By Global Markets | 20 August 2026

Daily Treasury Outlook

Highlights

Global: The past 12 hours of trading, especially in US asset markets, were choppy amid the release of the FOMC minutes, a US Treasury announcement on liquidity support, further tariff negotiations and US-Iran headlines. First, the FOMC minutes, released overnight and taking on greater importance given the Fed's new communication approach, revealed that "most participants anticipated that inflation would step down over the rest of the year as the effects of tariffs and earlier energy price increases wane, but many participants noted the possibility that inflation might be more persistently elevated." In addition, the minutes noted that "participants judged that their inflation outlooks were highly uncertain and that inflation risks were skewed to the upside." On monetary policy, "many participants assessed that policy tightening would likely be necessary if inflation did not decline. Some participants commented that financial conditions might not currently be sufficiently restrictive to facilitate a return of inflation to 2 percent." Fed funds futures pricing for rate hikes narrowed somewhat, to 21.7bp from 23.3bp at the start of the week. Second, the US Treasury announced that "the U.S. Department of the Treasury is increasing, by at least double, the size of liquidity support buyback operations for longer-dated nominal coupon securities (the 10-year to 20-year sector and the 20-year to 30-year sector). The current maximum size of $2 billion per operation will be at least $4 billion per operation. This change is effective September 9, 2026..." Third, tariff talks between US and Canadian officials continued on Wednesday after President Trump paused the 50% tariffs on Canadian goods. The latest proposal could see steel and aluminium tariffs halved to 25% from the current 50%. Last but not least, President Trump posted on Truth Social that he is announcing "the most crushing economic operation ever taken" against Iran, although he did not specify any measures. US equities closed marginally higher (S&P: +0.2%; Dow: +0.22%; Nasdaq: +0.16%), the DXY index retreated, and UST yields across the curve ended below session highs.

Market Watch: The data docket today includes Australia's July employment data, Malaysia's July trade data, Hong Kong's July CPI, and the weekly US initial jobless claims and continuing claims. The PBoC will also announce the 1-year and 5-year Loan Prime Rates.

Major Markets

CN: The People's Bank of China (PBOC) and the Reserve Bank of Australia (RBA) have renewed and expanded their bilateral local-currency swap agreement, increasing the facility from RMB200 billion/AUD41 billion to RMB220 billion/AUD46 billion. The renewed agreement will remain in place for five years and may be extended by mutual consent.

ID: Bank Indonesia kept its benchmark policy rate unchanged at 5.75% for a second consecutive month at its first monetary policy meeting under acting governor Destry Damayanti. BI said the decision remains consistent with efforts to strengthen rupiah stability amid heightened global volatility and maintain inflation within the 1.5 to 3.5% target range for 2026 and 2027. BI also maintained its 2026 growth forecast at 4.9 to 5.7% and said it will continue coordinating with

Key Market Movements

Equity	Value	% chg
S&P 500	7708.0	0.2%
DJIA	53463	0.2%
Nikkei 225	65326	-3.2%
SH Comp	3894.4	-2.4%
STI	5694.2	-0.1%
Hang Seng	25495	0.1%
KLCI	1731.3	-0.1%
	Value	**% chg**
DXY	98.833	-0.8%
USDJPY	158.17	-0.9%
EURUSD	1.1677	0.9%
GBPUSD	1.3606	0.5%
USDIDR	17833	-0.1%
USDSGD	1.2712	-0.5%
SGDMYR	3.1800	0.1%
	Value	**chg (bp)**
2Y UST	4.16	-0.86
10Y UST	4.65	-5.75
2Y SGS	1.69	-0.20
10Y SGS	2.36	0.23
3M SORA	1.13	0.39
3M SOFR	3.64	0.17
	Value	**% chg**
Brent	91.62	0.7%
WTI	85.83	1.0%
Gold	4516	4.2%
Silver	66.98	5.7%
Palladium	1340	3.8%
Copper	14050	0.5%
BCOM	138.42	1.0%

Source: Bloomberg

the government to support the economy. We see the decision as reaffirming monetary policy continuity and continue to expect further rate hikes in 2026, although the risk is for fewer hikes than currently assumed in our baseline.

MY: The Ministry of Finance will conduct a comprehensive study on a proposed hybrid taxation system combining elements of the GST with the existing SST, before submitting its findings to the Cabinet for further discussion and decision. Communication Minister Fahmi Fadzil said the proposal remains at an early stage and the study will consider lessons from the previous GST system as well as issues under the current SST framework, as reported by The Edge. Prime Minister Anwar Ibrahim said on 18 August that Malaysia would retain the SST as its national taxation system while considering acceptable GST features, although the government has not set a timeline for completing the study or indicated whether it will feature in the upcoming budget.

TH: Thailand is preparing to overhaul its data centre investment framework to ensure future projects generate meaningful benefits for the domestic economy, while introducing clearer requirements for operators to account for their electricity and water consumption. Deputy Prime Minister and Finance Minister Ekniti Nitithanprapas acknowledged that Thailand currently lacks a unified oversight system for the data centre industry, as some operators can establish data centres without applying for BOI investment promotion. A new national policy mechanism, approved by the Cabinet on August 5, is intended to coordinate standards across the BOI, the Ministry of Energy, and the Ministry of Natural Resources and Environment, covering all data centres regardless of their investment channel. The shift reflects Thailand's view of data centres as strategic infrastructure requiring coordinated management across areas such as energy security and environmental management, mirroring a broader international trend towards tighter regulation of the sector.

AU: Australia's Wage Price Index (WPI) rose 0.8% QoQ for 2Q26, marking a fifth consecutive quarter at this pace, while annual wage growth eased to 3.2% YoY from 3.3%, pointing to a gradual moderation in wage pressures. Private sector wages softened to 0.7% QoQ and 3.1% YoY, while public sector wages rose 0.9% QoQ and 3.4% YoY. Overall, the print suggests labour cost pressures are cooling rather than reaccelerating, providing some reassurance for the inflation outlook.

Sustainability

SG: The Ministry of Trade and Industry Singapore (MTI) and the China Atomic Energy Authority (CAEA) signed a Memorandum of Understanding (MoU) on cooperation in the peaceful uses of nuclear technology, to support Singapore's efforts in developing independent capabilities to assess the potential deployment of nuclear energy. The MoU will facilitate capability building partnerships between Singapore and China, focusing on the five key areas of (i) safety and technical assessments of nuclear reactor technologies, (ii) manpower training and scientific visits, (iii) public education, communications, and engagement, (iv) nuclear safety, safeguards, and security and (v) nuclear technology applications. This is part of Singapore's recent engagements with a range of international partners, including the US, France, and South Korea to enhance its nuclear energy capabilities.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday with the shorter tenors trading 1-2bps lower, belly tenors trading 2-3bps lower, and the 10Y tenor trading 3bps lower.
- US Investment Grade spreads tightened by 1bps to 80bps, and US High Yield spreads tightened by 5bps to 270bps. Bloomberg Global Contingent Capital traded flat at 206bps.
- Bloomberg Asia USD Investment Grade traded widened by 1bps to 57bps, and the Asia USD High Yield spreads widened by 4bps to 332bps. (Bloomberg, OCBC)

New Issues:

- There was one issuance in the Singdollar market yesterday by Commonwealth Bank of Australia (priced SGD325mn Fixed, subordinated T2 10NC5 bonds at 3.15%).
- The total issuances in the APAC and DM IG markets were USD300mn and USD2.5bn respectively yesterday (prior day: USD2.4bn and USD4.1bn respectively). Issuances in the DM IG markets were led by MassMutual Global Funding II (priced USD1bn across two tranches).

Credit Developments:

- **Santos Ltd (STOAU)** reported softer-than-expected 1H2026 results, with EBITDAX down 11.5% year-on-year to USD1.56bn and free cash flow down 65% to USD378mn due mainly to Barossa start-up costs and LNG cargo timing; however, production is expected to rise 20% to 30% in 2H2026, capex has passed its peak, net debt is targeted to decline by USD2.5bn by 2030, and the next debt maturity is only in September 2027, leaving the fundamental credit view unchanged despite gearing increasing to 28.1%, above management's 15% to 25% target range.

Equity Market Updates

US: US stocks advanced Wednesday as a US Treasury announcement to boost buybacks of longer-dated bonds triggered a sharp rally in Treasuries, pulling yields lower and lifting risk appetite broadly. The S&P 500 rose 0.3%, the Nasdaq was little changed, and the Dow edged modestly higher. The dominant market driver was the Treasury's plan to increase buybacks of longer-dated bonds, a signal that Washington wants to ease borrowing costs after yields climbed to near multi-decade highs. The 30-year yield fell around 9 basis points to 5.19%, the 10-year dropped around 6 basis points to 4.65%, and the 2-year was broadly flat at 4.17%, whilst the dollar slid to a three-month low. Chipmakers remained a drag following the prior session's rout, with the semiconductor selloff having extended into Asian markets earlier in the week. Offsetting weakness, biopharma surged after Moderna and Merck reported that their personalised melanoma cancer vaccine met primary and secondary endpoints in a landmark Phase 3 trial, the first such success for a cancer treatment vaccine, with Moderna closing up sharply and Eli Lilly breaking out. Notably, the yuan strengthened to its firmest level against the dollar since February 2023 on the broad dollar weakness, whilst China's July youth unemployment rate rose to 17.9% from 14.9% in June.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	98.833	-0.83%	USD-SGD	1.2712
USD-JPY	158.17	-0.90%	EUR-SGD	1.4844
EUR-USD	1.168	0.87%	JPY-SGD	0.8037
AUD-USD	0.713	0.52%	GBP-SGD	1.7295
GBP-USD	1.361	0.55%	AUD-SGD	0.9057
USD-MYR	4.059	-0.03%	NZD-SGD	0.7543
USD-CNY	6.730	-0.22%	CHF-SGD	1.5942
USD-IDR	17833	-0.13%	SGD-MYR	3.1800
USD-VND	26180	0.01%	SGD-CNY	5.2943

Equity and Commodity		
Index	Value	Net change
DJIA	53,463.05	119.65
S&P	7,707.98	16.22
Nasdaq	26,331.09	41.38
Nikkei 225	65,326.42	-2134.31
STI	5,694.24	-7.16
KLCI	1,731.32	-2.04
JCI	6,394.13	-55.70
Baltic Dry	2,815.00	-63.00
VIX	14.89	-0.95

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2010	-0.27%	1M	3.6589
3M	2.5000	-0.04%	2M	3.7035
6M	2.6970	0.37%	3M	3.7345
12M	2.9560	0.65%	6M	3.8316
			1Y	3.9681

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.69 (--)	4.16(--)
5Y	1.99 (-0.01)	4.34 (-0.02)
10Y	2.36 (--)	4.64 (-0.06)
15Y	2.43 (+0.02)	--
20Y	2.44 (+0.02)	--
30Y	2.49 (+0.02)	5.19 (-0.09)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/16/2026	0.319	31.900	0.080	3.711
10/28/2026	0.505	18.600	0.126	3.757
12/09/2026	0.866	36.100	0.217	3.848

Secured Overnight Fin. Rate	
SOFR	3.65

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	85.83	1.0%	Corn (per bushel)	4.730	2.1%
Brent (per barrel)	91.62	0.7%	Soybean (per bushel)	12.223	1.8%
Heating Oil (per gallon)	445.23	0.0%	Wheat (per bushel)	6.803	2.4%
Gasoline (per gallon)	325.51	-1.4%	Crude Palm Oil (MYR/MT)	46.540	0.8%
Natural Gas (per MMBtu)	2.81	1.4%	Rubber (JPY/KG)	4.789	0.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14050	0.5%	Gold (per oz)	4516	4.2%
Nickel (per mt)	17113	2.2%	Silver (per oz)	66.98	5.7%

Source: Bloomberg, Reuters

Economic Calenda

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/20/2026 2:00	US	FOMC Meeting Minutes	29-Jul	--	--	--	--
8/20/2026 7:50	JN	Trade Balance	Jul	-¥649.0b	-¥634.5b	-¥406.9b	-¥409.9b
8/20/2026 7:50	JN	Exports YoY	Jul	20.10%	23.20%	19.30%	--
8/20/2026 7:50	JN	Japan Buying Foreign Bonds	14-Aug	--	¥1135.1b	¥1629.4b	¥1636.7b
8/20/2026 7:50	JN	Foreign Buying Japan Stocks	14-Aug	--	¥621.2b	-¥368.5b	-¥368.6b
8/20/2026 9:00	CH	1-Year Loan Prime Rate	20-Aug	3.00%	--	3.00%	--
8/20/2026 9:30	AU	Employment Change	Jul	12.0k	--	76.3k	--
8/20/2026 9:30	AU	Unemployment Rate	Jul	4.40%	--	4.40%	--
8/20/2026 9:30	AU	Full Time Employment Change	Jul	--	--	29.3k	--
8/20/2026 9:30	AU	Participation Rate	Jul	66.90%	--	67.00%	--
8/20/2026 12:00	MA	Exports YoY	Jul	35.00%	--	45.40%	--
8/20/2026 16:30	HK	Unemployment Rate 3Mths	Jul	3.70%	--	3.70%	--
8/20/2026 16:30	HK	CPI Composite YoY	Jul	1.70%	--	2.00%	--
8/20/2026 20:30	US	Philadelphia Fed Business Outlook	Aug	24.8	--	41.4	--

Source: Bloomberg

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