OCBC Group Research

By Global Markets | 27 August 2026

Daily Treasury Outlook

Highlights

Global: U.S. headline and core consumer prices both rose 0.2% in July, lifting their annual rates to 3.7% and 3.3%, respectively. Second-quarter growth was unrevised at an annualised rate of 1.5%, but personal consumption growth was revised higher to 3.4% from 3.2%. Apart from consumption, exports and investment supported growth, while government spending declined and imports increased as a drag on GDP. July personal spending data showed some moderation, rising 0.2% MoM versus 0.3% in June, while personal income growth improved to 0.4% from 0.2% in June. Other July data included durable goods orders, which rose 1.1%, with a 0.4% gain excluding transportation and a 1.3% increase excluding defence. There was a knee-jerk reaction in U.S. Treasuries following the PCE data release, with yields initially dipping before closing marginally higher at the front end, while the 30-year yield was broadly unchanged. Fed funds futures are currently pricing in 26.4bp of rate hikes for 2026. The DXY index edged higher, while U.S. equities traded choppily and closed in the red (S&P 500: -0.02%; Nasdaq: -0.08%; Dow: -0.21%) ahead of Nvidia's closely watched earnings results. Nvidia's guidance for revenue growth of approximately 70% in fiscal year 2028 underscores the sustained strength of the technology and AI upcycle, which is likely to continue supporting semiconductor and electronics exports across Asia.

On the geopolitical front, Iran and Oman have reportedly agreed on terms that would allow safe transit through the Strait of Hormuz. Specifically, Islamic Revolutionary Guard Corps (IRGC) spokesman Hossein Mohebbi said on 26 August that "agreements have been reached regarding each country's share of the strait's waters, as well as Iran's and Oman's share of its revenues." President Trump, however, has claimed that the Strait is already open, while CENTCOM spokesman Captain Tim Hawkins stated that "internationally recognised transit routes in the Strait of Hormuz are free of Iranian sea mines."

Nevertheless, the agreement between Iran and Oman has helped temper global Brent crude prices, which are currently trading at USD87.84 per barrel. Meanwhile, Russia is reportedly preparing to escalate attacks on Ukraine after concluding that peace negotiations had reached a dead end. This is already being reflected in higher wheat futures prices, which, together with the intensifying El Niño phenomenon, could contribute to higher food price pressures in the coming months.

Market Watch: Elsewhere in Asia, the Bank of Thailand (BoT) kept its policy rate unchanged, as widely expected, while Australia's July trimmed mean CPI remained steady at 3.6%. Focus now shifts to the Jackson Hole Symposium, where Fed Chair Warsh is expected to deliver his speech tomorrow at 10:00 p.m. SGT. Ahead of that, Cleveland Fed President Beth Hammack is scheduled to appear on CNBC tonight. The Bank of Korea raised rates by 25bp to 3.00% at its meeting today, similar to expectations for Bangko Sentral ng Pilipinas. Data releases on tap today include China's July industrial profits, Thailand's July customs trade data, U.S. July advance trade data, weekly initial and continuing jobless claims, and preliminary July wholesale inventories.

Key Market Movements

Equity	Value	% chg
S&P 500	7675.7	0.0%
DJIA	53464	-0.2%
Nikkei 225	66262	0.6%
SH Comp	3912.5	0.6%
STI	5721.6	-0.2%
Hang Seng	25653	0.6%
KLCI	1748.5	0.7%
	Value	**% chg**
DXY	99.165	0.3%
USDJPY	159.31	0.1%
EURUSD	1.1651	-0.2%
GBPUSD	1.3595	-0.4%
USDIDR	17712	0.0%
USDSGD	1.2719	0.2%
SGDMYR	3.1702	-0.4%
	Value	**chg (bp)**
2Y UST	4.21	3.52
10Y UST	4.65	1.77
2Y SGS	1.65	-1.20
10Y SGS	2.29	-1.47
3M SORA	1.15	0.30
3M SOFR	3.64	0.03
	Value	**% chg**
Brent	87.84	-0.8%
WTI	82.23	-0.2%
Gold	4591	-1.4%
Silver	68.12	-0.8%
Palladium	1326	-0.8%
Copper	14253	-0.7%
BCOM	139.01	0.4%

Source: Bloomberg

SG: Manufacturing output continued to expand by 6.8% YoY in July 2026, although growth moderated from earlier months such as June (7.5% YoY). For the first seven months of 2026, total manufacturing output grew 9.8% YoY, while manufacturing excluding biomedical manufacturing grew 13.5%. The monthly domestic industrial production growth momentum appears to be showing some signs of fatigue and is normalizing for the heavyweight in the electronics cluster, namely the semiconductor output which has halved from 53.3% YoY in May to 20.8% in June and now eased to 8.0% in July.

Major Markets

CN: According to the China Passenger Car Association (CPCA), retail passenger-vehicle sales reached 956,000 units during August 1–23, down 22% YoY, pointing to continued weakness in auto demand. Year-to-date passenger-vehicle retail sales totalled 11.129 million units, down 20% YoY. NEVs continued to outperform the broader market on a relative basis, with retail sales reaching 614,000 units during August 1–23, down 12% YoY. Year-to-date NEV retail sales totalled 6.283 million units, down 12% YoY. NEVs accounted for around 64% of total passenger-vehicle retail sales, highlighting the continued structural shift toward electrification despite the broader slowdown in auto demand.

ID: Australian Foreign Minister Penny Wong said on 26 August that the Jakarta Treaty 2026 represents a new level in bilateral relations and is intended to evolve further for the benefit of future generations in both countries. Signed by President Prabowo Subianto and Prime Minister Anthony Albanese on 6 February 2026, the treaty strengthens regular high-level consultations and mutual support in the face of serious threats, while providing for joint defence training, the deployment of senior TNI officers to the Australian Defence Force and expanded military education exchanges. Indonesian Foreign Minister Sugiono also called for stronger cooperation and relations between the two countries during the 2+2 meeting in Melbourne.

MY: The Health Ministry will strengthen manpower, monitoring and healthcare facility preparedness amid the haze situation, with about 30 areas nationwide recording unhealthy Air Pollutant Index readings and a potential rise in asthma and upper respiratory tract infections. Health Minister Dzulkefly Ahmad said the ministry is coordinating with the Education Ministry and the Natural Resources and Environmental Sustainability Ministry, while advising children, pregnant women, the elderly and at risk groups to avoid outdoor activities and wear face masks if symptomatic, as reported by The Star. Separately, Dzulkefly noted that the medical device sector secured MYR57.2bn in approved investments across 648 projects between 2015 and 2025.

AU: Headline CPI eased to 3.5% YoY for July, coming in above market expectations of 3.3%, but was lower compared to 3.8% in June. Trimmed mean inflation proved to be more persistent, remaining unchanged at 3.6% YoY and + 0.5% MoM sa, the largest increase for the year. This suggests that underlying inflationary pressures have not meaningfully eased. Housing remained the largest contributor to annual inflation, driven by new dwelling costs (+5.7%), electricity (+6.1%), and transport (+1.6%). Specifically, automotive fuel rose by 7.5% driven by higher oil prices and the partial unwinding of the government's fuel excise relief measures.

Sustainability

SG: Singapore's marine conservation advocates have raised concerns over development plans to form a new western island through land reclamation, which could affect marine ecosystems in the area. The Ministry of National Development (MND) said that as part of the planning process, it will conduct technical studies to inform the development plans, including the reclamation profile, site investigations and environmental studies. MND will also engage stakeholders early in the process to assess potential biodiversity impact and identify measures to avoid, minimise and mitigate impacts where possible, reflecting efforts to balance development with environmental conservation objectives.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday with the shorter tenors trading flat to 1bps lower, belly tenors trading 1bps lower, and the 10Y tenor trading 1bps lower.
- US Investment Grade and US High Yield spreads tightened by 1bps and 3bps to 79bps and 265bps respectively. Bloomberg Global Contingent Capital spreads tightened by 2bps to 207bps.
- Bloomberg Asia USD Investment Grade spreads traded flat at 57bps, and the Asia USD High Yield spreads tightened by 4bps to 329bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the Singdollar market yesterday.
- The total issuances in the APAC and DM IG markets were zero and USD240mn respectively yesterday.

Credit Developments:

- **Commonwealth Bank of Australia (CBAAU):** Reached an in-principle AUD249mn settlement for the CFSIL and AIL class action, subject to court approval, with no admission of wrongdoing and the amount covered by an existing provision.
- **Bank of Nova Scotia (BNS):** Delivered strong 3QFY2026 results, with adjusted net income up 18% y/y, resilient asset quality and a robust 13.1% CET1 ratio supporting its credit profile.
- **Singapore Airlines Ltd (SIASP):** Air India, in which SIASP holds an approximately 25% stake, is reportedly seeking around USD1.5bn of fresh equity from SIASP and Tata Sons, potentially in tranches, although no decision has been made.
- **Singapore Post Limited (SPOST):** 1QFY2027 operating profit rose 55.2% y/y on cost controls and domestic parcel growth, while its net cash position supports credit strength despite structural mail declines and international delivery headwinds.
- **Wing Tai Holdings (WINGTA):** FY2026 performance strengthened significantly on higher development-property contributions, with robust presales, a substantial investment-property base and improved net gearing supporting its credit profile.

Equity Market Updates

US: US stocks ended Wednesday little changed as investors held back ahead of Nvidia's closely watched after-hours earnings, with the S&P 500 and Nasdaq Composite each slipping less than 0.1% and the Dow falling 0.2%. A hotter-than-expected July PCE print, with headline rising 0.2% month-on-month against a 0.1% consensus and year-on-year at 3.7%, revived rate-hike speculation and weighed on sentiment, with money markets fully pricing in a Fed hike by December. Second-quarter GDP was unrevised at 1.5% annualised, though consumer spending was revised up to 3.4%, whilst July durable goods orders beat at up 1.1% versus a 0.5% estimate. Meta rose 1.4% after settling social media litigation, but this weighed on peers Alphabet, Snap, and Reddit. Nike fell sharply, on course for its worst annual return since 1993. Treasury yields rose, led by the front end, with the 2-year up approximately 4 basis points to 4.21% and the 10-year up approximately 2 basis points to 4.65%, reflecting the stickier inflation data. Post-close, Nvidia reported a bullish approximately 70% revenue growth outlook for fiscal 2028, sending its shares up approximately 5% in after-hours trade and lifting Nasdaq 100 futures by as much as 1%, setting up a positive open for Asian chip-related equities. Fed Chair Warsh is scheduled to speak on Friday, a key focus for markets.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.165	0.25%	USD-SGD	1.2719
USD-JPY	159.31	0.08%	EUR-SGD	1.4823
EUR-USD	1.165	-0.21%	JPY-SGD	0.7982
AUD-USD	0.717	0.10%	GBP-SGD	1.7291
GBP-USD	1.360	-0.40%	AUD-SGD	0.9118
USD-MYR	4.027	-0.40%	NZD-SGD	0.7559
USD-CNY	6.722	0.03%	CHF-SGD	1.5792
USD-IDR	17712	0.00%	SGD-MYR	3.1702
USD-VND	26099	-0.06%	SGD-CNY	5.2847

Equity and Commodity		
Index	Value	Net change
DJIA	53,463.88	-113.52
S&P	7,675.70	-1.58
Nasdaq	26,130.20	-21.10
Nikkei 225	66,262.16	405.73
STI	5,721.59	-14.09
KLCI	1,748.54	12.21
JCI	6,405.69	-95.98
Baltic Dry	2,926.00	44.00
VIX	15.21	-0.24

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2480	1.17%	1M	3.6825
3M	2.5450	0.32%	2M	3.7223
6M	2.7620	-0.36%	3M	3.7609
12M	2.9890	-0.13%	6M	3.8693
			1Y	4.0206

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.65 (-0.01)	4.21(--)
5Y	1.93 (-0.01)	4.36 (+0.03)
10Y	2.29 (-0.01)	4.65 (+0.02)
15Y	2.35 (-0.02)	--
20Y	2.35 (-0.03)	--
30Y	2.42 (-0.02)	5.17(--)

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	3.66

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	82.23	-0.2%	Corn (per bushel)	5.140	2.7%
Brent (per barrel)	87.84	-0.8%	Soybean (per bushel)	12.543	2.1%
Heating Oil (per gallon)	426.00	0.4%	Wheat (per bushel)	7.305	6.6%
Gasoline (per gallon)	332.01	2.1%	Crude Palm Oil (MYR/MT)	46.300	-1.9%
Natural Gas (per MMBtu)	2.84	2.6%	Rubber (JPY/KG)	4.537	-5.5%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14253	-0.7%	Gold (per oz)	4591	-1.4%
Nickel (per mt)	16887	-0.9%	Silver (per oz)	68.12	-0.8%

Source: Bloomberg, Reuters

Economic Calenda

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/27/2026 7:50	JN	Japan Buying Foreign Bonds	21-Aug	--	-¥1978.4b	¥1135.1b	¥1137.3b
8/27/2026 7:50	JN	Foreign Buying Japan Bonds	21-Aug	--	¥435.2b	-¥1249.9b	--
8/27/2026 7:50	JN	Japan Buying Foreign Stocks	21-Aug	--	-¥869.0b	¥1391.3b	--
8/27/2026 7:50	JN	Foreign Buying Japan Stocks	21-Aug	--	-¥764.1b	¥621.2b	¥622.4b
8/27/2026 9:30	AU	Private Capital Expenditure	2Q	0.80%	--	6.50%	--
8/27/2026 9:30	CH	Industrial Profits YTD YoY	Jul	--	--	18.70%	--
8/27/2026 9:30	CH	Industrial Profits YoY	Jul	--	--	15.10%	--
8/27/2026 11:30	TH	Customs Exports YoY	Jul	17.80%	--	20.80%	--
8/27/2026 11:30	TH	Customs Imports YoY	Jul	42.00%	--	50.30%	--
8/27/2026 11:30	TH	Customs Trade Balance	Jul	-$5330m	--	-$6535m	--
8/27/2026 14:00	JN	Machine Tool Orders YoY	Jul F	--	--	50.40%	--
8/27/2026 14:30	PH	BSP Overnight Borrowing Rate	27-Aug	5.00%	--	4.75%	--
8/27/2026 16:00	EC	M3 Money Supply YoY	Jul	3.50%	--	3.30%	--
8/27/2026 20:30	US	Wholesale Inventories MoM	Jul P	0.20%	--	0.20%	--

Source: Bloomberg

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