OCBC Group Research

By Global Markets | 24 July 2026

# Daily Treasury Outlook

## Highlights

**Global**: The US trading session overnight was characterized by sharp market reactions following an escalation of tensions in the Middle East. Iran's Revolutionary Guards declared the Strait of Hormuz "completely closed" under their control, while Yemen's Houthi rebels claimed responsibility for attacks on two Saudi oil tankers (Encelia and Layla) in the Red Sea, alleging that the vessels had violated their blockade of Saudi ports. President Trump threatened to bomb Iranian infrastructure in response to each attack on commercial shipping, while the US conducted a twelfth consecutive night of strikes on Iran. With the Houthis opening a clear second front of energy supply disruptions, adding to tensions surrounding the Strait of Hormuz, Brent crude prices rose above USD100 per barrel, while the DXY index and US Treasury yields moved sharply higher. The 10-year Treasury yield reached an intraday high of 4.7115%. Technology-related stocks also fell on Thursday, with US equities closing in negative territory (S&P 500: -1.2%; Nasdaq: -1.9%). Early this morning, President Trump announced tariffs of 10.0%–12.5% on imports from sixty key trading partners under Section 301 of the Trade Act of 1974, effective 12:01 a.m. ET on Friday. These measures will replace the temporary 10% tariffs implemented under Section 122 of the Trade Act of 1974, which expire on 24 July. The European Central Bank left its deposit, main refinancing and marginal lending rates unchanged and noted that energy prices remained highly volatile and above levels before the Middle East conflict. ECB noted that its response remains data-dependent and meeting-by-meeting, with no commitment to a rate path.

**Market Watch:** The focus will likely remain on geopolitical tensions in the Middle East. Oil-importing Asian economies are particularly exposed, not only through deteriorating macroeconomic fundamentals but also weakening investor sentiment. This morning, Japan's headline CPI rose 1.7% YoY in June from 1.5% in May. Core CPI increased 1.6% from 1.4%, while core-core CPI eased slightly to 1.7% from 1.8% in May. The data calendar for the remainder of the day includes Thailand's June customs trade data, UK June retail sales, the Euro Area's preliminary July PMI readings, ECB June inflation expectations, the US S&P Global preliminary July PMI, and US June new home sales data. It is a fairly quiet day for central banks, with the US Federal Reserve currently in its external communications blackout period, which will remain in effect until 31 July.

**SG:** Headline CPI rose to a lower-than-expected 1.9% YoY in June from 1.8% in May, while core CPI edged higher to 1.6% from 1.4% in May.

## Major Markets

**ID:** Coordinating Minister for Infrastructure and Regional Development Agus Harimurti Yudhoyono said Indonesia is preparing to mandate the use of sustainable aviation fuel (SAF) from 2027 as part of efforts to decarbonise the aviation sector, as reported by Antara News. He described SAF as the future of global aviation, citing its potential to significantly reduce greenhouse gas emissions compared with conventional jet fuel. Coordinating Minister AHY added

**Key Market Movements**

| Equity | Value | % chg |
|---|---|---|
| S&P 500 | 7408.3 | -1.2% |
| DJIA | 51712 | -1.0% |
| Nikkei 225 | 66423 | 0.5% |
| SH Comp | 3876.8 | 0.3% |
| STI | 5581.8 | -0.2% |
| Hang Seng | 25211 | 1.3% |
| KLCI | 1714.6 | 0.2% |
| | **Value** | **% chg** |
| DXY | 101.444 | 0.3% |
| USDJPY | 163.86 | 0.4% |
| EURUSD | 1.1377 | -0.3% |
| GBPUSD | 1.3315 | -0.4% |
| USDIDR | 17915 | 0.2% |
| USDSGD | 1.2921 | 0.1% |
| SGDMYR | 3.1684 | 0.1% |
| | **Value** | **chg (bp)** |
| 2Y UST | 4.35 | 4.92 |
| 10Y UST | 4.69 | 3.87 |
| 2Y SGS | 1.77 | 6.30 |
| 10Y SGS | 2.41 | 11.66 |
| 3M SORA | 1.15 | 0.51 |
| 3M SOFR | 3.63 | -0.03 |
| | **Value** | **% chg** |
| Brent | 100.69 | 7.0% |
| WTI | 92.19 | 6.2% |
| Gold | 4049 | -2.0% |
| Silver | 57.60 | -3.6% |
| Palladium | 1258 | -2.9% |
| Copper | 13595 | -1.5% |
| BCOM | 136.27 | 0.9% |

Source: Bloomberg

that the government is supporting the transition through measures to improve energy efficiency, shift to cleaner energy sources, strengthen resource management and develop net zero emission airports through green infrastructure and clean technology integration.

**MY:** Treasury Secretary General Tan Sri Johan Mahmood Merican said Malaysia is reviewing its investment incentive framework after strong demand for data centre projects exposed the limits of rewarding investments mainly based on capital expenditure. He said the government is reassessing electricity pricing for the energy intensive sector and developing a broader scorecard to evaluate projects based on economic complexity, higher value-added jobs and stronger linkages with local industries. Johan added that Malaysia remains open to investment, while future incentives are likely to become more targeted to ensure projects deliver lasting economic benefits.

**AU:** Australia's Labour Force Survey for the month of June significantly exceeded expectations, with employment rising by 76.3k versus consensus forecasts of 15.3k, marking the largest monthly increase since April 2025. The unemployment rate remained unchanged at 4.4% as the overall participation rate rose to 67% from 66.7% in May, indicating that labour force growth was driven by more people entering the workforce rather than a decline in unemployment. However, much of the employment growth was driven by an increase in part-time employment, while the underemployment rate edged up from 6.3% in May to 6.5%, tempering the strength of the report.

## Sustainability

**CH:** China has initiated a nationwide program to build national-level zero-carbon factories, to support green manufacturing and its carbon peaking and carbon neutrality goals. The program aims to reduce carbon dioxide emissions within factory boundaries to near-zero levels through technological innovation, structural adjustment and management optimisation. To guide the transition, the ministry has introduced a trial evaluation system, outlining core requirements and guiding indicators to encourage participating entities to systematically upgrade their operations via technological innovation, process decarbonisation, smart carbon management, carbon offsetting and transparent information disclosure. The Ministry of Industry and Information Technology (MIIT) plans to conduct random inspections and organise acceptance evaluations to recognise facilities that successfully pass the assessment as national-level zero-carbon factories, which can promote continuous carbon reduction efforts and results.

## Credit Market Updates

**Market Commentary:**

- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 4-7bps higher, belly tenors trading 7-8bps higher, and the 10Y tenor trading 8bps higher.
- US Investment Grade spreads widened by 1bps to 78bps, and US High Yield spreads widened by 9bps to 276bps. Bloomberg Global Contingent Capital Index widened by 3bps to 207bps.

- Bloomberg Asia USD Investment Grade traded flat at 55bps, and the Asia USD High Yield spreads tightened 133bps to 334bps though it is likely due to technical reasons. (Bloomberg, OCBC)

**New Issues:**

- There were SGD250mn of issuances in the Singdollar market yesterday, where Banco Santander SA issued 6NC5 bonds at 2.95%.
- The total issuances in the APAC and DM IG markets respectively were USD1.25bn and USD2.61bn yesterday (prior day: USD400mn and USD1bn respectively). The largest issuance in APAC USD came from ICICI Bank Ltd (priced USD1bn 5Y bond at T+100bps), and the largest from DM IG came from Barclays Bank PLC, (priced USD2bn 2Y bond at SOFR +50bps). (Bloomberg, OCBC)

**Credit Developments:**

- ABN AMRO Bank (ABNANV): The Dutch government reduced its stake in ABN AMRO to 20.5% from around 30%, ending its special shareholder rights linked to ownership above one-third while continuing its gradual exit from the bank without affecting ABN AMRO's underlying credit fundamentals.
- OUE REIT (OUECT): OUE REIT reported stronger 1H2026 earnings driven by improved hospitality performance, lower financing costs, and contributions from Salesforce Tower, while maintaining stable credit metrics and benefiting from resilient Singapore and Sydney office fundamentals alongside ongoing asset recycling initiatives.

## Equity Market Updates

**US:** US stocks fell sharply on Thursday as Brent crude surged above USD100 a barrel for the first time in two months, driven by escalating Middle East tensions after Iran-backed Houthis struck two Saudi oil tankers in the Red Sea and President Trump warned of a major operation against Iran. The S&P 500 dropped 1.2%, its steepest single-day decline in a month, the Nasdaq slumped 2.2%, and the Dow fell 1.0%. The Magnificent Seven shed USD797b in market value, their worst session since the April 2025 tariff-driven selloff, compounded by disappointing earnings reactions: Alphabet tumbled over 6% after raising its 2026 capital expenditure forecast to USD195b to USD205b, reigniting concerns over AI spending discipline, whilst Tesla plunged 15%, its largest drop since March 2025, on a profit miss and similar AI investment anxieties. Treasury yields surged to year-to-date highs, with the 2-year rising as much as 7 basis points to 4.37% and the 10-year climbing 3 to 6 basis points, as oil-fuelled inflation fears drove traders to price in a Fed rate hike as early as the 28 to 29 Jul meeting. A USD21b 10-year TIPS auction drew a yield of 2.438%, the highest since the 2008 financial crisis, signalling weak demand. Notably, Singapore's GIC announced plans to deploy an additional USD30b into hedge funds over the next three years, and China resumed issuing robotaxi licences after a prolonged freeze.

**Foreign Exchange**

| | Day Close | % Change | | Day Close |
|---|---|---|---|---|
| **DXY** | 101.444 | 0.32% | **USD-SGD** | 1.2921 |
| **USD-JPY** | 163.86 | 0.44% | **EUR-SGD** | 1.4701 |
| **EUR-USD** | 1.138 | -0.31% | **JPY-SGD** | 0.7890 |
| **AUD-USD** | 0.697 | -0.40% | **GBP-SGD** | 1.7213 |
| **GBP-USD** | 1.332 | -0.45% | **AUD-SGD** | 0.9008 |
| **USD-MYR** | 4.089 | 0.05% | **NZD-SGD** | 0.7463 |
| **USD-CNY** | 6.777 | 0.05% | **CHF-SGD** | 1.5827 |
| **USD-IDR** | 17915 | 0.20% | **SGD-MYR** | 3.1684 |
| **USD-VND** | 26314 | 0.00% | **SGD-CNY** | 5.2399 |

**Equity and Commodity**

| Index | Value | Net change |
|---|---|---|
| **DJIA** | 51,711.65 | -506.93 |
| **S&P** | 7,408.30 | -90.66 |
| **Nasdaq** | 25,137.69 | -553.21 |
| **Nikkei 225** | 66,422.60 | 307.00 |
| **STI** | 5,581.76 | -13.66 |
| **KLCI** | 1,714.59 | 3.22 |
| **JCI** | 6,315.31 | -19.17 |
| **Baltic Dry** | 2,715.00 | 45.00 |
| **VIX** | 18.70 | 2.06 |

**SOFR**

| Tenor | EURIBOR | Change | Tenor | USD SOFR |
|---|---|---|---|---|
| **1M** | 2.1810 | -1.04% | **1M** | 3.7401 |
| **3M** | 2.4560 | -0.77% | **2M** | 3.7805 |
| **6M** | 2.6900 | 0.04% | **3M** | 3.8365 |
| **12M** | 2.9120 | -0.21% | **6M** | 3.9775 |
| | | | **1Y** | 4.1618 |

**Government Bond Yields (%)**

| Tenor | SGS (chg) | UST (chg) |
|---|---|---|
| **2Y** | 1.77 (+0.06) | 4.35(--) |
| **5Y** | 1.98 (+0.08) | 4.45 (+0.05) |
| **10Y** | 2.41 (+0.12) | 4.7 (+0.04) |
| **15Y** | 2.46 (+0.13) | -- |
| **20Y** | 2.48 (+0.14) | -- |
| **30Y** | 2.52 (+0.12) | 5.17 (+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 | 1.056 | 71.900 | 0.264 | 3.892 |
| 10/28/2026 | 1.357 | 30.100 | 0.339 | 3.967 |
| 12/09/2026 | 1.751 | 39.400 | 0.438 | 4.066 |

**Financial Spread (bps)**

| | Value | Change |
|---|---|---|
| **TED** | 35.36 | -- |

**Secured Overnight Fin. Rate**

| | |
|---|---|
| **SOFR** | 3.62 |

**Commodities Futures**

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|---|---|---|---|---|---|
| WTI (per barrel) | 92.19 | 6.2% | Corn (per bushel) | 4.640 | 0.4% |
| Brent (per barrel) | 100.69 | 7.0% | Soybean (per bushel) | 12.375 | 0.4% |
| Heating Oil (per gallon) | 434.16 | 4.6% | Wheat (per bushel) | 6.963 | -1.3% |
| Gasoline (per gallon) | 349.64 | 2.4% | Crude Palm Oil (MYR/MT) | 45.960 | 1.5% |
| Natural Gas (per MMBtu) | 2.92 | -0.3% | Rubber (JPY/KG) | 4.295 | 0.0% |
| **Base Metals** | **Futures** | **% chg** | **Precious Metals** | **Futures** | **% chg** |
| Copper (per mt) | 13595 | -1.5% | Gold (per oz) | 4049 | -2.0% |
| Nickel (per mt) | 17233 | 0.0% | Silver (per oz) | 57.60 | -3.6% |

Source: Bloomberg, Reuters

## Economic Calendar

| Date Time | Country Code | Event | Period | Survey | Actual | Prior | Revised |
|---|---|---|---|---|---|---|---|
| 7/24/2026 11:30 | TH | Customs Exports YoY | Jun | 15.20% | -- | 10.60% | -- |
| 7/24/2026 14:00 | UK | Retail Sales Inc Auto Fuel MoM | Jun | -0.30% | -- | 1.20% | -- |
| 7/24/2026 14:00 | UK | Retail Sales Inc Auto Fuel YoY | Jun | 2.40% | -- | 3.20% | -- |
| 7/24/2026 14:00 | UK | Retail Sales Ex Auto Fuel MoM | Jun | -0.50% | -- | 1.20% | -- |
| 7/24/2026 14:00 | UK | Retail Sales Ex Auto Fuel YoY | Jun | 3.20% | -- | 4.60% | -- |
| 7/24/2026 15:30 | TH | Gross International Reserves | 17-Jul | -- | -- | $279.4b | -- |
| 7/24/2026 16:00 | EC | S&P Global Eurozone Manufacturing PMI | Jul P | 51.5 | -- | 51.4 | -- |
| 7/24/2026 16:00 | EC | S&P Global Eurozone Composite PMI | Jul P | 50.2 | -- | 50 | -- |
| 7/24/2026 16:00 | EC | S&P Global Eurozone Services PMI | Jul P | 49.8 | -- | 49.4 | -- |
| 7/24/2026 16:30 | UK | S&P Global UK Manufacturing PMI | Jul P | 52 | -- | 52.5 | -- |
| 7/24/2026 16:30 | UK | S&P Global UK Services PMI | Jul P | 49.4 | -- | 48.8 | -- |
| 7/24/2026 16:30 | UK | S&P Global UK Composite PMI | Jul P | 49.8 | -- | 49.3 | -- |
| 7/24/2026 21:45 | US | S&P Global US Manufacturing PMI | Jul P | 54.4 | -- | 53.9 | -- |
| 7/24/2026 21:45 | US | S&P Global US Services PMI | Jul P | 51.5 | -- | 51.2 | -- |
| 7/24/2026 21:45 | US | S&P Global US Composite PMI | Jul P | 52.2 | -- | 51.9 | -- |
| 7/24/2026 22:00 | US | New Home Sales | Jun | 607k | -- | 580k | -- |
| 7/24/2026 22:00 | US | New Home Sales MoM | Jun | 4.80% | -- | -7.30% | -- |

*Source: Bloomberg*

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