Daily Treasury Outlook

Highlights

Global: Markets remain caught in a tug-of-war between fading expectations of a U.S.-Iran diplomatic breakthrough and continued resilience in U.S. economic data. Monday's relief rally, triggered by President Trump's remarks on "productive" Iran talks, quickly unwound on Tuesday after Iran denied that any negotiations were underway. Geopolitical tensions escalated further, with Iran launching at least 10 waves of missiles at Israel, marking a clear intensification from Monday. This came as Israel continued targeting Iran's gas infrastructure, despite Trump's announcement of a five-day pause on energy-related strikes.

March flash PMIs provided the first tangible evidence that the Iran conflict is feeding into a synchronized supply-side shock across developed markets. In the Eurozone, the Composite PMI fell to a 10-month low of 50.5 (Feb: 51.9). While Manufacturing PMI surprised on the upside at 51.4 (vs. 49.4 consensus), we suspect this strength is largely driven by inventory stockpiling rather than underlying demand recovery. Meanwhile, Services PMI slipped to 50.0, pointing to a loss of momentum in domestic demand. In the U.S., Manufacturing PMI remained robust at 52.4 (vs. 50.2 expected), supported by the strongest new orders since October 2025, while Services PMI moderated to 51.1. However, the underlying details were less reassuring. Supplier delivery times lengthened to levels last seen in October 2022, while both input and output prices accelerated notably — suggesting that higher energy costs are now feeding through the supply chain. Encouragingly, business confidence rose to a 13-month high, indicating that firms are still looking through near-term volatility. In the UK, the latest YouGov survey showed a sharp rise in inflation expectations, with short-term expectations climbing to 5.4% (Feb: 3.3%) and long-term expectations to 4.5% (Feb: 3.6%).

On the policy front, Fed Governor Michael Barr struck a cautious tone, indicating that the Federal Reserve may need to keep rates on hold "for some time" given persistent inflation above the 2% target and rising geopolitical risks.

Market Watch: According to Reuters, Iran has informed the United Nations Security Council and the International Maritime Organization that "non-hostile vessels" may continue transiting the Strait of Hormuz, subject to coordination with Iranian authorities — a signal that energy flows may not be fully disrupted, at least for now. Meanwhile, the U.S. has reportedly presented a 15-point proposal to Iran aimed at de-escalation. For today, markets are likely to remain highly headline-driven, with geopolitical developments continuing to dominate sentiment. In addition, a series of ECB speakers, including President Lagarde, will be closely watched for any shift in policy tone amid rising stagflation risks.

Key Market Movements

Equity	Value	% chg
S&P 500	6556.4	-0.4%
DJIA	46124	-0.2%
Nikkei 225	52252	1.4%
SH Comp	3881.3	1.8%
STI	4862.4	0.4%
Hang Seng	25064	2.8%
KLCI	1708.8	-0.7%
	Value	**% chg**
DXY	99.434	0.5%
USDJPY	158.7	0.2%
EURUSD	1.1608	0.0%
GBPUSD	1.3411	-0.1%
USDIDR	16985	0.0%
USDSGD	1.2782	0.3%
SGDMYR	3.0932	1.0%
	Value	**chg (bp)**
2Y UST	3.89	3.68
10Y UST	4.36	1.79
2Y SGS	1.57	-3.40
10Y SGS	2.23	-5.55
3M SORA	1.08	-0.08
3M SOFR	3.69	-0.04
	Value	**% chg**
Brent	104.49	4.6%
WTI	92.35	4.8%
Gold	4476	1.6%
Silver	71.22	3.0%
Palladium	1441	0.6%
Copper	12101	-0.5%
BCOM	130.83	1.6%

Source: Bloomberg

Major Markets

CH: In China, the PBoC announced a RMB500bn MLF operation on March 25. With RMB450bn maturing this month, this implies a net injection of RMB50bn—marking the 13th consecutive month of net liquidity support via MLF rollover.

ID: President Prabowo Subianto said the government is targeting savings of IDR80.0trn to cushion the economy from the impact of the Middle East conflict, while considering fuel saving measures including one day of remote working per week for government and certain public sector workers. He stated that efforts focus on reducing energy consumption and increasing renewable energy production, particularly solar power, with the savings figure confirmed by the presidency without details on its sources. The government signalled that the budget for the free meals programme for 2026 and fuel subsidies will remain unchanged, as reported by CNA. Authorities added that a work from home policy will be finalised and announced soon.

MY: Domestic Trade and Cost of Living Minister Armizan Mohd Ali said the country's supply of petrol, diesel and liquefied petroleum gas remains stable and sufficient, with no reported shortages. He attributed recent issues to isolated logistics delays during the festive period, which have been resolved, and urged the public to avoid panic buying as monitoring continues to ensure smooth distribution. He warned that unauthorised fuel sales outside vehicle tanks constitute an offence under existing regulations and confirmed enforcement efforts through an inter-agency committee to curb smuggling and leakage, particularly in border areas, as reported by The Edge.

TH: February customs exports growth slowed to 9.9% YoY (consensus: 17.0%), down from 24.4% in January. In contrast, customs imports growth improved to 31.8% YoY (consensus: 25.0%), compared with 29.4% in the previous month. As a result, the customs trade balance remained in deficit of USD2834mn, compared with a deficit of USD3300mn in January. On the customs exports front, shipments of 'principle manufacturing products' slowed to 13.3% YoY from 29.8% in January. Meanwhile exports of 'agricultural products', 'agro industrial products', 'mineral products and fuel' declined by 3.6% YoY, 7.7% YoY, and 8.8% YoY respectively, versus -1.8%, -1.7%, and +9.6% in January. According to a statement from the Ministry of Commerce, the overall export outlook for 2026 remains positive. However, it warned that a prolonged conflict around the Strait of Hormuz could increase energy and logistic costs, which may erode the purchasing power of Thailand's trade partners.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 3-4bps lower while belly tenors traded 5-6bps lower and 10Y tenors traded 5bps lower. Global Investment Grade spreads tightened by 2bps to 84ps and Global High Yield spreads traded flat at 309bps respectively. Bloomberg Global Contingent Capital Index tightened by 6ps to 261bps. Bloomberg Asia USD Investment Grade spreads tightened by 3bps to 63bps and Asia USD High Yield spreads tightened by 4bps to 442bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volumes for APAC and DM IG market yesterday were USD5.7bn and USD11.3bn respectively.

There were five notable issuers in the DM IG market yesterday where issuers priced deals of at least USD1.0bn.

- NatWest Markets PLC (among our official coverage) priced USD2.3bn of debt in three tranches.
- Enbridge Inc (guarantors: Spectra Energy Partners LP and Enbridge Energy Partners LP) priced USD2bn of debt in two tranches.
- Danske Bank A/S priced USD1.6bn of debt in two tranches.
- Citadel Securities Global Holdings Ltd priced USD1.5bn of debt in two tranches.
  Glencore Funding LLC (guarantor: Multiple Guarantors) priced USD2.5bn of debt in three tranches.

Among issuers under our official coverage, there was one other issuer in the DM IG market.

- Merrill Lynch BV (guarantor: Bank of America Corp) priced USD240mn of debt in one tranche.

There were two notable issuers in the APAC USD market yesterday where issuers priced deals of at least USD500mn.

- Korea National Oil Corp priced USD1.2bn of debt in three tranches.
- Commonwealth Bank of Australia (among our official coverage) priced USD2bn of debt in two tranches.

There were no notable issuances in the Singdollar market yesterday.

Mandates:

- Nippon Life Insurance Company may issue USD-denominated 5Y fixed notes and 7Y fixed notes.

Equity Market Updates

US: US stocks declined Tuesday as oil prices climbed and concerns mounted over private credit fund withdrawals, overshadowing hopes for diplomatic progress in the Iran conflict. The S&P 500 fell 0.4%, the Nasdaq dropped 0.8%, and the Dow slipped 0.2% after yo-yoing through the session. Energy stocks led gains as West Texas Intermediate crude rallied on fears the Middle East war could escalate, whilst communication services and technology names weighed on indices. Alternative asset managers Apollo Global Management and Ares Management were hit after curbing withdrawals from private credit funds, rekindling investor concerns about liquidity in the sector. Treasury yields rose across the curve, with the 10-year climbing to 4.39% as a USD69bn two-year note auction drew weak demand, posting a bid-to-cover ratio of just 2.44, the lowest since May 2024. Markets pared losses late in the session after reports emerged that the US had sent Iran a 15-point plan and was seeking a one-month ceasefire for negotiations. Lumentum and Coherent surged 7.8% and 4.7% respectively following their addition to the S&P 500 during quarterly rebalancing.

Foreign Exchange	Day Close	% Change		Day Close
DXY	99.434	0.49%	USD-SGD	1.2782
USD-JPY	158.70	0.16%	EUR-SGD	1.4838
EUR-USD	1.161	-0.04%	JPY-SGD	0.8053
AUD-USD	0.700	-0.21%	GBP-SGD	1.7139
GBP-USD	1.341	-0.15%	AUD-SGD	0.8941
USD-MYR	3.956	0.50%	NZD-SGD	0.7459
USD-CNY	6.894	0.15%	CHF-SGD	1.6212
			SGD-MYR	3.0932
USD-VND	26349	0.07%	SGD-CNY	5.3852

Equity and Commodity

Index	Value	Net change
DJIA	46,124.06	-84.41
S&P	6,556.37	-24.63
Nasdaq	21,761.89	-184.87
Nikkei 225	52,252.28	736.79
STI	4,862.43	21.13
KLCI	1,708.76	-11.95
Baltic Dry	2,037.00	-19.00
VIX	26.95	0.80

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9400	1.09%	1M	3.6770
3M	2.1290	0.85%	2M	3.6913
6M	2.4680	2.58%	3M	3.7029
12M	2.7400	3.09%	6M	3.7318
			1Y	3.7867

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.57 (-0.03)	3.87(--)
5Y	1.85 (-0.03)	3.99 (+0.03)
10Y	2.23 (-0.06)	4.34 (+0.02)
15Y	2.3 (-0.04)	--
20Y	2.31 (-0.04)	--
30Y	2.41 (-0.03)	4.91 (+0.01)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/18/2026	0.010	1.000	0.002	3.643
04/29/2026	0.062	6.200	0.016	3.662
06/17/2026	0.126	6.400	0.031	3.678
07/29/2026	0.142	1.600	0.036	3.682
09/16/2026	0.264	12.200	0.066	3.713

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)	92.35	4.8%	Corn (per bushel)	4.625	0.7%
Brent (per barrel)	104.49	4.6%	Soybean (per bushel)	11.550	-0.7%
Heating Oil (per gallon)	429.09	5.8%	Wheat (per bushel)	5.900	0.4%
Gasoline (per gallon)	314.80	5.8%			
Natural Gas (per MMBtu)	2.94	1.8%	Rubber (JPY/KG)	3.700	0.0%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	12101	-0.5%	Gold (per oz)	4476	1.6%
Nickel (per mt)	16950	-0.8%	Silver (per oz)	71.22	3.0%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
3/25/2026 5:00	SK	Consumer Confidence	Mar	--	107	112.1	--
3/25/2026 10:00	SK	Retail Sales YoY	Feb	--	--	4.40%	--
3/25/2026 10:00	SK	Department Store Sales YoY	Feb	--	--	13.40%	--
3/25/2026 10:00	SK	Discount Store Sales YoY	Feb	--	--	-18.80%	--
3/25/2026 19:00	US	MBA Mortgage Applications	20-Mar	--	--	-10.90%	--
3/25/2026 20:30	US	Import Price Index MoM	Feb	0.60%	--	0.20%	--
3/25/2026 20:30	US	Import Price Index ex Petroleum MoM	Feb	0.40%	--	0.40%	--
3/25/2026 20:30	US	Import Price Index YoY	Feb	0.40%	--	-0.10%	--
3/25/2026 20:30	US	Export Price Index MoM	Feb	0.60%	--	0.60%	--
3/25/2026 20:30	US	Export Price Index YoY	Feb	--	--	2.60%	--
3/25/2026 20:30	US	Current Account Balance	4Q	-$208.5b	--	-$226.4b	--

Source: Bloomberg

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