

Daily Treasury Outlook

Highlights

Global: President Trump and President Xi concluded their White House meeting, with Trump describing the talks as a “great meeting”, although markets are still awaiting more concrete policy outcomes after the state dinner today with various business leaders. Meanwhile, risk sentiment briefly improved after reports that the US and Iran were discussing a phased agreement under which the Strait of Hormuz would be reopened in return for US lifting its economic blockade. However, significant hurdles remain, with neither side willing to give up its leverage easily.

The energy shock is driving a broader shift towards tighter monetary policy as Norway raised its policy rate, while Sweden held rates but signalled a likely increase before year-end. In the UK, BoE Deputy Governors Lombardelli and Breeden moved closer to supporting a hike as persistent energy costs raise the risk of second-round effects. However, Dhingra remained more cautious, noting that price increases were less broad-based than in 2022 and the labour market was weaker. Fed officials also kept the door open to further tightening, with Anna Paulson and John Williams signalling that another rate increase may be appropriate. Data-wise, US initial jobless claims remained low at 197k, while new-home sales rose 6.4% in August.

Markets remained relatively resilient despite the rates sell-off, as equity markets remained broadly flat. The US 10-year yield rose around 8bp to 5.20%, with markets pricing a 71% probability of an October Fed hike. Brent rose 3.4% while gold fell around 0.5%.

Market Watch: Scheduled releases include US durable goods orders and final consumer sentiment, Thailand’s August trade figures, and euro-area money and lending data. Beth Hammack and Boris Vujčić take part in an inflation policy panel.

Major Markets

ID: Indonesia and Russia are exploring cooperation in satellite technology and artificial intelligence (AI) to support Indonesia’s digital transformation and expand connectivity across the country. Indonesia’s Deputy Minister of Communication and Digital, Angga Raka Prabowo, highlighted that the equitable distribution of digital infrastructure remains central to the government’s agenda, given the connectivity challenges posed by Indonesia’s vast archipelagic geography. Both sides also discussed education, research, and talent development, with Russia proposing educational programs and hands-on satellite laboratories in Indonesia. The discussions are expected to serve as a foundation toward identifying shared priorities, with potential follow-up collaboration in satellite technology, AI, research and innovation, and digital skills development.

Key Market Movements

Equity	Value	% chg
S&P 500	7704.1	0.0%
DJIA	51350	-0.3%
Nikkei 225	65514	0.8%
SH Comp	3888.4	-1.2%
STI	5683.4	-0.5%
Hang Seng	24761	-0.3%
KLCI	1672.3	-0.2%

	Value	% chg
DXY	101.285	0.2%
USDJPY	158.86	0.3%
EURUSD	1.1380	0.0%
GBPUSD	1.3219	-0.2%
USDIDR	17901	0.6%
USDSGD	1.2794	-0.1%
SGDMYR	3.1923	0.0%

	Value	chg (bp)
2Y UST	4.92	2.70
10Y UST	5.20	8.36
2Y SGS	1.95	8.50
10Y SGS	2.49	8.82
3M SORA	1.22	0.10
3M SOFR	3.66	0.26

	Value	% chg
Brent	106.60	3.4%
WTI	94.61	2.7%
Gold	4275	-0.3%
Silver	63.80	-1.0%
Palladium	1265	-0.3%
Copper	14621	0.0%
BCOM	145.94	0.8%

Source: Bloomberg

MY: Prime Minister (PM) Anwar Ibrahim announced that Malaysia has secured over RM28bn in potential investments from Chinese companies during a three-day working visit to Shanghai and Hangzhou. The visit included a roundtable discussion with 21 firms and dedicated meetings with five major industrial players. The prospective investments cover several strategic sectors, including semiconductors, artificial intelligence, robotics, electric vehicles, biotechnology and advanced medical devices. PM Anwar highlighted that the commitments reflected investors' confidence in Malaysia's political stability and economic policies. During discussions with Chinese Premier Li Qiang, he raised concerns by local SMEs regarding foreign dominance, receiving assurances from Premier Li and companies such as Alibaba that Malaysian SMEs would be protected. PM Anwar concluded his working visit with a bilateral meeting with Premier Li before returning to Malaysia.

AU: Australia's seasonally adjusted unemployment rate edged higher to 4.6% in August from 4.5% in July, slightly above market expectations. However, the increase was largely driven by a rise in labour force participation, which rose by 0.2ppt to 67.1%, from 66.9% in July. Employment rebounded by 39,500 after declining in July, although the gains were entirely concentrated in part-time employment, while full-time employment eased slightly. Hours worked also recovered, rising by 13.7mn hours after falling by 12.5mn in July, partly reflecting a normalisation from the unusually high number of people working zero hours in the previous month.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with the shorter tenors trading 8-10bps higher, belly tenors trading 10-11bps higher, and 10Y tenor trading 10bps higher.
- US Investment Grade widened by 1bps to 77bps, and US High Yield spreads widened by 8bps to 282bps respectively. Bloomberg Global Contingent Capital spreads widened by 7bps to 208bps.
- Bloomberg Asia USD Investment Grade spread widened by 2bps to 54bps, and the Asia USD High Yield spreads widened by 5bps to 316bps. (Bloomberg, OCBC)

New Issues:

- In the Singdollar market yesterday, Aspiat Lifestyle Ltd priced a SGD75mn 5Y senior unsecured at 5.0%.
- APAC and DM IG markets were zero and USD1.77bn respectively yesterday (prior day: USD1.4bn and USD5.2bn). Issuances in DM IG markets were led by Kyndryl Holdings Inc (priced USD1bn across two tranches).

Credit Headlines:

- **Deutsche Bank AG (DB):** Announced a USD103mn exposure to Radiant World and a likely 3Q2026 provision; overall loan quality and provisions are expected to remain stable, while 3Q2026 Investment Banking performance is expected to be flat or slightly lower y/y.

- **UBS Group AG (UBS):** The Swiss Council of States approved a 90% CET1 and 10% AT1 capital mix for foreign subsidiaries, with the bill proceeding to the National Council and final rules expected in 2027.
- **ING Groep (INTNED):** Raised its 2027 ROE target to above 16%, revenue guidance to above EUR26bn and reduced its cost target to approximately EUR13bn, while completing around 78% of its EUR1bn share buyback.
- **Keppel Ltd (KEPSP):** Confirmed ongoing discussions with StarHub Ltd regarding a possible M1 transaction, after its proposed SGD1.4bn enterprise-value sale to Simba was terminated in May 2026.
- **StarHub Ltd (STHSP):** Is reportedly in advanced talks to acquire M1; it held SGD515.7mn of cash and had net debt/EBITDA of 2.39x at end-1H2026.
- **Keppel REIT (KREIT):** Agreed to sell its 99.38% interest in Seoul's T Tower at a KRW348.8bn property value, with pro forma aggregate leverage expected to fall from 40% to 38%.
- **Crédit Agricole Group / Crédit Agricole S.A. (ACAFP):** Expressed support for a potential merger of its Italian operations with Banco BPM, in which it holds a stake of just under 30%.
- **BHP Group Limited (BHP):** Suspended operations at Chile's Escondida copper complex following an employee fatality, while more than 1,000 workers were due to vote on a wage offer in late September 2026.
- **Olam Group Limited (OLGPSP):** Its wholly owned ofi business issued USD300mn of perpetual securities to refinance existing debt and fund general corporate purposes.

Equity Market Updates

US: US stocks ended Thursday, essentially flat after a volatile session marked by sharp reversals, as surging Treasury yields and rising oil prices weighed on sentiment before a report of potential US-Iran discussions over reopening the Strait of Hormuz pulled equities off their lows. The S&P 500 slipped less than 0.1%, the Nasdaq edged up less than 0.1%, and the Dow fell 0.3%. Communication services outperformed, led by Meta, whose shares have surged 36% in September following the launch of its Muse AI assistant, putting the stock on pace for its best monthly gain since July 2013 and on the cusp of a USD2t market capitalisation. Oracle dropped roughly 3.5% to 4% after invoking force majeure on its Project Jupiter data centre development in New Mexico. Treasury yields extended a multi-week rout, with the 10-year rising around 10 basis points to 5.16%, its highest since July 2007, and the 30-year climbing to approximately 5.46%, a level last seen in June 2004, driven by strong economic data, Fed rate-hike expectations, and a USD44b seven-year note auction that cleared at 5.085%, the highest yield since the tenor was reintroduced in 2009.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	101.285	0.19%	USD-SGD	1.2794
USD-JPY	158.86	0.34%	EUR-SGD	1.4560
EUR-USD	1.138	-0.02%	JPY-SGD	0.8056
AUD-USD	0.701	-0.38%	GBP-SGD	1.6917
GBP-USD	1.322	-0.15%	AUD-SGD	0.8974
USD-MYR	4.087	0.16%	NZD-SGD	0.7247
USD-CNY	6.713	0.03%	CHF-SGD	1.5459
USD-IDR	17901	0.57%	SGD-MYR	3.1923
USD-VND	25992	-0.03%	SGD-CNY	5.2457

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4460	-0.49%	1M	3.8977
3M	2.6220	0.54%	2M	4.0003
6M	3.0130	0.47%	3M	4.0797
12M	3.3310	-0.03%	6M	4.2681
			1Y	4.5863

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/28/2026	0.709	70.900	0.177	4.057
12/09/2026	1.499	79.000	0.375	4.255
01/27/2027	2.029	53.000	0.507	4.387
03/17/2027	2.746	71.800	0.687	4.567

Equity and Commodity

Index	Value	Net change
DJIA	51,349.98	-161.61
S&P	7,704.13	-1.90
Nasdaq	26,939.37	3.33
Nikkei 225	65,513.99	65513.99
STI	5,683.37	-26.54
KLCI	1,672.31	-4.12
JCI	6,298.61	-76.31
Baltic Dry	3,430.00	-2.00
VIX	15.67	0.49

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.95 (+0.09)	4.91(--)
5Y	2.22 (+0.1)	5.06 (+0.06)
10Y	2.49 (+0.09)	5.19 (+0.08)
15Y	2.5 (+0.08)	--
20Y	2.45 (+0.07)	--
30Y	2.51 (+0.07)	5.48 (+0.08)

Secured Overnight Fin. Rate

SOFR	3.87
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	94.61	2.7%	Corn (per bushel)	5.275	-0.3%
Brent (per barrel)	106.60	3.4%	Soybean (per bushel)	13.175	0.0%
Heating Oil (per gallon)	473.03	-1.0%	Wheat (per bushel)	7.070	-0.2%
Gasoline (per gallon)	356.46	-0.6%	Crude Palm Oil (MYR/MT)	45.640	-0.8%
Natural Gas (per MMBtu)	3.30	9.1%	Rubber (JPY/KG)	4.580	#DIV/0!
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14621	0.0%	Gold (per oz)	4275	-0.3%
Nickel (per mt)	16501	0.1%	Silver (per oz)	63.80	-1.0%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
9/25/2026 7:01	UK	GfK Consumer Confidence	Sep	-16	-13	-14	--
9/25/2026 11:30	TH	Customs Exports YoY	Aug	24.80%	--	21.60%	--
9/25/2026 11:30	TH	Customs Imports YoY	Aug	30.00%	--	36.70%	--
9/25/2026 11:30	TH	Customs Trade Balance	Aug	-\$3600m	--	-\$3610m	--
9/25/2026 13:30	JN	Nationwide Dept Sales YoY	Aug	--	--	5.10%	--
9/25/2026 13:30	JN	Tokyo Dept Store Sales YoY	Aug	--	--	9.00%	--
9/25/2026 15:30	TH	Gross International Reserves	18-Sep	--	--	\$281.0b	--
9/25/2026 15:30	TH	Forward Contracts	18-Sep	--	--	\$24.9b	--
9/25/2026 16:00	EC	M3 Money Supply YoY	Aug	3.50%	--	3.40%	--
9/25/2026 18:00	US	Bloomberg Sept. United States Economic Survey					
9/25/2026 19:30	IN	Foreign Exchange Reserves	18-Sep	--	--	\$780.8b	--
9/25/2026 20:30	US	Durable Goods Orders	Aug P	-0.30%	--	1.10%	--
9/25/2026 20:30	US	Durables Ex Transportation	Aug P	0.60%	--	0.40%	--
9/25/2026 20:30	US	Cap Goods Orders Nondef Ex Air	Aug P	0.60%	--	0.00%	--

Source: Bloomberg

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