

Daily Treasury Outlook

Highlights

Global: US equities closed mixed overnight, with the S&P 500 falling 1.2% and Nasdaq declining 2.6%, while the Dow was broadly flat. Technology shares led the losses amid renewed concerns over the sustainability by AI-related capital expenditure, while the 10-year US Treasury yield declined to around 4.95% amid safe-haven demand. Separately, Treasury Secretary Scott Bessent downplayed concerns over an AI bubble, saying he saw no "systemic problem" with the sector, as reported by the Financial Times. Brent crude rose over 3% to last seen at USD113.2 per barrel amid further Houthi attacks on Saudi Arabia and escalating Middle East tensions. On the US data front, the Conference Board's Leading Economic Index was unchanged in September following a 0.1% decline in August. However, the index rose 0.6% over the six months to September, reversing a 1.1% decline in the preceding six months, while the Coincident Economic Index rose 0.3% in September from 0.1% in August. The Conference Board expects GDP growth of 2.2% in 2026 and 2.0% in 2027. Separately, initial jobless claims fell by 6k to 194k, below consensus of 200k, while continuing claims rose to 1.728mn from a revised 1.703mn. Elsewhere, the BSP raised its policy rate by 50bp to 5.50%, exceeding consensus and our expectations of a 25bp hike. The decision effectively front-loaded the additional 25bp hike we had anticipated in December, aimed at containing second-round inflationary pressures amid elevated oil prices and El Niño-related food risks. We now expect the BSP to hold rates in December, although further tightening remains possible should core inflation stay elevated.

Market Watch: For the day ahead, Japan's September core CPI has already accelerated to 2.1% YoY from 1.7% in August, in line with expectations. Attention in Asia also turns to Japan's and India's preliminary October PMIs, alongside Australia's PMIs, Singapore's September CPI (OCBC: 2.4% YoY) and Taiwan's industrial production. Thailand's financial markets are closed today. In the US tonight, attention turns to the preliminary October manufacturing and services PMIs, alongside the final University of Michigan consumer sentiment survey, particularly household inflation expectations ahead of the Fed's 27–28 October meeting.

SG: September headline and core inflation, which are due today, are expected to come in at 2.4% and 2.3% respectively, up from 2.3% and 2.2% previously. Private transport inflation is estimated to have picked up, as fuel price inflation accelerated.

Major Markets

CN: China's foreign direct investment (FDI) inflows fell by 4.3% YoY to RMB548.8bn in the first nine months of 2026, although September saw a modest recovery, with inflows rising by 2.5% YoY. High-tech industries remained a key bright spot, attracting RMB228.5bn in FDI, up 33.8% YoY. Their share of total FDI inflows surged by 11.9 percentage points to 41.6%, highlighting a structural shift

Key Market Movements

Equity	Value	% chg
S&P 500	7663.4	-1.2%
DJIA	52868	0.0%
Nikkei 225	62908	-2.7%
SH Comp	3658.0	-1.5%
STI	5415.1	-0.4%
Hang Seng	22935	-3.0%
KLCI	1608.1	0.4%
	Value	% chg
DXY	101.607	-0.2%
USDJPY	156.77	-0.9%
EURUSD	1.1216	-0.1%
GBPUSD	1.3401	0.1%
USDIDR	18050	0.2%
USDSGD	1.2775	0.0%
SGDMYR	3.1977	0.2%
	Value	chg (bp)
2Y UST	4.64	-16.64
10Y UST	4.95	-16.60
2Y SGS	1.87	-1.30
10Y SGS	2.34	-3.24
3M SORA	1.26	0.21
3M SOFR	3.75	0.27
	Value	% chg
Brent	113.17	4.0%
WTI	99.47	2.4%
Gold	4025	-2.8%
Silver	54.57	-5.9%
Palladium	1054	-3.6%
Copper	14078	-1.9%
BCOM	142.68	0.0%

Source: Bloomberg

in foreign investment towards high-tech sectors despite the overall weakness in FDI inflows.

MY: The Ministry of Economy is finalising the national natural gas roadmap for launch in 4Q26, later than its initial 3Q26 target. The roadmap aims to reshape gas pricing, supply and regulation nationwide while aligning federal and state policies across Peninsular Malaysia, Sabah and Sarawak, as reported by The Edge. Natural gas is projected to account for 56% of Malaysia's total primary energy supply by 2050, up from 43% currently. Economy Minister Akmal Nasrullah Mohd Nasir emphasised the need to safeguard energy security and affordability while steadily reducing emissions, noting that natural gas remains important for electricity system flexibility and industrial production.

ID: Foreign Minister Arrmanatha Nasir and Australian Foreign Minister Penny Wong met in Jakarta on Thursday (22 October) to discuss strengthening bilateral cooperation, regional stability and multilateral reforms. Minister Arrmanatha highlighted the importance of regional mechanisms, including ASEAN, the Indian Ocean Rim Association (IORA) and the Pacific Islands Forum (PIF), in enhancing regional resilience. Separately, Coordinating Minister for Economic Affairs Airlangga Hartarto sought Australia's support for Indonesia to secure unanimous CPTPP member approval to commence accession talks at a meeting in November 2026. Speaking at the launch of Phase II of the Australia Indonesia Partnership for Economic Development (PROSPERA), Coordinating Minister Airlangga also acknowledged Australia's technical assistance in Indonesia's OECD accession preparations, with the government targeting membership by 2028.

PH: Bangko Sentral ng Pilipinas (BSP) raised its policy rate by a jumbo 50bp, taking the overnight borrowing rate to 5.50%. BSP noted that it saw the need for a strong policy response to make monetary conditions appropriately restrictive. The decision is aimed at containing second-round effects from higher input prices, from fuel to food, with headline and core CPI jumping to 7.2% YoY and 4.7% in September from 6.1% and 4.1% in August, respectively. The decision today was proactive and targeted at mitigating second-round price pressures, considering still-elevated global oil prices and the impact of the El Nino phenomenon on food prices. We now see BSP being on hold at its December meeting. However, should core inflation remain elevated in the coming months, the door for further hikes remains open.

AU: The S&P Global Flash PMI signalled weaker activity alongside stronger price pressures. The Composite PMI fell to 47.7 from 51.3 in September, marking the first contraction in private-sector activity in five months and its weakest reading since March. The deterioration was driven by services activity, which fell to 47.8 from 51.9, while the Manufacturing PMI edged up to 49.7 from 49.6 but remained below the 50-point threshold. Demand was constrained by weak confidence, higher borrowing costs and persistent inflationary pressures, although employment continued to rise on the back of service sector hiring. Meanwhile, input-cost inflation accelerated to a five-month high amid higher energy, shipping, commodity and wage costs, prompting firms to raise selling prices at a faster pace.

Sustainability

MY/ID: Malaysia and Indonesia are exploring a proposed memorandum of understanding (MOU) on environment and climate change to strengthen forest- and land-fire prevention and reduce the risk of transboundary haze. Proposed cooperation includes sharing hotspot monitoring data, managing high-risk areas and coordinating early action. Malaysia also proposed two key initiatives at the ASEAN level, namely (i) science diplomacy to strengthen the use of scientific data and evidence in haze management, and (ii) a sustainable haze fund to expand financing for fire prevention and regional haze management efforts. However, identifying the companies responsible for fires remains challenging, which could complicate enforcement and accountability efforts.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve flat to lower yesterday; shorter tenors traded 1 to 3bps lower, belly tenors traded 4bps lower, and 10Y tenor traded 5bps lower.
- US Investment Grade spreads traded 1bps wider to 87bps, and US High Yield spreads widened by 11bps to 338bps. Bloomberg Global Contingent Capital spreads traded wider by 15bps to 257bps.
- Bloomberg Asia USD Investment Grade spread widened by 3bps to 70bps, and the Asia USD High Yield spreads widened by 21bps to 404bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the Singdollar market yesterday.
- There were USD450mn issuances in the APAC USD market and no issuance in the DM IG markets respectively (prior business day: USD4.7bn and USD4.95bn respectively).
- Mizuho Bank Ltd was the sole issuer in the APAC USD market.

Credit Headlines:

- **Lenovo Group Ltd (“Lenovo”):** Lenovo is refinancing a USD2bn facility with a five-year syndicated loan priced at SOFR +75bps, around 35bps below the previous headline margin. This should reduce interest expense, extend funding and support liquidity. Credit momentum is also supported by 43% YoY revenue growth, driven partly by AI infrastructure, although Lenovo recently raised USD2bn of convertible bonds for refinancing and share buybacks.
- **OUE REIT (“OUECT”):** The outlook remains stable, supported by hospitality strength. 3Q2026 net property income rose 4.6% YoY to SGD59.6mn, as hospitality NPI increased 12.6% to SGD27.6mn. Commercial NPI declined 1.5% to SGD32.0mn, with Singapore office occupancy falling to 91.2%, partly offset by positive rental reversions. Leverage rose to 42.1%, but could decline to 37.1% after applying proceeds from the Crowne Plaza Changi Airport disposal toward debt repayment. Potential asset transactions are viewed as broadly credit-neutral.
- **Frasers Centrepoint Trust (“FCTSP”):** FY2026 results were decent, with revenue rising 14.2% YoY to SGD444.9mn and NPI increasing 15.7% to SGD321.7mn. Portfolio occupancy remained strong at 99.7%, with positive rental reversion of 6.6%. Aggregate leverage improved to 38.7%,

potentially falling to 36.8% after repayment using White Sands disposal proceeds, while interest coverage strengthened to 4.37x. However, leverage could return to around 39% after funding Bayshore, NEX and future Causeway Point expenditure.

Equity Market Updates

US: US stocks fell sharply on Thursday as a confluence of renewed AI spending concerns and escalating Middle East tensions drove a broad risk-off move. The S&P 500 dropped 1.4%, the Nasdaq 100 lost 3%, its worst session since June, and the Dow declined more modestly. Meta Platforms sank 8% after its plans to significantly boost capital expenditure reignited fears that major tech firms will issue substantial debt to finance AI infrastructure, with Meta's credit risk hitting a record high, whilst chipmakers fell nearly 7% in sympathy. Tesla also weighed on sentiment after cutting its spending plans. Brent crude topped USD113 per barrel following deadly attacks in Saudi Arabia, amplifying inflation concerns with US midterm elections less than two weeks away. Investors rotated into the safety of bonds, with 10-year Treasury yields falling around 8 basis points to approximately 5.04%, as haven demand accelerated. Weekly jobless claims fell to 194,000, a three-month low, beating the 200,000 consensus estimate, though the resilient labour data did little to offset the risk-off tone. In China, the CSI 300 entered a technical bear market, down 20% from its June peak, with USD2.4t in market value erased, whilst the Hang Seng fell 3% as mainland investors sold a net HKD9.22b of Hong Kong shares via Stock Connect.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	101.607	-0.17%	USD-SGD	1.2775
USD-JPY	156.77	-0.87%	EUR-SGD	1.4330
EUR-USD	1.122	-0.14%	JPY-SGD	0.8148
AUD-USD	0.702	-0.13%	GBP-SGD	1.7116
GBP-USD	1.340	0.05%	AUD-SGD	0.8966
USD-MYR	4.083	0.08%	NZD-SGD	0.7259
USD-CNY	6.675	-0.02%	CHF-SGD	1.5567
USD-IDR	18050	0.25%	SGD-MYR	3.1977
USD-VND	25848	-0.04%	SGD-CNY	5.2263

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4310	1.12%	1M	3.9239
3M	2.6700	0.91%	2M	3.9885
6M	3.0300	0.43%	3M	4.0441
12M	3.2630	0.55%	6M	4.1735
			1Y	4.3995

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/28/2026	0.072	7.200	0.018	3.898
12/09/2026	0.850	77.800	0.213	4.092
01/27/2027	1.172	32.200	0.293	4.173
03/17/2027	1.729	55.700	0.432	4.312

Equity and Commodity

Index	Value	Net change
DJIA	52,867.98	11.89
S&P	7,663.43	-93.74
Nasdaq	26,008.86	-694.00
Nikkei 225	62,907.84	-1713.40
STI	5,415.14	-22.85
KLCI	1,608.14	5.87
JCI	5,387.91	59.55
Baltic Dry	2,680.00	87.00
VIX	19.03	2.35

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.87 (-0.01)	4.64(--)
5Y	2.14 (-0.02)	4.77 (-0.18)
10Y	2.34 (-0.03)	4.95 (-0.17)
15Y	2.39 (-0.04)	--
20Y	2.33 (-0.04)	--
30Y	2.35 (-0.04)	5.28 (-0.13)

Secured Overnight Fin. Rate

SOFR 3.88

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	99.47	2.4%	Corn (per bushel)	4.605	-0.6%
Brent (per barrel)	113.17	4.0%	Soybean (per bushel)	12.530	0.6%
Heating Oil (per gallon)	493.21	3.5%	Wheat (per bushel)	6.248	-0.6%
Gasoline (per gallon)	317.65	1.8%	Crude Palm Oil (MYR/MT)	45.510	0.6%
Natural Gas (per MMBtu)	2.80	0.2%	Rubber (JPY/KG)	4.371	-8.0%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14078	-1.9%	Gold (per oz)	4025	-2.8%
Nickel (per mt)	16120	-0.7%	Silver (per oz)	54.57	-5.9%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
10/23/2026 7:30	JN	Natl CPI YoY	Sep	2.10%	2.10%	1.90%	--
10/23/2026 7:30	JN	Natl CPI Ex Fresh Food YoY	Sep	2.10%	2.10%	1.70%	--
10/23/2026 8:30	JN	S&P Global Japan PMI Mfg	Oct P	--	--	54.1	--
10/23/2026 13:00	IN	HSBC India PMI Mfg	Oct P	--	--	55.1	--
10/23/2026 13:00	SI	CPI YoY	Sep	2.40%	--	2.30%	--
10/23/2026 14:00	UK	Retail Sales Inc Auto Fuel MoM	Sep	-0.10%	--	0.50%	--
10/23/2026 14:00	UK	Retail Sales Inc Auto Fuel YoY	Sep	1.00%	--	2.40%	--
10/23/2026 14:00	UK	Retail Sales Ex Auto Fuel MoM	Sep	-0.10%	--	0.60%	--
10/23/2026 14:00	UK	Retail Sales Ex Auto Fuel YoY	Sep	1.40%	--	2.70%	--
10/23/2026 16:00	EC	S&P Global Eurozone Manufacturing PMI	Oct P	52.8	--	52.9	--
10/23/2026 16:00	EC	S&P Global Eurozone Composite PMI	Oct P	52.7	--	53.1	--
10/23/2026 16:30	UK	S&P Global UK Manufacturing PMI	Oct P	51.8	--	51.9	--
10/23/2026 16:30	UK	S&P Global UK Services PMI	Oct P	51.8	--	52.1	--
10/23/2026 16:30	UK	S&P Global UK Composite PMI	Oct P	51.7	--	52	--

Source: Bloomberg

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