

Daily Treasury Outlook

Highlights

Global: US equities staged a broad-based rebound on Wednesday, breaking a three-day losing streak, as falling oil prices and growing optimism around a potential Iran deal supported risk appetite ahead of Nvidia's highly anticipated earnings release. The key catalyst was signs of de-escalation in the Middle East. President Trump said the administration was in the "final stages" of negotiations with Iran. Adding to the optimism, two China-bound oil tankers carrying Iraqi crude exited the Strait of Hormuz, while a South Korean-operated vessel was also reported to be transiting the Strait. Markets interpreted this as an early sign that shipping disruption may be easing, though risks remain elevated. Brent crude fell 5.6% to USD105.02/bbl, while WTI declined to USD98.26/bbl.

With the data calendar relatively light, attention turned to minutes from the April 28–29 FOMC meeting, outgoing Chair Jerome Powell's last. The FOMC minutes showed policymakers remained concerned that inflation was still above the 2% target, partly reflecting higher energy prices, tariffs and supply disruptions linked to the Middle East conflict. Labour market conditions were viewed as stabilising, though downside risks remained, while economic activity continued to expand at a solid pace. Almost all participants backed holding rates steady, while many judged that elevated inflation and uncertainty around the Middle East conflict could require maintaining the current policy stance for longer than previously anticipated.

Market Watch: For the day ahead, the calendar is fairly light in Asia, while the US will release initial jobless claims and the S&P Global Flash PMI for May. The data will provide an early read on labour market conditions and business activity as the quarter progresses. On the central bank front, no major Fed speakers are confirmed at this stage.

Key Market Movements

Equity	Value	% chg
S&P 500	7433.0	1.1%
DJIA	50009	1.3%
Nikkei 225	59804	-1.2%
SH Comp	4162.2	-0.2%
STI	5044.9	-0.5%
Hang Seng	25651	-0.6%
KLCI	1717.7	-0.6%
	Value	% chg
DXY	99.092	-0.2%
USDJPY	158.92	-0.1%
EURUSD	1.1624	0.2%
GBPUSD	1.3435	0.3%
USDIDR	17605	-0.6%
USDSGD	1.2781	-0.3%
SGDMYR	3.0986	-0.2%
	Value	chg (bp)
2Y UST	4.06	-6.31
10Y UST	4.59	-8.08
2Y SGS	1.68	2.50
10Y SGS	2.25	5.60
3M SORA	1.08	-0.22
3M SOFR	3.65	-0.25
	Value	% chg
Brent	105.02	-5.6%
WTI	98.26	-5.7%
Gold	4544	1.4%
Silver	75.90	2.9%
Palladium	1375	0.9%
Copper	13656	1.8%
BCOM	140.10	-1.9%

Source: Bloomberg

Major Markets

ID: Bank Indonesia (BI) shifted more decisively towards a pro-stability monetary stance in May. The central bank hiked its benchmark policy rate by 50bp to 5.25%, higher than our and consensus expectations of a more measured 25bp hike. The move marks a clear escalation in BI's response to rupiah pressure, which has intensified amid global volatility from the Middle East war. External conditions remain the key driver behind the stronger policy response. BI noted that global volatility had worsened due to the conflict in the Middle East, rising risks of higher oil prices, supply chain disruptions, and stronger safe-haven demand. At the same time, BI is trying to limit the growth impact through macroprudential easing. Overall, the 50bp hike confirms that BI has moved beyond verbal signalling and market operations alone.

MY: Exports surged 36.9% YoY April from 8.4% in March. The increase was mainly driven by re-exports, which soared 113.5% YoY to MYR71.6bn, while domestic exports rose 11.2% YoY to MYR111.1bn. The strength in export growth reflects underlying strength, as there is no base effect from April 2025. Interestingly, LNG and petroleum product exports picked up in April versus underscoring some benefits accruing from higher commodity prices. E&E exports were the mainstay, up ~46% YoY. Imports increased 20.0% YoY from 10.4% in the previous month, supported by higher consumption goods imports, while intermediate and capital goods imports declined 18.8% YoY and 20.7% YoY, respectively.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 0-2bps higher while belly tenors and 10Y traded flat. US Investment Grade spreads tightened 1bps to 73bps, US High Yield spreads tightened by 5bps to 268bps and Bloomberg Global Contingent Capital Index widened by 3bps to 227bps. Meanwhile, Bloomberg Asia USD Investment Grade spreads widened by 2bps to 53bps and Asia USD High Yield spreads widened by 9bps to 388bps. (Bloomberg, OCBC)

New Issues:

In Singdollar market, Wells Fargo Bank NA priced a SGD65mn 2Y bond at 2.03% while Wells Fargo Bank priced a SGD50mn 5Y bond at 2.505%. (Bloomberg, OCBC)

The total issuance volumes for APAC and DM IG markets yesterday were USD1.80bn and USD5.58bn respectively (prior day: USD2.02bn and USD17.15bn). The highest issuance in DM IG market came from PNC Financial Services Group Inc which priced USD1.65bn of debt in two tranches. The highest issuance in APAC market came from Japan International Cooperation Agency (guarantor: Japan) which priced USD1.0bn 5Y bond at SOFR MS+49bps. (Bloomberg, OCBC)

Recent Coverage Developments:

There were no notable developments under our coverage yesterday.

Equity Market Updates

US: US stocks rallied Wednesday as oil prices tumbled on hopes of a US-Iran deal and Treasury yields retreated from multi-year highs, with investors positioning ahead of Nvidia's closely watched earnings report. The S&P 500 rose 1.1%, the Nasdaq 100 gained 1.7%, and the Dow Jones Industrial Average climbed 1.3%, snapping a three-day losing streak. Optimism around potential progress in US-Iran negotiations drove the advance, with President Donald Trump stating Washington was in the "final stages" with Tehran, according to a White House pool report. Oil prices sank more than 5% on the revived de-escalation hopes, easing energy-driven inflation concerns that had pressured markets earlier in the week. Consumer discretionary stocks led sector gains as travel-related companies surged, with United Airlines and Delta Air Lines both jumping 9%, whilst cruise operators Carnival and Norwegian Cruise Line each gained 8%. The Philadelphia Semiconductor Index soared 4.5% ahead of Nvidia's results. Treasury yields fell across the curve, with the 10-year yield declining 10 basis points to 4.57% and the 30-year yield dropping 7 basis points to 5.11%, retreating from Tuesday's 18-year high near 5.2%. The USD16 billion 20-year bond auction drew a high yield of 5.122%, matching pre-sale expectations with a bid-to-cover ratio of 2.55.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	99.092	-0.24%	USD-SGD	1.2781
USD-JPY	158.92	-0.09%	EUR-SGD	1.4858
EUR-USD	1.162	0.16%	JPY-SGD	0.8041
AUD-USD	0.715	0.62%	GBP-SGD	1.7170
GBP-USD	1.344	0.30%	AUD-SGD	0.9140
USD-MYR	3.970	-0.18%	NZD-SGD	0.7500
USD-CNY	6.799	-0.22%	CHF-SGD	1.6237
USD-IDR	17605	-0.56%	SGD-MYR	3.0986
USD-VND	26368	0.04%	SGD-CNY	5.3233

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9760	0.41%	1M	3.5894
3M	2.2010	-0.81%	2M	3.6172
6M	2.6190	0.96%	3M	3.6397
12M	2.8480	0.64%	6M	3.7030
			1Y	3.8421

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	0.264	16.900	0.066	3.695
10/28/2026	0.395	13.100	0.099	3.727
12/09/2026	0.646	25.100	0.161	3.790

Equity and Commodity

Index	Value	Net change
DJIA	50,009.35	645.47
S&P	7,432.97	79.36
Nasdaq	26,270.36	399.65
Nikkei 225	59,804.41	-746.18
STI	5,044.91	-27.43
KLCI	1,717.69	-9.58
JCI	6,318.50	-52.18
Baltic Dry	3,054.00	-38.00
VIX	17.44	-0.62

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.68 (+0.03)	4.06(--)
5Y	1.9 (+0.04)	4.24 (-0.08)
10Y	2.25 (+0.06)	4.59 (-0.08)
15Y	2.22 (+0.05)	--
20Y	2.2 (+0.05)	--
30Y	2.24 (+0.04)	5.13 (-0.06)

Financial Spread (bps)

Value	Change	
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.51
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	98.26	-8.8%	Corn (per bushel)	4.658	-2.0%
Brent (per barrel)	105.02	-5.6%	Soybean (per bushel)	11.998	-0.8%
Heating Oil (per gallon)	394.71	-5.2%	Wheat (per bushel)	6.605	-1.0%
Gasoline (per gallon)	348.74	-5.6%	Crude Palm Oil (MYR/MT)	45.150	-0.6%
Natural Gas (per MMBtu)	3.00	-3.5%	Rubber (JPY/KG)	3.970	-1.6%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13656	1.8%	Gold (per oz)	4544	1.4%
Nickel (per mt)	18929	0.7%	Silver (per oz)	75.90	2.9%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
5/21/2026 2:00 US		FOMC Meeting Minutes	29-Apr	--	--	--	--
5/21/2026 9:00 CH		Swift Global Payments CNY	Apr	--	--	3.10%	--
5/21/2026 13:00 IN		HSBC India PMI Composite	May P	--	--	58.2	--
5/21/2026 13:00 IN		HSBC India PMI Mfg	May P	--	--	54.7	--
5/21/2026 13:00 IN		HSBC India PMI Services	May P	--	--	58.8	--
5/21/2026 16:30 HK		CPI Composite YoY	Apr	1.90%	--	1.70%	--
5/21/2026 16:30 UK		S&P Global UK Manufacturing PMI	May P	53	--	53.7	--
5/21/2026 16:30 UK		S&P Global UK Services PMI	May P	51.7	--	52.7	--
5/21/2026 16:30 UK		S&P Global UK Composite PMI	May P	51.6	--	52.6	--
5/21/2026 18:00 UK		CBI Trends Total Orders	May	-40	--	-38	--
5/21/2026 18:00 UK		CBI Trends Selling Prices	May	35	--	32	--
5/21/2026 20:30 US		Initial Jobless Claims	16-May	210k	--	211k	--
5/21/2026 20:30 US		Initial Claims 4-Wk Moving Avg	16-May	--	--	203.75k	--
5/21/2026 20:30 US		Continuing Claims	9-May	1786k	--	1782k	--
5/21/2026 20:30 US		Philadelphia Fed Business Outlook	May	17.8	--	26.7	--
5/21/2026 20:30 US		Housing Starts	Apr	1410k	--	1502k	--

Source: Bloomberg

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