Daily Treasury Outlook

Highlights

Global: Wall Street ended mixed overnight as markets assessed weekly labour data, easing mortgage rates and renewed geopolitical risks. US–Iran talks on a potential nuclear agreement concluded without a deal despite hours of "very intense and serious" discussions. The lack of progress sustains uncertainty around regional stability and potential implications for energy supply, though both sides reportedly agreed to reconvene as early as next week. On the data front, initial jobless claims rose modestly to 212k for the week ending 21 February from 208k in the previous week and overall remaining within the narrow range of recent months. Continuing claims declined to 1.83mn, undershooting expectations and indicating that beneficiary numbers did not accumulate further. In housing, the average 30-year mortgage rate fell below 6% to 5.98% for the first time since September 2022. A sustained decline into the 5% range could help underpin activity heading into the spring homebuying season. On policy remarks, Fed Governor Stephen Miran reiterated his preference for four rate cuts this year, totalling 100bps, and urged earlier action, according to Bloomberg. Chicago Fed President Austan Goolsbee signalled that 'several' cuts remain possible if inflation continues to move toward target but cautioned against front-loading before clearer progress emerges.

Market Watch: This morning, Tokyo CPI for February rose by 1.6% YoY (consensus: 1.4%), up from 1.5% in January. In contrast, core CPI eased less than expected to 1.8% YoY (consensus: 1.7%), down from 2.0% in the previous month. Supercore CPI, which excludes fresh food and energy, also increased to 2.5% compared to 2.4% in January. Later in the day, other upcoming releases on the Asian calendar include the Philippines' January trade data, and India's 4Q GDP data. Additionally, the US will release January PPI data.

SG: January IP rose 16.6% YoY (5.3% MoM sa), which is above market consensus forecast of 11.6% YoY (6.0% MoM sa), but fell short of our forecast of 20.3% YoY (12.1% MoM sa). Excluding biomedical manufacturing, industrial output rose 24.1% YoY (10.8% MoM sa). Electronics production momentum more than doubled to 44.0% YoY in January from 19.6% in December 2025, which also contributed to the precision engineering output also picking up speed from 8.1% to 13.2% YoY with higher demand for precision modules & components and machinery & systems, namely semiconductor equipment (52.0% YoY) which is correlated to the AI-related boom. Looking ahead, February 2026 industrial production is likely to be biased lower (likely towards the 5% handle) due to the CNY holidays falling in February this year. Nevertheless, 1Q26 manufacturing momentum should remain resilient at 9.4% YoY and full-year manufacturing growth is likely to be 3% YoY or possibly even higher depending on how sustained the AI boom lasts.

Key Market Movements

Equity	Value	% chg
S&P 500	6908.9	-0.5%
DJIA	49499	0.0%
Nikkei 225	58753	0.3%
SH Comp	4146.6	0.0%
STI	4964.4	-0.9%
Hang Seng	26381	-1.4%
KLCI	1740.9	-0.4%
	Value	**% chg**
DXY	97.791	0.1%
USDJPY	156.13	-0.2%
EURUSD	1.1797	-0.1%
GBPUSD	1.3482	-0.6%
USDIDR	16755	-0.2%
USDSGD	1.264	0.0%
SGDMYR	3.0780	0.1%
	Value	**chg (bp)**
2Y UST	3.43	-4.30
10Y UST	4.00	-4.78
2Y SGS	1.40	-0.60
10Y SGS	1.99	-0.22
3M SORA	1.12	0.00
3M SOFR	3.74	-0.43
	Value	**% chg**
Brent	70.75	-0.1%
WTI	65.21	-0.3%
Gold	5185	0.4%
Silver	88.30	-1.0%
Palladium	1784	-0.9%
Copper	13305	-0.1%
BCOM	120.28	-0.4%

Source: Bloomberg

Major Markets

CH: The People's Bank of China (PBoC) has issued the Notice on Matters Concerning RMB Cross-Border Interbank Financing by Banking Financial Institutions, signaling a further step toward facilitating RMB cross-border capital circulation while retaining macroprudential control. The policy supports domestic banks in conducting RMB cross-border interbank financing in response to market demand. Importantly, the Notice introduces a countercyclical adjustment mechanism with the net outstanding balance of RMB cross-border interbank lending will be linked to banks' capital adequacy and funding strength, effectively embedding prudential discipline into cross-border expansion. Regulatory calibration will be implemented via cross-border business adjustment parameters and macroprudential adjustment parameters, giving policymakers the flexibility to tighten or loosen outbound RMB liquidity depending on external conditions and domestic liquidity dynamics.

ID: After Moody's, S&P yesterday flagged some credit metric risks on the fiscal risks. The downside fiscal risks are moving up a bit more "quickly". Specifically, it noted that interest payments "very likely" exceeded the 15% of government revenue threshold in 2025 during its webinar "Asia-Pacific Sovereign Rating Trends: Balancing Act Continues". It added that "if it is likely the case that medium-term fiscal policy as well as revenue developments contribute to this ratio staying above 15% on a very sustained basis that's when we could take a more negative view on the rating". By our calculations, this ratio was exceeded in 2023 and 2024. The government recorded a fiscal deficit of IDR54.6trn in January 2026, reflecting higher expenditure growth of 25.7% YoY versus 16% in December 2025 while revenue growth of 9.8% YoY (Dec: 13.1%) was lacklustre despite the favourable base effects. S&P noted that it sees limited room for further rate cuts from BI and monetary policy risks to the credit outlook are limited. S&P noted that "it does not see an abrupt weakening of credit fundamentals in the drop of stock prices recently." As we noted after Moody's outlook change from stable from negative, we do not rule out other rating agencies changing the outlook to negative based on fiscal risks. S&P last reaffirmed its credit rating for Indonesia in July 2025, maintaining the sovereign at BBB (2 notches above investment grade) and on a stable outlook.

MY: Producer Price Index (PPI) declined by 2.9% YoY in January 2026, extending the 2.7% contraction recorded in December 2025. By sector, PPI contraction deepened in mining (-11.7% YoY in January 2026 from -8.8% in December 2025) and manufacturing (-1.7% from 1.3%), while the agriculture, forestry and fishing sector posted a smaller decline (-8.3% from -12.1%). This offset the still-positive PPI growth in the water supply (10.2% from 10.9%) and electricity and gas supply (4.9% from 4.1%) sectors.

TH: According to Deputy Government Spokeswoman Aiyarin Phanrit, the country has welcomed ~5.9mn foreign tourists since the beginning of the year, as of 22 February 2026, generating THB293bn in tourism revenue, with China, Malaysia, and Russia among the top three visitor sources. Looking ahead to the week of February 23 to March 1, Ms Aiyarin expects tourist arrivals to remain stable, supported by factors including the Trusted Thailand Safety campaign and other measures to ease travel, such as the TM6 immigration card waiver and support for airlines in boosting flight frequencies.

ESG

Rest of the world: A UN body has approved the first carbon credits to be issued under the UN carbon market established by the Paris Agreement under Article 6.4. The approved activity is a clean cooking project in Myanmar, which distributes efficient cookstoves that reduce harmful household air pollution and lessen pressure on local forests. The project is coordinated with authorised participants from South Korea. Credits authorised for use in South Korea can be transferred to Korean entities for use in the Korean Emissions Trading System, contributing to South Korea's Nationally Determined Contribution (NDC). The remainder will be used by Myanmar toward its own NDC. The credited emissions reductions from this project are about 40% lower than what older systems would have issued, reflecting updated and more stringent environmental integrity requirements. Following this project, there is expected to be a growing pipeline of projects as the demand for high-quality carbon credits increases.

Credit Market Updates

Market Commentary:

The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 1-3bps lower and belly tenors trading 3-4bps lower while 10Y traded 4bps lower. Global Investment Grade spreads widened by 3bps to 81bps and Global High Yield spreads widened by 5bps to 284bps respectively. Bloomberg Global Contingent Capital Index widened by 2bps to 224bps. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 61bps and Asia USD High Yield spreads widened by 2bps to 344bps respectively. (Bloomberg, OCBC)

New Issues:

The total issuance volumes for APAC and DM IG market yesterday were USD3.56bn and USD5.35bn respectively.

There was one notable issuer in the DM IG market yesterday where issuers priced deals of at least USD1.0bn.

- Standard Chartered PLC (under our official coverage) priced USD1.75bn of debt in two tranches.

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

- NatWest Group PLC priced USD750mn of debt in one tranche.

There was one notable issuer in the APAC USD market yesterday where issuers priced deals of at least USD500mn.

- Sumitomo Mitsui Trust Group Inc priced USD3bn of debt in five tranches.

There was one notable issuance in the Singdollar market yesterday.

- AIMS APAC REIT priced a SGD100mn PerpNC5.5 fixed subordinated perpetual at 4.25%.

Mandates:

There were no notable mandates yesterday.

Equity Market Updates

US: Stocks finished mostly lower as weakness in mega-cap and semiconductor names offset strength in software and financials, leaving the S&P 500 down 0.5%, the Nasdaq down 1.2%, and the Dow roughly flat, though all three closed well above session lows with the S&P holding just above its 50-day moving average. Pressure followed NVIDIA's (-5.5%) earnings despite record data centre revenue and upbeat guidance, which coupled with declines in Broadcom (-3.2%) and AMD (-3.4%), sent the PHLX Semiconductor Index down 3.2% and pulled the information technology (-1.8%) sector lower. Software stocks diverged positively, with Salesforce (+4.0%) rising despite cautious guidance and the iShares Expanded Tech-Software ETF gaining 2.2%, helping lift financials (+1.3%) and industrials (+0.6%) through strength in names such as Block (+5.0%), Fidelity National Information Services (+4.0%), Equifax (+4.9%), and Paycom Software (+4.7%). Energy (+0.3%) and real estate (+0.5%) also posted modest gains, while communication services (-0.8%) lagged amid weakness in Alphabet (-1.9%). Tesla (-2.1%) and Amazon (-1.3%) declined as well, though consumer discretionary (-0.4%) losses were limited by gains in travel-related stocks including Expedia Group (+7.0%) and Norwegian Cruise Line (+5.1%). The Vanguard Mega Cap Growth ETF fell 1.1%, underscoring the underperformance of large growth stocks versus the equal-weighted S&P 500, which rose 0.6%, while the Russell 2000 (+0.5%) and S&P MidCap 400 (+0.4%) both advanced. Treasury prices climbed, pushing yields down across the curve and seeing some of the lowest long-term yield closes of the year.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	97.791	0.09%	**USD-SGD**	1.2640
USD-JPY	156.13	-0.15%	**EUR-SGD**	1.4911
EUR-USD	1.180	-0.11%	**JPY-SGD**	0.8096
AUD-USD	0.711	-0.25%	**GBP-SGD**	1.7042
GBP-USD	1.348	-0.57%	**AUD-SGD**	0.8981
USD-MYR	3.889	-0.06%	**NZD-SGD**	0.7558
USD-CNY	6.848	-0.20%	**CHF-SGD**	1.6329
USD-IDR	16755	-0.18%	**SGD-MYR**	3.0780
USD-VND	26073	-0.13%	**SGD-CNY**	5.4096

Equity and Commodity

Index	Value	Net change
DJIA	49,499.20	17.05
S&P	6,908.86	-37.27
Nasdaq	22,878.38	-273.70
Nikkei 225	58,753.39	170.27
STI	4,964.38	-43.35
KLCI	1,740.94	-6.87
JCI	8,235.26	-86.97
Baltic Dry	2,121.00	-8.00
VIX	18.63	0.70

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9280	-0.72%	**1M**	3.6674
3M	2.0110	-1.47%	**2M**	3.6667
6M	2.1390	-0.47%	**3M**	3.6594
12M	2.2080	0.09%	**6M**	3.6043
			1Y	3.4420

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.4 (-0.01)	3.41(--)
5Y	1.56 (-0.01)	3.57 (-0.05)
10Y	1.99 (--)	4 (-0.05)
15Y	2.1 (--)	--
20Y	2.15 (+0.01)	--
30Y	2.21 (+0.01)	4.66 (-0.04)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
01/28/2026	-0.006	-0.600	-0.001	3.638
03/18/2026	-0.026	-2.600	-0.007	3.632
04/29/2026	-0.185	-15.900	-0.046	3.592
06/17/2026	-0.568	-38.300	-0.142	3.497
07/29/2026	-0.945	-37.700	-0.236	3.402
09/16/2026	-1.487	-54.200	-0.372	3.267

Financial Spread (bps)

	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.67

Commodities Futures

Energy	**Futures**	**% chg**	**Soft Commodities**	**Futures**	**% chg**
WTI (per barrel)	65.21	-0.3%	Corn (per bushel)	4.333	0.6%
Brent (per barrel)	70.75	-0.1%	Soybean (per bushel)	11.478	0.0%
Heating Oil (per gallon)	261.25	-2.3%	Wheat (per bushel)	5.718	1.1%
Gasoline (per gallon)	203.23	2.1%	Crude Palm Oil (MYR/MT)	39.550	-1.6%
Natural Gas (per MMBtu)	2.83	-4.8%	Rubber (JPY/KG)	3.669	1.0%

Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	13305	-0.1%	Gold (per oz)	5185	0.4%
Nickel (per mt)	17694	-2.2%	Silver (per oz)	88.30	-1.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
2/27/2026 9:00	PH	Trade Balance	Jan	-$3900m	--	-$3520m	--
2/27/2026 15:00	TH	BoP Current Account Balance	Jan	$1595m	--	$3100m	--
2/27/2026 15:30	TH	Exports YoY	Jan	--	--	18.10%	--
2/27/2026 15:30	TH	Exports	Jan	--	--	$28821m	--
2/27/2026 15:30	TH	Imports YoY	Jan	--	--	18.00%	--
2/27/2026 15:30	TH	Imports	Jan	--	--	$26145m	--
2/27/2026 15:30	TH	Trade Balance	Jan	--	--	$2676m	--
2/27/2026 15:30	TH	BoP Overall Balance	Jan	--	--	$3694m	--
2/27/2026 15:30	TH	Gross International Reserves	20-Feb	--	--	$292.4b	--
2/27/2026 15:30	TH	Forward Contracts	20-Feb	--	--	$22.1b	--
2/27/2026 17:00	EC	ECB 1 Year CPI Expectations	Jan	2.70%	--	2.80%	--
2/27/2026 17:00	EC	ECB 3 Year CPI Expectations	Jan	2.50%	--	2.60%	--
2/27/2026 21:30	US	PPI Final Demand MoM	Jan	0.30%	--	0.50%	--
2/27/2026 21:30	US	PPI Ex Food and Energy MoM	Jan	0.30%	--	0.70%	--
2/27/2026 21:30	US	PPI Ex Food, Energy, Trade MoM	Jan	0.30%	--	0.40%	--
2/27/2026 21:30	US	PPI Final Demand YoY	Jan	2.60%	--	3.00%	--

Source: Bloomberg

Disclaimers

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