By Global Markets | 22 July 2026

Daily Treasury Outlook

Highlights

Global: U.S. equities rallied broadly on Tuesday, snapping a three-session losing streak. A sharp rebound in semiconductor stocks propelled the Nasdaq higher, while better-than-expected earnings from several blue-chip industrial companies helped restore investor confidence. Oil prices extended their gains to a five-week high amid persistent tensions surrounding the Iran war. Meanwhile, the 10-year U.S. Treasury yield rose to around 4.63%, from 4.60% on Monday. According to The Washington Post, citing a new U.S. intelligence assessment, further U.S. military strikes are unlikely to materially weaken the Iranian government or prompt Tehran to soften its negotiating position. The assessment suggests that the conflict could remain trapped in an indefinite state between peace and outright war, reinforcing the risk of prolonged geopolitical uncertainty.

On the trade front, President Trump invoked Section 338 of the Tariff Act of 1930 to impose a 50% tariff on a broad range of Canadian imports—the first known use of the provision in nearly a century. The Office of the U.S. Trade Representative said the tariffs would cover nearly USD20bn of imports, equivalent to around 5.2% of the USD382bn in goods imported from Canada in 2025.

Turning to Europe, Germany's ZEW Economic Sentiment Indicator jumped to 26.3 in July from 10.5 in June, suggesting that investor confidence remained resilient despite the renewed conflict in the Middle East. The improvement followed the German government's announcement of a package of pension, tax and labour-market reforms earlier this month, supporting expectations of a gradual improvement in the economic outlook.

In the UK, newly appointed Prime Minister Burnham announced on his second day in office that the government would remove value-added tax from domestic electricity bills from 1 October. The measure is expected to reduce the average annual household energy bill by around GBP45, from approximately GBP1,862 currently. Burnham said the policy would be funded through savings generated by cancelling a GBP1.8bn digital identity programme. However, an ally of former Prime Minister Keir Starmer argued that the digital ID programme had not been fully funded, raising questions over whether the proposed savings would be sufficient to finance the energy-bill relief. UK government bonds could therefore remain sensitive to further details on how the measure will be funded and whether it will result in additional fiscal spending or borrowing.

Market Watch: For today, we expect Bank Indonesia to deliver another 25bp rate hike. The U.S. data calendar is relatively light, leaving the UK inflation report as the main macroeconomic release to watch.

Key Market Movements

Equity	Value	% chg
S&P 500	7509.2	0.9%
DJIA	52225	0.7%
Nikkei 225	66232	3.3%
SH Comp	3864.4	1.8%
STI	5526.7	0.5%
Hang Seng	25132	0.0%
KLCI	1720.4	-0.1%
	Value	**% chg**
DXY	101.173	0.2%
USDJPY	163.17	0.4%
EURUSD	1.1398	-0.1%
GBPUSD	1.3376	-0.4%
USDIDR	17883	-0.3%
USDSGD	1.2913	0.0%
SGDMYR	3.1701	0.0%
	Value	**chg (bp)**
2Y UST	4.26	5.52
10Y UST	4.63	3.64
2Y SGS	1.68	-0.10
10Y SGS	2.24	-2.24
3M SORA	1.15	0.31
3M SOFR	3.63	-0.07
	Value	**% chg**
Brent	91.01	2.0%
WTI	84.91	2.0%
Gold	4077	1.7%
Silver	58.79	4.2%
Palladium	1281	1.9%
Copper	13885	1.9%
BCOM	133.40	1.1%

Source: Bloomberg

Major Markets

ID: The Ministry of Energy and Mineral Resources said Indonesia is overseeing 93 hydrogen ecosystem development initiatives worth IDR32.0trn, as reported by Antara News. Director General of New, Renewable Energy and Energy Conservation Eniya Listiani Dewi said the projects support the government's push to accelerate "dedieselization" by replacing diesel-based power generation with cleaner alternatives, adding that expanding the domestic hydrogen ecosystem could raise Indonesia's energy security index from 7 to 8. Separately, the government launched the Hydrogen Diesel Dual Fuel Bus Pilot programme with Perum DAMRI to test Hydrogen Diesel Dual Fuel technology for public transport and lay the groundwork for commercial deployment while reducing diesel consumption and emissions.

MY: Bank Negara Malaysia Governor Abdul Rasheed Ghaffour said BNM will continue to promote two-way capital flows and deepen the onshore financial market through the measured liberalisation of its Foreign Exchange Policy (FEP) framework, as reported by The Edge. He said BNM would adopt a "measured, gradual, and phased approach" to provide businesses with greater flexibility while preserving financial and macroeconomic stability, while remaining open to further liberalisation where appropriate. Governor Abdul Rasheed added that average daily foreign exchange turnover increased to USD21.4bn as of June 2026 from USD19.8bn in 2025, while the ringgit remained among the region's better performing currencies despite weakening following the West Asia conflict.

Sustainability

Rest of the world: The EU Commission conducted a review of its EU ETS that aims to contribute to investments while delivering on the economy-wide 2040 climate target. It provides relief to the industry by updating the Linear Reduction Factor (LRF) of 3.7% for 2031-2035 and 1.7% for 2036-2040, making the trajectory more gradual compared to the current LRF of 4.3% (4.4% from 2028-2030). Free allocation for companies will continue beyond 2030. It also proposes to integrate permanent carbon removals into the EU ETS and support the scale-up of these technologies, giving additional flexibility for hard-to-abate sectors to decarbonise. The EU also launched the Electrification Action Plan with an indicative electrification target of 46% by 2040. It focuses on reducing the price gap between electricity and fossil energy costs and on incentivising the uptake of cleaner, electricity-based technologies such as heat pumps, electric vehicles and batteries across Europe. However, widespread adoption is hindered by electricity costs being around three times higher than gas, lengthy grid connection delays, the difficulty of many innovative technologies to reach commercial scale, and insufficient incentives for companies to switch from fossil fuels to electricity.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower to higher yesterday with shorter tenors trading -1 to +1 bps, belly tenors trading 2bps lower, and the 10Y tenor trading 2bps lower.
- US Investment Grade spreads traded flat at 77bps, and US High Yield spreads widened by 1bps to 267bps. Bloomberg Global Contingent Capital Index tightened by 2bps to 205bps.
- Bloomberg Asia USD Investment Grade tightened by 1bps 55bps, and the Asia USD High Yield spreads tightened by 6bps to 341bps. (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 USD1.89bn and USD6.82bn yesterday (prior day: USD610mn and USD6.75bn respectively). The largest issuance in APAC USD came from CMB International Leasing Management Limited (priced USD600mn 3Y bond at SOFR + 47bps), and the largest from DM IG came from SCE Recovery Funding LLC (priced USD1.95bn across three tranches). (Bloomberg, OCBC)

Credit Developments:

- CK Asset Holdings (CKPH): Hong Kong office market fundamentals continue to improve, with Cheung Kong Center II occupancy rising to ~60% (from ~10% at completion in 2024) and expected to reach >75% by end-2026, supported by falling Central office vacancy rates and forecast rental growth of 5–8% in Central/Admiralty despite significant new office supply in 2H2026.
- BP p.l.c. (BPLN): BP agreed to sell its Austria mobility, convenience and EV charging businesses to volenergy AG as part of its portfolio optimization and balance sheet strengthening strategy, while retaining the bp brand through a licensing agreement after the transaction is expected to close by end-2026, subject to regulatory approvals.

Equity Market Updates

US: US stocks advanced on Tuesday as dip buyers returned following three consecutive sessions of losses, with the AI trade at the centre of the rebound. The S&P 500 rose 0.9%, the Nasdaq gained 1.3%, with the Nasdaq 100 up 1.9%, its best session in three weeks, and the Dow added 0.7%. Semiconductors led the charge, with the Philadelphia Semiconductor Index surging 5.2%, partially recovering from a bear market decline of over 20% from its late-June record high. Nvidia confirmed its latest chip designs are reaching customers, Intel rallied 8.6% after announcing further headcount reductions at its data centre unit, and Micron and SK Hynix ADRs both gained double digits. In after-hours trading, Super Micro Computer surged approximately 19% after preliminary results showed gross margins expected to double from prior guidance and a record order backlog exceeding USD60b. Treasury yields rose 2 to 5 basis points across the curve, with the 10-year yield climbing to 4.63%, its highest since late May, as surging oil prices stoked inflation concerns. Brent crude topped USD91 per barrel, rising 2.5%, amid the ongoing US-Iran conflict now in its tenth consecutive day of exchanges, with

Iran striking a tanker in the Strait of Hormuz and attacking Kuwait's power and desalination infrastructure. Alphabet is due to report second-quarter earnings Wednesday, with markets focused on AI monetisation and cloud growth.

OCBC

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Foreign Exchange				
	Day Close	% Change		Day Close
DXY	101.173	0.22%	USD-SGD	1.2913
USD-JPY	163.17	0.41%	EUR-SGD	1.4717
EUR-USD	1.140	-0.14%	JPY-SGD	0.7917
AUD-USD	0.700	0.01%	GBP-SGD	1.7279
GBP-USD	1.338	-0.41%	AUD-SGD	0.9040
USD-MYR	4.088	-0.11%	NZD-SGD	0.7528
USD-CNY	6.768	-0.01%	CHF-SGD	1.5896
USD-IDR	17883	-0.33%	SGD-MYR	3.1701
USD-VND	26315	0.09%	SGD-CNY	5.2376

Equity and Commodity		
Index	Value	Net change
DJIA	52,224.64	385.38
S&P	7,509.20	65.92
Nasdaq	25,837.21	329.14
Nikkei 225	66,232.19	2091.07
STI	5,526.72	27.77
KLCI	1,720.37	-1.92
JCI	6,340.02	108.24
Baltic Dry	2,671.00	-81.00
VIX	17.05	-1.60

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2340	1.09%	1M	3.7028
3M	2.4930	0.40%	2M	3.7317
6M	2.6870	-0.04%	3M	3.7853
12M	2.8810	0.28%	6M	3.9153
			1Y	4.0844

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.68 (--)	4.26(--)
5Y	1.85 (-0.02)	4.37 (+0.05)
10Y	2.24 (-0.02)	4.63 (+0.04)
15Y	2.26 (-0.03)	--
20Y	2.28 (-0.06)	--
30Y	2.33 (-0.04)	5.14 (+0.02)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
07/29/2026	0.262	26.200	0.065	3.693
09/16/2026	0.837	57.500	0.209	3.836
10/28/2026	1.142	30.500	0.285	3.912
12/09/2026	1.556	41.500	0.389	4.016

Financial Spread (bps)		
	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate	
SOFR	3.57

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	84.91	2.0%	Corn (per bushel)	4.528	0.7%
Brent (per barrel)	91.01	2.0%	Soybean (per bushel)	12.195	-0.5%
Heating Oil (per gallon)	412.66	0.2%	Wheat (per bushel)	6.780	0.6%
Gasoline (per gallon)	340.59	0.5%	Crude Palm Oil (MYR/MT)	45.350	-0.7%
Natural Gas (per MMBtu)	2.87	0.2%	Rubber (JPY/KG)	4.150	-2.6%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13885	1.9%	Gold (per oz)	4077	1.7%
Nickel (per mt)	17085	0.9%	Silver (per oz)	58.79	4.2%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Co	Event	Period	Survey	Actual	Prior	Revised
7/22/2026 5:00	SK	PPI YoY	Jun	--	8.60%	8.50%	--
7/22/2026 14:00	UK	CPI Services YoY	Jun	3.50%	--	3.70%	--
7/22/2026 14:00	UK	PPI Input NSA MoM	Jun	-0.80%	--	0.20%	--
7/22/2026 14:00	UK	PPI Input NSA YoY	Jun	8.20%	--	8.70%	--
7/22/2026 14:00	UK	PPI Output NSA YoY	Jun	3.50%	--	4.00%	--
7/22/2026 14:00	UK	PPI Output NSA MoM	Jun	-0.20%	--	0.50%	--
7/22/2026 14:00	UK	CPIH YoY	Jun	2.80%	--	3.00%	--
7/22/2026 14:00	UK	RPI Ex Mort Int.Payments (YoY)	Jun	--	--	3.00%	--
7/22/2026 14:00	UK	Retail Price Index	Jun	416.4	--	415.3	--
7/22/2026 14:00	UK	RPI MoM	Jun	0.30%	--	0.20%	--
7/22/2026 15:00	MA	Foreign Reserves	15-Jul	--	--	$132.6b	--
7/22/2026 16:00	SI	Automobile COE Open Bid Cat E	22-Jul	--	--	129801	--
7/22/2026 16:00	SI	Automobile COE Open Bid Cat B	22-Jul	--	--	130889	--
7/22/2026 16:00	SI	Automobile COE Open Bid Cat A	22-Jul	--	--	129000	8.60%
7/22/2026 16:30	UK	House Price Index YoY	May	--	--	3.80%	--
7/22/2026-7/24/2026	CH	FDI YTD YoY CNY	Jun	--	--	-8.60%	--

Source: Bloomberg

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