

Daily Treasury Outlook

Highlights

Global: Risk sentiment remained firm overnight, with the S&P 500 up 0.60%, the Nasdaq gaining 1.18% and the VIX falling around 5% to 17.52, helped by another rebound in AI-related technology shares. The rally was less convincing beneath the surface, however, as market breadth deteriorated. The Treasury curve bear-flattened modestly, with the two-year yield rising 2–3bp to 4.735% and the ten-year yield holding near 4.992%. Oil prices also declined following reports that Washington and Moscow are discussing the potential return of US oil companies to Russia under a broader Ukraine peace framework. WTI fell 1.83% to USD99.90/bbl and Brent declined 1.67% to USD113.88/bbl.

While several second-tier data releases came through overnight, attention today turns to the major policy events. The Fed takes centre stage, with markets pricing around a 93% probability of no change in October but still assigning an 83% probability to a December hike. This is consistent with recent Fed guidance and our own view that rates will remain unchanged at the October meeting before another hike in December. We will pay particular attention to the vote split, although we do not expect any dissents. Despite signs of reluctance among some members ahead of the September hike, the committee ultimately remained united behind that decision. We will also watch for any guidance from Chair Warsh on when the Fed's policy taskforces will report their findings, although an announcement today appears unlikely.

Outside the US, we expect the Bank of Thailand to remain on hold as concerns over growth continue to dominate, before delivering a cumulative 50bp of tightening in 1H27. The UK Autumn Budget is another key event. Focus will be on the fiscal headroom of GBP15–16bn, which would be noticeably below the GBP23bn estimated at the Spring Budget. Markets are therefore likely to focus on the scale and funding of any new initiatives as measures that materially exceed the available headroom without credible offsets could revive fiscal concerns.

Market Watch: Australia released 3Q CPI at 0.8% MoM and 4.3% YoY. RBNZ announces its OCR decision, the Bank of Thailand's MPC meets and is widely expected to keep rates unchanged. UK Chancellor presents the 2026 Budget and the Bank of Canada announces its rate decision. The FOMC statement follows early on 29 October.

Major Markets

MY: Deputy Prime Minister Fadillah Yusof said the government is studying a tiered Automatic Fuel Adjustment (AFA) mechanism for electricity tariffs from 2027 to provide more targeted relief across consumer categories. Speaking in Parliament on 27 Oct, DPM Fadillah said the Ministry of Energy Transition and Water Transformation and the Energy Commission were reviewing the mechanism amid prolonged volatility in global fuel prices. He attributed higher electricity bills partly to rising gas and coal costs, increased electricity

Key Market Movements

Equity	Value	% chg
S&P 500	7722.6	0.6%
DJIA	52378	0.0%
Nikkei 225	63268	1.7%
SH Comp	3648.3	-1.3%
STI	5397.0	-0.3%
Hang Seng	23041	-0.7%
KLCI	1611.9	0.5%

	Value	% chg
DXY	102.319	0.4%
USDJPY	157.95	0.3%
EURUSD	1.1125	-0.4%
GBPUSD	1.3306	-0.3%
USDIDR	18153	0.2%
USDSGD	1.2811	0.0%
SGDMYR	3.1901	-0.1%

	Value	chg (bp)
2Y UST	4.74	2.10
10Y UST	5.00	0.83
2Y SGS	1.88	0.40
10Y SGS	2.30	-0.80
3M SORA	1.27	0.11
3M SOFR	3.77	0.31

	Value	% chg
Brent	113.88	-1.7%
WTI	99.90	-1.8%
Gold	4060	1.1%
Silver	54.43	0.9%
Palladium	1036	-1.0%
Copper	14475	1.0%
BCOM	141.91	-0.7%

Source: Bloomberg

consumption during hot weather and greater reliance on imported LNG. The government had earlier raised the monthly household electricity relief threshold to 800kWh from 600kWh for Sep-Dec 2026, including exemptions from the AFA surcharge, retail charges and SST. DPM Fadillah said the expanded relief covers approximately 90% of domestic electricity accounts in Peninsular Malaysia, equivalent to around 8mn accounts, as reported by Bernama.

ID: Indonesia secured a commitment from the United Arab Emirates (UAE) to supply up to 30mn barrels of oil, SKK Migas head Djoko Siswanto announced on 27 October, as reported by Reuter. Djoko said the arrangement followed talks with UAE Ambassador Abdulla Salem Al Dhaheri in Jakarta, and Indonesia could draw on the committed volume as needed. He did not provide a delivery schedule or other commercial terms. The announcement follows Energy Minister Bahlil Lahadalia's statement on 26 Oct that the government had been instructed to seek alternative fuel supplies amid prolonged disruptions in the Middle East.

TH: The Eastern Economic Corridor (EEC) Policy Committee, chaired by Prime Minister (PM) Anutin Charnvirakul, on 26 October granted in-principle approval to four new special economic promotion zones worth THB25.7bn, bringing the total number of such zones in the EEC to 51. The largest is the THB19.8bn E-Tech Smart Park, which covers more than 610 rai in Chonburi's Ban Bueng district. The park targets modern automotive, smart electronics, aviation, logistics, digital and medical industries, and is expected to create 3,500–5,500 jobs. The remaining zones will support green industries, robotics, logistics and electric vehicle supply chains. The committee also approved an operational plan for October 2026 to March 2027 targeting THB75bn worth of projects receiving EEC privileges. The plan forms part of the broader 2023–27 master plan, which aims to secure actual cumulative investment of THB500bn and lift gross regional product growth in the three eastern provinces by 6.3%. To streamline investment processes, the EEC Office will introduce an AI-powered construction permit check that cuts design review time to about five hours, and will coordinate more closely with the Board of Investment. PM Anutin also emphasised that the expansion must comply with environmental laws and community safeguards.

Sustainability

SG: Singapore launched a five-year energy infrastructure plan to meet rapidly rising electricity demand, with peak demand projected to reach 9.9 – 13GW by 2031, from 8.6GW as of Aug 2026. Five new gas-fired power plants are expected to be operational between 2026 to 2031 that will raise generation capacity by around 26%, alongside plans to invest up to S\$5.3bn in the power grid between 2025 and 2029. Singapore will also expand energy storage capacity to over 1GWh by 2030, increase LNG regasification capacity to 15mn tonnes/year, and target 4GWp of solar capacity by 2035. This reflects Singapore's efforts to strengthen energy resilience and accommodate rising demand from energy-intensive sectors while expanding low-carbon energy sources.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday; shorter tenors 2-3bps lower, belly tenors traded 2bps lower, and the 10Y tenor also traded 2bps lower.
- US Investment Grade spreads traded 3bps tighter to 85bps, and US High Yield spreads tightened by 15bps to 313bps. Bloomberg Global Contingent Capital spreads tightened 2bps to 254bps.
- Bloomberg Asia USD Investment Grade spread tightened by 1bps to 70bps, and the Asia USD High Yield spreads widened by 8bps to 414bps. (Bloomberg, OCBC)

New Issues:

- There was SGD120mn of issuances in the Singdollar market yesterday, with Cagamas Global PLC (guarantor: Cagamas Bhd), pricing a SGD120mn 3Y bond at T + 83bps.
- There were USD1.75bn and USD5.2bn of issuances in the APAC USD and DM IG markets respectively yesterday (prior business day: USD1.7bn and USD15.13bn respectively). APAC USD issuance was led by Sands China Ltd. (priced USD1bn across two tranches), while Blackstone Reg Finance Co LLC led DM IG issuances (priced USD1.1bn across two tranches).

Credit Headlines:

- **Microsoft Corp (MSFT):** Microsoft is offering voluntary severance packages to around 60,000 selected employees in the US, Canada, India and the UK, while excluding certain groups; the company had 223,000 full-time employees as of 30 June 2026 versus 228,000 a year earlier, and more than 30% of 8,750 eligible employees accepted a similar retirement-focused offer in July.
- **Société Générale SA (SocGen):** The ECB increased Société Générale's CET1 requirement to 10.41% from 10.26%, effective January 2027, while the bank's CET1 ratio stood at 13.2% as of 30 June 2026 following a EUR1.5bn extraordinary share buyback.
- **HSBC Holdings PLC (HSBC):** HSBC reported 3Q2026 PBT of USD9.6bn (+32% y/y), revenue of USD18.6bn (+4.7% y/y), ECL of USD0.8bn (-17% y/y) and a CET1 ratio of 13.9%, while maintaining its financial targets and guidance, including banking NII of at least USD46bn and RoTE of 17% or better for 2026–2028.

Equity Market Updates

US: US stocks advanced Tuesday as renewed AI optimism drove a broad technology rally, with the S&P 500 rising 0.6%, the Nasdaq 100 climbing 1.3%, its best session in over a month, and the Dow finishing little changed. The catalyst was a USD25b share sale by Meta Platforms, which ended approximately five times oversubscribed, with Nvidia agreeing to invest USD3b in the offering in exchange for expanded deployment of its hardware for Meta's AI agents, lifting the Philadelphia Semiconductor Index 3.6%. Boeing was a notable drag, suffering its worst single-day decline in six years. UPS raised its full-year revenue outlook to approximately USD92.6b, above prior guidance and

analyst estimates, signalling resilience in holiday-season demand. Treasury yields were broadly steady ahead of the Federal Reserve's rate decision on 28 Oct 2026, with the 10-year yield little changed near 4.99%, whilst the curve twist-flattened after a USD70b 5-year note auction tailed slightly, marking its 12th consecutive weak result for that tenor. In China, industrial profits surged 14.4% year-on-year in September, the fastest pace in three months, driven by higher energy prices. The PBOC separately unveiled a new liquidity backstop facility for non-bank financial institutions during bond market stress. Alibaba won a US court ruling ordering the Trump administration to halt enforcement of a Pentagon lobbying ban tied to its blacklisting.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	102.319	0.35%	USD-SGD	1.2811
USD-JPY	157.95	0.29%	EUR-SGD	1.4256
EUR-USD	1.113	-0.44%	JPY-SGD	0.8112
AUD-USD	0.703	0.11%	GBP-SGD	1.7048
GBP-USD	1.331	-0.27%	AUD-SGD	0.9001
USD-MYR	4.089	0.03%	NZD-SGD	0.7279
USD-CNY	6.667	-0.05%	CHF-SGD	1.5453
USD-IDR	18153	0.16%	SGD-MYR	3.1901
USD-VND	25834	-0.05%	SGD-CNY	5.2042

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4430	-0.45%	1M	3.9239
3M	2.6380	-1.05%	2M	4.0007
6M	2.9780	-1.13%	3M	4.0568
12M	3.2250	-1.29%	6M	4.2149
			1Y	4.4795

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/28/2026	0.072	7.200	0.018	3.898
12/09/2026	0.908	83.600	0.227	4.107
01/27/2027	1.312	40.400	0.328	4.207
03/17/2027	1.981	66.900	0.495	4.375

Equity and Commodity

Index	Value	Net change
DJIA	52,377.57	15.99
S&P	7,722.60	45.83
Nasdaq	26,477.81	308.43
Nikkei 225	63,268.37	1078.72
STI	5,397.03	-18.88
KLCI	1,611.85	7.49
JCI	5,266.13	-106.96
Baltic Dry	2,628.00	-32.00
VIX	17.52	-0.87

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.88 (--)	4.73 (--)
5Y	2.08 (-0.01)	4.84 (+0.02)
10Y	2.3 (-0.01)	5 (+0.01)
15Y	2.34 (-0.01)	--
20Y	2.29 (-0.01)	--
30Y	2.31 (-0.01)	5.31 (+0.01)

Secured Overnight Fin. Rate

SOFR	3.93
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	99.90	-1.8%	Corn (per bushel)	4.488	-1.4%
Brent (per barrel)	113.88	-1.7%	Soybean (per bushel)	12.293	-1.0%
Heating Oil (per gallon)	477.52	-2.8%	Wheat (per bushel)	6.103	-0.9%
Gasoline (per gallon)	313.76	-2.5%	Crude Palm Oil (MYR/MT)	44.620	-2.1%
Natural Gas (per MMBtu)	2.70	3.7%	Rubber (JPY/KG)	4.420	-4.6%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14475	1.0%	Gold (per oz)	4060	1.1%
Nickel (per mt)	15629	0.4%	Silver (per oz)	54.43	0.9%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
10/28/2026 8:30	AU	CPI MoM	Sep	0.70%	--	0.40%	--
10/28/2026 8:30	AU	CPI YoY	Sep	4.20%	--	4.00%	--
10/28/2026 8:30	AU	CPI Trimmed Mean YoY	Sep	3.60%	--	3.60%	--
10/28/2026 8:30	AU	CPI Trimmed Mean QoQ	3Q	1.00%	--	0.80%	--
10/28/2026 8:30	AU	CPI Trimmed Mean YoY	3Q	3.60%	--	3.60%	--
10/28/2026 8:30	AU	CPI QoQ	3Q	1.20%	--	0.60%	--
10/28/2026 9:00	NZ	RBNZ Official Cash Rate	28-Oct	3.00%	--	2.75%	--
10/28/2026 10:00	SK	Retail Sales YoY	Sep	--	--	7.70%	--
10/28/2026 10:00	SK	Department Store Sales YoY	Sep	--	--	11.90%	--
10/28/2026 10:00	SK	Discount Store Sales YoY	Sep	--	--	4.50%	--
10/28/2026 15:00	TH	BoT Benchmark Interest Rate	28-Oct	1.00%	--	1.00%	--
10/28/2026 16:30	HK	Exports YoY	Sep	51.60%	--	53.00%	--
10/28/2026 16:30	HK	Imports YoY	Sep	52.00%	--	60.00%	--
10/28/2026 16:30	HK	Trade Balance HKD	Sep	-69.0b	--	-71.2b	--

Source: Bloomberg

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