBC Group Research

By Global Markets | 17 July 2026

Daily Treasury Outlook

Highlights

Global: US equities closed lower overnight, with the Nasdaq leading the decline as elevated expectations weighed on semiconductor stocks. On geopolitics, the Middle East has moved back into focus after the US launched another wave of strikes against Iran, raising concerns that the conflict could broaden further. Tehran reportedly asked the Houthis in Yemen to stand ready to close the Bab el-Mandeb gateway to the Red Sea should the US target Iranian power infrastructure, while the Houthis have also threatened Saudi oil infrastructure, as reported by Reuters. Separately, Chevron is reportedly exploring a pipeline linking Iraq's oil-producing regions to the Mediterranean Sea via Syria.

On the macro front, US economic data continued to point to a resilient economy. June retail sales rose 0.2% MoM, while initial jobless claims fell to 208k from 216k in the previous week, suggesting that labour market conditions remain stable. The Philadelphia Fed Manufacturing Business Outlook Survey pointed to a marked strengthening in regional manufacturing activity in July. The current general activity index jumped to 41.4 from 10.3, its highest reading since November 2021, while the new orders and shipments indices rose to 37.0 and 33.7, respectively. Labour conditions also improved, with the employment index edging up to 10.0 and the average workweek index rising sharply. Price pressures remained elevated, as the prices paid index increased slightly to 53.9 and the prices received index rose to 27.4. Firms remained optimistic about the next six months, although most forward-looking indicators moderated from elevated levels.

Market Watch: The Asian calendar is relatively busy today. Key releases include Singapore's June non-oil domestic exports, Malaysia's June CPI and advance estimate of 2Q26 GDP, Hong Kong's June unemployment rate, and China's June FDI and FX net settlement data. President Xi Jinping will also speak at the World Artificial Intelligence Conference and High-Level Meetings on Global AI Governance in Shanghai. In the US, attention will turn to June import prices, housing starts, building permits and industrial production, alongside the preliminary July University of Michigan consumer sentiment survey.

Major Markets

ID: The government broke ground on the USD21.0bn Abadi Masela liquefied natural gas (LNG) project, one of the country's largest energy developments, as reported by Nikkei Asia. The project, developed by Inpex Corp together with Pertamina and Petronas, is expected to produce 9.5mn tonnes of LNG annually, 150mn standard cubic feet of pipeline gas per day and 35,000 barrels of condensate per day, with production targeted to begin around 2029 or 2030. Around 60% of gas output will be allocated to the domestic market, with priority given to downstream industries including fertiliser production, while the project will also incorporate carbon capture and storage technology.

Key Market Movements

Equity	Value	% chg
S&P 500	7533.8	-0.5%
DJIA	52553	-0.2%
Nikkei 225	66836	-2.8%
SH Comp	3882.4	-1.8%
STI	5539.4	-0.4%
Hang Seng	25009	1.3%
KLCI	1722.2	0.5%
	Value	**% chg**
DXY	100.763	0.3%
USDJPY	162.39	0.1%
EURUSD	1.1442	-0.2%
GBPUSD	1.3478	-0.5%
USDIDR	17985	-0.5%
USDSGD	1.2903	0.1%
SGDMYR	3.1598	0.1%
	Value	**chg (bp)**
2Y UST	4.14	0.63
10Y UST	4.55	0.61
2Y SGS	1.65	-0.20
10Y SGS	2.22	0.67
3M SORA	1.13	0.33
3M SOFR	3.63	-0.03
	Value	**% chg**
Brent	84.23	-0.8%
WTI	78.95	-0.8%
Gold	3977	-2.1%
Silver	55.52	-3.9%
Palladium	1254	-5.0%
Copper	13599	0.1%
BCOM	129.72	-0.7%

Source: Bloomberg

MY: The advance estimate of 2Q26 GDP growth will be released today and we expect the economy grew 6% YoY versus 5.4% in 1Q26 (Consensus: 5.2%). We expect headline CPI for June rose 1.9% YoY, easing from 2.0% in May (Consensus: 2.0%). Separately, the Ministry of Energy Transition and Water Transformation (Petra), as reported by The Edge, launched the sixth phase of Malaysia's Large Scale Solar (LSS6) programme, which is expected to attract MYR13.0bn to MYR15.0bn in private investment. The programme will offer 2,500MW of solar capacity, 1,250MW of battery energy storage systems (BESS) and an additional 150MW of solar capacity dedicated to Bumiputera companies, with all projects targeted to achieve commercial operation by end 2029. The projects are expected to create 15,000 to 20,000 jobs during development and construction while reducing carbon dioxide emissions by about 2.6mn tonnes annually.

AU: The CommBank Household Spending Insights (HSI) index showed household spending increasing by 0.3% in June, up from 0.2% in May and -1.2% in April. The reading remains consistent with CommBank's expectations for softer household spending for the remainder of the year, due to the Iran conflict, weakness in the housing market, and higher interest rates. Spending in June was bolstered by utilities (1.4%) and education (+1.1%) due to seasonal trends, while transport (-0.6%) and insurance (-0.1%) were the only categories to record falls. Australians aged 65 and above recorded the strongest year-on-year spending growth at 10.1%, compared with just 4.2-4.5% for those aged 25 – 54, likely reflecting the fact that younger age groups are more likely to hold mortgages and are therefore more vulnerable to higher interest rates. Spending growth slowed in metropolitan areas but accelerated in regional Australia, supported by stronger population growth, demand, and greater exposure to diesel price movements.

Sustainability

Rest of the world: Thailand's National Energy Policy Council approved measures to open its clean-electricity market to greater competition, expand access to clean energy and reduce household electricity costs. The country plans to expand direct renewable-power purchase agreements beyond data centres so that businesses can purchase clean electricity from producers via third-party grid access. In addition to a 1,500MW community solar programme, there are also plans for two projects under a 200 bn baht (US$6 bn) energy transition programme. The first project will be rooftop solar installations and the second involves transitioning public transport and commercial vehicles to cleaner energy, including electric motorcycles, tuk-tuks, delivery vehicles, vans and buses. These are part of Thailand's broader efforts to achieve carbon neutrality by 2050, and reach net-zero emissions by 2065. Supporting this, the country's Power Development Plan targets 18GW of new renewable capacity by 2037, including 10GW of solar power.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 0-1bps lower, belly tenors trading 1bps lower, and the 10Y tenor trading 1bps lower.
- US Investment Grade spreads tightened by 1 bps to 76bps, and US High Yield spreads traded flat at 266bps. Bloomberg Global Contingent Capital Index tightened by 1bps to at 209bps.
- Bloomberg Asia USD Investment Grade tightened by 1bps to 55bps, and the Asia USD High Yield spreads tightened by 1bps to 349bps. (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 USD2.8bn yesterday (prior day: USD1.8bn and USD23.6bn respectively). The largest issuance in DM IG came from PNC Financial Services Group Inc/The (priced USD2bn across two tranches). (Bloomberg, OCBC)

Credit Developments:

- Singapore Airlines (SIASP): SIA reported strong travel and cargo demand in June 2026, with passenger traffic up 6.3% y/y and cargo volumes boosted by AI, data centre, and e-commerce shipments.
- Commerzbank (CMZB) / UniCredit: UniCredit's takeover of Commerzbank appears more likely following investor support and a softer stance from Germany's government, pending regulatory approvals.
- BHP Group (BHP): BHP delivered record iron ore production though total production of copper fell 3.2% y/y in FY2026.
- Goldman Sachs (GS): Goldman Sachs posted strong 2Q2026 earnings, driven by surging trading and investment banking revenues, alongside improved capital strength.
- Morgan Stanley (MS): Morgan Stanley reported record profitability supported by strong trading, investment banking, and wealth management performance, enabling higher buybacks and dividends.
- Frasers Centrepoint Trust (FCTSP): FCT acquired a 50% stake in the commercial component of the Bayshore Drive mixed-use development, expanding its suburban retail portfolio through an early-stage growth opportunity.

Equity Market Updates

US: US stocks fell Thursday as a sharp semiconductor selloff, triggered by TSMC's second-quarter results, dragged major indices lower. The S&P 500 declined 0.5%, the Nasdaq dropped 1.5%, snapping a two-day winning streak, whilst the Dow edged down 0.2%. TSMC beat earnings estimates handsomely, reporting Q2 net profit up 77% year-on-year and raising its full-year revenue growth forecast to above 40%, but its ADRs fell sharply as investors focused on a significant capex hike to USD60b to USD64b, at least USD4b above prior guidance, stoking concerns over the sustainability of AI spending. The selloff cascaded across the semiconductor complex, with the Philadelphia Semiconductor Index on the verge of bear market territory, down nearly 20% from its late-June record high, its sharpest four-week decline in over a year. Retail sales data for June showed a slower pace of growth, with consumers spending less on gasoline, adding a modest macro headwind. Treasury yields were broadly steady to marginally higher, with the 10-year yield rising approximately 1 to 2 basis points to around 4.57%. Fed Governor Jefferson reiterated that current policy at 3.5% to 3.75% remains well-positioned, but flagged a potential reconsideration if inflation does not cool. Notably, a first US LNG cargo in over a year reportedly docked in China, a potential signal of easing trade tensions. Baidu announced plans to upgrade its Hong Kong listing to dual-primary status on HKEX and Nasdaq.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	100.763	0.28%	USD-SGD	1.2903
USD-JPY	162.39	0.12%	EUR-SGD	1.4766
EUR-USD	1.144	-0.18%	JPY-SGD	0.7946
AUD-USD	0.700	-0.11%	GBP-SGD	1.7392
GBP-USD	1.348	-0.46%	AUD-SGD	0.9028
USD-MYR	4.073	-0.16%	NZD-SGD	0.7541
USD-CNY	6.773	0.07%	CHF-SGD	1.5958
USD-IDR	17985	-0.45%	SGD-MYR	3.1598
USD-VND	26254	-0.01%	SGD-CNY	5.2458

Equity and Commodity		
Index	Value	Net change
DJIA	52,552.97	-105.67
S&P	7,533.77	-38.63
Nasdaq	25,881.95	-387.28
Nikkei 225	66,835.54	-1915.97
STI	5,539.38	-20.34
KLCI	1,722.19	8.43
JCI	6,108.21	66.24
Baltic Dry	2,929.00	-51.00
VIX	16.73	1.06

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2230	0.14%	1M	3.6668
3M	2.4900	1.55%	2M	3.6854
6M	2.7170	2.37%	3M	3.7291
12M	2.9160	3.22%	6M	3.8331
			1Y	3.9761

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.65 (--)	4.15(--)
5Y	1.83 (--)	4.27 (+0.01)
10Y	2.22 (+0.01)	4.56 (+0.01)
15Y	2.26 (+0.01)	--
20Y	2.29 (+0.01)	--
30Y	2.35 (+0.02)	5.09(--)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
07/29/2026	0.102	10.200	0.025	3.652
09/16/2026	0.568	46.600	0.142	3.769
10/28/2026	0.762	19.400	0.190	3.818
12/09/2026	1.092	33.000	0.273	3.900

Financial Spread (bps)		
	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate	
SOFR	3.64

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	78.95	-0.8%	Corn (per bushel)	4.415	-1.3%
Brent (per barrel)	84.23	-0.8%	Soybean (per bushel)	11.950	-0.6%
Heating Oil (per gallon)	403.07	2.1%	Wheat (per bushel)	6.748	-0.4%
Gasoline (per gallon)	328.47	-0.5%	Crude Palm Oil (MYR/MT)	45.370	0.4%
Natural Gas (per MMBtu)	2.86	-2.3%	Rubber (JPY/KG)	4.280	-0.9%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	13599	0.1%	Gold (per oz)	3977	-2.1%
Nickel (per mt)	17152	2.1%	Silver (per oz)	55.52	-3.9%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/17/2026 8:30	SI	Non-oil Domestic Exports YoY	Jun	28.70%	--	38.40%	--
7/17/2026 12:00	MA	GDP YoY	2Q A	5.20%	--	5.40%	--
7/17/2026 12:00	MA	CPI YoY	Jun	2.00%	--	2.00%	--
7/17/2026 15:30	TH	Gross International Reserves	10-Jul	--	--	$281.1b	--
7/17/2026 16:30	HK	Unemployment Rate 3Mths	Jun	3.70%	--	3.70%	--
7/17/2026 17:00	EC	CPI YoY	Jun F	2.80%	--	2.80%	--
7/17/2026 17:00	EC	CPI MoM	Jun F	-0.10%	--	-0.10%	--
7/17/2026 17:00	EC	CPI Core YoY	Jun F	2.40%	--	2.40%	--
7/17/2026 20:30	US	Housing Starts	Jun	1310k	--	1177k	--
7/17/2026 20:30	US	Import Price Index MoM	Jun	-0.70%	--	1.90%	--
7/17/2026 21:15	US	Industrial Production MoM	Jun	0.20%	--	0.10%	--
7/17/2026 22:00	US	U. of Mich. Sentiment	Jul P	51	--	49.5	--

Source: Bloomberg

Disclaimers

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

Additional disclosures and disclaimers applicable only to clients of Bank of Singapore Limited

This material is being made available to you through an arrangement between Bank of Singapore Limited (Co Reg. No.: 197700866R) ("BOS") and Oversea-Chinese Banking Corporation Limited ("OCBC Bank") (Co Reg. No.: 193200032W). BOS and OCBC Bank shall not be responsible or liable for any loss (whether direct, indirect or consequential) that may arise from, or in connection with, any use of or reliance on any information contained in or derived from this material, or any omission from this material, other than where such loss is caused solely by BOS' or OCBC Bank's wilful default or gross negligence.

The DIFC Branch of BOS has not conducted or produced any research contained in this material and is acting solely as a conduit in forwarding it to you.

For BOS clients in the United Kingdom:
This research has been prepared by OCBC Bank and made available to BOS. It is intended solely for informational purposes and does not constitute investment advice, a personal recommendation, or an offer or solicitation to buy or sell any financial instruments. Any payments or non-monetary benefits received or paid will be fully disclosed in accordance with applicable regulations, promptly and transparently, and will not influence the advice or services offered to you. If you would like more information about any inducements received, please contact your Relationship Manager.

Cross Border Disclaimer and Disclosures
Please refer to https://www.bankofsingapore.com/Disclaimers_and_Disclosures.html for cross-border marketing disclaimers and disclosures.