Daily Treasury Outlook

Highlights

Global: US equities extended their gains last Friday, with the Dow posting a record closing high. Treasury yields eased slightly as oil prices retreated, with WTI falling 8.5% to US$96.46/bbl and Brent declining 5.5% last week. The pullback reflected intermittent speculation over a potential US-Iran ceasefire, as well as growing concerns about demand destruction from elevated oil prices. The IEA's May Oil Market Report cut 2026 global oil demand to about 104 million barrels/day — a figure that is 420k b/d below 2025 actual consumption , and 1.3 million b/d below the pre-Iran-war forecast issued before late February.

On data, the University of Michigan Consumer Sentiment Index fell to a final reading of 44.8 in May, an all-time low, down from 48.2 earlier in the month and below market expectations. Sentiment among Republicans dropped to the lowest level since November 2024, while sentiment among Democrats was broadly unchanged. Inflation expectations also continued to rise. One-year inflation expectations edged up to 4.8% from 4.7% in April, while five-year expectations jumped to 3.9% from 3.5%. This suggests that concerns over the cost of living continue to outweigh the positive wealth effect from buoyant equity markets.

Fed Governor Christopher Waller, previously seen as an advocate of lower interest rates, struck a more balanced tone. He said he would support removing the “easing bias” language from the policy statement to make clear that a rate cut is no more likely than a rate increase. Waller highlighted inflation expectations over the two- to four-year horizon as a key variable to watch, warning that any increase there would be “alarming.” On the labour market, he remained relatively positive, saying he did not see the prospect of a weakening labour market as the dominant force that should guide monetary policy in the months ahead.

In Europe, stagflation concerns continued to build. The European Commission now expects eurozone growth to slow to 0.9% in 2026 from 1.3% in 2025, while inflation is forecast to rise to 3.0% from 1.9%, well above the ECB’s 2% target. ECB President Christine Lagarde warned finance ministers that if governments loosen fiscal policy too aggressively to cushion the impact of higher energy prices, the ECB would respond with higher interest rates. The European Commission also urged governments to keep fiscal support targeted and temporary, focusing on the most vulnerable groups.

In Japan, BoJ Governor Kazuo Ueda said he met Prime Minister Takaichi on Friday as part of a regular exchange of views on the economy and explained the central bank’s basic thinking on monetary policy. However, he added that they did not discuss the possibility of a June rate hike.

Market Watch: This week, market focus will remain firmly on the US-Iran peace process. President Donald Trump said Washington and Tehran have “largely negotiated” a memorandum of understanding on a peace deal that would

Key Market Movements

Equity	Value	% chg
S&P 500	7473.5	0.4%
DJIA	50580	0.6%
Nikkei 225	63339	2.7%
SH Comp	4112.9	0.9%
STI	5068.2	0.4%
Hang Seng	25606	0.9%
KLCI	1712.7	0.3%

	Value	% chg
DXY	99.239	0.0%
USDJPY	159.18	0.1%
EURUSD	1.1603	-0.1%
GBPUSD	1.3433	0.0%
USDIDR	17709	0.3%
USDSGD	1.2799	0.1%
SGDMYR	3.1002	0.1%

	Value	chg (bp)
2Y UST	4.12	3.80
10Y UST	4.56	-1.18
2Y SGS	1.64	-1.10
10Y SGS	2.12	-5.90
3M SORA	1.08	-0.22
3M SOFR	3.65	-0.17

	Value	% chg
Brent	103.54	0.9%
WTI	96.60	0.3%
Gold	4509	-0.7%
Silver	75.54	-1.5%
Palladium	1353	-2.5%
Copper	13668	1.1%
BCOM	138.66	-0.2%

Source: Bloomberg

reopen the Strait of Hormuz. However, the more sensitive issue of Iran's stockpile of highly enriched uranium, which Washington has insisted Tehran give up, will reportedly be negotiated over the next 30 to 60 days. On the data front, global inflation will be the key theme. In the US, the PCE price index is due on Tuesday. In Europe, attention will turn to May flash inflation prints from Germany, France, Italy and Spain on Friday, followed by the eurozone-wide reading the following Tuesday. The ECB will also release the account of its April policy meeting on Thursday and its Financial Stability Review on Wednesday. In Asia-Pacific, Japan's Tokyo CPI will be released on Friday, while Australia will publish its April CPI on Wednesday.

Major Markets

ID: Coordinating Minister Airlangga Hartarto said the government will provide exemptions for several partner countries, including the US, from parts of its new natural resource export proceeds policy under PP No. 21/2026 from 1 Jun. The regulation requires natural resource exporters to deposit 100% of export proceeds into state-owned bank accounts, with minimum retention set at 30% for oil and gas exports for at least three months and 100% for non-oil and gas exports for at least 12 months. The government also lowered the mandatory conversion of foreign currency export proceeds into IDR to a maximum of 50% from 100%, while mining export proceeds under bilateral trade agreements must retain at least 30% for three months and may be placed in non-Himbara banks, as reported by Antara news.

MY: Domestic Trade Minister Armizan Mohd Ali said the government will expand Subsidised Diesel Control System (SKDS) eligibility to jeeps and pickup trucks in the land goods transport sector nationwide from 1 Jun. The Cabinet also agreed to revise fleet card quotas to 900 to 5,000 litres per month across 23 vehicle categories, based on two years of SKDS transport usage patterns. Companies requiring higher quotas may appeal to the Petroleum Subsidy Approval Committee, while misuse will trigger immediate fleet card suspension and blacklisting.

PH: According to a press release from the Bangko Sentral ng Pilipinas (BSP), the BSP has approved a new Positive Neutral Countercyclical Capital Buffer (PN-CCyB) framework that allows banks to build up releasable capital during periods of strong credit growth and draw it down during times of stress to sustain lending to households and firms. The measure applies to universal and commercial banks, their subsidiaries, quasi-banks and digital banks. This reform does not raise overall capital requirements but rather reallocates part of banks' existing Common Equity Tier 1 (CET1) capital. According to the press release, "with the PN-CCyB, 1.5 percent of CET1 will be designated as a releasable buffer, leaving a minimum CET1 requirement of 4.5 percent of RWA—consistent with Basel III standards that aim to make banks more resilient. All other capital requirements, including the minimum Tier 1 ratio and the Capital Adequacy Ratio, remain unchanged." BSP Governor Eli Remolona said that the reform "enhances our ability to respond swiftly to shocks without increasing the overall capital burden on banks." The new rule under BSP Circular No. 1235, Series of 2026, will be implemented in phases, with universal and commercial banks given one year to comply and digital banks given two years.

TH: PM Anutin Charnvirakul began an official visit to France on Friday. The visit aims at strengthening bilateral cooperation in energy security, cultural diplomacy and economic cooperation, as Thailand seeks to deepen strategic ties with Paris and elevate its profile on the global stage. A key focus of the trip is Thailand's long-term energy security, with discussions involving the IEA addressing rising energy costs, geopolitical risks, and potential disruptions around the Strait of Hormuz. Finance Minister Ekniti Nitithanprapas emphasised that the visit will also prioritise engagement with leading French investors and technology firms in clean energy, digital transformation, and AI, positioning France as a valuable partner in Thailand's economic modernisation agenda. PM Anutin is scheduled to attend a state dinner on Monday evening hosted by French President Emmanuel Macron, where they will discuss trade, investment, and strategic cooperation.

VN: Deputy Prime Minister and Defence Minister Phan Van Giang and Russian Defence Minister Andrey Belousov agreed to further strengthen bilateral defence cooperation during talks in Moscow on 21 May. Both sides noted positive progress in delegation exchanges, high-level contacts, personnel training, scientific and technological research through the Vietnam Russia Tropical Center, and coordination within ASEAN-led mechanisms including ASEAN Defence Ministers' Meeting Plus. They also agreed to continue existing cooperation frameworks and expand collaboration in areas including signed agreements, new cooperation documents, humanitarian mine clearance, military history education, training cooperation and defence industry engagement.

Sustainability

ID: Indonesia aims to provide electricity access to about 8,000 unelectrified locations by 2029, as the government accelerates infrastructure spending to reach remote villages and underserved regions. The government has begun accelerating electrification programs in disadvantaged areas, with around 1,500 locations connected to electricity networks by 2025. The rollout is expected to further expand in 2026 as authorities intensify efforts to improve nationwide electricity access. Despite Indonesia's high national electrification ratio and ongoing power plant expansion projects, significant gaps remain in electricity distribution to remote communities. Additional government funding for village electrification projects is anticipated to support the electrification goal.

Credit Market Updates

Market Commentary:
The SGD SORA OIS curve traded lower Friday with shorter tenors trading 2-3bps lower while belly tenors and 10Y traded 3-4bps lower. US Investment Grade spreads tightened 1bps to 72bps, US High Yield spreads tightened by 7bps to 260ps and Bloomberg Global Contingent Capital Index tightened by 4bps to 222bps. Meanwhile, Bloomberg Asia USD Investment Grade spreads traded flat at 52bps and Asia USD High Yield spreads tightened by 6bps to 377bps. (Bloomberg, OCBC)

New Issues:
In Singdollar market, there was no major issuance Friday.

The total issuance volumes for APAC and DM IG markets yesterday were USD125mn and zero respectively (prior day: zero and USD1.88bn respectively).

Recent Coverage Developments:
Keppel Ltd ("KEPSP")'s Sale and Purchase Agreement in relation to the proposed divestment of M1 Limited has terminated as the relevant approvals from the Infocom Media Development Authority of Singapore was not fulfilled by the extended long-stop date, leaving KEPSP free to enter discussions with other parties.

Meanwhile, Genting Berhad ("GENB") reported weaker 1Q2026 results primarily due to meaningfully weaker earnings from Singapore, but we expect GENB's outlook to continue to be underpinned by the stable earnings from Leisure & Hospitality in Malaysia which has a monopoly status in Malaysia.

Lenovo Group released FY2026 results with growth in EBITDA and revenue, driven by strong AI demand, efficiency, economies of scale and improved revenue mix.

Additionally, Perusahaan Perseroan (Persero) PT Perusahaan Listrik Negara reported weaker FY2025 results with materially weaker profitability despite continued top-line growth, driven by higher operating costs alongside significant FX losses (refer to Daily Credit Snapshot 22 May 2026).

Equity Market Updates

US: US stocks advanced Friday as diplomatic efforts to secure a US-Iran peace deal eased geopolitical tensions and strong corporate earnings bolstered investor sentiment. The S&P 500 rose 0.4%, the Nasdaq gained 0.2%, and the Dow added 0.6%, with the Dow hitting an all-time high of 50,830. The S&P 500 clinched its eighth consecutive weekly gain, the longest streak since December 2023. Dell Technologies surged 17% in its biggest single-day gain since February, whilst Apple contributed most to the S&P 500's advance, rising 1.3%. Continued enthusiasm for artificial intelligence underpinned the rally, with Texas Instruments jumping 5.3% after an analyst upgrade citing AI data centre demand. Crude oil retreated from intraday highs as peace talks progressed. The 2-year Treasury yield rose to its highest level since February 2025 as investors priced in potential rate hikes, with Kevin Warsh sworn in as new Fed Chair. In Asia, China launched an unprecedented crackdown on illegal cross-border trading, sending US-listed Chinese stocks tumbling, with Futu Holdings plunging 37% in premarket trading after receiving an investigation notice from regulators.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.239	-0.02%	USD-SGD	1.2799
USD-JPY	159.18	0.13%	EUR-SGD	1.4842
EUR-USD	1.160	-0.14%	JPY-SGD	0.8039
AUD-USD	0.713	-0.32%	GBP-SGD	1.7189
GBP-USD	1.343	0.01%	AUD-SGD	0.9122
USD-MYR	3.969	0.23%	NZD-SGD	0.7486
USD-CNY	6.796	-0.07%	CHF-SGD	1.6301
USD-IDR	17709	0.31%	SGD-MYR	3.1002
USD-VND	26356	0.00%	SGD-CNY	5.3143

Equity and Commodity		
Index	Value	Net change
DJIA	50,579.70	294.04
S&P	7,473.47	27.75
Nasdaq	26,343.97	50.87
Nikkei 225	63,339.07	1654.93
STI	5,068.15	22.44
KLCI	1,712.67	4.31
JCI	6,162.05	67.10
Baltic Dry	2,991.00	27.00
VIX	16.70	-0.06

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9530	0.15%	1M	3.6179
3M	2.2040	0.41%	2M	3.6385
6M	2.5470	-1.89%	3M	3.6635
12M	2.7800	-1.70%	6M	3.7412
			1Y	3.9078

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.64 (-0.01)	4.12(--)
5Y	1.79 (-0.05)	4.26 (+0.01)
10Y	2.12 (-0.06)	4.56 (-0.01)
15Y	2.11 (-0.04)	--
20Y	2.09 (-0.05)	--
30Y	2.13 (-0.06)	5.06 (-0.03)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/17/2026	-0.004	-0.400	-0.001	3.625
07/29/2026	0.165	16.900	0.041	3.668
09/16/2026	0.456	29.100	0.114	3.740
10/28/2026	0.625	16.900	0.156	3.783
12/09/2026	0.952	32.700	0.238	3.864

Financial Spread (bps)		
	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate	
SOFR	3.51

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	96.60	0.3%	Corn (per bushel)	4.633	0.2%
Brent (per barrel)	103.54	0.9%	Soybean (per bushel)	11.965	0.2%
Heating Oil (per gallon)	388.78	1.5%	Wheat (per bushel)	6.463	-0.2%
Gasoline (per gallon)	345.39	2.2%	Crude Palm Oil (MYR/MT)	44.300	0.6%
Natural Gas (per MMBtu)	2.91	-3.7%	Rubber (JPY/KG)	3.970	0.0%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13668	1.1%	Gold (per oz)	4509	-0.7%
Nickel (per mt)	18913	1.0%	Silver (per oz)	75.54	-1.5%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior
5/25/2026 8:00	SI	GDP YoY	1Q F	5.20%	6.00%	4.60%
5/25/2026 8:00	SI	GDP SA QoQ	1Q F	0.20%	1.00%	-0.30%
5/25/2026 11:30	TH	Car Sales	Apr	--	--	59865
5/25/2026 11:30	TH	Customs Exports YoY	Apr	20.00%	--	18.70%
5/25/2026 11:30	TH	Customs Imports YoY	Apr	29.10%	--	35.70%
5/25/2026 11:30	TH	Customs Trade Balance	Apr	-$5340m	--	-$3340m
5/25/2026 13:00	SI	CPI YoY	Apr	2.10%	--	1.80%
5/25/2026 13:00	SI	CPI NSA MoM	Apr	-0.10%	--	0.50%
5/25/2026 13:00	SI	CPI Core YoY	Apr	1.80%	--	1.70%
5/25/2026 13:30	JN	Nationwide Dept Sales YoY	Apr	--	--	3.20%
5/25/2026 13:30	JN	Tokyo Dept Store Sales YoY	Apr	--	--	4.70%
5/25/2026 20:00	CA	Bloomberg Nanos Confidence	22-May	--	--	51.9

Source: Bloomberg

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