

## Daily Treasury Outlook

### Highlights

**Global:** US equities traded firmer overnight after a choppy session, with sentiment supported by cautious optimism surrounding US-Iran peace talks, even as the situation remains fragile. The S&P, Nasdaq, and Dow rose between 0.1% and 0.6% (S&P500: 0.2%; Dow: 0.6%; NASDAQ: 0.1%). US equities initially traded lower amid renewed concerns over Iran's uranium stockpile. The trigger was a Reuters report stating that Iran's Supreme Leader, Ayatollah Mojtaba Khamenei, had ordered the country's near-weapons-grade uranium not to be sent abroad — a key US condition for ending the conflict. As such, this development complicates hopes for progress in talks between Washington and Tehran. However, losses were pared back as oil prices reversed lower after US Secretary of State Marco Rubio said there had been "some good signs" in talks with Iran. Reuters also reported that a senior Iranian source shared that "no deal has been reached but that gaps have been narrowed, adding that Iran's uranium enrichment and Tehran's control over the Strait of Hormuz remain among the sticking points." ADNOC's chief executive warned that full oil flows through the Strait of Hormuz may not return before 1H27, even if the conflict ends immediately. He noted that it would still take at least four months to restore flows to around 80% of pre-conflict levels, underscoring how supply chains may remain impaired even under a ceasefire.

On the economic front, the S&P Global US flash PMIs were mixed in May. The flash manufacturing PMI rose to 55.3, up from 54.5 the previous month — its highest reading since May 2022, as firms built inventories to protect against shortages and rising costs linked to the Iran war. In contrast, the services PMI edged down to 50.9 from 51.0. As a result, the composite PMI was unchanged at 51.7. A key concern is that supply strains are feeding through to prices, with "manufacturing input costs registered their largest monthly increase since June 2022. While the rise in services costs was muted compared to manufacturing, it was nonetheless the steepest recorded for a year." Separately, initial jobless claims for the week ending 16 May declined by 1.4% to 209k, broadly in line with consensus estimates. Continuing claims for the week ending 9 May rose modestly by 0.3% to 1.78mn. Taken together, the data continue to point to a resilient labour market alongside persistent inflationary pressures.

**Market Watch:** For the day ahead, the calendar is relatively light. This morning, Japan's April CPI was released, with both headline and core CPI unexpectedly eased to 1.4%, down from 1.5% and 1.8%, respectively. Later in the day, the UK will release its April retail sales, while the US will publish the final May University of Michigan consumer sentiment survey.

### Key Market Movements

Equity	Value	% chg
S&P 500	7445.7	0.2%
DJIA	50286	0.6%
Nikkei 225	61684	3.1%
SH Comp	4077.3	-2.0%
STI	5045.7	0.0%
Hang Seng	25387	-1.0%
KLCI	1708.4	-0.5%
	Value	% chg
DXY	99.257	0.2%
USDJPY	158.98	0.0%
EURUSD	1.1619	0.0%
GBPUSD	1.3431	0.0%
USDIDR	17654	0.3%
USDSGD	1.278	0.0%
SGDMYR	3.0982	0.0%
	Value	chg (bp)
2Y UST	4.08	2.79
10Y UST	4.57	-1.59
2Y SGS	1.65	-2.80
10Y SGS	2.18	-6.26
3M SORA	1.08	-0.21
3M SOFR	3.65	-0.19
	Value	% chg
Brent	102.58	-2.3%
WTI	96.35	-1.9%
Gold	4543	0.0%
Silver	76.68	1.0%
Palladium	1387	0.9%
Copper	13516	-1.0%
BCOM	138.91	-0.8%

Source: Bloomberg

## Major Markets

**HK:** Headline and underlying CPI (netting out the effect of all government's one-off relief measures) rose by 1.7% YoY and 1.6% YoY respectively in April, unchanged from March. Elevated oil prices continued to exert inflationary pressure on fuel-related components in CPI basket. Notably, the “electricity, gas and water” and “transport” categories recorded significant increases of 5.5% YoY and 4.3% YoY respectively. In contrast, the “housing” component rose at a relatively modest pace (+1.0% YoY), helping to anchor overall inflation. We tipped the full-year inflation forecast for Hong Kong at 1.9%.

**ID:** Danantara CEO Rosan Roeslani said the sovereign wealth fund will honour existing export contracts but review pricing to ensure it is not below global benchmarks. A Danantara unit, PT Danantara Sumber Daya Indonesia, will become the sole exporter of palm oil, coal and ferroalloys, with former PT Vale Indonesia Director Luke Thomas Mahony appointed as its president director. Exporters must report volume, value and price points during a three-month transition period from 1 June, which could be extended to six months, as the government seeks tighter control over commodity tax revenues and foreign exchange earnings, as reported by Antara news.

**MY:** Transport Minister Anthony Loke said Malaysia and China are strengthening maritime cooperation through new MOUs between ports at the China Malaysia Port Alliance (CMPA) annual meeting in Nanning. The Transport Ministry said the cooperation would create new trade opportunities, enhance regional supply chain resilience and expand the port cooperation network, following the admission of several new Chinese ports into the alliance. Since 2015, CMPA has grown into a strategic platform comprising 11 Malaysian ports and 15 Chinese ports, as reported by The Edge.

**PH:** The Philippines is on track to conclude four major free trade agreements (FTAs) this year, including agreements with the EU, Canada and Chile, as well as a preferential trade agreement with India. According to Trade Secretary Cristina Roque, negotiations with the EU could be completed by June or July, while negotiations with Canada and Chile deals are also expected to be finalised within the year. The FTAs with Canada and Chile would mark the Philippines' first trade agreements in North and South America, respectively. Additionally, the government is exploring the possibility of a free trade agreement with Paraguay following the recent visit of Paraguayan President Santiago Peña Palacios to Manila. Paraguay has expressed interest in exporting meat products to the Philippine market. Trade Secretary Cristina said that the Philippines remains open to new trade deals if they are mutually beneficial, as FTAs can help local businesses expand exports through lower or preferential tariffs.

## Sustainability

**SG:** Singapore will contribute US\$15 mn to support the development of Paris Agreement-aligned carbon credit projects. The amount will be across two facilities, which are part of a carbon transaction programme under the Global Green Growth Institute, which supports sustainable economic growth in emerging markets. US\$10 mn will go towards establishing the Singapore Article 6 carbon facility, while the remaining US\$5 mn will be directed to an Article 6 readiness facility, which builds the capacity of Global Green Growth Institute

members and partner countries to participate effectively in Article 6 carbon markets. A coalition, called Action for a Resilient Climate, was formed with the aim of raising corporate demand for high-quality carbon credits. The coalition seeks to increase investment in credible climate solutions and enable more corporates to participate in global carbon markets.

## Credit Market Updates

### Market Commentary:

The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 4-5bps higher while belly tenors and 10Y traded 5-6bps higher. US Investment Grade spreads traded flat at 73bps, US High Yield spreads tightened by 1bps to 267bps and Bloomberg Global Contingent Capital Index tightened by 1bps to 226bps. Meanwhile, Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 52bps and Asia USD High Yield spreads tightened by 5bps to 383bps. (Bloomberg, OCBC)

### New Issues:

In Singdollar market, there was no major issuance yesterday.

The total issuance volumes for APAC and DM IG markets yesterday were zero and USD1.88bn respectively (prior day: USD1.80bn and USD5.58bn). The highest issuance in DM IG market came from FMC Corp which priced USD1.2bn 1<sup>st</sup> lien debt at 8%.

### Recent Coverage Developments:

AIMS APAC REIT secured new SGD450mn and AUD160mn sustainability-linked loan facilities, eliminating near-term refinancing risk for its FY2027 debt maturities and likely extending its overall debt profile. Meanwhile, City Developments Ltd reported mixed 1Q2026 results, with softer Singapore property sales but resilient underlying demand, stable investment property income, improving hotel metrics, and higher gearing following a land acquisition.

The Monetary Authority of Singapore proposed a Total Loss Absorbing Capacity framework requiring locally headquartered domestic systemically important banks to hold external loss-absorbing capacity at 14% of risk weighted assets. Singapore Telecommunications Ltd delivered decent FY2026 results with underlying profit growth driven by strong contributions from core businesses and regional associates, offset by continued weakness in Singapore operations. HSBC Holdings Plc outlined 2026–2028 targets at its Investor Day including >17% RoTE and ~5% annual revenue growth.

The Indonesian government announced that all sales of Indonesian resources will need to be carried out through a state-owned enterprise selected by the government as sole exporter with a three-month transition period, which could potentially impact operations, margins, and liquidity for exporters like PT Medco Energi Internasional Tbk and PT Freeport Indonesia. UBS Group AG's foreign subsidiary capital requirement review is trending toward a softer outcome than the initial USD20bn estimate, with final clarity expected only after a prolonged and complex legislative process (refer to Daily Credit Snapshot 21 May 2026).

## Equity Market Updates

**US:** US stocks advanced Thursday as hopes for diplomatic progress in resolving the US-Iran conflict lifted sentiment and drove oil prices sharply lower. The S&P 500 rose 0.2%, the Nasdaq gained 0.1%, and the Dow added 0.6% to close at a record high for the first time since 10 Feb. Markets opened lower but reversed course after Iran said it was reviewing Washington's latest peace proposal, with President Donald Trump indicating willingness to wait a few more days for Tehran's response. Brent crude dropped from USD109 per barrel in morning trading to settle below USD103, easing inflation concerns. Nvidia fell 1.8% despite reporting stronger-than-expected earnings and revenue, as investors remained sceptical of the chipmaker's forecast. Walmart declined 7.3% after warning that elevated fuel prices were pressuring cash-strapped shoppers, with customers filling tanks with less than 10 gallons per trip for the first time since 2022. Treasury yields were mixed, with the 2-year rising 2.8 basis points whilst the 10-year and 30-year fell 1.4 and 3.1 basis points respectively. The rally was led by utilities and materials sectors, though market concentration remained elevated with the top 10 stocks now representing 41% of the S&P 500's market capitalisation.

### Foreign Exchange

	Day Close	% Change		Day Close
DXY	99.257	0.17%	USD-SGD	1.2780
USD-JPY	158.98	0.04%	EUR-SGD	1.4847
EUR-USD	1.162	-0.04%	JPY-SGD	0.8037
AUD-USD	0.715	-0.01%	GBP-SGD	1.7164
GBP-USD	1.343	-0.03%	AUD-SGD	0.9139
USD-MYR	3.960	-0.25%	NZD-SGD	0.7508
USD-CNY	6.801	0.04%	CHF-SGD	1.6243
USD-IDR	17654	0.28%	SGD-MYR	3.0982
USD-VND	26355	-0.05%	SGD-CNY	5.3208

### SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9680	-0.40%	1M	3.6100
3M	2.1810	-0.91%	2M	3.6320
6M	2.6030	-0.61%	3M	3.6576
12M	2.8250	-0.81%	6M	3.7287
			1Y	3.8721

### Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/17/2026	0.007	0.700	0.002	3.630
07/29/2026	0.175	16.800	0.044	3.672
09/16/2026	0.449	27.400	0.112	3.741
10/28/2026	0.555	10.600	0.139	3.767
12/09/2026	0.824	26.900	0.206	3.835

### Equity and Commodity

Index	Value	Net change
DJIA	50,285.66	276.31
S&P	7,445.72	12.75
Nasdaq	26,293.10	22.74
Nikkei 225	61,684.14	1879.73
STI	5,045.71	0.80
KLCI	1,708.36	-9.33
JCI	6,094.94	-223.56
Baltic Dry	3,005.00	-49.00
VIX	16.76	-0.68

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.65 (-0.03)	4.08(--)
5Y	1.84 (-0.06)	4.24(--)
10Y	2.18 (-0.06)	4.57 (-0.02)
15Y	2.15 (-0.06)	--
20Y	2.14 (-0.06)	--
30Y	2.18 (-0.06)	5.09 (-0.03)

### Financial Spread (bps)

Value	Change	
TED	35.36	--

### Secured Overnight Fin. Rate

SOFR	3.50
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	96.35	-1.9%	Corn (per bushel)	4.623	-0.8%
Brent (per barrel)	102.58	-2.3%	Soybean (per bushel)	11.943	-0.5%
Heating Oil (per gallon)	383.16	-2.9%	Wheat (per bushel)	6.475	-2.0%
Gasoline (per gallon)	337.96	-3.1%	Crude Palm Oil (MYR/MT)	44.030	-2.5%
Natural Gas (per MMBtu)	3.02	0.5%	Rubber (JPY/KG)	3.970	0.0%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13516	-1.0%	Gold (per oz)	4543	0.0%
Nickel (per mt)	18727	-1.1%	Silver (per oz)	76.68	1.0%

Source: Bloomberg, Reuters

## Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
5/22/2026 7:01 UK		GfK Consumer Confidence	May		-28	-23	-25 --
5/22/2026 11:00 ID		BoP Current Account Balance	1Q	-\$4700m	--	-\$2500m	--
5/22/2026 14:00 UK		Public Finances (PSNCR)	Apr	--	--	28.5b	--
5/22/2026 14:00 UK		Central Government NCR	Apr	--	--	28.0b	--
5/22/2026 14:00 UK		Public Sector Net Borrowing	Apr	20.9b	--	12.6b	--
5/22/2026 14:00 UK		PSNB ex Banking Groups	Apr	--	--	12.6b	--
5/22/2026 14:00 UK		Retail Sales Inc Auto Fuel MoM	Apr	-0.60%	--	0.70%	--
5/22/2026 14:00 UK		Retail Sales Inc Auto Fuel YoY	Apr	1.30%	--	1.70%	--
5/22/2026 14:00 UK		Retail Sales Ex Auto Fuel MoM	Apr	-0.30%	--	0.20%	--
5/22/2026 14:00 UK		Retail Sales Ex Auto Fuel YoY	Apr	1.70%	--	1.70%	--
5/22/2026 15:30 TH		Gross International Reserves	15-May	--	--	\$290.2b	--
5/22/2026 15:30 TH		Forward Contracts	15-May	--	--	\$21.8b	--
5/22/2026 18:00 US		Bloomberg May United States Economic Survey					
5/22/2026 22:00 US		U. of Mich. Sentiment	May F	48.2	--	48.2	--
5/22/2026 22:00 US		U. of Mich. Current Conditions	May F	48	--	47.8	--
5/22/2026 22:00 US		U. of Mich. Expectations	May F	48.5	--	48.5	--

Source: Bloomberg

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