Daily Treasury Outlook

Highlights

Global: Friday offered some respite for risk assets, but it did little to dispel the gathering dark clouds facing financial markets. While the S&P500 rose 0.43%, led by financials, healthcare and materials, it still closed down 1.43% for the week. The UST bond market remained nervous, with the 10-year yield up 3bps at 4.73% while the 30-year yield touched its highest level since 2007 before easing, notwithstanding Treasury Secretary Bessent's earlier announcement to double long-dated buybacks to US$4bn per operation. Although flash PMIs showed U.S. services activity accelerating sharply to 56.8 for August, trade negotiations with Canada have broken down - US imposed 50% tariffs on around USD20bn of Canadian goods with Canada announcing retaliatory tariffs from 8 September as well. The other tail risk is the Iran conflict with the US president Trump threatening sanctions on countries trading with Iran. Meanwhile, China's July data industrial production and retail sales slowed to 4.5% and 0.6% respectively.

Market Watch: Asian markets are likely to start today with a soft tone. Today's economic data calendar comprises of Taiwan's unemployment rate, and Chicago Fed national activity index. For the week ahead, watch the US' July core PCE inflation, durable goods orders and 2Q26 GDP growth estimates which may shape market expectations ahead of Fed Chair Kevin Warsh's first Jackson Hole appearance on Friday. China's industrial profits due Thursday will also be a key signal. Second, the Bank of Thailand meets Wednesday and is expected to hold at 1.00% despite a higher growth forecast and rising energy-driven inflation, while the Bank of Korea meets Thursday and may hike again by 25bps to 3.0% after July's surprise tightening amid strong growth and above target inflation. Similarly. BSP may also hike 25bps to 4.5% with inflation well above target. RBA minutes are also due tomorrow morning. Third, corporate earnings from Nvidia on Wednesday, followed by Marvell, CrowdStrike and PDD.

SG: July headline and core inflation which are due today are expected at 2.4% and 2.3% respectively amid the electricity and gas rate adjustments due to the energy shock, versus 1.9% and 1.6% previously. The July industrial production is tipped to have grown 9.6% YoY (5.7% MoM), compared to 7.2% YoY (-7.2% MoM). PM Wong's National Day Rally speech unveiled more generous childcare leave, enhanced financial support for every Singaporean child, lower childcare and infant care fees at government-supported preschools and raised the BTO income ceiling for the first time in seven years to $16k etc.

Major Markets

ID: Foreign Minister Sugiono said Indonesia and China agreed to expand bilateral trade beyond its current USD167.0bn volume following their inaugural Comprehensive Strategic Dialogue last Friday (21 August) in Jakarta. Both sides began preliminary discussions on the 2027 to 2031 Action Plan and explored cooperation in artificial intelligence, advanced technology and quarantine standards, alongside plans for joint development of communication satellites and expanded local currency transactions. They also reaffirmed their commitment to financing ongoing Belt and Road Initiative projects, including the Jakarta Bandung

Key Market Movements

Equity	Value	% chg
S&P 500	7674.4	0.4%
DJIA	53277	1.0%
Nikkei 225	66016	-0.3%
SH Comp	3905.2	0.0%
STI	5689.0	0.3%
Hang Seng	26009	1.2%
KLCI	1736.5	0.0%
	Value	**% chg**
DXY	98.800	-0.1%
USDJPY	158.95	-0.1%
EURUSD	1.1679	0.0%
GBPUSD	1.3644	0.1%
USDIDR	17693	-0.3%
USDSGD	1.2694	-0.2%
SGDMYR	3.1827	0.0%
	Value	**chg (bp)**
2Y UST	4.24	4.84
10Y UST	4.73	2.98
2Y SGS	1.68	-0.70
10Y SGS	2.36	-0.57
3M SORA	1.14	0.31
3M SOFR	3.64	0.09
	Value	**% chg**
Brent	94.39	0.7%
WTI	87.06	-0.9%
Gold	4603	1.9%
Silver	68.99	1.3%
Palladium	1352	1.5%
Copper	14216	1.3%
BCOM	140.49	0.8%

Source: Bloomberg

High Speed Railway, while prioritising cooperation in food security, critical minerals and strategic infrastructure.

MY: Johor Menteri Besar Onn Hafiz Ghazi said the Johor Singapore Special Economic Zone has attracted a record MYR126.9bn in FDI since its formal establishment. The forthcoming JS SEZ masterplan will focus on accelerating investment approvals, facilitating the movement of goods and people, and developing higher value industries. Separately, Domestic Trade and Cost of Living Minister Armizan Mohd Ali said the federal government is expected to announce improvements to the targeted diesel subsidy mechanism in less than a month, earlier than the previously indicated one-to-two-month timeframe. Proposed improvements include simplifying applications, relaxing eligibility criteria for hire purchase vehicle takeovers and allowing quota transfers to immediate family members.

AU: Business activity continued to expand in August, with the S&P Flash Composite PMI easing to 52.5 from 53.2 in July, marking the fourth expansion in private-sector activity over the past five months. Growth remained concentrated in services, with the Services PMI easing to 52.9 from 53.6, while the manufacturing PMI held at 52.0, indicating continued expansion at a broadly unchanged pace. New orders increased for a second consecutive month, while export demand also showed signs of improvement, particularly for Australian manufactured goods. Business confidence rose to a six-month high, and firms continued to add workers, although the pace of hiring moderated to its weakest in three months.

Sustainability

SG: Singapore and India reaffirmed efforts to deepen cooperation across areas including semiconductors, food security, digitalisation and skills development at the fourth India-Singapore Ministerial Roundtable. Singapore and India have been discussing how to ensure supplies do not get disrupted during crises, to ensure the continued supply of food from India to Singapore. They signed an MoU to strengthen bilateral technical cooperation and facilitate agri-food trade between the two countries. In addition, Singapore is keen to collaborate with India on space and nuclear technologies, reflecting efforts to deepen cooperation in strategic sectors that support long-term food and energy security.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower last Friday with the shorter tenors trading 1-2bps lower, belly tenors trading 1bps lower, and the 10Y tenor trading 1bps lower.
- US Investment Grade spreads tightened by 1bps to 80bps, and US High Yield spreads tightened by 4bps to 269bps. Bloomberg Global Contingent Capital tightened by 2bps to 204bps.
- Bloomberg Asia USD Investment Grade traded flat at 56bps, and the Asia USD High Yield spreads tightened by 2bps to 326bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the Singdollar market last Friday.
- The total issuances in the APAC and DM IG markets were USD1.15bn and zero respectively last Friday (prior day: USD2.8bn and USD2bn respectively).

Credit Developments:

- **Bank of East Asia, Limited (BNKEA):** Constructive 1H2026 results, with stronger revenue and operating efficiency supporting 16.5% PPOP growth, while elevated CRE-related impairments remain a concern; however, active portfolio diversification and very strong capital and liquidity provide meaningful credit support.
- **Olam Group Limited (OLGPSP):** ofi secured USD1.05bn of revolving credit and term-loan facilities, initially guaranteed by Olam Group before the guarantee is transferred to ofi Group following the planned IPO and demerger.
- **Alibaba Group Holding Ltd. (BABA):** Strong AI cloud growth and substantial net cash liquidity support financial flexibility, but heavy AI investment, widening application losses ancad elevated capex are pressuring margins, free cash flow and the near-term net cash position.

Equity Market Updates

US: US stocks advanced Friday, the most recently completed major session ahead of the Asian open, lifted by strong business activity data and a surge in cryptocurrency markets, though Treasury yields near multi-decade highs capped gains and the S&P 500 posted its first weekly loss since late July. The S&P 500 rose 0.4%, the Nasdaq gained 0.4%, and the Dow added 1.0%. The S&P Global flash US composite PMI climbed to 56 in August, its highest reading since April 2022, signalling the fastest expansion in business activity in over four years, bolstering corporate earnings optimism. Bitcoin surged approximately 9% to around USD77,000, its best weekly gain since March 2023 and up roughly 23% on the week, driven by institutional spot ETF inflows of approximately USD1.6b and President Trump's call for Congress to pass crypto legislation; Coinbase rose 10% and Robinhood gained 13%. The Nasdaq 100 snapped a five-day losing streak ahead of Nvidia's earnings due Wednesday. Treasury yields rose, with the 2-year up nearly 5 basis points to 4.23% and the 10-year climbing 3 basis points to around 4.74%, as strong PMI data reinforced the case for further rate hikes, whilst the 30-year held near 5.28%, close to 19-year highs, as Treasury Secretary Bessent's bond buyback intervention struggled to durably suppress long-end yields. Notably, Alibaba announced a HKD80b share placement to fund AI expansion, whilst China's Vice Finance Minister signalled new fiscal support measures for the second half of the year as growth slips below Beijing's annual target. Jackson Hole begins this week, with Fed Chair Kevin Warsh's inaugural speech closely watched for policy signals.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.800	-0.10%	USD-SGD	1.2694
USD-JPY	158.95	-0.06%	EUR-SGD	1.4823
EUR-USD	1.168	0.01%	JPY-SGD	0.7987
AUD-USD	0.717	0.80%	GBP-SGD	1.7325
GBP-USD	1.364	0.10%	AUD-SGD	0.9104
USD-MYR	4.039	-0.16%	NZD-SGD	0.7591
USD-CNY	6.721	-0.06%	CHF-SGD	1.5845
USD-IDR	17693	-0.30%	SGD-MYR	3.1827
USD-VND	26116	0.03%	SGD-CNY	5.2969

Equity and Commodity

Index	Value	Net change
DJIA	53,277.01	517.80
S&P	7,674.37	33.21
Nasdaq	26,180.46	113.29
Nikkei 225	66,016.36	-200.43
STI	5,688.96	17.05
KLCI	1,736.48	-0.23
JCI	6,525.69	24.10
Baltic Dry	2,841.00	50.00
VIX	15.13	-0.88

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2160	0.23%	1M	3.6854
3M	2.5240	0.68%	2M	3.7220
6M	2.7650	1.02%	3M	3.7600
12M	3.0030	0.43%	6M	3.8620
			1Y	4.0098

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.68 (-0.01)	4.22(--)
5Y	1.98 (--)	4.42 (+0.03)
10Y	2.36 (-0.01)	4.71 (+0.03)
15Y	2.44 (--)	--
20Y	2.45 (+0.01)	--
30Y	2.49 (+0.01)	5.25 (+0.02)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/16/2026	0.399	39.900	0.100	3.731
10/28/2026	0.645	24.600	0.161	3.793
12/09/2026	1.039	39.400	0.260	3.891

Secured Overnight Fin. Rate

SOFR	3.63

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	87.06	-0.9%	Corn (per bushel)	4.838	1.0%
Brent (per barrel)	94.39	0.7%	Soybean (per bushel)	12.250	0.3%
Heating Oil (per gallon)	449.48	0.3%	Wheat (per bushel)	6.815	-0.2%
Gasoline (per gallon)	334.79	2.6%	Crude Palm Oil (MYR/MT)	47.910	1.2%
Natural Gas (per MMBtu)	2.77	1.5%	Rubber (JPY/KG)	4.789	0.0%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	14216	1.3%	Gold (per oz)	4603	1.9%
Nickel (per mt)	17058	1.1%	Silver (per oz)	68.99	1.3%

Source: Bloomberg, Reuters

Economic Calenda

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/24/2026 6:45	NZ	Retail Sales Ex Inflation QoQ	2Q	0.20%	-0.50%	0.90%	1.00%
8/24/2026 13:00	SI	CPI YoY	Jul	2.40%	--	1.90%	--
8/24/2026 13:00	SI	CPI NSA MoM	Jul	0.00%	--	0.00%	--
8/24/2026 13:00	SI	CPI Core YoY	Jul	2.20%	--	1.60%	--
8/24/2026 16:00	TA	Unemployment Rate	Jul	3.30%	--	3.33%	--
8/24/2026 16:20	TA	Money Supply M2 Daily Avg YoY	Jul	--	--	8.13%	--
8/24/2026 16:20	TA	Money Supply M1B Daily Avg YoY	Jul	--	--	9.40%	--
8/24/2026 20:30	US	Chicago Fed Nat Activity Index	Jul	-0.05	--	-0.02	--

Source: Bloomberg

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