Daily Treasury Outlook

Highlights

Global: US equities rebounded on Thursday, snapping a three-day losing streak, with all three major indices advancing between 0.6% and 1.7% (S&P500: +1.1%; Dow: +0.6%; NASDAQ: +1.7%). Meanwhile, Brent crude settled ~1% lower at USD104.8/bbl. Lower global oil prices supported sentiment following the Fed's policy decision on Wednesday, although Middle East supply risks remain elevated.

Central bank decisions remained in focus. The Bank of England (BoE) kept its policy Rate unchanged at 3.75%, with the vote split remaining at 6–3. The three dissenters were again Greene, Mann and Pill who preferred a 25bp increase to 4.00%. The MPC noted that "protracted conflict in the Middle East has contributed to further increases in crude and refined energy prices since the previous meeting." Importantly, the Bank revised its near-term inflation outlook higher, with CPI inflation now expected to rise to around 3.75% in 4Q26, compared with the 3.2% projected in its July report. The updated projections also suggest that inflation will "reach slightly above 4%" in early 2027. Additionally, the MPC judged that "the risks to the inflation outlook are tilted to the upside, and more so than at the time of the July Monetary Policy Report." Governor Andrew Bailey nevertheless noted that the pass-through from energy prices into broader inflation has so far been "quite subdued", but warned that the longer high energy prices persist, the more challenging the policy trade-off becomes. Our baseline view remains that the BoE will keep its policy rate unchanged at 3.75% through year-end.

In the Middle East, markets remained sensitive to the risk of further escalation following the widening of conflict into Yemen and Saudi Arabia. Reuters reported that China has privately asked Iran to help rein in the Houthis after Saudi Arabia sought Beijing's assistance. With existing constraints in the Strait of Hormuz, concerns are growing that the widening conflict could disrupt the region's two main oil export routes simultaneously. [Cindy edit]

Market Watch: For the day ahead, attention will shift to the Bank of Japan (BoJ), which concludes its two-day policy meeting today. We expect the BoJ to raise its policy rate by 25bp to 1.25%, marking its second rate increase this year. Earlier this morning, Japan's August headline CPI remained unchanged at 1.9% YoY, against consensus expectations for a modest increase to 2.0%. In contrast, core CPI eased to 1.7% YoY, down from 1.8% in July. Later in the day, Malaysia will release its August CPI, and trade data.

Key Market Movements

Equity	Value	% chg
S&P 500	7637.8	1.1%
DJIA	51778	0.6%
Nikkei 225	64136	0.3%
SH Comp	3875.6	-0.4%
STI	5660.5	0.4%
Hang Seng	24604	-0.4%
KLCI	1674.7	-0.3%
	Value	**% chg**
DXY	100.248	0.0%
USDJPY	155.97	-0.2%
EURUSD	1.1476	0.1%
GBPUSD	1.3359	-0.2%
USDIDR	17747	0.3%
USDSGD	1.2754	-0.2%
SGDMYR	3.2116	0.3%
	Value	**chg (bp)**
2Y UST	4.66	-7.18
10Y UST	4.93	-9.21
2Y SGS	1.88	1.50
10Y SGS	2.50	-0.23
3M SORA	1.20	0.23
3M SOFR	3.65	0.00
	Value	**% chg**
Brent	104.82	-1.0%
WTI	101.91	-0.5%
Gold	4342	1.8%
Silver	65.23	3.6%
Palladium	1282	0.3%
Copper	14492	1.8%
BCOM	146.01	-0.2%

Source: Bloomberg

Major Markets

HK: The Hong Kong Monetary Authority raised the Base Rate by 25bps to 4.25%, in lockstep with the Fed's hike decision, according to the pre-set formula. However, major commercial banks kept their best lending rates unchanged, in view of the still flush HKD liquidity.

Separately, the seasonally unadjusted unemployment rate rose further to 4.0% in the June-August 2026 period from 3.8% previously, with jobless rates rising across most sectors. The number of unemployed persons rose to 153,900, the highest since July – September 2025, partly reflecting the increased school-leavers at the end of an academic year. After adjusting for seasonality, the unemployment rate and underemployment rate edged up by 0.1 and 0.2 percentage point to 3.8% and 1.9% respectively in June-August 2026.

SG: August 2026 NODX surged 46.2% YoY, accelerating sharply from 24.1% YoY in July and marking the strongest expansion since October 1988 (53.7% YoY). The electronics NODX which surged 131.8% YoY, exceeding July's 112.0% YoY, was the key engine of growth again, supported by robust AI-related demand for ICs, disk media products and PCs. Non-electronics NODX also rebounded from July's 2.4% YoY contraction to expand by 12.0% YoY in August, led by specialised machinery (57.7%), non-monetary gold (67.0%) and medical apparatus (22.1%). The impressive August NODX data may overstate the underlying momentum as there was a low base in August 2025 NODX at $13.3 bn, so one probably should not extrapolate the 46% YoY growth indefinitely. Cyclical momentum remains strong. However, the pace of growth is likely unsustainable as base effects intensify, even if it remains well above historical averages. Key to watch would be memory prices, advanced packaging demand and AI server orders, which may be a harbinger for Singapore's export performance. We upgrade our 2026 NODX forecast from 15.2% to 20% YoY, taking into account NODX already surged 22.4% YoY in the first 8 months and even after factoring a moderation to 15.6% YoY for the remaining four months of the year. Our 2027 NODX growth forecast is 5-10% YoY, bearing in mind the risks that global AI capex could slow, semiconductor inventory may correct and US growth may slow.

CN: Ministry of Commerce spokesperson He Yadong said China has taken note of the European Commission's draft legislation on public procurement. The proposal includes a "Europe First" provision and would require non-market considerations, including security, to be incorporated into bid evaluation criteria, potentially excluding or restricting third-country companies that fail to meet the relevant requirements. China expressed serious concern over the proposal and urged the EU to comply with WTO rules, maintain market openness and revise what it described as discriminatory provisions, in order to ensure a fair, transparent and non-discriminatory business environment for companies investing and operating in Europe. China said it will closely monitor the EU legislative process and assess the potential impact as developments unfold.

TW: Taiwan's central bank kept its policy rate unchanged at 2.0% at its September meeting, in line with market expectations. The refinancing rate and temporary accommodation rate were also kept unchanged at 2.375% and 4.25% respectively. The central bank said inflation is expected to remain contained while the economy continues to expand at a solid pace and given the uncertainty in the Middle East, the Board judged that keeping rates unchanged was appropriate. The CBC also raised its GDP growth forecast to 9.09% for 2H26 and 11.48% for 2026 as a whole, supported by strong AI related exports, private investment and consumption. Looking ahead, the CBC reiterated that policy will remain focused on price and financial stability, maintaining a data dependent stance.

ID: Coordinating Minister for Economic Affairs Airlangga Hartarto met Canadian Prime Minister Mark Carney on Sept 16 to discuss investment in critical minerals and explore cooperation in nuclear energy, as reported by Antara. The talks covered potential Canadian investment in potash, oil and gas partnerships, follow up initiatives on critical minerals under the Indonesia Canada Comprehensive Economic Partnership Agreement, and Indonesia's interest in developing small modular reactors to strengthen nuclear energy capacity. Airlangga also welcomed the mutual ratification of ICA CEPA and expressed hope that the agreement would take effect by end 2026, facilitating businesses from both countries in expanding cooperation in food, energy and critical minerals.

MY: PM Anwar Ibrahim said the government has raised the household electricity subsidy threshold to 800kWh per month from 600kWh until Dec 31, exempting eligible domestic users from the Automatic Fuel Adjustment, retail charges and Sales and Service Tax. He said recent haze and warmer weather had pushed some households above the previous 600kWh threshold, resulting in higher electricity bills, while the measure aims to ease cost of living pressures. Anwar said the government will continue monitoring fuel costs and energy market conditions when considering electricity tariffs, balancing affordability, supply security and the sustainability of the energy sector.

Sustainability

Rest of the world: The European Parliament has backed an extension of the EU's carbon border adjustment mechanism (CBAM) to cover an extensive list of downstream products, with an exemption for electricity flows from non-EU countries used by grid operators to maintain network stability. Tougher anti-circumvention rules will also be in place to target arrangements set up to avoid the CBAM. The European Parliament also supports a temporary decarbonisation fund (TDF) to protect EU producers on export markets, in efforts to protect the European industry as it decarbonises while safeguarding the environmental integrity of the CBAM.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded mixed yesterday with the shorter tenors trading 2-3bps higher, belly tenors trading -1bps to +3bps, and 10Y tenor trading 1bps lower.
- US Investment Grade tightened by 1bps to 76bps, and US High Yield spreads tightened by 1bps to 269bps respectively. Bloomberg Global Contingent Capital spreads tightened by 1bps to 202bps.
- Bloomberg Asia USD Investment Grade spread traded flat at 56bps, and the Asia USD High Yield spreads widened by 10bps to 332bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the Singdollar market yesterday.
- APAC and DM IG markets were USD500mn and USD19.5bn respectively yesterday (prior day: zero and USD100mn).
- Issuances in the APAC markets were led by Bank of Maharashtra/Gift City (priced USD500mn 5Y at T+130bps).
- Issuances in DM IG markets were led by Citigroup Inc (priced USD12bn across four tranches).

Credit Headlines:

- **PTT Global Chemical PCL ("PTTGC"):** Thailand's Energy Policy Committee mandated a reduction to the refinery-gate prices for high-speed diesel by THB4.00/litre, effective between 16 September 2026 to 31 October 2026. This mandate is likely to impact revenues. We will continue to monitor the situation and any impact that it may have on the company's credit.

Equity Market Updates

US: US stocks advanced Thursday, posting their biggest single-session gain in six weeks as falling oil prices and a broad AI-driven rally in technology shares lifted sentiment a day after the Federal Reserve raised interest rates for the first time since 2023. The S&P 500 rose 1.1%, the Nasdaq 100 gained 1.7%, and the Dow added 0.7%, snapping a three-session losing streak. Chipmakers surged 3.1%, led by Intel up 7.7%, AMD up 6.5%, and Marvell up 4.8%, as investors reassessed AI spending concerns, with the Bloomberg Magnificent Seven gauge closing at its highest since May. The rally was further supported by a USD19b 10-year TIPS auction that tailed at 2.653%, the highest yield since 2008, though the weak demand did not derail broader risk appetite. Treasury yields fell 7 to 10 basis points across intermediate tenors, unwinding most of Wednesday's post-FOMC selloff, with the 10-year retreating from its highest level since 2007 as oil's decline reinforced confidence in the Fed's inflation-fighting credibility. Financials lagged the broader advance.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	100.248	0.00%	**USD-SGD**	1.2754
USD-JPY	155.97	-0.19%	**EUR-SGD**	1.4640
EUR-USD	1.148	0.10%	**JPY-SGD**	0.8177
AUD-USD	0.711	0.32%	**GBP-SGD**	1.7040
GBP-USD	1.336	-0.16%	**AUD-SGD**	0.9071
USD-MYR	4.100	0.31%	**NZD-SGD**	0.7314
USD-CNY	6.706	-0.04%	**CHF-SGD**	1.5471
USD-IDR	17747	0.31%	**SGD-MYR**	3.2116
USD-VND	26003	0.07%	**SGD-CNY**	5.2550

Equity and Commodity

Index	Value	Net change
DJIA	51,778.04	316.14
S&P	7,637.76	85.95
Nasdaq	26,418.30	439.87
Nikkei 225	64,136.25	213.25
STI	5,660.52	25.11
KLCI	1,674.74	-4.47
JCI	6,462.43	25.58
Baltic Dry	3,327.00	-33.00
VIX	15.44	-2.27

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4500	-0.41%	**1M**	3.8981
3M	2.6610	-0.78%	**2M**	3.9639
6M	2.9730	0.92%	**3M**	4.0231
12M	3.3740	1.44%	**6M**	4.1879
			1Y	4.4528

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.88 (+0.01)	4.67(--)
5Y	2.18 (+0.01)	4.78 (-0.1)
10Y	2.5 (--)	4.93 (-0.09)
15Y	2.52 (-0.01)	--
20Y	2.47 (--)	--
30Y	2.51 (-0.01)	5.28 (-0.08)

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	0.531	53.100	0.133	4.017
12/09/2026	1.264	73.300	0.316	4.201

Secured Overnight Fin. Rate

SOFR	3.62

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	101.91	-0.5%	Corn (per bushel)	5.305	-0.7%
Brent (per barrel)	104.82	-1.0%	Soybean (per bushel)	13.198	-0.1%
Heating Oil (per gallon)	511.39	-2.5%	Wheat (per bushel)	7.270	-0.5%
Gasoline (per gallon)	350.73	0.6%	Crude Palm Oil (MYR/MT)	47.120	2.5%
Natural Gas (per MMBtu)	2.90	0.3%	Rubber (JPY/KG)	4.626	-10.0%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	14492	1.8%	Gold (per oz)	4342	1.8%
Nickel (per mt)	16290	0.8%	Silver (per oz)	65.23	3.6%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
9/18/2026 5:00	SK	PPI YoY	Aug	--	7.90%	7.70%	--
9/18/2026 6:45	NZ	Food Prices MoM	Aug	--	0.30%	0.10%	--
9/18/2026 6:45	NZ	Exports NZD	Aug	--	6.66b	7.39b	7.22b
9/18/2026 6:45	NZ	Imports NZD	Aug	--	8.00b	9.34b	9.33b
9/18/2026 6:45	NZ	Trade Balance NZD	Aug	--	-1349m	-1949m	-2118m
9/18/2026 7:30	JN	Natl CPI YoY	Aug	2.00%	1.90%	1.90%	--
9/18/2026 7:30	JN	Natl CPI Ex Fresh Food YoY	Aug	1.80%	1.70%	1.80%	--
9/18/2026 12:00	MA	CPI YoY	Aug	1.80%	--	1.80%	--
9/18/2026 12:00	MA	Exports YoY	Aug	38.00%	--	38.00%	--
9/18/2026 12:00	MA	Trade Balance MYR	Aug	24.80b	--	22.46b	--
9/18/2026 14:00	UK	Retail Sales Inc Auto Fuel MoM	Aug	-0.20%	--	-0.50%	--
9/18/2026 14:00	UK	Retail Sales Inc Auto Fuel YoY	Aug	1.90%	--	1.60%	--
9/18/2026 14:00	UK	Retail Sales Ex Auto Fuel MoM	Aug	-0.20%	--	-0.90%	--
9/18/2026 14:00	UK	Retail Sales Ex Auto Fuel YoY	Aug	1.90%	--	2.30%	--

Source: Bloomberg

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