

Daily Treasury Outlook

Highlights

Global: Global stocks rose to record highs as US officials signalled the clearing to a deal with Iran to reopen the Strait of Hormuz after weeks of stalemate. President Trump said the US-Iran negotiations “proceeding nicely”, and urged Saudi Arabia, Qatar and other countries to join the Abraham Accords, though he offered little concrete details. Meanwhile, Secretary of State Marco Rubio said there may be “some good news”. However, there are also emerging reports that US and Israeli jets have targeted Iranian vessels in the Strait of Hormuz in the late night hours, highlighting the lack of clarity of the situation.

The MSCI All Country World Index rose 0.4% to an all-time high closing level on Monday, while US, UK, South Korea and Hong Kong markets are all closed for holiday. Crude prices firmed up slightly today after slumping by more than 5% amid hopes of restoring oil flows. Global yields slide on Monday, particularly in the long-end. The dollar weakened against G10 peers, while precious metals bounced from Friday's drop. Data calendar is almost empty on Monday, with only the release of Japan’s department store sales in April, which rose by a faster pace of 5.2% YoY.

Market Watch: Asian market is likely to open with a positive tone. For the day ahead, the calendar is relatively light. This morning, Japan will release the final reading of its March Leading Index (preliminary reading at 114.5) and machine tool orders (+45.1% YoY), while Singapore and Taiwan will release its April industrial production. Later in the day, the US will publish the March FHFA housing price index, May Conference Board consumer confidence and Dallas Fed manufacturing activity.

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

Major Markets

CH: On 25 May, at the IEEE International Symposium on Circuits and Systems (ISCAS 2026) in Shanghai, Huawei formally introduced the “Tao (τ) Law” during a keynote titled Exploring and Practicing New Paths in Semiconductors. This marks the first time a Chinese company has proposed a potential guiding principle for the global semiconductor industry.

In essence, Tao Law can be viewed as Huawei’s proposed successor framework to Moore’s Law. While Moore’s Law was built around geometric scaling — shrinking transistors to fit more devices onto a chip — this path is increasingly constrained by both physical and economic limits. Tao Law suggests that future improvements in chip performance will depend less on process-node advancement alone, and more on reducing the “time cost” across the system, including signal propagation delays, memory access latency, interconnect bottlenecks and synchronization overhead.

The core technological concept behind Tao Law is “Logic Folding”, a design methodology that reorganizes circuit logic into more compact, 3D-like structures. By shortening signal paths and reducing delay, Logic Folding can effectively improve functional density and energy efficiency without relying solely on smaller process nodes. According to Huawei, high-end chips based on Tao Law could achieve transistor density equivalent to a 1.4nm process node by 2031.

ID: Palm oil exports fell to 2.2mn tonnes in March from 3.3mn tonnes in February, according to GAPKI, while output declined to 4.8mn tonnes from 5.5mn tonnes. Domestic consumption also eased to 2.1mn tonnes from 2.3mn tonnes, including biodiesel consumption of 1.06mn tonnes from 1.14mn tonnes, while stockpiles rose to 2.6mn tonnes from 2.0mn tonnes. Separately, Trade Minister Budi Santoso said the government aims to complete revisions to its e-commerce regulation this week, with planned changes covering greater transparency over platform fees, stronger complaint-handling standards and wider promotion of domestically made products, including MSME goods.

MY: The producer price index (PPI) rose 5.4% YoY in April 2026, accelerating from 1.1% in March and marking the strongest increase since August 2022. The sharp rise was mainly driven by the mining sector, which surged 53.4% YoY from 26.5% in the previous month, supported by a 74.5% increase in crude petroleum extraction. Manufacturing PPI also edged higher to 1.1% YoY in April from 0.8% in March, supported by computer, electronic and optical products as well as refined petroleum products. Similarly, electricity & gas supply PPI rose to 10.6% from 9.6%, while water supply PPI eased slightly to 10.8% from 11.3%.

TH: April customs exports growth exceeded consensus expectations, accelerating to 23.1% YoY (consensus: 20.0%; OCBC: 28.9%), up from 18.7% in March. Similarly, import growth rose to 45.0% YoY, compared to 35.7% in the previous month. Consequently, the customs trade deficit widened sharply to USD10bn (March: USD3.3bn), marking the largest deficit on record since 1991. By end-use, the surge in customs imports was driven mainly by higher growth in fuel lubricants (128.6% YoY vs -5.7% in March), capital goods (32.8% vs 28.3%), and consumer goods (13.0% vs 7.7%). Import growth of raw materials and intermediate products remained robust at 38.7% YoY, compared to 64.4% in the previous month, representing ten consecutive months of double-digit growth. On the customs exports front, shipments of agricultural products and principle manufacturing products rose by 17.9% YoY and 27.5% YoY, respectively,

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compared to -10.7% and 21.4% in the previous month. Meanwhile, exports of agro-industrial products declined by 8.9% YoY vs +14.0% in March. According to Nantapong Chiralerspong, Director-general of the Trade Policy and Strategy Office, the trend of robust imports and an expanding trade deficit is expected to continue amid the environment of elevated energy prices and the ongoing AI boom.

Sustainability

Rest of the world: Brazil released a preliminary proposal for phased sectoral coverage of the country's regulated carbon market, outlining monitoring, reporting and verification obligations in three phases starting from 2027. Phase one, beginning in 2027, includes paper and pulp, iron and steel, cement, primary aluminium, oil and gas exploration and production, refining and air transport. Phase two, set for 2029, covers mining, recycled aluminium, electricity, glass, food and beverages, chemicals, ceramics and waste sectors. Phase three, starting in 2031, encompasses road, water and rail transport. Each sector will have a four-year preparation period, with the first year for monitoring plan development, years two and three for emissions monitoring, and year four for national allocation planning. A public consultation is planned for July, with the final version expected later this year. Until the regulated carbon market is fully structured and operational, the voluntary market will continue to play a crucial role, operating on already consolidated international standards.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 2-3bps lower while belly tenors and 10Y traded 3-4bps lower.
- Due to a holiday in the US, US Investment Grade and High Yield spreads were unchanged at 72bps and 260bps respectively. Bloomberg Global Contingent Capital Index widened by 4bps to 226bps.
- Bloomberg Asia USD Investment Grade spreads were unchanged at 52bps and Asia USD High Yield spreads were unchanged at 377bps. (Bloomberg, OCBC)

New Issues:

- In Singdollar market, there was no major issuance yesterday.
- The total issuance volumes for APAC and DM IG markets yesterday were both zero respectively (prior day: USD125mn and zero respectively).

Recent Coverage Developments:

- Mapletree Industrial Trust is divesting a property in Philadelphia for USD14.5mn.
- CapitaLand Group Pte Ltd ("CAPLSP") and CapitaLand Ascendas REIT ("AREIT") have opened their SGD1.4bn business park, Geneo, last Friday.
- Julius Baer Group Ltd announced its interim management statement for 4M2026, reporting its strongest start to a year on record and management has guided for 1H2026 profit to be substantially higher y/y.
- Woodside Energy Group Ltd is increasingly likely to exercise its pre-emptive rights to block PetroChina's sale of its 10.67%-stake in the Browse Project to Inpex, a Japanese company.

Equity Market Updates

US: US markets were closed Monday for Memorial Day, with the nation pausing to honour fallen military service members. On the Middle East tensions, a Qatari negotiating team arrived in Tehran to help secure a deal, whilst Pakistan's army chief headed to the region to mediate, though Iran indicated negotiations face "deep and significant" differences. Treasury yields were mixed, with the two-year yield hitting the highest since February 2025 as Fed Governor Christopher Waller signalled the next rate move is as likely to be a hike as a cut. Crude oil retreated from intraday highs on the peace deal optimism. Over the Memorial Day weekend, optimism continued as President Trump said Saturday that a deal was "largely negotiated," though he later cautioned there was "no rush" and the US blockade "remains in full force" until a deal is signed. Asian markets opened higher Tuesday, with Japan's Nikkei 225 surging 2.8% to a record above 65,000 on Monday as oil prices plunged. In regional developments, Singapore upgraded its 2026 non-oil domestic exports growth forecast to 3% to 5% as AI-related demand supports electronics shipments.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.239	-0.02%	USD-SGD	1.2770
USD-JPY	158.91	-0.04%	EUR-SGD	1.4871
EUR-USD	1.164	0.22%	JPY-SGD	0.8036
AUD-USD	0.717	0.32%	GBP-SGD	1.7245
GBP-USD	1.350	0.54%	AUD-SGD	0.9162
USD-MYR	3.953	-0.18%	NZD-SGD	0.7500
USD-CNY	6.783	-0.27%	CHF-SGD	1.6317
USD-IDR	17743	0.50%	SGD-MYR	3.0949
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	65,158.19	3474.05
STI	5,070.55	24.84
KLCI	1,708.50	0.14
JCI	6,206.35	111.41
Baltic Dry	2,991.00	27.00
VIX	16.59	-0.17

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9530	0.15%	1M	3.6193
3M	2.2040	0.41%	2M	3.6392
6M	2.5470	-1.89%	3M	3.6597
12M	2.7800	-1.70%	6M	3.7243
			1Y	3.8614

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.62 (-0.03)	4.06(--)
5Y	1.75 (-0.09)	4.26 (+0.01)
10Y	2.07 (-0.11)	4.5 (-0.01)
15Y	2.07 (-0.08)	--
20Y	2.05 (-0.1)	--
30Y	2.09 (-0.09)	5.03 (-0.03)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/17/2026	-0.006	-0.600	-0.002	3.625
07/29/2026	0.085	9.100	0.021	3.648
09/16/2026	0.275	19.000	0.069	3.695
10/28/2026	0.405	13.000	0.101	3.727
12/09/2026	0.629	22.400	0.157	3.784

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)	96.14	-6.3%	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)	44.100	0.2%
Natural Gas (per MMBtu)	2.91	-3.7%	Rubber (JPY/KG)	3.940	-0.8%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13668	1.1%	Gold (per oz)	4571	0.6%
Nickel (per mt)	18913	1.0%	Silver (per oz)	78.08	1.8%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior
5/26/2026 10:00	CH	Bloomberg May China Economic Survey				
5/26/2026 20:15	US	ADP Weekly Employment Change	9-May	--	--	42.250k
5/26/2026 20:30	US	Chicago Fed Nat Activity Index	Apr	-0.03	--	-0.2
5/26/2026 20:30	US	Philadelphia Fed Non-Manufacturing Activity	May	-13	--	-16.5
5/26/2026 21:00	US	FHFA House Price Index MoM	Mar	0.10%	--	0.00%
5/26/2026 21:00	US	House Price Purchase Index QoQ	1Q	--	--	0.80%
5/26/2026 21:00	US	S&P Cotality CS 20-City MoM SA	Mar	-0.10%	--	-0.05%
5/26/2026 21:00	US	S&P Cotality CS 20-City YoY NSA	Mar	0.90%	--	0.90%
5/26/2026 21:00	US	S&P Cotality CS US HPI YoY NSA	Mar	0.72%	--	0.67%
5/26/2026 22:00	US	Conf. Board Consumer Confidence	May	92	--	92.8
5/26/2026 22:00	US	Conf. Board Present Situation	May	123	--	123.8
5/26/2026 22:00	US	Conf. Board Expectations	May	71.9	--	72.2

Source: Bloomberg

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