

Daily Treasury Outlook

Highlights

Global: China's Shanghai Composite erased its mid-week gains to end the week down 1.07%, while US equities also fell across the board on Friday after President Trump returned "empty-handed," according to some market commentators. Overall, the prevailing market narrative surrounding the Trump–Xi meeting is that it lacked substantive breakthroughs beyond reinforcing the personal rapport between the two leaders. Trump's framing was notably centred more on the relationship between two individuals rather than between two countries. Nevertheless, we are more constructive about the US-China relations. We expect US-China bilateral relations to stabilise at a lower but more predictable equilibrium because both sides now increasingly share the same interpretive framework: bounded competition, no convergence assumed, and managed differences as the steady state. For details, you may refer to our special reports. Elsewhere, Germany's growth momentum already looked fragile, with the economy expanding by only 0.3% QoQ in 1Q. The Iran war is likely to add further pressure in 2Q through higher energy prices, weaker confidence and renewed supply-chain uncertainty. Germany's Federal Ministry for Economic Affairs warned on Friday that the conflict could take a meaningful toll on the economy. Oil prices extended the gain as the situation in the Strait of Hormuz remains critical. On Sunday, the IRGC Navy spokesperson Ebrahim Zolfaghari confirmed that Iran did not allow any vessel to pass through the strait in the prior 24 hours. Meanwhile, fresh drone attacks on the UAE's Barakah nuclear plant and Saudi territory, coupled with Trump's "clock is ticking" ultimatum and a planned Situation Room meeting on Tuesday, have sharply elevated the risk of renewed full-scale hostilities.

Market Watch: This week, markets will focus on Nvidia's earnings on Wednesday as a key test of the AI narrative. Walmart, the world's largest retailer, will report on Thursday, followed by other major retailers including Home Depot and Target. Investors will look closely at whether war-related inflation is starting to weigh on consumer spending. On the macro front, China will release its key April activity indicators on Monday, while Japan's 1Q GDP is due on Tuesday. The Fed will publish its FOMC minutes on Wednesday, before attention shifts to flash PMIs across advanced economies on Thursday.

Major Markets

ID: President Prabowo Subianto said the Red and White Village Cooperatives (KDMP) can help address long standing challenges faced by farmers, including access to fertilizer, capital and market distribution, during the inauguration of 1,061 KDMP units in Nganjuk, East Java, on Saturday (16 May). President Prabowo added that the cooperatives will provide trucks and pickup vehicles to transport harvests, while also selling staple goods and subsidised products, distributing subsidised gas and fertilizer, providing low interest credit and logistics services in cooperation with Pos Indonesia, as reported by Antara news. President Prabowo also said the government plans to establish affordable pharmacies through the cooperatives and targets the inauguration of 30,000 cooperatives by August next

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Key Market Movements

Equity	Value	% chg
S&P 500	7408.5	-1.2%
DJIA	49526	-1.1%
Nikkei 225	61409	-2.0%
SH Comp	4135.4	-1.0%
STI	4989.1	-0.1%
Hang Seng	25963	-1.6%
KLCI	1740.2	-0.3%
	Value	% chg
DXY	99.284	0.5%
USDJPY	158.74	0.2%
EURUSD	1.1625	-0.4%
GBPUSD	1.3326	-0.6%
USDIDR	17465	0.0%
USDSGD	1.2805	0.4%
SGDMYR	3.0901	0.1%
	Value	chg (bp)
2Y UST	4.07	5.15
10Y UST	4.59	11.18
2Y SGS	1.62	3.90
10Y SGS	2.14	5.75
3M SORA	1.08	0.24
3M SOFR	3.66	-0.11
	Value	% chg
Brent	109.26	3.3%
WTI	105.42	4.2%
Gold	4540	-2.4%
Silver	75.99	-9.0%
Palladium	1415	-2.4%
Copper	13555	-2.8%
BCOM	140.91	-0.4%

Source: Bloomberg

year.

HK: Revised GDP growth figures for Hong Kong in the first quarter were unchanged, at 5.9% YoY. Despite calling Hong Kong's economic outlook resilient, the government maintained the full-year growth forecast at 2.5%-3.5% (our in-house forecast at 3.4%), citing uncertainties surrounding the scale and duration of the Middle East conflict, and the subsequent downside risks to growth.

MY: 1Q26 GDP growth at 5.4% was slightly above the advance estimate and our expectations of 5.3%. Similar to the advance estimates, the slowdown was broad-based with minor revisions to the growth rate across the various sectors. Growth in the services and manufacturing sectors were revised higher to 5.9% and 5.6%, from 5.8% and 5.4%, respectively while growth across mining, agriculture and construction were revised down slightly. We expect GDP growth to slow in the coming quarters, averaging 4.4% for 2026. This is consistent with BNM's forecast range of 4-5%. The risks to our growth forecast are, however, tilted to the downside considering heightened geopolitical tensions in the Middle East. Our calculations suggest that numerous sectors are energy dependent sectors¹, accounting for ~27% of total output and 30.5% of intermediate consumption. This suggests that the risk of higher global oil prices and/or potentially volume constraints could have a material impact on economic output.

PH: The Department of Agriculture (DA) has commenced the rollout of the USD1bn World Bank-funded Philippine Sustainable Agriculture Transformation (PSAT) Program. The program aims to advance farm modernization, improve productivity, promote crop diversification, reduce post-harvest losses, and strengthen climate resilience across the agricultural sector. The first tranche of ~USD300mn is scheduled for disbursement by late-June or early-July, comprising USD248mn in subsidies to cushion farmers from the ongoing fuel and fertilizer crisis and an additional USD50mn for other DA projects. Agriculture Assistant Secretary and Spokesperson Arnel de Mesa stated that the agency is targeting support for ~5mn farmers over five years. Separately, the DA also launched a USD24.5mn technical assistance grant, supported by the World Bank and the UK, to complement the broader PSAT program.

TH: Finance Minister Ekniti Nitithanprapas has defended the THB400bn emergency loan decree as necessary to provide immediate relief and support Thailand's longer-term economic transition amid a worsening global energy crisis. Although GDP has not yet contracted, he warned that higher energy costs have already driven up inflation. Moreover, without swift intervention, this could eventually lead to weaker business activity, job losses, and a broader economic contraction. He argued that the borrowing is needed not only for short-term cost-of-living support but also to accelerate the country's shift from fossil fuels to cleaner energy. Minister Ekniti further stated that existing fiscal resources are insufficient, with only limited funds left in the fiscal 2026 budget and central budget, while the borrowing ceiling for deficit compensation has already been reached.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 4-8bps higher while belly tenors traded 8-9bps higher and 10Y traded 9bps higher. US Investment Grade spreads tightened by 1bps to 73bps, US High Yield spreads widened by 4bps to 267bps and Bloomberg Global Contingent Capital Index traded flat at 220bps. Meanwhile, Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 51bps and Asia USD High Yield spreads tightened by 3bps to 373bps. (Bloomberg, OCBC).

New Issues:

The total issuance volumes for APAC and DM IG markets last Friday were USD100mn and USD500mn respectively, lower than the prior day (USD1.15bn and USD4.15bn). The highest issuance in DM IG market came from Nordea Bank Abp which priced a USD500mn 2Y senior preferred FRN at SOFR+48bps, while the highest issuance in APAC market came from Bank of China Limited of Hong Kong which priced a USD100mn 3Y fixed bond at 4.18%. There were no notable issuances in the Singdollar market last Friday.

Recent Coverage Developments:

Singapore Airlines Ltd reported the second half and full year financial results for the financial year ending 31 March 2026, which saw strong revenue and operating profit but lower net profit, while Genting Singapore Limited highlighted during its AGM a remaining SGD4.8bn capex to be spent over the next few years from its 2.0 capex commitment and its strong positioning for the 2027 casino licence renewal. (refer to Daily Credit Snapshot 15 May 2026).

Equity Market Updates

US: US stocks retreated sharply Friday as a global bond selloff sent Treasury yields surging to multi-year highs, with investors growing increasingly concerned that persistently elevated oil prices will force central banks to tighten policy to contain inflation. The S&P 500 fell 1.2%, the Nasdaq dropped 1.5%, and the Dow Jones Industrial Average declined 1.1%, marking the worst session for equities since late March. Technology stocks led the market lower, particularly chipmakers and AI winners that had recently driven major indices to record highs, with Nvidia contributing the most to the S&P 500's decline after falling 4.4%. The selloff came as uncertainty persisted over the reopening timeline for the Strait of Hormuz following a summit between President Trump and Chinese President Xi Jinping that yielded mixed results, sending crude oil prices up 10% for the week. Treasury yields climbed sharply, with the 10-year yield jumping to 4.595%, its highest level since February 2025 and biggest one-day rise in over a year, whilst the 30-year yield rose to 5.127%, its highest closing level since July 2007. Energy was the only sector to post gains as materials led decliners with a 2.7% slump.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.284	0.47%	USD-SGD	1.2805
USD-JPY	158.74	0.23%	EUR-SGD	1.4889
EUR-USD	1.163	-0.38%	JPY-SGD	0.8065
AUD-USD	0.715	-0.98%	GBP-SGD	1.7062
GBP-USD	1.333	-0.57%	AUD-SGD	0.9153
USD-MYR	3.957	0.65%	NZD-SGD	0.7477
USD-CNY	6.813	0.38%	CHF-SGD	1.6276
USD-IDR	17465	-0.20%	SGD-MYR	3.0901
USD-VND	26352	0.03%	SGD-CNY	5.3197

Equity and Commodity		
Index	Value	Net change
DJIA	49,526.17	-537.29
S&P	7,408.50	-92.74
Nasdaq	26,225.14	-410.08
Nikkei 225	61,409.29	-1244.76
STI	4,989.08	-6.86
KLCI	1,740.22	-5.36
JCI	6,723.32	-135.58
Baltic Dry	3,151.00	-44.00
VIX	18.43	1.17

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9490	-0.41%	1M	3.6043
3M	2.2320	-0.31%	2M	3.6257
6M	2.5620	0.55%	3M	3.6422
12M	2.8150	-0.21%	6M	3.6941
			1Y	3.8309

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.62 (+0.04)	4.08(--)
5Y	1.82 (+0.07)	4.26 (+0.11)
10Y	2.14 (+0.06)	4.6 (+0.11)
15Y	2.11 (+0.05)	--
20Y	2.11 (+0.05)	--
30Y	2.17 (+0.06)	5.13 (+0.09)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/17/2026	-0.033	-3.300	-0.008	3.621
07/29/2026	0.035	6.800	0.009	3.638
09/16/2026	0.177	14.200	0.044	3.673
10/28/2026	0.335	15.800	0.084	3.713
12/09/2026	0.621	28.600	0.155	3.784

Financial Spread (bps)		
Value	Change	
TED	35.36	--
Secured Overnight Fin. Rate		
SOFR	3.56	

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	105.42	4.2%	Corn (per bushel)	4.558	0.9%
Brent (per barrel)	109.26	3.3%	Soybean (per bushel)	11.770	0.2%
Heating Oil (per gallon)	405.34	3.8%	Wheat (per bushel)	6.358	-1.7%
Gasoline (per gallon)	370.19	2.7%	Crude Palm Oil (MYR/MT)	43.800	0.7%
Natural Gas (per MMBtu)	2.96	2.3%	Rubber (JPY/KG)	3.997	-1.4%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13555	-2.8%	Gold (per oz)	4540	-2.4%
Nickel (per mt)	18497	-2.1%	Silver (per oz)	75.99	-9.0%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
5/18/2026 7:01 UK		Rightmove House Prices MoM	May	--	1.20%	0.80%	--
5/18/2026 7:01 UK		Rightmove House Prices YoY	May	--	-0.30%	-0.90%	--
5/18/2026 9:30 CH		New Home Prices MoM	Apr	--	--	-0.21%	--
5/18/2026 9:30 CH		Used Home Prices MoM	Apr	--	--	-0.24%	--
5/18/2026 10:00 CH		Retail Sales YoY	Apr	2.00%	--	1.70%	--
5/18/2026 10:00 CH		Retail Sales YTD YoY	Apr	--	--	2.40%	--
5/18/2026 10:00 CH		Industrial Production YoY	Apr	6.00%	--	5.70%	--
5/18/2026 10:00 CH		Industrial Production YTD YoY	Apr	--	--	6.10%	--
5/18/2026 10:00 CH		Fixed Assets Ex Rural YTD YoY	Apr	1.70%	--	1.70%	--
5/18/2026 10:00 CH		Surveyed Jobless Rate	Apr	5.30%	--	5.40%	--
5/18/2026 10:00 CH		Property Investment YTD YoY	Apr	-11.50%	--	-11.20%	--
5/18/2026 10:00 CH		Residential Property Sales YTD YoY	Apr	--	--	-18.50%	--
5/18/2026 10:30 TH		GDP YoY	1Q	2.40%	--	2.50%	--
5/18/2026 10:30 TH		GDP SA QoQ	1Q	0.30%	--	1.90%	--
5/18/2026 11:00 ID		External Debt	Mar	--	--	\$437.9b	--
5/18/2026 20:30 US		New York Fed Services Business Activity	May	--	--	-14	--

Source: Bloomberg

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