Daily Treasury Outlook

Highlights

Global: The S&P 500 retreated from record highs on Friday. Geopolitical uncertainty remains the main macro roadblock for an equity market otherwise supported by strong corporate earnings.

On data, US retail sales fell 0.6% MoM in July, the first sequential decline since last October and the largest in 14 months, after an unrevised 0.2% gain in June. The reading was well below market expectations for a 0.1% increase. Nevertheless, retail sales were still up a solid 5.0% YoY. Part of the decline reflected payback from earlier spending, as the boost from generous tax refunds faded and Amazon shifted Prime Day from July to June this year. Nonstore retail sales fell 2.2%, while auto sales declined 1.8%. Receipts at gasoline stations fell 0.9%, partly reflecting lower gasoline prices. Sales at food services and drinking places, a useful gauge of discretionary spending and household financial health, rose 0.5% MoM, following a 0.4% increase in June. This suggests that households have not yet shifted into broad-based retrenchment.

That said, the underlying momentum did soften. Core retail sales, which exclude automobiles, gasoline, building materials and food services and feed more directly into GDP estimates, fell 0.4% MoM, versus expectations for a 0.3% increase. This points to some moderation in consumer spending entering 3Q. However, with equity-market gains continuing to support household wealth, particularly among higher-income households, a sharp collapse in consumption still looks unlikely.

Separately, the University of Michigan Consumer Sentiment Index fell sharply to 51.0 in August from 55.2 in July, ending two consecutive months of improvement and undershooting expectations of 54.5. The deterioration appears increasingly linked to concerns over the cost of living and the Middle East conflict. One-year inflation expectations also edged higher to 4.3% from 4.2%, while five-year expectations remained unchanged at 3.3%.

Market Watch: Focus this week will be Wednesday's FOMC minutes (the July 29 meeting), which markets will comb for any hint on the September 15-16 decision. Corporate results remain the key anchor for equities: around 85% of S&P 500 companies have beaten earnings expectations. Walmart and Home Depot earnings will be particularly important following July's weaker retail-sales report, offering a more timely read on household spending and whether consumption is genuinely slowing or merely normalising after earlier strength. On the data side, China will kick off the week with major economic activity data on Monday. UK CPI Wednesday and Japan CPI Thursday frame the BoE/BoJ paths; and Friday's flash PMIs across the UK, Germany and the eurozone give the first read on August growth momentum. In Asia, Bank Indonesia is expected to keep its policy rate unchanged at 5.75% on Wednesday.

Key Market Movements

Equity	Value	% chg
S&P 500	7785.8	-0.2%
DJIA	53732	-0.2%
Nikkei 225	68714	0.6%
SH Comp	3927.2	0.0%
STI	5743.6	0.4%
Hang Seng	25117	-1.1%
KLCI	1727.4	-0.4%
	Value	**% chg**
DXY	99.667	-0.3%
USDJPY	159.32	-0.1%
EURUSD	1.1570	0.4%
GBPUSD	1.3538	0.4%
USDIDR	17825	-0.3%
USDSGD	1.2785	-0.2%
SGDMYR	3.1947	0.1%
	Value	**chg (bp)**
2Y UST	4.17	2.67
10Y UST	4.69	4.95
2Y SGS	1.66	-0.20
10Y SGS	2.27	-0.12
3M SORA	1.12	0.29
3M SOFR	3.63	0.08
	Value	**% chg**
Brent	88.52	1.7%
WTI	82.40	1.4%
Gold	4376	0.6%
Silver	64.68	0.3%
Palladium	1318	0.5%
Copper	14160	0.1%
BCOM	135.39	0.7%

Source: Bloomberg

Major Markets

CN: The divergence between aggregate social financing (ASF) and new RMB loans widened further in July. New RMB loans contracted by RMB340bn, turning negative again, RMB290bn lower than a year earlier and weaker than both market expectations and seasonal norms. By contrast, ASF held up better than seasonality, supported by government and corporate bond issuance. The data reinforce an ongoing structural shift in China's financing mix: weaker bank lending is increasingly being offset by stronger direct financing through bonds and equity.

The weakness in bank lending was broad-based. Corporate loans fell by RMB130bn, the weakest July reading on record, and were RMB190bn lower than a year earlier. Household borrowing also turned negative across both short- and long-term loans. Short-term household loans declined by RMB340bn, pointing to still-soft household borrowing appetite and suggesting that the recovery in consumption remains fragile. Long-term household loans fell by RMB120.2bn, despite relatively firmer housing-sales data. The disconnect between mortgage borrowing and property transactions suggests that households' willingness to relever remains weak, potentially reflecting continued deleveraging, greater use of existing deposits, or a cautious outlook toward housing.

ID: President Prabowo Subianto proposed a 2027 budget targeting a fiscal deficit of 2.40% of GDP, compared with 2.68% in the 2026 state budget, alongside an economic growth target of 6.0%. State revenue is proposed at IDR3,426.0trn, up from IDR3,153.6trn in 2026, while expenditure is set at IDR4,097.2trn from IDR3,842.7trn, with priorities including food and energy self-sufficiency, education, health and the village economy. The budget assumes inflation of 2.5%, an average exchange rate of IDR17,500 per USD and an Indonesian Crude Price of USD75.0 per barrel, while President Prabowo also pledged procurement reforms to reduce government costs.

MY: Malaysia's economy expanded by 6.0% YoY in 2Q26, accelerating from 5.4% in 1Q26 and lifting 1H26 growth to 5.7% from 4.5% in 1H25. On the supply side, Manufacturing growth accelerated to 7.3% from 5.9% and Mining and quarrying rebounded to 9.2% from a 2.1% contraction, while Services rose to 5.9% from 5.6%, Construction eased to 6.5% from 7.7% and Agriculture contracted by 3.7% after growing 2.6%. On the expenditure side, private consumption rose by 4.8% from 4.7%, government consumption by 7.6% from 4.1% and GFCF by 4.6% from 7.3%, while exports and imports accelerated to 17.0% and 13.9% from 5.2% and 4.6%, respectively.

AU: Australian household lending weakened further in the June quarter, with loan commitments falling 5.4% QoQ and the value of new lending declining 5.2% QoQ to AUD 97.6bn. Despite the quarterly slowdown, total loan commitments remained up 6.8% YoY. The weakness was concentrated among investors, where loan volumes fell 8.6% QoQ and lending value declined 10.2% QoQ, though still 2.8% higher than a year earlier. In contrast, personal and business finance held up better, with lending for business property purchases rising 4.4% QoQ and the value of personal loans slipping just 0.9% QoQ.

PH: Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona Jr. said that the weaker-than-expected 2Q26 GDP growth outturn gives the BSP room to be less aggressive with further monetary policy tightening. The Philippine economy slowed further to 2.3% YoY in 2Q26 compared with 2.8% in the previous quarter, which he described as “disappointing and somewhat surprising.” Governor Remolona added that the country’s estimated potential growth rate “may be 5–6%,” highlighting the widening output gap between potential and actual growth. On inflation, July inflation eased to 6.2% YoY, down from 6.4% in the previous month. Although this remains above the government’s target, Governor Remolona took reassurance from well-anchored inflation expectations. Nonetheless, he maintained that the BSP needs to see a “more convincing downward trend for inflation before we can relax.”

TH: Thailand will push for lower tariffs or additional exemptions on the remaining 28% of product lines still subject to Section 301 and 232 measures during technical negotiations with the US scheduled for later this month, after ~72% of its product lines have already secured exemptions. According to Deputy government spokesperson Lalida Periswiwatana, Deputy Prime Minister and Commerce Minister Suphajee Suthumpun will present data on bilateral trade, investment, and integrated production chains, highlighting that Thai firms have invested nearly USD20bn in the US and plan to commit a further USD5bn in additional private investment. The government will also highlight that exports by US companies operating in Thailand account for at least 30% of Thailand’s trade surplus with the US, underscoring the mutual benefits of the economic relationship. She added that Thailand aims to minimise the tariff burden on exporters and safeguard their competitiveness, but cautioned that exemptions for all remaining product lines are not guaranteed and will depend on the outcome of negotiations.

Sustainability

ID: Indonesia is positioning critical minerals such as nickel, copper and bauxite as strategic assets underpinning national energy security and green industrialisation. Minerals and Coal Director General Tri Winarno said geopolitical developments have increased the strategic importance of critical minerals beyond their role as export commodities, with the government looking to maximise value creation through domestic processing and downstream industries. Indonesia aims to strengthen its role in global clean energy supply chains through downstreaming critical minerals, citing nickel used in EV batteries, while boosting energy resilience, investment and job creation. Downstreaming initiatives have attracted US$6.7bn in investment and created around 685,000 jobs to date. The move reinforces Indonesia’s ambitions to capture greater value from its mineral resources and establish itself as a key player in global clean energy and critical mineral supply chains.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded flat to higher last Friday with the shorter tenors trading flat, belly tenors trading flat to 1bps higher, and the 10Y tenor trading 2bps higher.

- US Investment Grade spreads widened by 1bps to 79bps, and US High Yield spreads traded flat at 266bps. Bloomberg Global Contingent Capital tightened by 3bps to 203bps.
- Bloomberg Asia USD Investment Grade tightened by 1bps to 56bps, and the Asia USD High Yield spreads tightened by 5bps to 327bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the Singdollar market last Friday.
- The total issuances in the APAC and DM IG markets were zero and USD41.5mn respectively last Friday (prior day: USD700mn and USD5.85bn respectively). (Bloomberg, OCBC)

Credit Developments:

- **CK Asset Holdings Limited (CKPH):** 1H2026 underlying profit rose 5% year on year, while sizeable UK asset-disposal gains lifted reported profit and moved CKPH into an adjusted net cash position; its outlook remains stable, supported by diversified recurring income, healthy credit metrics and recovering Hong Kong property markets.
- **Genting Singapore Ltd. (GENTMK):** 1H2026 revenue was broadly stable, but higher depreciation associated with RWS 2.0 weighed on margins and property EBITDA; nevertheless, its SGD2.95 billion net cash position, expected operating cash flow and available credit facilities provide substantial capacity to fund expansion and dividends.
- **MTR Corporation Limited (MTRC):** 1H2026 recurring EBITDA increased modestly, while substantially stronger Property Development earnings drove overall performance; despite higher adjusted net debt, leverage remained manageable and the outlook is stable, underpinned by resilient transport income and a visible property-development pipeline.
- **BP p.l.c. (BPLN):** BP signed agreements to advance an offshore Venezuelan gas development, securing an exploration and production licence for Loran Phase 2 alongside two equal-interest partners, with BP appointed as operator.
- **Hysan Development Company Limited (HYSAN):** 1H2026 recurring underlying profit increased slightly as resilient retail performance, cost controls and lower finance costs offset office rental pressure; leverage improved following asset disposals, while the scheduled 2H2026 completion of Lee Garden Eight should support future earnings and portfolio growth.
- **Olam Group Limited (OLGPSP):** 1H2026 reported EBITDA declined due largely to the absence of prior-year foreign-exchange gains and weaker contributions from OGH and ofi, but lower finance costs kept interest coverage stable at 1.6x; disposal gains materially boosted net profit and reduced net gearing to approximately 1.0x.

Equity Market Updates

US: US stocks edged lower on Friday as signs of a slowdown in consumer spending weighed on sentiment, with the S&P 500 slipping 0.2%, the Nasdaq falling 0.3%, and the Dow shedding around 0.2%, pulling back from record highs touched earlier in the week. July retail sales softened and the University of Michigan consumer sentiment reading disappointed, overshadowing the week's broadly positive inflation backdrop, where CPI came in at 3.4% year-on-year and

PPI printed flat, the first back-to-back soft reads since the Fed's divided July hold, which had pushed the probability of a September rate hike down to around 34%. Treasury yields steepened, with the long end underperforming; the 10-year yield rose around 1 to 2 basis points to close near 4.69%, whilst the 2-year yield fell for a third consecutive week, briefly dipping below 4.10% to its lowest since 30 Jun 2026, before rebounding amid a concurrent selloff in UK gilts. Notably, Nvidia unveiled a USD500b AI financing partnership involving Goldman Sachs, Blackstone, and Apollo, though the announcement drew scrutiny over roughly USD70b in off-balance-sheet contingent liabilities. In the region, Hong Kong raised its 2026 GDP growth forecast to 3.5% to 4.5%, up from 2.5% to 3.5%, citing AI-driven export strength, whilst China's new loan data contracted by a record, with borrowers net repaying CNY590b, the largest repayment since data began in 2002.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.667	-0.30%	USD-SGD	1.2785
USD-JPY	159.32	-0.11%	EUR-SGD	1.4798
EUR-USD	1.157	0.36%	JPY-SGD	0.8029
AUD-USD	0.708	0.35%	GBP-SGD	1.7312
GBP-USD	1.354	0.38%	AUD-SGD	0.9063
USD-MYR	4.086	0.00%	NZD-SGD	0.7536
USD-CNY	6.743	-0.02%	CHF-SGD	1.5726
USD-IDR	17825	-0.25%	SGD-MYR	3.1947
USD-VND	26144	0.28%	SGD-CNY	5.2716

Equity and Commodity		
Index	Value	Net change
DJIA	53,732.41	-107.58
S&P	7,785.76	-13.23
Nasdaq	26,729.16	-73.87
Nikkei 225	68,713.80	405.21
STI	5,743.59	23.54
KLCI	1,727.39	-7.32
JCI	6,401.89	100.12
Baltic Dry	2,863.00	19.00
VIX	14.25	-0.38

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2140	0.36%	1M	3.6518
3M	2.5080	-0.12%	2M	3.6928
6M	2.6710	0.68%	3M	3.7264
12M	2.9390	-0.14%	6M	3.8269
			1Y	3.9638

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.66 (--)	4.15(--)
5Y	1.94 (-0.01)	4.36 (+0.05)
10Y	2.27 (--)	4.68 (+0.05)
15Y	2.33 (--)	--
20Y	2.35 (--)	--
30Y	2.4 (-0.01)	5.26 (+0.05)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/16/2026	0.318	31.800	0.079	3.711
10/28/2026	0.535	21.700	0.134	3.765
12/09/2026	0.932	39.700	0.233	3.864

Secured Overnight Fin. Rate

SOFR	3.62

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	82.40	1.4%	Corn (per bushel)	4.590	2.5%
Brent (per barrel)	88.52	1.7%	Soybean (per bushel)	11.738	0.5%
Heating Oil (per gallon)	428.29	0.8%	Wheat (per bushel)	6.748	3.4%
Gasoline (per gallon)	318.41	1.8%	Crude Palm Oil (MYR/MT)	45.280	0.0%
Natural Gas (per MMBtu)	2.73	0.2%	Rubber (JPY/KG)	4.600	-1.1%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	14160	0.1%	Gold (per oz)	4376	0.6%
Nickel (per mt)	16815	0.2%	Silver (per oz)	64.68	0.3%

Source: Bloomberg, Reuters

Economic Calenda

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/17/2026 7:01	UK	Rightmove House Prices MoM	Aug	--	-2.00%	-1.00%	--
8/17/2026 7:50	JN	GDP Annualized SA QoQ	2Q P	2.00%	1.10%	1.80%	1.90%
8/17/2026 7:50	JN	GDP SA QoQ	2Q P	0.50%	0.30%	0.50%	--
8/17/2026 7:50	JN	GDP Deflator YoY	2Q P	2.30%	2.60%	3.20%	--
8/17/2026 8:30	SI	Non-oil Domestic Exports YoY	Jul	26.50%	--	20.70%	--
8/17/2026 10:30	TH	GDP YoY	2Q	1.80%	--	2.80%	--
8/17/2026 10:30	TH	GDP SA QoQ	2Q	-0.40%	--	0.70%	--
8/17/2026 12:00	MA	CPI YoY	Jul	1.90%	--	1.90%	--
8/17/2026 12:30	JN	Industrial Production MoM	Jun F	--	--	1.30%	--
8/17/2026 12:30	JN	Industrial Production YoY	Jun F	--	--	4.20%	--
8/17/2026 12:30	JN	Capacity Utilization MoM	Jun	--	--	0.10%	--
8/17/2026 12:30	JN	Tertiary Industry Index MoM	Jun	-1.00%	--	1.10%	--
8/17/2026 15:00	CH	Retail Sales YoY	Jul	1.50%	--	1.00%	--
8/17/2026 15:00	CH	Retail Sales YTD YoY	Jul	1.40%	--	1.30%	--

Source: Bloomberg

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