OCBC Group Research

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Daily Treasury Outlook

Highlights

Global: A busy week ahead - the return of oil prices to the psychologically key US$100 handle is likely to put the Fed, BOE and BOJ in a pickle to effectively articulate their inflation vigilance even though they are tipped to be static at 3.5-3.75%, 3.75% and 1% respectively this week, but the signalling for September will be key. The S&P500 eked out a modest gain of 0.05% on Friday, capping off a volatile week, with investors awaiting key 2Q earnings in the coming week. The 10-year UST bond yield also eased 2bps to 4.68% after testing 4.7% (highest since January 2025). Last week also saw a flurry of US tariff announcements, beginning with 50% tariff in roughly $20bn of Canadian goods using Section 338 of the 1930 Act from August 19, followed by a 100% tariff on generic **drugs** from August 2028, and 10-12.5% tariffs on 60 economies from Friday under Section 301 for failing to prevent forced labour in their supply chain, albeit this was met with a lawsuit in the Court of International Trade. Separately, the Iran war has stretched into its fifth month, although the US has paused its strikes for a second night amid rising Red Sea tensions due to the Houthis. Elsewhere, UK PM Burnham has said he will defend national interests and call out US president Trump if needed and also ruled out early general elections before they are due in 2029.

Market Watch: Asian markets may trade rangebound today in anticipation of a busy week. Today's economic data calendar comprises of China's industrial profits, Germany's IFO survey, HK's trade, and US' durable goods orders and Dallas Fed manufacturing. For the week ahead, watch for US' June PCE price index, Australia's June CPI, trade data for Philippines and Thailand, Eurozone, US and Taiwan's 2Q26 GDP growth, and China's manufacturing and non-manufacturing PMIs. On the corporate earnings front, watch for Apple, Amazon.com, Chipotle, Meta, Microsoft, PayPal, Qualcomm, Starbucks, ExxonMobil, SK Hynix, Samsung - notable investors are now looking beyond headline profits towards AI spending discipline, cloud demand and monetization ability.

SG: MAS steepened the S$NEER slope "very slightly" which is smaller than the move in April, with no change to the policy width and the level at which it is centred, citing this calibrated adjustment is to tackle persistent external price pressures which will pass more broadly to domestic consumer prices in the period ahead with core inflation also projected to step up from July and stay elevated and only moderate discernibly from around mid-2027. Industrial production likely rose 14.0% YoY (2.7% MoM SA) in June, versus 13.0% YoY (-0.7% MoM SA) in the previous month.

Major Markets

CN: Tariffs returned to the spotlight last week after President Trump's Section 122 flat 10% global tariff expired upon reaching its 150-day statutory limit. It was replaced on the same day by new Section 301 tariffs linked to forced-labour concerns, set at either 10% or 12.5% across 60 economies covering 99% of US imports. China was placed in the higher 12.5% tier. At first glance, the new tariff

Key Market Movements

Equity	Value	% chg
S&P 500	7412.0	0.0%
DJIA	51947	0.5%
Nikkei 225	64611	-2.7%
SH Comp	3814.2	-1.6%
STI	5588.3	0.1%
Hang Seng	24963	-1.0%
KLCI	1701.0	-0.8%
	Value	**% chg**
DXY	101.468	0.0%
USDJPY	163.83	0.0%
EURUSD	1.1370	-0.1%
GBPUSD	1.3325	0.1%
USDIDR	17943	0.2%
USDSGD	1.2906	-0.1%
SGDMYR	3.1693	0.0%
	Value	**chg (bp)**
2Y UST	4.33	-1.64
10Y UST	4.68	-1.61
2Y SGS	1.82	4.40
10Y SGS	2.46	4.68
3M SORA	1.16	0.42
3M SOFR	3.63	-0.02
	Value	**% chg**
Brent	96.78	-3.9%
WTI	89.31	-3.1%
Gold	4053	0.1%
Silver	58.17	1.0%
Palladium	1247	-0.9%
Copper	13645	0.4%
BCOM	134.94	-1.0%

Source: Bloomberg

represents a 2.5 percentage-point increase for China. However, its coverage is considerably narrower than the previous Section 122 measure, as it exempts all goods already subject to Section 232 tariffs, as well as energy, critical minerals, gold and a large share of agricultural products. As a result, the increase in the effective tariff rate on Chinese imports should be meaningfully smaller than the headline 2.5 percentage points We therefore believe the direct incremental drag on China's economy and exports will be limited. First, the net increase in the effective tariff rate is relatively small and remains well below previous peaks. Second, the Busan trade truce remains intact. The latest tariff measure is broad-based and does not specifically target China, reducing the risk of an immediate escalation in bilateral tensions.

ID: Foreign Affairs Minister Sugiono and South Korean counterpart Cho Hyun agreed to accelerate implementation of the Indonesia South Korea Comprehensive Strategic Partnership during a bilateral meeting on the sidelines of the ASEAN Foreign Ministers' Meeting/Post Ministerial Conferences in Manila last week. Both ministers discussed follow-up actions from the Indonesian President's visit to South Korea last April and agreed to expedite key commitments in the defense, energy and investment sectors, while Cho reiterated South Korea's commitment to encouraging Korean companies to invest in shipyard development in Indonesia. Sugiono and Cho also exchanged views on Iran and the Korean Peninsula and reaffirmed their commitment to strengthening multilateralism and upholding a rules-based international order, according to the Foreign Ministry.

MY: The Leading Index (LI) grew 0.8% YoY in May 2026, driven mainly by Real Money Supply, M1 (9.2%) and Real Imports of Semiconductors (2.7%), according to the Department of Statistics Malaysia (DOSM). The Coincident Index (CI), which reflects current economic conditions, rose 2.5% YoY, supported by growth in almost all components except Capacity Utilisation in Manufacturing. DOSM noted that the economy is expected to remain resilient, supported by stable domestic demand and the country's ability to adapt to changes in the global environment and current technological developments.

AU: The S&P Global Flash Composite PMI Output Index rose to 52.6 in July from 50.4 in June, reflecting stronger business activity supported by improved demand and output. New orders increased for the first time in five months, driven by domestic demand, while export orders continued to weaken. Growth was led by the services sector but was broadly based across monitored sectors. Higher workloads also resulted in a rise in backlogged orders and stronger hiring across both services and manufacturing. Meanwhile, input cost inflation eased further from April's peak, although price pressures still remain elevated.

PH: The Philippines has concluded negotiations for a Comprehensive Economic Partnership Agreement (CEPA) with Chile. This marks the Philippines' first trade deal in Latin America and coinciding with the 80th anniversary of diplomatic relations between the two nations. The agreement, known as the Philippines–Chile Comprehensive Economic Partnership Agreement, extends well beyond conventional tariff liberalization, establishing a modern framework covering trade, investment, and the digital economy, alongside dedicated chapters on environment, labour, global value chains, and trade and gender to reflect commitments to sustainability and inclusive economic resilience. Bilateral trade remains modest but growing, with the Philippines exporting electronics, coconut products, and personal care products to Chile while importing copper ores and concentrates, salmon and other key products. Trade Secretary Cristina Roque, who welcomed the conclusion of talks in a meeting with Chile's Foreign Affairs Minister Francisco Pérez Mackenna, framed the deal as consistent with the government's broader strategy of expanding its network of high-quality trade agreements to create new opportunities for Filipino businesses, workers, farmers, and investors.

TH: June customs exports growth rose more-than-expected to 20.8% YoY (consensus: 15.2%) versus 10.5% in May. Higher shipments in 'principle manufacturing products' (25.1% from 14.4%) and 'mineral products and fuel' (67.5% from 24.2%) more than offset lower shipments in 'agricultural products' (-10.8% from -3.7%) and 'agro industrial products' (-0.9% from -13.4%). Meanwhile, customs import growth accelerated to 50.3% YoY in June, up from 35.1% in the previous month. By end-use, imports of 'capital goods' (42.7% vs 24.2%), 'raw materials and intermediate products' (71.2% vs 34.3%), and 'consumer goods' (12.3% vs 9.6%) picked up. These were more than offset by lower import growth of 'Fuel Lubricants' (39.5% vs 94.6%). Consequently, the customs trade deficit widened to USD6.5bn in June, up from USD5.7bn in May. According to the Trade Policy and Strategy Office, it noted that the new US tariff policy is seen as manageable, and the THB is expected to remain stable. Based on these assumptions, it anticipates exports to expand by 8% in 2026, reaching ~USD357bn.

Sustainability

MY: Malaysia's renewable energy (RE) installed capacity stood at nearly 32% as of June, putting the country on track to achieving its 35% target by 2030. Malaysia already hit 31% RE installed capacity by December, with the overall target set at 70% by 2050. This reflects good progress in Malaysia's energy transition agenda under the National Energy Transition Roadmap (NETR), highlighted by the recent commencement of full-scale construction of the large-scale solar five (LSS5) project in Kelantan. The project is expected to contribute to national electricity supply, create employment opportunities and boost growth in the clean energy industry.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded flat to higher last Friday with shorter tenors trading 0-3bps higher, belly tenors trading 1-2bps higher, and the 10Y tenor trading flat.
- US Investment Grade spreads widened by 1bps to 79bps, and US High Yield spreads widened by 4bps to 280bps. Bloomberg Global Contingent Capital Index widened by 5bps to 212bps.
- Bloomberg Asia USD Investment Grade widened by 1 bps to 56bps, and the Asia USD High Yield spreads widened 9bps to 343bps. (Bloomberg, OCBC)

New Issues:

- There were SGD108mn of issuances in the Singdollar market last Friday, where Morgan Stanley Finance LLC issued SGD108mn 5Y bonds priced at 2.84%.
- The total issuances in the APAC and DM IG markets respectively were zero and USD50mn last Friday (prior day: USD1.25bn and USD2.61bn respectively). (Bloomberg, OCBC)

Credit Developments:

- Alibaba (BABA): Potential US sanctions or export restrictions on Chinese AI firms, including BABA, are viewed as having limited credit impact given minimal US exposure in its core businesses and already-restricted access to advanced US AI chips.
- BNP Paribas (BNPP): Reported strong 1H2026 results with double-digit revenue and earnings growth, improved capitalisation (CET1 13.0%), and continued progress on the AXA IM integration.
- Singapore Post (SPOST): Reiterated plans to retain SingPost Centre for long-term redevelopment potential while discussions with the government on support for its loss-making postal business continue.
- MTR Corporation (MTRC): High Speed Rail Hong Kong section recorded a record 16 million passenger trips in 1H2026, reflecting strong growth in cross-border travel demand.
- Mapletree Logistics Trust (MLTSP): Continued portfolio rejuvenation through divestments, including the sale of two China assets and a Singapore property.
- PT Freeport Indonesia (FRIDPT): Grasberg mine ramp-up remains on track after the 2025 mudflow incident, with production expected to recover to near full capacity by end-2027.
- CapitaLand Investment (CLIVSG): Merger discussions with Mapletree Investments have slowed due to disagreements over valuation, leadership, and business performance.
- Macquarie Group (MQGAU): CEO Shemara Wikramanayake will retire in November 2026 and be succeeded by long-time executive Greg Ward.
- Singapore Residential Property (Industry Outlook): Residential market fundamentals remain healthy, supported by rising prices and rents, strong take-up rates, and declining unsold inventory.
- Suntec REIT (SUNSP): Delivered stable 1H2026 performance, anchored by strong performance of its Singapore assets, improved interest coverage, manageable refinancing needs, and an ongoing strategic review.
- Mapletree Industrial Trust (MINTSP): 1QFY2027 earnings declined y/y, though leverage and refinancing risks remain manageable.
- Santos (STOAU): Higher production and LNG pricing supported stronger revenues and cash flow, with further production growth expected in 2H2026.
- Allianz (ALVG): Agreed to acquire HSBC Life Singapore and enter a 15-year exclusive bancassurance partnership with HSBC, strengthening its exposure to Asia's growing insurance market.
- HSBC Holdings (HSBC): Selling HSBC Life Singapore to Allianz while establishing a 15-year exclusive distribution partnership to continue offering insurance solutions in Singapore.

Equity Market Updates

US: US stocks ended mixed on Friday, 25 Jul 2026, capping a turbulent week as a chipmaker selloff weighed on the Nasdaq whilst the broader market found partial support from easing oil prices. The S&P 500 was barely changed, edging up less than 0.1%, the Dow Jones Industrial Average rose 0.5%, and the Nasdaq Composite fell 0.6%, dragged lower by a 4.3% slump in semiconductor stocks amid investor anxiety over the sustainability of AI capital expenditure ahead of a heavy slate of megacap earnings next week, including Apple, Meta, Microsoft, and Amazon. For the week, the Nasdaq shed 2.1%, its largest two-week percentage decline since late March 2026, whilst the S&P 500 closed at 7,411.98, down from 7,463.83 the prior Friday. Treasury yields climbed to their highest level of 2026, with the bond rout driven by a resilient US economy, renewed US-Iran hostilities, and uncertainty ahead of the Federal Reserve's policy meeting on 29 to 30 Jul 2026, where markets are pricing roughly a one-in-three chance of a rate hike under Chairman Kevin Warsh. Brent crude retreated from near USD100 per barrel, though geopolitical risk remained elevated after reports that President Trump ordered the military not to conduct Iran strikes on Friday. Separately, Trump's administration moved to introduce new tariffs to replace temporary 10% levies that expired on 24 Jul 2026, adding a further layer of policy uncertainty heading into the new week.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	101.468	0.02%	**USD-SGD**	1.2906
USD-JPY	163.83	-0.02%	**EUR-SGD**	1.4678
EUR-USD	1.137	-0.06%	**JPY-SGD**	0.7876
AUD-USD	0.698	0.14%	**GBP-SGD**	1.7195
GBP-USD	1.333	0.08%	**AUD-SGD**	0.9013
USD-MYR	4.091	0.04%	**NZD-SGD**	0.7473
USD-CNY	6.771	-0.09%	**CHF-SGD**	1.5777
USD-IDR	17943	0.16%	**SGD-MYR**	3.1693
USD-VND	26324	0.04%	**SGD-CNY**	5.2467

Equity and Commodity

Index	Value	Net change
DJIA	51,947.25	235.60
S&P	7,411.98	3.68
Nasdaq	24,975.82	-161.87
Nikkei 225	64,611.15	-1811.45
STI	5,588.34	6.58
KLCI	1,701.02	-13.57
JCI	6,196.43	-118.88
Baltic Dry	2,743.00	18.00
VIX	18.58	-0.12

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.1980	-0.77%	**1M**	3.7458
3M	2.4880	0.65%	**2M**	3.7867
6M	2.7230	0.78%	**3M**	3.8417
12M	2.9930	1.56%	**6M**	3.9787
			1Y	4.1515

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.82 (+0.04)	4.33(--)
5Y	2.02 (+0.04)	4.43 (-0.03)
10Y	2.46 (+0.05)	4.68 (-0.02)
15Y	2.49 (+0.03)	--
20Y	2.5 (+0.02)	--
30Y	2.53 (+0.01)	5.16(--)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
07/29/2026	0.379	37.900	0.095	3.723
09/16/2026	1.100	72.000	0.275	3.903
10/28/2026	1.379	28.000	0.345	3.973
12/09/2026	1.764	38.500	0.441	4.069

Financial Spread (bps)

	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.64

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	89.31	-3.1%	Corn (per bushel)	4.643	0.1%
Brent (per barrel)	96.78	-3.9%	Soybean (per bushel)	12.480	0.8%
Heating Oil (per gallon)	418.06	-3.7%	Wheat (per bushel)	6.780	-2.6%
Gasoline (per gallon)	339.59	-2.9%	Crude Palm Oil (MYR/MT)	45.910	-0.1%
Natural Gas (per MMBtu)	2.87	-1.5%	Rubber (JPY/KG)	4.080	-5.0%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	13645	0.4%	Gold (per oz)	4053	0.1%
Nickel (per mt)	17379	0.8%	Silver (per oz)	58.17	1.0%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/27/2026 7:50	JN	PPI Services YoY	Jun	3.40%	--	3.30%	--
7/27/2026 8:00	SI	Singapore MAS July 2026 Monetary Policy Statement					
7/27/2026 9:30	CH	Industrial Profits YoY	Jun	--	--	21.10%	--
7/27/2026 9:30	CH	Industrial Profits YTD YoY	Jun	--	--	18.80%	--
7/27/2026 12:00	TH	Mfg Production Index ISIC NSA YoY	Jun	0.40%	--	-0.80%	--
7/27/2026 12:00	TH	Capacity Utilization ISIC	Jun	--	--	59.64	--
7/27/2026 13:00	SI	Industrial Production YoY	Jun	9.10%	--	13.00%	--
7/27/2026 13:00	SI	Industrial Production SA MoM	Jun	-1.50%	--	-0.70%	--
7/27/2026 13:00	JN	Leading Index CI	May F	--	--	116.8	--
7/27/2026 13:00	JN	Coincident Index	May F	--	--	118.5	--
7/27/2026 16:00	EC	M3 Money Supply YoY	Jun	3.30%	--	3.20%	--
7/27/2026 16:30	HK	Exports YoY	Jun	43.80%	--	40.80%	--
7/27/2026 16:30	HK	Imports YoY	Jun	43.50%	--	42.00%	--
7/27/2026 16:30	HK	Trade Balance HKD	Jun	-81.2b	--	-44.2b	--
7/27/2026 18:00	UK	CBI Retailing Reported Sales	Jul	--	--	-54	--
7/27/2026 18:00	UK	CBI Total Dist. Reported Sales	Jul	--	--	-33	--
7/27/2026 20:30	US	Durable Goods Orders	Jun P	1.80%	--	-4.50%	--

Source: Bloomberg

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