Daily Treasury Outlook

Highlights

Global: Focus was on the FOMC overnight. The unanimous 25bp rate hike brought the federal funds rate to 3.75%-4.00%. Policymakers noted that household spending, business investment, and labour market conditions remained resilient, alongside continued job growth. Reflecting that backdrop, the median dot was revised higher to 4.1% at both end-2026 and end-2027. Inflation forecasts were also lifted, with PCE expected at 3.7% this year and core PCE inflation at 3.4%. Reinforcing the Fed's upgraded forecasts, August retail sales rose 1.2% MoM, rebounding from a revised 0.5% decline in July. Core retail sales increased 1.4% MoM after falling 0.4% previously. The recovery was broad-based and extended beyond energy-related spending.

In response to the releases, front-end Treasury yields and the USD spiked higher. At the New York close, two-year Treasury yields stood near 4.74%, while ten-year yields reached 5.00%. Meanwhile, the 2s10s spread narrowed to around 28bp, and the dollar index rose above 100. US equities were mixed. The S&P 500 fell 0.45% and the Dow Jones Industrial Average declined 1.21%, while the Nasdaq was roughly unchanged.

Oil prices provided some relief as Brent crude settled at USD105.83 per barrel, down 2.7%. Additional Saudi supply made available through transfers near Oman's Sohar port helped ease concerns over supply shortages, while reports of a partial restart of Saudi Arabia's key east-west pipeline further improved sentiment.
In other economic releases, UK headline inflation accelerated to 3.1% YoY in August from 2.9%, while core inflation held steady at 2.6% and services inflation remained unchanged at 3.4%. We look forward to the BoE decision today with an unchanged decision expected despite the Fed's hawkish tone overnight.

Market Watch: The Bank of England releases its rate decision and minutes, along with the Taiwan central bank. U.S. releases include housing starts, building permits, jobless claims, the Philadelphia manufacturing survey and pending home sales. The euro area releases final inflation figures. Singapore reports merchandise trade, Hong Kong publishes unemployment data, and South Korea releases producer prices.

Major Markets

CN: Qiushi magazine published a signed article by PBOC Governor Pan Gongsheng titled “Deepening Understanding of Changes in China’s Financial Structure and Improving the Alignment of Financial Services with the Real Economy.” The article reinforced the PBOC’s ongoing shift toward a more price-based monetary policy framework. Governor Pan noted that the moderation in the growth of aggregate financing is conducive to keeping China’s macro leverage ratio broadly stable, suggesting that slower growth in traditional credit aggregates should not

Key Market Movements

Equity	Value	% chg
S&P 500	7551.8	-0.4%
DJIA	51462	-1.2%
Nikkei 225	63923	0.7%
SH Comp	3891.6	0.7%
STI	5635.4	-0.1%
Hang Seng	24714	0.2%
KLCI	1679.2	0.0%

	Value	% chg
DXY	100.252	0.6%
USDJPY	156.26	0.7%
EURUSD	1.1465	-0.7%
GBPUSD	1.3381	-0.7%
USDIDR	17693	0.0%
USDSGD	1.2776	0.4%
SGDMYR	3.2010	-0.3%

	Value	chg (bp)
2Y UST	4.74	7.31
10Y UST	5.02	2.06
2Y SGS	1.86	-1.30
10Y SGS	2.51	-3.02
3M SORA	1.20	0.07
3M SOFR	3.65	0.01

	Value	% chg
Brent	105.83	-2.7%
WTI	102.43	-3.2%
Gold	4264	-0.7%
Silver	62.98	-1.1%
Palladium	1278	-2.0%
Copper	14233	1.1%
BCOM	146.37	-0.5%

Source: Bloomberg

necessarily be interpreted as insufficient monetary support. Going forward, the PBOC will further refine its intermediate policy targets, placing less emphasis on quantitative indicators—particularly bank lending as a single financing channel. Broader financial aggregates will increasingly serve as observational, reference and expectation-guiding indicators, rather than hard policy targets. At the same time, monetary policy will place greater emphasis on price-based instruments, supported by further improvements in market-based interest-rate formation, policy-rate transmission and the broader interest-rate regulation framework.

ID: Energy and Mineral Resources Minister Bahlil Lahadalia said the ministry is drafting a regulation to restrict distribution of subsidized Pertalite and Biosolar to improve targeting, including a potential restriction on Pertalite sales to residents in the top two strata of the National Single Socioeconomic Data, pending data validation. He also said Indonesia is not facing a fuel shortage, with national supplies sufficient for 18 to 20 days, while misuse of subsidized fuels could be among the factors behind recent queues in Makassar. Separately, Forestry Minister Raja Juli Antoni said wildfires could persist until October or early November as the rainy season is expected to arrive later than previously forecast, and urged individuals, farmers and corporations to refrain from using fire during the very strong El Nino period.

MY: Prime Minister Anwar Ibrahim said the government will hold a special meeting on Thursday to consider immediate measures following public concerns over higher electricity bills amid recent hot weather and haze. He said targeted subsidies continue to shield around 80% of domestic users consuming no more than 600kWh per month from tariff increases linked to higher fuel costs, but increased electricity usage has pushed some households above the 600kWh threshold and subjected them to the Automatic Fuel Cost Adjustment. The meeting will involve the Ministry of Energy Transition and Water Transformation, Energy Commission, Ministry of Finance and Tenaga Nasional, with Anwar saying the government will ensure targeted subsidies are implemented fairly and reasonably.

Sustainability

MY: Malaysia will adopt a phased approach in implementing measures to reduce aviation sector emissions, although it has not yet decided whether to implement a carbon tax for the aviation sector in efforts to achieve the net-zero carbon emissions target by 2050. Malaysia has established a pathway towards this target through the Malaysia Aviation Decarbonisation Blueprint that leverages sustainable aviation fuel as a key lever, alongside improvements in aircraft technology, operational enhancements and carbon offset schemes. Meanwhile, Malaysia's carbon tax has been delayed from being rolled out in 2026 pending review against current geopolitical uncertainty and energy shocks.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday with the shorter tenors trading 3bps lower, belly tenors trading 2-3bps lower, and 10Y tenor trading 3bps lower.
- US Investment Grade tightened by 2bps to 77bps, and US High Yield spreads tightened by 6bps to 270bps respectively. Bloomberg Global Contingent Capital spreads tightened by 5bps to 203bps.

- Bloomberg Asia USD Investment Grade spread traded flat at 56bps, and the Asia USD High Yield spreads widened by 1bps to 322bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the Singdollar market yesterday. APAC and DM IG markets were zero and USD100mn respectively yesterday (prior day: USD1.62bn and USD9.1bn).

Credit Headlines:

- **Singapore Airlines Ltd. (SIASP):** August 2026 group passenger load factor fell to 86.4% from 88.0% a year earlier (July 2026: 86.0%), while passengers carried rose 3.6% y/y to 3.71mn, traffic increased 1.5% and capacity grew 3.5% to 15,990.9mn available seat kilometres. Cargo load factor rose 2.0ppt y/y to 57.2% (July 2026: 57.9%), cargo and mail carried increased 3.9%, cargo loads grew 2.8% and capacity declined 0.7% due to aircraft maintenance; demand remained firm, although Europe-bound e-commerce flows softened following the EU's small-parcel duty and removal of the de minimis exemption from 1 July 2026.
- **Exxon Mobil Corporation (XOM):** XOM received Texas regulatory approval for its Rose carbon-capture project, allowing the injection of up to 53mn tons of CO_2 over 13 years along the Gulf Coast, and completed cash tender offers for Pioneer Natural Resources' USD1.1bn 1.9% 2030 and USD1.0bn 2.15% 2031 bonds, with approximately USD570.4mn and USD615.6mn tendered, respectively.
- **PTT Global Chemical PCL (PTTGC):** PTTGC is offering THB17bn of unsubordinated and unsecured debentures, comprising seven-year notes at 2.65% and 10-year notes at 3%, for capital-structure and liquidity management, with offerings scheduled for 14–21 September 2026 across investor groups. It is also exploring LNG supplies from the US Gulf Coast, Australia, Canada and the Middle East to increase trading volumes fivefold to 15mn tonnes annually by 2035, with half under long-term contracts, and may take minority stakes in LNG export projects.
- **AXA SA (AXA):** At its investor day, AXA set 2027–29 targets of 7–9% EPR CAGR, 15–17% ROE, approximately EUR25bn of cumulative upstreamed cash and a 75% total payout ratio, while targeting 25–30ppt of annual capital generation and 2026 underlying EPS growth and ROE at the upper ends of the respective 6–8% and 14–16% ranges. Growth will focus on core insurance franchises and cross-selling, with the expansion of AXA XL's Asian client base expected to generate EUR500–700mn of recurring annual pre-tax benefits by 2029.
- **US Banks:** At the Barclays Global Financial Services Conference, banks remained constructive on operating conditions, citing resilient activity, loan growth and limited broad-based credit stress. JPMorgan guided to mid-to-high-teens 3Q26 growth in investment-banking fees and Markets revenue, Citigroup and Morgan Stanley indicated more moderate or softer activity, and Bank of America forecast USD1.6–1.8bn of investment-banking fees. Wells Fargo expects broader growth following the removal of its asset cap, while Citigroup raised its 2026 RoTCE outlook to modestly above 11%.

Equity Market Updates

US: US stocks fell Wednesday as the Federal Reserve raised interest rates for the first time since 2023, signalling the possibility of further tightening to combat persistently high inflation, marking the S&P 500's sixth consecutive decline on a Fed decision day, the longest such streak since 2018. The S&P 500 dropped 0.4%, the Dow shed 1.2%, and the Nasdaq was little changed. Earlier in the session, August retail sales rose 1.2% month-on-month, well above the 0.8% consensus estimate and the strongest monthly gain in five months, whilst import prices climbed 0.7%, exceeding forecasts, adding to inflation concerns. Treasury yields rose sharply, with the 2-year yield surging approximately 8 basis points to 4.74%, its highest level since 2024, and the 10-year yield adding around 2 basis points to 5.02%, a level last seen in 2007, as markets priced in roughly a 50% chance of a further Fed hike in October. On notable events, Hong Kong released its inaugural five-year plan alongside Chief Executive John Lee's annual policy address, targeting doubled spending on technology and innovation.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	100.252	0.64%	**USD-SGD**	1.2776
USD-JPY	156.26	0.75%	**EUR-SGD**	1.4650
EUR-USD	1.147	-0.68%	**JPY-SGD**	0.8178
AUD-USD	0.709	-0.62%	**GBP-SGD**	1.7101
GBP-USD	1.338	-0.72%	**AUD-SGD**	0.9057
USD-MYR	4.087	0.26%	**NZD-SGD**	0.7303
USD-CNY	6.709	-0.04%	**CHF-SGD**	1.5477
USD-IDR	17693	0.01%	**SGD-MYR**	3.2010
USD-VND	25986	-0.01%	**SGD-CNY**	5.2513

Equity and Commodity		
Index	Value	Net change
DJIA	51,461.90	-631.21
S&P	7,551.81	-33.92
Nasdaq	25,978.42	-3.15
Nikkei 225	63,923.00	438.90
STI	5,635.41	-3.23
KLCI	1,679.21	-18.80
JCI	6,436.85	-24.30
Baltic Dry	3,360.00	-85.00
VIX	17.71	0.51

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4600	2.76%	**1M**	3.8982
3M	2.6820	0.68%	**2M**	3.9589
6M	2.9460	0.34%	**3M**	4.0142
12M	3.3260	0.42%	**6M**	4.1856
			1Y	4.4760

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.86 (-0.01)	4.71(--)
5Y	2.17 (-0.03)	4.88 (+0.05)
10Y	2.51 (-0.03)	4.99 (+0.02)
15Y	2.53 (-0.03)	--
20Y	2.47 (-0.02)	--
30Y	2.52 (-0.02)	5.33 (-0.01)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/16/2026	0.927	92.700	0.232	3.857
10/28/2026	0.487	48.700	0.122	4.003
12/09/2026	1.265	77.800	0.316	4.197

Secured Overnight Fin. Rate	
SOFR	3.64

Commodities Futures					
Energy	**Futures**	**% chg**	**Soft Commodities**	**Futures**	**% chg**
WTI (per barrel)	102.43	-3.2%	Corn (per bushel)	5.343	-0.3%
Brent (per barrel)	105.83	-2.7%	Soybean (per bushel)	13.205	0.1%
Heating Oil (per gallon)	524.65	-0.3%	Wheat (per bushel)	7.308	0.3%
Gasoline (per gallon)	348.50	0.6%	Crude Palm Oil (MYR/MT)	45.970	0.0%
Natural Gas (per MMBtu)	2.89	-1.0%	Rubber (JPY/KG)	5.139	0.0%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	14233	1.1%	Gold (per oz)	4264	-0.7%
Nickel (per mt)	16167	1.2%	Silver (per oz)	62.98	-1.1%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
9/17/2026 2:00	US	FOMC Rate Decision (Upper Bound)	16-Sep	4.00%	4.00%	3.75%	--
9/17/2026 2:00	US	FOMC Rate Decision (Lower Bound)	16-Sep	3.75%	3.75%	3.50%	--
9/17/2026 4:00	US	Total Net TIC Flows	Jul	--	$83.7b	$133.5b	$135.5b
9/17/2026 4:00	US	Net Long-term TIC Flows	Jul	--	-$27.9b	$172.7b	$174.4b
9/17/2026 6:45	NZ	GDP SA QoQ	2Q	0.10%	0.20%	0.80%	0.90%
9/17/2026 6:45	NZ	GDP YoY	2Q	2.20%	2.60%	1.50%	1.70%
9/17/2026 8:30	SI	Non-oil Domestic Exports YoY	Aug	35.10%	--	24.20%	--
9/17/2026 16:30	HK	Unemployment Rate 3Mths	Aug	3.70%	--	3.70%	--
9/17/2026 17:00	EC	CPI YoY	Aug F	3.30%	--	3.30%	--
9/17/2026 17:00	EC	CPI MoM	Aug F	0.40%	--	0.40%	--
9/17/2026 17:00	EC	CPI Core YoY	Aug F	2.40%	--	2.40%	--
9/17/2026 19:00	UK	Bank of England Bank Rate	17-Sep	3.75%	--	3.75%	--
9/17/2026 20:30	US	Philadelphia Fed Business Outlook	Sep	32.1	--	47.4	--
9/17/2026 20:30	US	Initial Jobless Claims	12-Sep	207k	--	206k	--

Source: Bloomberg

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