Daily Treasury Outlook

Key Market Movements		
Equity	**Value**	**% chg**
S&P 500	7499.0	-0.1%
DJIA	52219	0.0%
Nikkei 225	66116	-0.2%
SH Comp	3867.0	0.1%
STI	5595.4	1.2%
Hang Seng	24893	-1.0%
KLCI	1711.4	-0.5%
	Value	**% chg**
DXY	101.125	0.0%
USDJPY	163.15	0.0%
EURUSD	1.1412	0.1%
GBPUSD	1.3375	0.0%
USDIDR	17880	0.0%
USDSGD	1.2912	0.0%
SGDMYR	3.1650	-0.2%
	Value	**chg (bp)**
2Y UST	4.30	3.63
10Y UST	4.65	2.64
2Y SGS	1.71	2.80
10Y SGS	2.30	6.17
3M SORA	1.15	0.36
3M SOFR	3.63	-0.03
	Value	**% chg**
Brent	94.07	3.4%
WTI	86.83	2.3%
Gold	4130	1.3%
Silver	59.75	1.6%
Palladium	1295	1.1%
Copper	13808	-0.6%
BCOM	135.12	1.3%

Source: Bloomberg

Highlights

Global: US equities closed mixed overnight, with the S&P 500 down 0.1%, the Dow broadly unchanged and the Nasdaq 0.6% lower. Geopolitics remained the main market focus amid a light US economic calendar, as renewed Middle East tensions pushed oil prices higher. US forces continued strikes on Iranian military targets following the breakdown of the interim peace arrangement. US Secretary of State Marco Rubio said Iran was not serious about reaching an agreement, while President Donald Trump warned of retaliation against further attacks on vessels in the Strait of Hormuz. Supply concerns intensified after Yemen's Houthi group said it had targeted two Saudi oil tankers, with Brent crude last trading at around USD95.70/bbl. Trade uncertainty also remained in focus ahead of the expiry of the temporary 10% US global tariff on 24 Jul. The US has proposed additional tariffs of 10% or 12.5% on imports from around 60 economies under Section 301 investigations related to forced-labour practices. US Trade Representative Jamieson Greer indicated that further trade measures were forthcoming but did not confirm whether the proposed duties would take effect before the temporary tariff expired.

Market Watch: The Asian data calendar includes South Korea's 2Q26 GDP, Australia's June labour report, Singapore's June CPI, Taiwan's industrial production and money supply, and the Philippines' June budget balance. The 59th ASEAN Foreign Ministers' Meeting also continues in Manila. Attention later today will turn to the ECB policy decision and President Christine Lagarde's press conference, alongside US initial jobless claims.

Major Markets

ID: Bank Indonesia (BI) kept its policy rate unchanged at 5.75%, against expectations of a 25bp hike. BI instead introduced a host of incentives to increase foreign portfolio inflows to maintain IDR stability and refined the Macroprudential Liquidity Incentive Policy to support liquidity and address segmentation in the banking sector. Despite keeping the policy rate unchanged, BI's rhetoric remained hawkish, citing heightened global uncertainty and some price pressures. We view this more as a pause in BI's rate-hiking cycle for now, with our forecast remaining for a cumulative 75bp of rate hikes over the rest of the year. Admittedly, BI's trade-off between rate and non-rate measures has become more evident, and there is now a clearer preference for non-rate measures.

MY: The Malaysian Palm Oil Council (MPOC) projected crude palm oil prices to remain range-bound at MYR4,400 to MYR4,650 per tonne in August, supported by Indonesia's B50 biodiesel mandate, firmer energy markets and improved biodiesel economics, as reported by The Edge. MPOC said renewed US-Iran tensions lifted gasoil prices above both palm oil and soybean oil, while strong biodiesel demand in Indonesia and the United States continued to provide a structural price floor for palm oil and soybean oil prices. However, MPOC said further gains are likely to be capped by softer demand and elevated vegetable oil stocks in major importing markets, although seasonal restocking ahead of India's Diwali festival may support vegetable oil demand.

AU: The Westpac-Melbourne Institute Leading Index, tracking Australian economic activity three to nine months in advance, dropped to -0.36% in June versus -0.25% in May. The index has experienced a significant reversal since December, declining from +0.36% to its current level. Much of this deterioration has been attributed to the narrowing yield spread, brought on by RBA policy moves, with higher interest rates also weighing on other components of the index, including dwelling approvals, consumer expectations, and monthly hours worked. While recent declines in fuel prices and the RBA's June rate pause have provided some relief, renewed Middle East tensions and persistent inflation concerns could further weaken the economy.

Sustainability

CH: China's pumped-storage hydroelectricity sector is gearing up for development during the 15th Five-Year Plan (2026-30) period to boost China's green transition and long-term energy security. It expects to see approximately 100 mn kW of new pumped-storage capacity become operational in the next five years, with an average annual rollout exceeding 20 mn kW. Following this trajectory, China's total operational pumped-storage capacity is expected to reach around 160 mn kW by 2030. The country is advancing the construction of approved projects and fostering coordinated development between eastern load centers and new energy-rich regions in central and western China, including regulatory support for cross-provincial power transmission.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 4-5bps higher, belly tenors trading 5-6bps higher, and the 10Y tenor trading 5bps higher.
- US Investment Grade spreads traded flat at 77bps, and US High Yield spreads also traded flat at 267bps. Bloomberg Global Contingent Capital Index tightened by 1bps to 204bps.
- Bloomberg Asia USD Investment Grade traded flat at 55bps, and the Asia USD High Yield spreads widened by 126bps to 467bps though it is likely due to technical reasons. (Bloomberg, OCBC)

New Issues:

- There were SGD100mn of issuances in the Singdollar market yesterday, where Toyota Motor Finance B.V. issued priced a 2Y SGD100mn bond at 2.03%.
- The total issuances in the APAC and DM IG markets respectively were USD400mn and USD1bn yesterday (prior day: USD1.89bn and USD6.82bn respectively). The largest issuance in APAC USD came from Taizhou Urban Construction and Investment Development Group Co. Ltd. (priced USD400mn 3Y bond at 4.4%), and the largest from DM IG came from Equifax Inc., (priced USD1bn across two tranches). (Bloomberg, OCBC)

Credit Developments:

- Julius Baer Group (BAERVX): BAERVX delivered record 1H2026 profitability and stronger capitalisation, driven by record AuM, healthy net new money inflows, higher client activity, improved operating leverage, lower credit losses, and continued cost discipline, while reaffirming its medium-term growth, efficiency, and profitability targets through 2028.

Equity Market Updates

US: US stocks were mixed on Wednesday, as escalating Middle East tensions and rising rate-hike expectations weighed on sentiment. The S&P 500 slipped 0.1%, the Nasdaq 100 fell 0.5%, and the Dow Jones Industrial Average closed flat. Geopolitical risk dominated the session: the US widened airstrikes on Iran, targeting a site near Tabriz for the first time, whilst Iran threatened to block all oil flows through the Strait of Hormuz if US strikes hit its infrastructure. Houthi militants subsequently claimed attacks on two Saudi tankers in the Red Sea, sending Brent crude up 3.4% to settle at USD94 a barrel, extending its monthly gain to nearly 30%. Oil's surge revived inflation concerns and reinforced growing Fed rate-hike wagers, pressuring Treasuries; 2- to 5-year yields reached their highest levels of 2026, whilst the 10-year yield stood at approximately 4.66%. The 30-year yield has now traded above 5% for 12 consecutive sessions, the longest such run since 2007. A USD13b 20-year auction drew a high yield of 5.163%, the second-highest since the tenor's 2020 reintroduction, with the bid-to-cover ratio slipping to 2.64 from 2.75 previously. In corporate news, Alphabet beat on cloud revenue but raised its full-year capex guidance to USD195b to USD205b, sending shares down roughly 3% after hours; Tesla missed profit estimates at USD0.33 per share versus consensus of USD0.51.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	101.125	-0.05%	USD-SGD	1.2912
USD-JPY	163.15	-0.01%	EUR-SGD	1.4735
EUR-USD	1.141	0.12%	JPY-SGD	0.7913
AUD-USD	0.700	-0.03%	GBP-SGD	1.7269
GBP-USD	1.338	-0.01%	AUD-SGD	0.9034
USD-MYR	4.087	-0.03%	NZD-SGD	0.7511
USD-CNY	6.774	0.10%	CHF-SGD	1.5854
USD-IDR	17880	-0.02%	SGD-MYR	3.1650
USD-VND	26315	0.00%	SGD-CNY	5.2449

Equity and Commodity		
Index	Value	Net change
DJIA	52,218.58	-6.06
S&P	7,498.96	-10.24
Nasdaq	25,690.90	-146.31
Nikkei 225	66,115.60	-116.59
STI	5,595.42	68.70
KLCI	1,711.37	-9.00
JCI	6,334.48	-5.54
Baltic Dry	2,670.00	-1.00
VIX	16.64	-0.41

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2040	-1.34%	1M	3.7344
3M	2.4750	-0.72%	2M	3.7738
6M	2.6890	0.07%	3M	3.8236
12M	2.9180	1.28%	6M	3.9589
			1Y	4.1301

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.71 (+0.03)	4.3(--)
5Y	1.9 (+0.05)	4.4 (+0.03)
10Y	2.3 (+0.06)	4.65 (+0.03)
15Y	2.32 (+0.07)	--
20Y	2.34 (+0.06)	--
30Y	2.4 (+0.06)	5.14 (+0.01)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
07/29/2026	0.337	33.700	0.084	3.713
09/16/2026	1.016	67.900	0.254	3.882
10/28/2026	1.297	28.100	0.324	3.953
12/09/2026	1.705	40.900	0.426	4.055

Financial Spread (bps)		
	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate	
SOFR	3.61

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	86.83	2.3%	Corn (per bushel)	4.620	2.0%
Brent (per barrel)	94.07	3.4%	Soybean (per bushel)	12.330	1.1%
Heating Oil (per gallon)	414.88	0.5%	Wheat (per bushel)	7.058	4.1%
Gasoline (per gallon)	341.47	0.3%	Crude Palm Oil (MYR/MT)	45.300	-0.1%
Natural Gas (per MMBtu)	2.93	2.1%	Rubber (JPY/KG)	4.295	3.5%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	13808	-0.6%	Gold (per oz)	4130	1.3%
Nickel (per mt)	17234	0.9%	Silver (per oz)	59.75	1.6%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/23/2026 7:00	SK	GDP YoY	2Q A	3.50%	3.70%	3.80%	--
7/23/2026 7:00	SK	GDP SA QoQ	2Q A	0.40%	0.60%	1.80%	--
7/23/2026 9:30	AU	Unemployment Rate	Jun	4.40%	--	4.40%	--
7/23/2026 9:30	AU	Employment Change	Jun	15.0k	--	40.3k	--
7/23/2026 9:30	AU	Participation Rate	Jun	66.70%	--	66.70%	--
7/23/2026 13:00	SI	CPI YoY	Jun	2.00%	--	1.80%	--
7/23/2026 13:00	SI	CPI NSA MoM	Jun	--	--	0.70%	--
7/23/2026 16:00	TA	Industrial Production YoY	Jun	17.50%	--	11.78%	--
7/23/2026 20:15	EC	ECB Main Refinancing Rate	23-Jul	2.40%	--	2.40%	--
7/23/2026 20:15	EC	ECB Deposit Facility Rate	23-Jul	2.25%	--	2.25%	--
7/23/2026 20:15	EC	ECB Marginal Lending Facility	23-Jul	2.65%	--	2.65%	--
7/23/2026 20:30	US	Initial Jobless Claims	18-Jul	210k	--	208k	--
7/23/2026 20:30	CA	Retail Sales MoM	May	1.00%	--	0.50%	--
7/23/2026 20:30	US	Continuing Claims	11-Jul	1809k	--	1805k	--
7/23/2026 20:30	CA	Retail Sales Ex Auto MoM	May	1.30%	--	0.10%	--
7/23/2026 20:30	US	Chicago Fed Nat Activity Index	Jun	0	--	-0.1	--
7/23/2026 22:00	EC	Consumer Confidence	Jul P	-17	--	-17.7	--

Source: Bloomberg

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