By Global Markets | 21 July 2026

Daily Treasury Outlook

Highlights

Global: The US launched a 10th consecutive day of airstrikes against Iran, targeting coastal surveillance and air defense sites to degrade Iranian military capabilities aimed at commercial shipping in the Strait of Hormuz. Meanwhile, Yemen's Houthi rebels threatened a maritime blockade of Saudi Arabian Red Sea traffic. With transit through the strait at a near-standstill, Brent crude briefly spiked above USD$90/barrel on Monday before paring gains following reports that Iran spoke with mediators.

In the UK, Andy Burnham was sworn in as Prime Minister on Monday. On his first day, he pledged a "new economic model" and vowed to maximize flexibility within existing fiscal rules. To the market's surprise, he named former Defense Secretary John Healey as Chancellor of the Exchequer, fueling speculation of increased defense spending. Separately, trade tensions heightened as the US announced plans to impose a 50% tariff on select Canadian goods.

US equities slipped despite a rebound in tech and semiconductor stocks, while US Treasuries fell amid escalating Middle East tensions. The greenback also strengthened against most major currencies.

On the economic data front, Canadian inflation slowed more than anticipated, dropping from 3.2% in May to 2.8% in June. This moderation was primarily driven by a 10.2% monthly drop in gasoline prices. Underlying inflation also softened: median and trimmed CPI eased to 1.9% and 1.8% year-over-year, respectively, both missing market estimates. In the US, the Conference Board's Leading Economic Index slipped 0.2% in June 2026 to 99.1, reversing May's 0.1% gain. While weakening consumer spending remains a concern, expected strength in AI-related investment prompted the board to raise its 2026 US GDP growth forecast from 1.8% to 1.9%.

Market Watch: Asian markets are expected to open on a calmer note. Today's regional economic calendar includes New Zealand's Q2 CPI, South Korea's trade data for the first 20 days of July, Taiwan's June export orders, and Hong Kong's June CPI.

Major Markets

CN: Panda bond issuance exceeded RMB160bn in the first half of the year, representing an increase of nearly 70% YoY. By end-June, cumulative issuance had surpassed RMB1.3 trillion, with more than 110 issuers from 24 countries and regions across five continents, underscoring the continued expansion and internationalisation of China's onshore bond market.

ID: President Prabowo Subianto said Indonesia had achieved self-sufficiency in eight food commodities, with national rice reserves reaching record highs. The National Food Agency's 2026 projection identified the commodities as rice, feed corn, consumer sugar, large chilies, cayenne pepper, shallots, chicken meat and eggs, while soybeans, garlic, beef and buffalo meat remained in deficit. President

Key Market Movements

Equity	Value	% chg
S&P 500	7443.3	-0.2%
DJIA	51839	-0.6%
Nikkei 225	64141	0.0%
SH Comp	3796.3	0.9%
STI	5499.0	-0.2%
Hang Seng	25143	2.4%
KLCI	1722.3	-0.5%

	Value	% chg
DXY	100.949	0.2%
USDJPY	162.5	0.1%
EURUSD	1.1414	-0.2%
GBPUSD	1.3431	-0.2%
USDIDR	17942	0.3%
USDSGD	1.2911	0.0%
SGDMYR	3.1702	-0.1%

	Value	chg (bp)
2Y UST	4.21	2.96
10Y UST	4.59	4.43
2Y SGS	1.68	2.50
10Y SGS	2.26	3.24
3M SORA	1.14	1.03
3M SOFR	3.63	-0.18

	Value	% chg
Brent	89.22	1.3%
WTI	83.23	0.9%
Gold	4008	-0.2%
Silver	56.42	0.9%
Palladium	1257	0.7%
Copper	13622	0.7%
BCOM	131.97	0.5%

Source: Bloomberg

Prabowo also highlighted the rollout of palm oil based B50 biodiesel as part of efforts to reduce diesel imports and shield Indonesia from global economic shocks.

MY: Exports growth accelerated to 45.4% YoY in June 2026, reaching MYR177.9bn, from a revised 44.7% in May, as shipments of electrical and electronic products, petroleum products and liquefied natural gas increased 57%, 56% and 83%, respectively. Exports to the US rose 108% in June, while shipments to China increased 36%. Imports expanded 43.9% to MYR163.0bn, from 14.0% in May, supported by increases in capital goods (67%), intermediate goods (41.3%) and consumption goods (17.2%). The trade surplus narrowed to MYR14.9bn in June from MYR39.9bn in May.

Sustainability

Rest of the world: Battery electric vehicle registrations in Europe exceeded 1mn in the first half of 2026, as subsidies, policy support and higher petrol demands accelerated EV demand. 1.24 mn vehicles were sold in the region since the start of the year, representing a 33.7% growth from 2025. Across Europe, the share of BEVs in electric car sales has increased steadily over the past few years, supported by emission standards that favour zero-emission vehicles, in particular the EU CO_2 standards that came into effect in 2025. The BEV share in electric car sales rose from 55% in 2020 to nearly 70% in 2025. As a result, Europe and China reached similar shares of BEVs in EVs in 2025, with Europe ending the year slightly higher.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 3-5bps higher, belly tenors trading ~5bps higher, and the 10Y tenor trading 5bps higher.
- US Investment Grade spreads were unchanged at 77bps, and US High Yield spreads were tighter by 2bps to 266bps. Bloomberg Global Contingent Capital Index tightened by 2bps to 207bps.
- Bloomberg Asia USD Investment Grade were unchanged at 56bps, and the Asia USD High Yield spreads widened by 2bps to 347bps. (Bloomberg, OCBC)

New Issues:

- There were no notable issuances in the Singdollar market yesterday.
- The total issuances in the APAC and DM IG markets respectively were USD610mn and USD6.75bn yesterday (prior day: USD150mn and zero respectively). The largest issuance in DM IG came from Goldman Sachs Group Inc/The (USD2.5bn tranche of perpetuals). (Bloomberg, OCBC)

Credit Developments:

- Singapore Airlines (SIASP): SIASP has responded to questions posed by the Securities Investors Association of Singapore ("SIASP") ahead of SIASP's annual general meeting. The main questions in our view, concerns SIASP's investment in Air India, amidst losses at Air India, including whether the board established clear capital allocation parameters or investment limits and under what circumstances would the board consider approving additional capital.

- EU Banking Sector: The European Commission ("EC") released a communication on the competitiveness of the EU banking sector last Friday. The intention was to detail measures aimed to strengthen the single market for banking in Europe and drive economic growth in Europe while maintaining financial stability. The EC is now taking stakeholder feedback and will propose new measures in 1Q2027.

Equity Market Updates

US: US stocks fell Thursday as a sharp semiconductor selloff, triggered by TSMC's second-quarter results, dragged major indices lower. The S&P 500 declined 0.5%, the Nasdaq dropped 1.5%, snapping a two-day winning streak, whilst the Dow edged down 0.2%. TSMC beat earnings estimates handsomely, reporting Q2 net profit up 77% year-on-year and raising its full-year revenue growth forecast to above 40%, but its ADRs fell sharply as investors focused on a significant capex hike to USD60b to USD64b, at least USD4b above prior guidance, stoking concerns over the sustainability of AI spending. The selloff cascaded across the semiconductor complex, with the Philadelphia Semiconductor Index on the verge of bear market territory, down nearly 20% from its late-June record high, its sharpest four-week decline in over a year. Retail sales data for June showed a slower pace of growth, with consumers spending less on gasoline, adding a modest macro headwind. Treasury yields were broadly steady to marginally higher, with the 10-year yield rising approximately 1 to 2 basis points to around 4.57%. Fed Governor Jefferson reiterated that current policy at 3.5% to 3.75% remains well-positioned, but flagged a potential reconsideration if inflation does not cool. Notably, a first US LNG cargo in over a year reportedly docked in China, a potential signal of easing trade tensions. Baidu announced plans to upgrade its Hong Kong listing to dual-primary status on HKEX and Nasdaq.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	100.949	0.18%	USD-SGD	1.2911
USD-JPY	162.50	0.06%	EUR-SGD	1.4738
EUR-USD	1.141	-0.22%	JPY-SGD	0.7945
AUD-USD	0.700	0.20%	GBP-SGD	1.7337
GBP-USD	1.343	-0.16%	AUD-SGD	0.9036
USD-MYR	4.093	-0.10%	NZD-SGD	0.7538
USD-CNY	6.768	-0.12%	CHF-SGD	1.5934
USD-IDR	17942	0.26%	SGD-MYR	3.1702
USD-VND	26292	0.01%	SGD-CNY	5.2436

Equity and Commodity		
Index	Value	Net change
DJIA	51,839.26	-307.16
S&P	7,443.28	-14.41
Nasdaq	25,508.07	-12.17
Nikkei 225	64,141.12	-2694.42
STI	5,498.95	-10.48
KLCI	1,722.29	-9.16
JCI	6,231.78	56.24
Baltic Dry	2,752.00	-88.00
VIX	18.65	-0.12

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2100	-0.09%	1M	3.6786
3M	2.4830	-0.08%	2M	3.7034
6M	2.6880	0.00%	3M	3.7544
12M	2.8730	-0.10%	6M	3.8793
			1Y	4.0331

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.68 (+0.02)	4.2(--)
5Y	1.87 (+0.04)	4.32 (+0.04)
10Y	2.26 (+0.03)	4.59 (+0.04)
15Y	2.29 (+0.03)	--
20Y	2.33 (+0.04)	--
30Y	2.38 (+0.03)	5.11 (+0.04)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
07/29/2026	0.166	16.600	0.041	3.668
09/16/2026	0.721	55.600	0.180	3.806
10/28/2026	0.986	26.400	0.246	3.872
12/09/2026	1.355	36.900	0.339	3.965

Financial Spread (bps)		
	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate	
SOFR	3.59

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	83.23	0.9%	Corn (per bushel)	4.495	1.1%
Brent (per barrel)	89.22	1.3%	Soybean (per bushel)	12.260	1.8%
Heating Oil (per gallon)	411.90	1.3%	Wheat (per bushel)	6.740	-1.3%
Gasoline (per gallon)	338.90	-0.1%	Crude Palm Oil (MYR/MT)	45.680	0.9%
Natural Gas (per MMBtu)	2.86	-1.8%	Rubber (JPY/KG)	4.259	-0.5%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13622	0.7%	Gold (per oz)	4008	-0.2%
Nickel (per mt)	16929	-0.2%	Silver (per oz)	56.42	0.9%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/21/2026 8:00	SK	Imports 20 Days YoY	Jul	--	20.00%	23.20%	--
7/21/2026 8:00	SK	Exports 20 Days YoY	Jul	--	52.30%	60.40%	--
7/21/2026 14:00	UK	Public Finances (PSNCR)	Jun	--	--	24.1b	--
7/21/2026 14:00	UK	Central Government NCR	Jun	--	--	25.3b	--
7/21/2026 14:00	UK	Public Sector Net Borrowing	Jun	17.8b	--	23.3b	--
7/21/2026 14:00	UK	PSNB ex Banking Groups	Jun	--	--	23.3b	--
7/21/2026 14:00	UK	Average Weekly Earnings 3M/YoY	May	4.50%	--	4.40%	--
7/21/2026 14:00	UK	Weekly Earnings ex Bonus 3M/YoY	May	3.40%	--	3.40%	--
7/21/2026 14:00	UK	Private Earnings ex Bonus 3M/YoY	May	2.90%	--	2.90%	--
7/21/2026 14:00	UK	ILO Unemployment Rate 3Mths	May	4.90%	--	4.90%	--
7/21/2026 14:00	UK	Employment Change 3M/3M	May	80k	--	100k	--
7/21/2026 14:00	UK	Payrolled Employees Monthly Change	Jun	-8k	--	2k	--
7/21/2026 14:00	UK	Claimant Count Rate	Jun	--	--	4.50%	--
7/21/2026 14:00	UK	Jobless Claims Change	Jun	--	--	31.2k	--
7/21/2026 16:30	HK	CPI Composite YoY	Jun	2.20%	--	2.00%	--
7/21/2026 20:15	US	ADP Weekly Employment Change	4-Jul	--	--	19.750k	--
7/21/2026 20:30	US	Philadelphia Fed Non-Manufacturing Activity	Jul	--	--	-25.8	--

Source: Bloomberg

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