

Daily Treasury Outlook

Highlights

Global: Looking ahead to the US nonfarm payrolls report on Friday. The Trump-Xi meeting produced an extension of the trade truce until 10 January, with reciprocal tariff reductions covering around USD30bn of non-sensitive goods. The two sides also agreed to establish a US-China Board of Trade to address market access issues, including agriculture, and to launch a dialogue on AI. China further committed to importing at least 10mn tonnes of US coal annually in 2027 and 2028, although issues surrounding rare earths and critical minerals remain unresolved. With the US midterm elections due in November, the larger market variable remains energy prices, as President Trump has warned of further military action if diplomatic efforts fail. On Friday, the S&P 500 rose 0.5% after a volatile week, while 10-year and 30-year US Treasury yields climbed to 5.23% and 5.49%, respectively, their highest levels since 2007 and 2004, amid a "strong economy, sticky inflation" narrative. August core capital goods orders rose 1.6% MoM, marking a fourth consecutive monthly increase, while the final University of Michigan one-year inflation expectations reading jumped from 4.0% to 4.6%. The Congressional Budget Office (CBO) has warned that the fiscal deficit and publicly held debt could rise to 14% and 222% of GDP, respectively, by 2056.

Market Watch: Asian markets are likely to trade in a range as investors await a data-heavy week ahead. The RBA meets tomorrow and is widely expected to raise rates by 25bp to 4.60%, given persistent core inflation, resilient domestic demand, and Governor Bullock's warning that energy-related inflation risks may be materialising. Investors will be monitoring a series of key US releases, including JOLTS job openings, ADP employment, personal income and spending, and core PCE inflation (consensus: 0.3% MoM), culminating in Friday's nonfarm payrolls report (consensus: around 100k) and unemployment rate (consensus: 4.2%). Elsewhere, attention will be on China's September PMIs and industrial profits ahead of the Golden Week holidays, Japan's Tankan survey, industrial production and Tokyo CPI, as well as ASEAN manufacturing PMIs, inflation and trade data. On the corporate front, Micron's earnings on Wednesday will be particularly important for the AI capex theme, while results from Nike and Accenture should provide insights into consumer demand and the corporate technology spending cycle.

SG: August industrial production, which is due later today, likely rose 19.2% YoY (2.8% MoM) versus 6.8% YoY (2.3% MoM).

Major Markets

CN: Chinese equities gave back their early-week gains to finish last week broadly lower, with the week dominated by the Trump–Xi Summit, which extended the US–China trade truce by two months to 10 January 2027. The summit was high on symbolism but relatively light on substantive breakthroughs. President Trump personally welcomed President Xi at Joint Base Andrews, becoming the first US president in around six decades to receive a foreign counterpart at the base, excluding papal visits.

Key Market Movements

Equity	Value	% chg
S&P 500	7743.4	0.5%
DJIA	51829	0.9%
Nikkei 225	66364	1.3%
SH Comp	3888.4	0.0%
STI	5711.1	0.5%
Hang Seng	24510	-1.0%
KLCI	1671.6	0.0%

	Value	% chg
DXY	100.971	-0.3%
USDJPY	157.28	-1.0%
EURUSD	1.1391	0.1%
GBPUSD	1.3247	0.2%
USDIDR	17893	0.0%
USDSGD	1.2773	-0.2%
SGDMYR	3.1879	-0.1%

	Value	chg (bp)
2Y UST	4.85	-7.27
10Y UST	5.16	-3.74
2Y SGS	1.96	0.40
10Y SGS	2.48	-0.23
3M SORA	1.23	0.41
3M SOFR	3.67	0.29

	Value	% chg
Brent	104.32	-2.1%
WTI	92.41	-2.3%
Gold	4285	0.2%
Silver	64.30	0.8%
Palladium	1271	0.4%
Copper	14623	0.0%
BCOM	144.32	-1.1%

Source: Bloomberg

The optics inevitably revived discussion in China's social media around the idea of a "G2". President Xi's decision to make Washington, rather than the UN General Assembly in New York, the centrepiece of his US trip reinforced the symbolism of direct great-power diplomacy. More importantly, there were also some substantive signs of increasingly bilateral management of global risks. The two leaders jointly stated that Iran should not develop nuclear weapons and that no country or institution should be allowed to impose tolls on international waterways — effectively pronouncing together on the conduct of a third party in a global commons.

AI provided an even clearer example. The two governments agreed to establish a US–China Super Intelligence Dialogue to exchange views on the risks and benefits of AI, alongside a bilateral communication channel for AI-related incidents, with the next exchange scheduled by November. This is notable because governance of one of the defining technologies of the coming decade is beginning to acquire a dedicated Washington–Beijing crisis-management channel even as the two countries remain fierce competitors in AI capabilities and rule-setting.

ID: Bank Indonesia (BI) recorded 17.8mn inbound cross-border digital payment transactions worth IDR6.2trn (USD345.7mn) through August 2026, driven by wider use of the Quick Response Code Indonesian Standard (QRIS) among visitors from Singapore, Thailand, Malaysia, Japan, South Korea, and China. By comparison, inbound activity far outpaced outbound flows by more than three times, which totalled 5mn transactions and valued at IDR1.85trn (USD103.1mn). Introduced in 2022, the cross-border QRIS system allows foreign travellers to pay Indonesian merchants directly using mobile banking applications from their home countries. BI is further expanding the network, with agreements recently signed to establish payment links with Hong Kong and Timor-Leste. Domestically, QRIS has grown to 69.3mn users and nearly 46mn registered merchants, around 69% of which are micro, small and medium enterprises.

MY: The government plans to introduce firmer measures in Budget 2027, to help graduates secure jobs that better match their qualifications and receive fairer wages. Referring to South Korea as an example where wages have risen in step with productivity, Prime Minister Datuk Seri Anwar Ibrahim noted that Malaysian wages have lagged behind productivity gains and said that the government would consider more direct intervention. Budget 2027 will be tabled in Parliament on 9 October against a backdrop of an intensifying domestic political cycle and persistent external volatility. Limited subsidy policy changes, a focus on reining in cost-of-living conditions, while still supporting medium-term projects suggests that expenditures will stay elevated while tax administration improvements are more likely than big bang reforms to support revenue generation. We expect modest fiscal slippage of 0.1% of GDP to 3.6% in 2026. The government will likely project 3.4% for 2027 — itself a slip against the MTFF-implied 3.2% — but we forecast a flat 3.6%, with the risk skewed wider if Brent holds above USD100/barrel.

TH: August customs export growth accelerated to 24.3% YoY (consensus: 24.8%; OCBC: 24.4%) from 21.6% in July. In contrast, import growth moderated to 25.1% YoY from 36.7% in the previous month. Consequently, the customs trade deficit narrowed to USD2.5bn in August, down from USD3.6bn in July. On the exports

front, stronger shipments of 'principle manufacturing products' (27.1% from 24.2%) and 'agricultural products' (4.2% from 0.6%) more than offset weaker exports of 'agro industrial products' (-1.9% from -3.3%) and 'mineral products and fuel' (67.1% from 106.8%). By destination, export front-loading to the US remained robust, with shipments expanding 48.7% YoY compared to 45.3% in July. The August print brought 2026 year-to-date customs export growth to 18.9% YoY, up from 13.6% in the same period of 2025. Looking ahead, the Commerce Ministry is maintaining its official export growth forecast of 5-11%, although the projection is likely to be reassessed in light of stronger-than-expected export performance.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher last Friday with the shorter tenors trading 1bps higher, belly tenors trading 0-1bps higher, and 10Y tenor trading 2bps higher.
- US Investment Grade widened by 3bps to 80bps, and US High Yield spreads widened by 12bps to 294bps respectively. Bloomberg Global Contingent Capital spreads widened by 4bps to 212bps.
- Bloomberg Asia USD Investment Grade spread widened by 1bps to 55bps, and the Asia USD High Yield spreads widened by 15bps to 331bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the SGD, APAC and DM IG market last Friday.

Credit Headlines:

- **First REIT (FIRTSP):** Received proceeds of IDR6.2tn, approximately SGD471.6mn, from divesting eight hospital and three non-hospital assets, although legal title transfers for some assets remain pending and are expected to complete within 18 days.
- **FWD Group Holdings Ltd (FWDGHD):** Fined HKD19.5mn by the Hong Kong Insurance Authority for AML/CFT control deficiencies between April 2012 and September 2024; the authority acknowledged FWD's cooperation, remediation commitment and progress in strengthening controls.
- **Australia & New Zealand Banking Group Ltd (ANZ):** Restructuring its technology and New Zealand operations under its "ANZ 2030" strategy, affecting over 400 of 1,500 permanent IT roles, with more than 100 expected redundancies, alongside offshoring and expanded technology hubs in India and the Philippines.
- **Commonwealth Bank of Australia (CBAU):** Restructuring its New South Wales technology division, affecting 232 employees, with more than 172 redundancies and the remaining staff redeployed across several business units.
- **Commerzbank AG (CMZB):** CEO Bettina Orlopp outlined potential paths for UniCredit to increase its stake, including a merger with HypoVereinsbank, a direct merger or a higher shareholder offer, while confirming that Commerzbank continues to operate independently and pursue its standalone strategy.

- **UniCredit SpA:** Potential options to increase its Commerzbank stake include merging Commerzbank with HypoVereinsbank, pursuing a direct merger or raising its offer to remaining shareholders, with discussions involving the German government given its position as Commerzbank's second-largest shareholder.

Equity Market Updates

US: US stocks advanced last Friday as a pullback in oil prices eased pressure on Treasuries, snapping a three-day losing streak for the S&P 500. The S&P 500 rose 0.5%, the Nasdaq gained 0.5%, and the Dow added 0.9%, with all three indices closing the week higher, the first winning week in three. Microsoft surged 3.6% after merging its consumer and workplace Copilot AI assistants, whilst Meta slipped 3.6% despite being on pace for its best month since July 2013. Akamai Technologies jumped 21% after announcing a USD11.6b deal with Anthropic. Treasury yields retreated from near two-decade highs, with the 2-year yield falling approximately 7 basis points and the 10-year declining approximately 4 basis points to 5.16%, though the 30-year edged up approximately 1 basis point to 5.50%, reflecting a steepening bias at the long end. Over the weekend, President Trump rejected Iran's proposal to reopen the Strait of Hormuz, whilst Saudi Arabia's capital came under Houthi attack, developments that may weigh on oil and risk sentiment at the Asian open. Separately, Trump approved new fuel-economy standards rolling back Biden-era EV mandates, with formal finalisation expected Monday.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	100.971	-0.31%	USD-SGD	1.2773
USD-JPY	157.28	-0.99%	EUR-SGD	1.4554
EUR-USD	1.139	0.10%	JPY-SGD	0.8122
AUD-USD	0.702	0.16%	GBP-SGD	1.6919
GBP-USD	1.325	0.21%	AUD-SGD	0.8971
USD-MYR	4.074	-0.31%	NZD-SGD	0.7236
USD-CNY	6.713	0.03%	CHF-SGD	1.5422
USD-IDR	17893	-0.04%	SGD-MYR	3.1879
USD-VND	25974	-0.07%	SGD-CNY	5.2559

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4600	0.82%	1M	3.8999
3M	2.6070	-0.27%	2M	3.9922
6M	3.0700	1.89%	3M	4.0764
12M	3.3790	2.15%	6M	4.2650
			1Y	4.5803

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/28/2026	0.659	65.900	0.165	4.043
12/09/2026	1.475	81.600	0.369	4.247
01/27/2027	1.979	50.400	0.495	4.372
03/17/2027	2.708	72.900	0.677	4.555

Equity and Commodity

Index	Value	Net change
DJIA	51,828.62	478.64
S&P	7,743.41	39.28
Nasdaq	27,068.72	129.35
Nikkei 225	66,364.20	850.21
STI	5,711.12	27.75
KLCI	1,671.62	-0.69
JCI	6,241.89	-56.72
Baltic Dry	3,426.00	-47.00
VIX	14.87	-0.80

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.96 (--)	4.9 (--)
5Y	2.23 (+0.01)	4.99 (-0.07)
10Y	2.48 (--)	5.2 (-0.04)
15Y	2.51 (+0.01)	--
20Y	2.45 (+0.01)	--
30Y	2.51 (--)	5.52 (+0.01)

Secured Overnight Fin. Rate

SOFR	3.88
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	92.41	-2.3%	Corn (per bushel)	5.283	0.1%
Brent (per barrel)	104.32	-2.1%	Soybean (per bushel)	13.190	0.1%
Heating Oil (per gallon)	468.47	-1.0%	Wheat (per bushel)	7.033	-0.5%
Gasoline (per gallon)	339.34	-4.8%	Crude Palm Oil (MYR/MT)	44.750	-2.0%
Natural Gas (per MMBtu)	3.20	-3.1%	Rubber (JPY/KG)	4.533	-1.0%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14623	0.0%	Gold (per oz)	4285	0.2%
Nickel (per mt)	16329	-1.0%	Silver (per oz)	64.30	0.8%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
9/28/2026 7:50	JN	PPI Services YoY	Aug	3.60%	3.70%	3.60%	--
9/28/2026 9:00	AU	Bloomberg Sept. Australia Economic Survey					
9/28/2026 9:30	CH	Industrial Profits YTD YoY	Aug	--	--	17.60%	--
9/28/2026 9:30	CH	Industrial Profits YoY	Aug	--	--	11.20%	--
9/28/2026 11:30	TH	Car Sales	Aug	--	--	59196	--
9/28/2026 12:00	TH	Mfg Production Index ISIC NSA YoY	Aug	1.00%	--	0.46%	--
9/28/2026 12:00	TH	Capacity Utilization ISIC	Aug	--	--	57.24	--
9/28/2026 13:00	SI	Industrial Production YoY	Aug	18.10%	--	6.80%	--
9/28/2026 13:00	SI	Industrial Production SA MoM	Aug	2.00%	--	2.30%	--
9/28/2026 18:30	IN	Industrial Production YoY	Aug	7.00%	--	6.70%	--
9/28/2026 22:30	US	Dallas Fed Manf. Activity	Sep	8.2	--	11.6	--

Source: Bloomberg

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