

Daily Treasury Outlook

Highlights

Global: The US session overnight dominated by geopolitical headlines, some data releases, and Fedspeak. US equities closed lower (S&P: -0.67%; NASDAQ: -0.84%; Dow: -0.65%), the DXY index inched higher with UST yields higher on the day but closing below intra-highs. On geopolitics, President Trump threatened to resume attacks on Iran in the coming days stating, "I hope we don't have to do the war, but we may have to give them another big hit". He further elucidated that the timeline could be "two or three days, maybe Friday, Saturday, Sunday". The incoming data continued to support the narrative of a relatively resilient US economy. US ADP weekly employment change data showed 42.25k jobs were added for the week of 2 May from 33k the previous week pointing to stability in the labour markets. Pending home sales for the month of April held up well, up 1.4% MoM SA from 1.7% in March with the year-on-year reading at 3.3% from 1.8% in March. Indeed, Federal Reserve Bank of Philadelphia President Anna Paulson noted that "policy is mildly restrictive and that restrictiveness is helping to keep inflation pressures in check while the labor market remains stable." She added that "keeping rates steady" allows the Fed "to assess how the economy is evolving and the risks to both price stability and the labor market" and "assuming the labor market remains in balance, rate cuts would only become appropriate once we have seen sustained progress on inflation." Fed fund futures, however, are now pricing in 19.6bp in rate hikes by end-2026.

Market Watch: The focus is on Bank Indonesia's meeting where we and consensus are looking for a 25bp hike. The local currency, IDR, was the worst performing currency in EM Asia after INR over the past month, depreciating 3% versus USD. External risks remain heightened necessitating policy action from BI, in our view. PBoC will also announce the 1-yr and 5-yr loan prime rate, which is expected to remain unchanged. Malaysia's April trade data, UK April CPI/PPI/RPI and Eurozone April CPI (final estimate) are other key data slated for release today. In terms of central banks, BoE Governor Andrew Bailey and MPC will testify to lawmakers, the FOMC minutes will be released early tomorrow morning, and Fed's Barr will speak on consumer financial health.

Key Market Movements

Equity	Value	% chg
S&P 500	7353.6	-0.7%
DJIA	49364	-0.6%
Nikkei 225	60551	-0.4%
SH Comp	4169.5	0.9%
STI	5072.3	1.5%
Hang Seng	25798	0.5%
KLCI	1727.3	0.0%
	Value	% chg
DXY	99.327	0.1%
USDJPY	159.07	0.2%
EURUSD	1.1605	-0.4%
GBPUSD	1.3395	-0.3%
USDIDR	17705	0.3%
USDSGD	1.2823	0.3%
SGDMYR	3.1039	-0.1%
	Value	chg (bp)
2Y UST	4.12	7.44
10Y UST	4.67	7.89
2Y SGS	1.65	-1.20
10Y SGS	2.19	-0.22
3M SORA	1.09	0.06
3M SOFR	3.66	-0.20
	Value	% chg
Brent	111.28	-0.7%
WTI	104.15	-0.2%
Gold	4483	-1.8%
Silver	73.73	-5.1%
Palladium	1363	-4.2%
Copper	13411	-1.3%
BCOM	142.82	-0.2%

Source: Bloomberg

Major Markets

ID: Bank Indonesia will announce its monetary policy decision on later today (3pm SGT), where we and consensus expect it to hike policy rates by 25bp to 5.00%. The key driver is recent currency developments. Specifically, the rupiah weakened by over 3% against the US dollar since BI's 22 April meeting. Year-to-date, the rupiah has been among the worst-performing currencies in the region, despite BI's active interventions in the spot market, as well as offshore and domestic NDF markets, alongside other measures such as higher SRBI rates to attract foreign inflows.

MY: Headline CPI was up 1.9% YoY in April versus 1.7% in March while core CPI moderated slightly to 2% from 2.1% in March. We have noted before that this time is slightly different because the inflation passthrough on account of past fiscal measures will be higher than past episodes. We will watch core inflation dynamics closely to determine whether prices are turning more persistent and pervasive - two key metrics for BNM. Our baseline remains for no change but the risk is for a 25bp normalisation back to 3.00%.

TH: A delegation led by the Ministry of Commerce participated in a two-day technical meeting with the Office of the US Trade Representative (USTR) on 13-14 May. The meeting aimed to address concerns raised under the Section 301 investigation. During the discussions, the delegation firmly rejected allegations of forced labour and excess production capacity in the country's supply chains. Thailand emphasised that it enforces strict labour standards, employs third-party audits, and is currently drafting a Human Rights Due Diligence law to strengthen supply-chain audit standards. Regarding the issue of overcapacity, Thailand reaffirmed its commitment to free trade principles, clarifying that production and investment decisions are driven by private sector market dynamics rather than government targets, and firmly denied that any structural excess capacity exists in the sectors (e.g., automotive and auto parts, rubber products, machinery and electronic goods) under scrutiny. To address concerns over transshipment, the Department of Foreign Trade highlighted its close cooperation with US customs authorities and enhanced origin certification measures to ensure Thai exports comply with US rules-of-origin requirements. Director-general of the Department of Foreign Trade, Arada Fuangtong, described the discussions as constructive and friendly. She underscored Thailand's longstanding trade partnership with the US, the country's integral role in US' supply chains, and its continued readiness to ensure bilateral trade remains transparent, fair, and sustainable.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 1-2bps higher while belly tenors traded 1-2bps higher and 10Y traded 3bps higher. US Investment Grade spreads were unchanged at 74bps, US High Yield spreads widened by 1bps to 273bps and Bloomberg Global Contingent Capital Index widened by 2bps to 224bps. Meanwhile, Bloomberg Asia USD Investment Grade spreads tightened by 3bps to 51bps and Asia USD High Yield spreads tightened by 6bps to 379bps. (Bloomberg, OCBC)

New Issues:

In Singdollar market, Housing & Development Board priced a SGD1.1bn 10Y bond at 2.472%.

The total issuance volumes for APAC and DM IG markets yesterday were USD2.0bn and USD16.2bn respectively (prior day: USD800mm and USD12.2bn). The highest issuance in DM IG market came from Ecolab Inc which priced USD5.0bn of debt in four tranches. The highest issuance in APAC market came from Veon Midco BV which priced USD1.4bn of debt in two tranches.

Recent Coverage Developments:

City Developments Ltd announced the resignation of independent director Daniel Desbaillets alongside the return of Mr Kwek Leng Peck to the board as Non-Independent Non-Executive Director and newly created role as Vice-Chairman.

Lendlease Global Commercial REIT reported an overall positive 3QFY2026 business update driven by improved occupancy and operating metrics with a stronger capital structure following its divestment of Jem office and preferential offering.

Commerzbank AG's boards have recommended shareholders to reject UniCredit SpA's takeover offer due to undervaluation and strategic uncertainties, while remaining open to improved terms. Standard Chartered Plc outlined a strategy to drive compounding growth through wealth expansion, digitalisation, and transition and sustainable finance amongst others (refer to Daily Credit Snapshot 19 May 2026).

Equity Market Updates

US: US stocks declined Tuesday as a sharp selloff in government bonds pushed the 30-year Treasury yield to 5.20%, its highest level since 2007, amid mounting concerns that elevated energy prices from the ongoing US-Iran conflict could force the Federal Reserve to raise interest rates rather than cut them. The S&P 500 fell 0.7%, the Nasdaq dropped 0.8%, and the Dow declined 0.6%, marking the third consecutive session of losses for major indices. Treasury yields rose 7 to 8 basis points across the curve, with the 10-year climbing to 4.66%, as large block sales in futures exacerbated the bond rout. Semiconductor stocks led declines, with the sector unwinding after opening a gap of more than 60% above its 200-day moving average last week, a level historically seen only during bubble environments. Materials stocks fell 2.3% as the sector tracked metals lower, whilst energy rose for a seventh straight session with oil holding above USD100. Home Depot gained 0.7% after first-quarter earnings beat estimates with revenue rising 4.8% to USD41.8bn, whilst ServiceNow surged 5% intraday, extending enterprise software's rebound.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.327	0.14%	USD-SGD	1.2823
USD-JPY	159.07	0.16%	EUR-SGD	1.4880
EUR-USD	1.161	-0.44%	JPY-SGD	0.8061
AUD-USD	0.711	-0.85%	GBP-SGD	1.7174
GBP-USD	1.340	-0.29%	AUD-SGD	0.9113
USD-MYR	3.977	0.05%	NZD-SGD	0.7482
USD-CNY	6.814	0.20%	CHF-SGD	1.6246
USD-IDR	17705	0.28%	SGD-MYR	3.1039
USD-VND	26357	0.00%	SGD-CNY	5.3147

Equity and Commodity		
Index	Value	Net change
DJIA	49,363.88	-322.24
S&P	7,353.61	-49.44
Nasdaq	25,870.71	-220.02
Nikkei 225	60,550.59	-265.36
STI	5,072.34	75.59
KLCI	1,727.27	-0.44
JCI	6,370.68	-228.56
Baltic Dry	3,092.00	-59.00
VIX	18.06	0.24

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9680	0.97%	1M	3.5773
3M	2.2190	-0.58%	2M	3.6093
6M	2.5940	1.25%	3M	3.6350
12M	2.8300	0.53%	6M	3.7016
			1Y	3.8578

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.65 (-0.01)	4.1(--)
5Y	1.86 (-0.01)	4.33 (+0.09)
10Y	2.19 (--)	4.65 (+0.08)
15Y	2.17 (--)	--
20Y	2.16 (-0.01)	--
30Y	2.21 (-0.01)	5.17 (+0.06)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/17/2026	-0.069	-6.900	-0.017	3.612
07/29/2026	0.095	16.400	0.024	3.652
09/16/2026	0.303	20.800	0.076	3.705
10/28/2026	0.485	18.200	0.121	3.750
12/09/2026	0.808	32.300	0.202	3.831

Financial Spread (bps)		
Value	Change	
TED	35.36	--

Secured Overnight Fin. Rate	
SOFR	3.53

Commodities Futures						
Energy	Futures	% chg	Soft Commodities	Futures	% chg	
WTI (per barrel)	107.77	-0.8%	Corn (per bushel)	4.753	-0.4%	
Brent (per barrel)	111.28	-0.7%	Soybean (per bushel)	12.095	-0.3%	
Heating Oil (per gallon)	416.25	1.2%	Wheat (per bushel)	6.673	0.4%	
Gasoline (per gallon)	369.62	-1.7%	Crude Palm Oil (MYR/MT)	45.400	1.1%	
Natural Gas (per MMBtu)	3.11	3.0%	Rubber (JPY/KG)	4.035	0.0%	
Base Metals	Futures	% chg	Precious Metals	Futures	% chg	
Copper (per mt)	13411	-1.3%	Gold (per oz)	4483	-1.8%	
Nickel (per mt)	18806	1.3%	Silver (per oz)	73.73	-5.1%	

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
5/20/2026 9:00 CH		1-Year Loan Prime Rate	20-May	3.00%	--	3.00%	--
5/20/2026 9:00 CH		5-Year Loan Prime Rate	20-May	3.50%	--	3.50%	--
5/20/2026 14:00 UK		CPI MoM	Apr	0.90%	--	0.70%	--
5/20/2026 14:00 UK		CPI YoY	Apr	3.00%	--	3.30%	--
5/20/2026 14:00 UK		CPI Core YoY	Apr	2.60%	--	3.10%	--
5/20/2026 14:00 UK		CPI Services YoY	Apr	3.50%	--	4.50%	--
5/20/2026 14:00 UK		CPIH YoY	Apr	3.20%	--	3.40%	--
5/20/2026 14:00 UK		Retail Price Index	Apr	416.1	--	411.4	--
5/20/2026 14:00 UK		RPI MoM	Apr	1.10%	--	0.80%	--
5/20/2026 14:00 UK		RPI YoY	Apr	3.60%	--	4.10%	--
5/20/2026 14:00 UK		RPI Ex Mort Int. Payments (YoY)	Apr	--	--	4.00%	--
5/20/2026 14:00 UK		PPI Output NSA MoM	Apr	1.00%	--	0.90%	--
5/20/2026 14:00 UK		PPI Output NSA YoY	Apr	3.00%	--	2.60%	--
5/20/2026 14:00 UK		PPI Input NSA MoM	Apr	1.00%	--	4.40%	--
5/20/2026 14:00 UK		PPI Input NSA YoY	Apr	6.30%	--	5.40%	--
5/20/2026 15:20 ID		BI-Rate	20-May	5.00%	--	4.75%	--

Source: Bloomberg

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