OCBC Group Research

By Global Markets | 26 August 2026

Daily Treasury Outlook

Highlights

Global: US equities advanced broadly on Tuesday as falling Treasury yields and a sharp pullback in crude oil prices provided twin tailwinds for risk assets, helping markets look through renewed trade tensions. Semiconductor stocks also staged a decisive rebound from Monday's rout ahead of NVIDIA's earnings on Wednesday. In the Middle East, Iran and Oman proposed a temporary joint navigation corridor through the Strait of Hormuz, alongside cooperation to clear mines from the waterway. However, an attack that disabled an oil tanker off Oman on the same day underscored that shipping and energy-supply risks remain material.

Trade tensions also intensified after Canada announced retaliatory tariffs covering around USD20bn of annual US imports, broadly matching Washington's latest measures dollar-for-dollar. Canada imposed 50% tariffs on steel, aluminium, furniture and clothing, 25% tariffs on cheese, appliances and selected seafood, and 15% tariffs on electronics and tools.

On data, US new-home sales fell 10.5% MoM in July to an annualised 607,000 units, the weakest pace since the start of the year. Inventories rose 1.9% MoM to 488,000 units, lifting months of supply to 9.6 months, while the median sales price declined 2.3% MoM to USD393,800. The combination of weaker sales, rising inventories and softer prices points to continued pressure from elevated financing costs and affordability constraints. Meanwhile, consumer confidence edged down to 89.4 in August from 90.2 in July, as the expectations index fell 5.8 points to 68.2, partly offset by a 6.8-point rise in the present-situation index to 121.2. Encouragingly, the Conference Board's jobs differential—the gap between respondents saying jobs is plentiful and those saying jobs are hard to find—improved to 7.5 from 2.7 in July, marking its first increase in three months. This suggests that, while households remain cautious about the broader outlook, perceptions of current labour-market conditions may be stabilising.

Market Watch: For today, attention will shift back to the inflation and growth outlook. Key releases include Australia's July CPI and the US July PCE inflation report, alongside US durable goods orders and the second estimate of 2Q26 GDP. Bank of Thailand also meets today and is expected to keep its policy rate unchanged at 1.00%.

Key Market Movements

Equity	Value	% chg
S&P 500	7677.3	0.3%
DJIA	53577	0.3%
Nikkei 225	65856	0.5%
SH Comp	3889.4	0.2%
STI	5735.7	1.0%
Hang Seng	25511	0.0%
KLCI	1736.3	0.0%
	Value	**% chg**
DXY	98.915	-0.1%
USDJPY	159.19	0.1%
EURUSD	1.1675	0.1%
GBPUSD	1.3649	0.1%
USDIDR	17712	0.0%
USDSGD	1.2694	-0.1%
SGDMYR	3.1829	0.0%
	Value	**chg (bp)**
2Y UST	4.17	-5.75
10Y UST	4.63	-6.73
2Y SGS	1.66	-1.20
10Y SGS	2.30	-1.70
3M SORA	1.15	0.41
3M SOFR	3.64	0.02
	Value	**% chg**
Brent	88.58	-3.9%
WTI	82.36	-3.1%
Gold	4657	0.1%
Silver	68.66	-0.4%
Palladium	1338	-1.5%
Copper	14350	0.5%
BCOM	138.46	-0.7%

Source: Bloomberg

Major Markets

CN: In January–July 2026, China's outward direct investment (ODI) across all industries reached RMB684.51 billion, up 2.8% YoY. However, non-financial ODI fell 12.9% YoY to RMB528.43 billion, suggesting that the headline increase was mainly driven by investment in the financial sector. During the period, Chinese investors made non-financial direct investments in 7,742 overseas enterprises across 148 countries and regions.

HK: Merchandise exports and imports continued to see strong growth, by 50.7% YoY and 41.0% YoY in July respectively (53.4% YoY and 45.4% YoY in June). The trade deficit fell sharply to recent low at HKD4.9 billion in July, from HKD 52.0 billion in June. Looking ahead, we expect Hong Kong's trade performance to remain well supported by the ongoing global AI investment cycle. Strong demand for AI-related products, particularly semiconductors, integrated circuits, servers and data-processing equipment, should continue to drive regional supply-chain activity and re-export flows through Hong Kong. We revise up our 2026 merchandise export growth forecast to 35%, reflecting both sustained external demand and Hong Kong's role as a regional trading and logistics hub.

ID: President Prabowo Subianto said the government aims to develop 100 GW of solar power capacity within three years to strengthen national energy security, as reported by Antara. The programme seeks to raise installed solar capacity from the current 1.5 GWp, drawing on the country's estimated 3,294 GWp solar energy potential, and the government expects it to save up to IDR73.9trn, or over USD4.0bn, annually in national electricity costs. President Prabowo said the programme will run across three stages through 2029 and reiterated the government's commitment to gradually reduce reliance on imported energy products.

MY: The Malaysia Marine Department, Indonesia's Directorate General of Sea Transportation and the Maritime and Port Authority of Singapore reaffirmed their commitment to keep the Straits of Malacca and Singapore free, open and safe for international shipping. The three authorities underscored navigational rights and freedoms under the 1982 UNCLOS and customary international law, while Singapore Transport Minister Jeffrey Siow said more than 100,000 vessels pass through the waterways each year, carrying almost a quarter of global seaborne trade and almost a third of the world's oil and gas supplies. Minister Siow said the Cooperative Mechanism, formalised in 2007, supports cooperation on navigational safety and pollution prevention through early risk identification, infrastructure upgrades and collective incident response, as reported by Bernama.

AU: RBA Meeting Minutes for the July Monetary Policy Board meeting showed that policymakers judged the three rate hikes delivered had pushed financial conditions into "somewhat restrictive" territory. While inflation remained too high, incoming data suggested the economy was continuing to move gradually towards the RBA's inflation and full-employment objectives. The Board also discussed the case for a further rate hike, reflecting persistent upside risks to inflation and whether a more pre-emptive policy response was warranted. Ultimately, policymakers opted to wait for further information, while remaining alert to upside inflation risks and prepared to tighten policy again should those risks materialise.

Sustainability

CH: China's exports of electric trucks (e-trucks) to other Asian countries have surged as higher fuel costs resulting from the Middle East conflict are accelerating regional electrification efforts. China was partially shielded from disruptions to global fuel markets due to its high adoption of e-trucks, prompting other countries to accelerate fleet electrification. In the four months following the onset of the conflict, China's exports of heavy e-trucks more than doubled from the same period last year to 16,823 vehicles. Around half of the exports went to South and Southeast Asia, with shipments to South Asia rising more than fivefold and exports to Southeast Asia nearly tripling, highlighting growing demand for electrified transport amid elevated fuel prices. By not burning diesel, China's e-truck fleet is expected save the equivalent of 141 mn barrels of oil this year, more than 3% of China's total, according to the Centre for Research on Energy and Clean Air.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday with the shorter tenors trading flat to 1-2bps lower, belly tenors trading 2bps lower, and the 10Y tenor trading 2bps lower.
- US Investment Grade and US High Yield spreads traded flat at 80bps and 268bps respectively. Bloomberg Global Contingent Capital spreads widened by 4bps to 209bps.
- Bloomberg Asia USD Investment Grade spreads traded widened by 1 to 57bps, and the Asia USD High Yield spreads widened by 6bps to 333bps. (Bloomberg, OCBC)

New Issues:

- There were two issuances in the Singdollar market yesterday, led by BNP Paribas SA (priced SGD400mn PerpNC5 at 4.25%).
- The total issuances in the APAC and DM IG markets were USD1bn and USD4.55bn respectively yesterday (prior day: USD5.37bn and USD177mn respectively). Issuances in APAC were led by NEC Corp and Kyushu Electric Power Co. Inc, who both priced USD500mn at T+75bps and T+115bps respectively. DM IG issuances was led by Banco Bilbao Vizcaya Argentaria SA priced USD2.3bn across three tranches.

Credit Developments:

- **Woodside Energy Group (WDSAU):** Reported resilient 1H2026 results with 27% higher NPAT despite a 13% drop in production, supported by stronger commodity prices, while major projects (Scarborough, Trion and Louisiana LNG) remain on track and liquidity remains solid.

- **Exxon Mobil Corporation (XOM):** Reportedly among the interested bidders for Shell's US chemicals manufacturing business, with the assets potentially valued at up to USD8bn.

Equity Market Updates

US: US stocks advanced Tuesday as a decline in oil prices, triggered by optimism over Iran-Oman diplomatic talks on managing the Strait of Hormuz, eased inflation concerns and lifted both equities and bonds. The S&P 500 rose 0.3%, the Nasdaq gained 0.5%, and the Dow edged up 0.3%. Technology led sector gains, with chipmakers rebounding ahead of Nvidia's closely watched earnings report after the close. Treasury yields fell five to seven basis points across the curve, supported by the oil-driven inflation relief and a solid USD69b two-year note auction that drew a high yield of 4.204%, below the prior month's 4.315%, with a bid-to-cover of 2.60; the 10-year yield settled near 4.63%. Treasury Secretary Scott Bessent's expanded bond buyback programme, announced 19 Aug 2026, continued to support the long end, though Stanley Druckenmiller publicly called the strategy a mistake. On the corporate front, Intuit tumbled roughly 10% after hours after issuing fiscal 2027 revenue growth guidance of 9% to 10%, well below the Street's approximately 14% expectation, with analysts flagging AI disruption risk to its TurboTax and QuickBooks franchises. Dick's Sporting Goods fell as much as 24% intraday, its steepest single-day drop on record, after cutting its full-year sales outlook, citing persistent weakness at its Foot Locker acquisition. Geopolitically, the US Treasury's "Operation Economic Outcast" sanctions campaign against Iran drew sharp retaliation warnings from China, raising concerns over US-China relations ahead of a scheduled Trump-Xi summit.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	98.915	-0.09%	USD-SGD	1.2694
USD-JPY	159.19	0.05%	EUR-SGD	1.4819
EUR-USD	1.168	0.09%	JPY-SGD	0.7971
AUD-USD	0.716	0.18%	GBP-SGD	1.7322
GBP-USD	1.365	0.12%	AUD-SGD	0.9091
USD-MYR	4.043	0.10%	NZD-SGD	0.7585
USD-CNY	6.720	-0.02%	CHF-SGD	1.5835
USD-IDR	17712	0.11%	SGD-MYR	3.1829
USD-VND	26115	-0.20%	SGD-CNY	5.2955

Equity and Commodity		
Index	Value	Net change
DJIA	53,577.40	160.24
S&P	7,677.28	24.42
Nasdaq	26,151.30	171.11
Nikkei 225	65,856.43	328.34
STI	5,735.68	55.22
KLCI	1,736.33	-0.15
JCI	6,501.67	-24.02
Baltic Dry	2,882.00	41.00
VIX	15.45	-0.40

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2220	0.27%	1M	3.6815
3M	2.5370	0.52%	2M	3.7209
6M	2.7720	0.25%	3M	3.7603
12M	2.9930	-0.33%	6M	3.8593
			1Y	4.0002

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.66 (-0.01)	4.19(--)
5Y	1.94 (-0.01)	4.34 (-0.07)
10Y	2.3 (-0.02)	4.63 (-0.07)
15Y	2.37 (-0.03)	--
20Y	2.38 (-0.03)	--
30Y	2.43 (-0.02)	5.17 (-0.06)

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	3.65

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	82.36	-3.1%	Corn (per bushel)	5.005	1.8%
Brent (per barrel)	88.58	-3.9%	Soybean (per bushel)	12.280	1.0%
Heating Oil (per gallon)	424.38	-0.6%	Wheat (per bushel)	6.855	0.6%
Gasoline (per gallon)	325.29	-0.5%	Crude Palm Oil (MYR/MT)	47.200	-1.5%
Natural Gas (per MMBtu)	2.77	-0.4%	Rubber (JPY/KG)	4.800	0.2%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14350	0.5%	Gold (per oz)	4657	0.1%
Nickel (per mt)	17042	0.1%	Silver (per oz)	68.66	-0.4%

Source: Bloomberg, Reuters

Economic Calenda

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/26/2026 8:30	AU	Westpac Leading Index MoM	Jul	--	--	0.04%	--
8/26/2026 9:30	AU	CPI YoY	Jul	3.30%	--	3.80%	--
8/26/2026 13:00	SI	Industrial Production YoY	Jul	6.80%	--	7.20%	--
8/26/2026 13:00	SI	Industrial Production SA MoM	Jul	4.80%	--	-7.20%	--
8/26/2026 15:00	TH	BoT Benchmark Interest Rate	26-Aug	1.00%	--	1.00%	--
8/26/2026 19:00	US	MBA Mortgage Applications	21-Aug	--	--	-0.40%	--
8/26/2026 20:30	US	Personal Income	Jul	0.20%	--	0.20%	--
8/26/2026 20:30	US	Personal Spending	Jul	0.10%	--	0.30%	--
8/26/2026 20:30	US	PCE Price Index YoY	Jul	3.60%	--	3.70%	--
8/26/2026 20:30	US	Core PCE Price Index MoM	Jul	0.20%	--	0.10%	--
8/26/2026 20:30	US	Core PCE Price Index YoY	Jul	3.30%	--	3.30%	--
8/26/2026 20:30	US	Durable Goods Orders	Jul P	0.50%	--	0.50%	--
8/26/2026 20:30	US	Durables Ex Transportation	Jul P	0.60%	--	0.70%	--
8/26/2026 20:30	US	GDP Annualized QoQ	2Q S	1.50%	--	1.50%	--

Source: Bloomberg

Disclaimers

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

Additional disclosures and disclaimers applicable only to clients of Bank of Singapore Limited

This material is being made available to you through an arrangement between Bank of Singapore Limited (Co Reg. No.: 197700866R) ("BOS") and Oversea-Chinese Banking Corporation Limited ("OCBC Bank") (Co Reg. No.: 193200032W). BOS and OCBC Bank shall not be responsible or liable for any loss (whether direct, indirect or consequential) that may arise from, or in connection with, any use of or reliance on any information contained in or derived from this material, or any omission from this material, other than where such loss is caused solely by BOS' or OCBC Bank's wilful default or gross negligence.

The DIFC Branch of BOS has not conducted or produced any research contained in this material and is acting solely as a conduit in forwarding it to you.

For BOS clients in the United Kingdom:
This research has been prepared by OCBC Bank and made available to BOS. It is intended solely for informational purposes and does not constitute investment advice, a personal recommendation, or an offer or solicitation to buy or sell any financial instruments. Any payments or non-monetary benefits received or paid will be fully disclosed in accordance with applicable regulations, promptly and transparently, and will not influence the advice or services offered to you. If you would like more information about any inducements received, please contact your Relationship Manager.

Cross Border Disclaimer and Disclosures
Please refer to https://www.bankofsingapore.com/Disclaimers_and_Disclosures.html for cross-border marketing disclaimers and disclosures.