

## Daily Treasury Outlook

### Highlights

**Global:** US equities started the week lower, with the S&P 500 falling 0.8%, the Dow Jones declining 0.7%, and the Nasdaq down 0.9%, as higher oil prices and Treasury yields weighed on sentiment. The US 10Y yield rose around 7bps to 5.25%, and the 30Y topped 5.5%, with markets now pricing in around a 70% chance of another 25bp hike in October. On the geopolitical front, US-Iran diplomacy remains active, with officials holding separate talks with Qatari mediators as efforts continue to secure a ceasefire and reopen the Strait of Hormuz. Oil prices remained elevated amid uncertainty over a deal, with Brent settling 0.9% higher at USD105.3/bbl. Starting with Singapore, industrial production rose 15.4% YoY in August, marking an improvement from the revised July reading of 6.9% YoY, despite output falling 0.5% MoM SA. Growth was again driven by the AI cycle, with electronics output up 28.5% on strong server, semiconductor, and data storage production, while precision engineering equipment surged 33.9% on higher semiconductor equipment output. Looking ahead, we expect industrial production to grow 6.0% YoY for the remaining four months of the year, which would bring full-year manufacturing growth to 9.0% YoY. In China, industrial profits rose 15.7% YoY in the first eight months of the year, although August profit growth slowed sharply to 4.2%. The headline figure remains heavily supported by high-tech manufacturing, with electronics profits doubling YTD and accounting for around 62% of overall industrial profit growth. However, profitability remained relatively uneven across sectors, while August retail sales growth slowed to 0.4% due to weaker domestic demand. In India, industrial production strengthened to 8.0% YoY in August from 7.4% previously and above expectations of 6.5%. Manufacturing output accelerated to 9.0%, while electricity production rose 12.3%, offsetting a 5.6% decline in mining. Capital goods output remained particularly strong at 16.9%, pointing to continued investment momentum, while softer consumer non-durables growth suggests the expansion remains more investment-led than consumption-led.

**Market Watch:** Today's data calendar is relatively busy. In Australia, the main focus will be the RBA policy decision, where our house call is for a 25bp hike from 4.35% to 4.60%. Australian household spending data for August is also due. In Europe, we have preliminary Spanish inflation, UK credit and mortgage data, as well as Eurozone consumer sentiment. In the US, the focus will be on August JOLTS job openings, while Fed officials Goolsbee, Musalem, and Williams are scheduled to speak.

### Major Markets

**ID:** Indonesia is strengthening oversight of strategic resource exports, particularly coal, through new regulations aimed to improve transparency, policy certainty and supply reliability. According to Trade Ministry Director of Industrial and Mining Product Exports Muhammad Rivai Abbas, Trade Ministry Regulation No. 15 of 2026 focuses on strengthening coal export governance, while Regulation No. 12 of 2026 simplifies export procedures and licensing to improve the business environment. Trade Ministry data showed that coal exports rose 8.4% YoY to

#### Key Market Movements

| Equity     | Value  | % chg |
|------------|--------|-------|
| S&P 500    | 7683.7 | -0.8% |
| DJIA       | 51482  | -0.7% |
| Nikkei 225 | 65878  | -0.7% |
| SH Comp    | 3823.6 | -1.7% |
| STI        | 5729.0 | 0.3%  |
| Hang Seng  | 24643  | 0.5%  |
| KLCI       | 1670.0 | -0.1% |

|        | Value   | % chg |
|--------|---------|-------|
| DXY    | 101.197 | 0.2%  |
| USDJPY | 157.39  | 0.1%  |
| EURUSD | 1.1371  | -0.2% |
| GBPUSD | 1.3255  | 0.1%  |
| USDIDR | 17975   | 0.5%  |
| USDSGD | 1.2773  | 0.0%  |
| SGDMYR | 3.1931  | 0.2%  |

|         | Value | chg (bp) |
|---------|-------|----------|
| 2Y UST  | 4.93  | 7.89     |
| 10Y UST | 5.24  | 7.57     |
| 2Y SGS  | 2.04  | 8.40     |
| 10Y SGS | 2.61  | 12.79    |
| 3M SORA | 1.23  | 0.51     |
| 3M SOFR | 3.68  | 0.94     |

|           | Value  | % chg |
|-----------|--------|-------|
| Brent     | 105.28 | 0.9%  |
| WTI       | 92.60  | 0.2%  |
| Gold      | 4116   | -3.9% |
| Silver    | 60.65  | -5.7% |
| Palladium | 1211   | -4.7% |
| Copper    | 14413  | -1.4% |
| BCOM      | 142.44 | -1.3% |

Source: Bloomberg

USD18.1bn in the first seven months of 2026. Speaking at the 31st Coaltrans Asia Forum, Director Rivai added that the government aims to position the country as a dependable global energy supplier rather than “merely” a commodity exporter. The Trade Ministry outlined four priorities to strengthen trade resilience and enhance the country’s role in global supply chains, including increasing downstream value, diversifying export markets, improving competitiveness, and strengthening international supply-chain connectivity.

**MY:** Prime Minister (PM) Datuk Seri Anwar Ibrahim has encouraged more Malaysian companies to expand into Saudi Arabia and pursue mutually beneficial partnerships. During a meeting with Saudi Arabia’s Public Investment Fund (PIF) Governor Yasir Othman Al-Rumayyan, PM Anwar highlighted a potential collaboration between PIF’s wholly-owned subsidiary, RUA AlHaram AlMakki, and Malaysian Resources Corporation Bhd on a transit-oriented development project in Mecca’s Jabal Al Kaabah area. He described the potential partnership as a reflection of investor confidence in Malaysia’s capabilities and a source of new opportunities for local businesses and skilled workers. Both sides also discussed broader cooperation in construction, infrastructure, facilities management, energy, and the halal economy. With more than USD900bn in assets under management, PIF is a key pillar of Saudi Arabia’s Vision 2030 agenda, including through international partnerships.

**TH:** The Constitutional Court rejected a petition from the Ombudsman arguing that the barcodes and QR codes printed on ballot papers made votes traceable, upholding the legitimacy of the 8 February 2026 elections. This is a positive, allowing the authorities to remain focused on economic policy, including the implementation of Budget 2027. The fiscal consolidation envisaged in Budget 2027 will be challenged by the volatile external backdrop and structural domestic growth constraints. With inflation rising and the output gap largely closed, we continue to see room for the BoT to normalise its policy rate by 50bp in 1H27.

## Credit Market Updates

### Market Commentary:

- For the SGD SORA OIS curve traded higher, yesterday the shorter tenors traded 6-7bps higher, belly tenors traded 8-9bps higher, and 10Y tenor traded 10bps higher.
- US Investment Grade widened by 2bps to 82bps, and US High Yield spreads widened by 9bps to 303bps respectively. Bloomberg Global Contingent Capital spreads widened by 3bps to 215bps.
- Bloomberg Asia USD Investment Grade spread widened by 1bps to 56bps, and the Asia USD High Yield spreads tightened by 1bps to 330bps. (Bloomberg, OCBC)

### New Issues:

- There were no issuances in the SGD markets yesterday.
- There were USD500mn and USD1.5bn of issuances in the APAC and DM IG markets respectively. Issuances in APAC and DM IG markets were led by Korea Housing Finance Corp (priced USD500mn 5Y bond at 5.425%) and Kroger Co/The (priced USD1.5bn across two tranches) respectively.

### Credit Headlines:

- **Westpac Banking Corp (WSTP):** The media has reported that, APRA has identified weaknesses in Westpac's SME lending controls and risk management, prompting the bank to introduce stricter compliance monitoring from 1 October.
- **UBS Group AG (UBS):** UBS is reportedly considering relocating its headquarters outside Switzerland amid proposed higher capital requirements. Previously, Switzerland's Council of States voted to require CET1 funding equivalent to 90% of UBS's investments in foreign subsidiaries without specifying the composition of the remaining 10%.
- **City Developments Ltd (CITSP):** Under its 2027–29 GET+ strategy, CITSP plans SGD5 billion of investments, SGD6 billion of divestments, a doubling of assets under management to SGD10 billion, and a reduction in net gearing from 75% at end-1H2026 to 55%.

## Equity Market Updates

**US:** US stocks fell Monday as a stalemate in US-Iran ceasefire negotiations drove oil prices sharply higher, reigniting inflation fears and pushing Treasury yields to multi-decade highs. The S&P 500 dropped 0.8%, the Nasdaq slid 0.9%, and the Dow fell 0.7%, with the S&P 500 erasing its entire September gain in a single session. The 10-year Treasury yield surged 9 basis points to 5.25%, a 19-year high, whilst the 2-year yield climbed to 4.92%, as markets priced in a more aggressive Federal Reserve tightening path; real 10-year yields also hit an 18-year closing high at 2.90%. President Trump's rejection of Iran's latest proposal to reopen the Strait of Hormuz sent Brent crude toward USD107 a barrel, pressuring risk assets broadly. Software stocks were a notable drag after Meta launched its Enterprise Platform targeting business AI customers, weighing on Salesforce, Workday, and ServiceNow, among others. Nvidia bucked the trend, rising on the announcement of a USD150b share buyback, the largest in US corporate history, bringing total authorisation to USD235b. On the macro front, China's CSI 300 fell 2.2% to a one-year low as chipmakers and optical firms sold off on proposed US sanctions and reports that Beijing may permit domestic firms to purchase Nvidia's RTX Pro 5500 chips. The Hang Seng rose 0.5% and Singapore's Straits Times Index gained 0.3%.

## Foreign Exchange

|         | Day Close | % Change |         | Day Close |
|---------|-----------|----------|---------|-----------|
| DX-Y    | 101.197   | 0.22%    | USD-SGD | 1.2773    |
| USD-JPY | 157.39    | 0.07%    | EUR-SGD | 1.4526    |
| EUR-USD | 1.137     | -0.18%   | JPY-SGD | 0.8117    |
| AUD-USD | 0.702     | -0.07%   | GBP-SGD | 1.6932    |
| GBP-USD | 1.326     | 0.06%    | AUD-SGD | 0.8964    |
| USD-MYR | 4.082     | 0.21%    | NZD-SGD | 0.7239    |
| USD-CNY | 6.711     | -0.03%   | CHF-SGD | 1.5354    |
| USD-IDR | 17975     | 0.46%    | SGD-MYR | 3.1931    |
| USD-VND | 25972     | -0.01%   | SGD-CNY | 5.2539    |

## SOFR

| Tenor | EURIBOR | Change | Tenor | USD SOFR |
|-------|---------|--------|-------|----------|
| 1M    | 2.4600  | 0.82%  | 1M    | 3.9167   |
| 3M    | 2.6070  | -0.27% | 2M    | 3.9970   |
| 6M    | 3.0700  | 1.89%  | 3M    | 4.0971   |
| 12M   | 3.3790  | 2.15%  | 6M    | 4.2802   |
|       |         |        | 1Y    | 4.6044   |

## Fed Rate Hike Probability

| Meeting    | # of Hikes/Cuts | % of Hikes/Cuts | Implied Rate Change | Expected Effective Fed Funds Rate |
|------------|-----------------|-----------------|---------------------|-----------------------------------|
| 10/28/2026 | 0.703           | 70.300          | 0.176               | 4.052                             |
| 12/09/2026 | 1.526           | 82.300          | 0.382               | 4.258                             |
| 01/27/2027 | 2.083           | 55.700          | 0.521               | 4.398                             |
| 03/17/2027 | 2.816           | 73.300          | 0.704               | 4.581                             |

## Equity and Commodity

| Index      | Value     | Net change |
|------------|-----------|------------|
| DJIA       | 51,481.51 | -347.11    |
| S&P        | 7,683.69  | -59.72     |
| Nasdaq     | 26,820.38 | -248.34    |
| Nikkei 225 | 65,877.62 | -486.58    |
| STI        | 5,729.02  | 17.90      |
| KLCI       | 1,670.02  | -1.60      |
| JCI        | 6,147.86  | -94.03     |
| Baltic Dry | 3,426.00  | -47.00     |
| VIX        | 16.07     | 1.20       |

## Government Bond Yields (%)

| Tenor | SGS (chg)    | UST (chg)    |
|-------|--------------|--------------|
| 2Y    | 2.04 (+0.08) | 4.92(--)     |
| 5Y    | 2.33 (+0.11) | 5.07 (+0.08) |
| 10Y   | 2.61 (+0.13) | 5.23 (+0.08) |
| 15Y   | 2.65 (+0.14) | --           |
| 20Y   | 2.59 (+0.14) | --           |
| 30Y   | 2.64 (+0.13) | 5.55 (+0.06) |

## Secured Overnight Fin. Rate

|      |      |
|------|------|
| SOFR | 3.90 |
|------|------|

## Commodities Futures

| Energy                   | Futures | % chg | Soft Commodities        | Futures | % chg |
|--------------------------|---------|-------|-------------------------|---------|-------|
| WTI (per barrel)         | 92.60   | 0.2%  | Corn (per bushel)       | 5.230   | -1.0% |
| Brent (per barrel)       | 105.28  | 0.9%  | Soybean (per bushel)    | 12.883  | -2.3% |
| Heating Oil (per gallon) | 475.53  | 1.5%  | Wheat (per bushel)      | 6.888   | -2.1% |
| Gasoline (per gallon)    | 333.77  | -1.6% | Crude Palm Oil (MYR/MT) | 44.660  | -0.2% |
| Natural Gas (per MMBtu)  | 3.00    | -6.1% | Rubber (JPY/KG)         | 4.440   | -2.1% |
| Base Metals              | Futures | % chg | Precious Metals         | Futures | % chg |
| Copper (per mt)          | 14413   | -1.4% | Gold (per oz)           | 4116    | -3.9% |
| Nickel (per mt)          | 16179   | -0.9% | Silver (per oz)         | 60.65   | -5.7% |

Source: Bloomberg, Reuters

## Economic Calendar

| Date Time       | Country Code | Event                           | Period | Survey | Actual | Prior  | Revised |
|-----------------|--------------|---------------------------------|--------|--------|--------|--------|---------|
| 9/29/2026 7:01  | UK           | BRC Shop Price Index YoY        | Sep    | 1.50%  | 1.40%  | 1.50%  | --      |
| 9/29/2026 12:30 | AU           | RBA Cash Rate Target            | 29-Sep | 4.60%  | --     | 4.35%  | --      |
| 9/29/2026 13:00 | JN           | Leading Index CI                | Jul F  | --     | --     | 117.9  | --      |
| 9/29/2026 13:00 | JN           | Coincident Index                | Jul F  | --     | --     | 120.6  | --      |
| 9/29/2026 16:30 | UK           | Net Lending Sec. on Dwellings   | Aug    | 4.4b   | --     | 4.3b   | --      |
| 9/29/2026 16:30 | UK           | Mortgage Approvals              | Aug    | 56.1k  | --     | 56.1k  | --      |
| 9/29/2026 16:30 | UK           | Money Supply M4 MoM             | Aug    | --     | --     | -0.30% | --      |
| 9/29/2026 16:30 | UK           | M4 Money Supply YoY             | Aug    | --     | --     | 4.50%  | --      |
| 9/29/2026 21:00 | US           | FHFA House Price Index MoM      | Jul    | 0.10%  | --     | 0.00%  | --      |
| 9/29/2026 21:00 | US           | S&P Cotality CS 20-City MoM SA  | Jul    | 0.20%  | --     | 0.24%  | --      |
| 9/29/2026 21:00 | US           | S&P Cotality CS 20-City YoY NSA | Jul    | 2.20%  | --     | 2.10%  | --      |
| 9/29/2026 21:00 | US           | S&P Cotality CS US HPI YoY NSA  | Jul    | 1.65%  | --     | 1.52%  | --      |
| 9/29/2026 22:00 | US           | Conf. Board Consumer Confidence | Sep    | 89     | --     | 89.4   | --      |
| 9/29/2026 22:00 | US           | JOLTS Job Openings              | Aug    | 7228k  | --     | 7271k  | --      |

Source: Bloomberg

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