Daily Treasury Outlook

Highlights

Global: The Iran conflict has extended into its fifth week. Additional US troops arrived in the Middle East which prompted market speculation of potential ground operations and regional powers like Saudi Arabia, Egypt and Turkey are meeting in Pakistan for talks on March 29-30. US president Trump had extended the deadline for Iran to reopen the Strait of Hormuz to 6 April. Currently, some 5 million barrels of Saudi exports are passing through the Red Sea port of Yanbu but any potential attacks by the Houthis could complicate matters. On Friday, the S&P500 slumped 1.67% amid the prolonged energy crisis concerns while the 10-year UST bond yield rose 2bps to 4.28% after reduced appetite for the 2-, 5- and 7-year Treasury note auctions last week amidst reports that the Pentagon is seeking USD200bn from Congress to replenish ammunitions for the Iran war. The final March print of the University of Michigan sentiment index retreated from 55.5 to a 3-month low of 53.3, with the 1-year inflation gauge jumping from 3.4% to 3.8% (the biggest increase since April 2025) as the Iran war drove gasoline prices higher.

Market Watch: Asian markets are likely to open on a defensive tone today while awaiting the Iran war developments as well as data signals from Germany's March CPI, UK's consumer credit and Eurozone's consumer confidence due later today. ECB's Stournaras and Fed's Powell and Williams are also speaking today. For the Easter holiday-shortened week ahead, watch for Japan's March CPI and Tankan survey, China's manufacturing and non-manufacturing PMIs, manufacturing PMIs from US, Europe and Asia, Indonesia and Eurozone's March CPI, US' Conference Board's consumer confidence, JOLTs and ADP data, retail sales, manufacturing ISM and more importantly the March nonfarm payrolls, unemployment rate and average weekly hours (forecast: 60k, 4.4% and 3.7% YoY/0.3% MoM versus February readings of -92k, 4.4% and 3.8% YoY/0.4% MoM). RBA policy minutes are also due tomorrow, followed by Bank of Canada's summary of deliberations on Thursday, while the US Senate goes into recess through April 10. French president Macron is also visiting Japan and South Korea through April 2.

SG: The March manufacturing and electronics PMIs which are due on April 2 may soften from the February prints of 50.6 and 51.3 respectively given the onset of the Iran war and the ensuing energy crisis and supply chain disruptions arising from the closure of the Straits of Hormuz.

Key Market Movements

Equity	Value	% chg
S&P 500	6368.9	-1.7%
DJIA	45167	-1.7%
Nikkei 225	53373	-0.4%
SH Comp	3913.7	0.6%
STI	4898.2	0.2%
Hang Seng	24952	0.4%
KLCI	1712.7	0.1%
	Value	**% chg**
DXY	100.151	0.3%
USDJPY	160.31	0.3%
EURUSD	1.1509	-0.2%
GBPUSD	1.3259	-0.5%
USDIDR	16965	0.4%
USDSGD	1.2879	0.2%
SGDMYR	3.1179	0.2%
	Value	**chg (bp)**
2Y UST	3.91	-7.39
10Y UST	4.43	1.61
2Y SGS	1.69	6.70
10Y SGS	2.41	11.10
3M SORA	1.07	-0.10
3M SOFR	3.68	-0.12
	Value	**% chg**
Brent	112.57	4.2%
WTI	99.64	5.5%
Gold	4494	2.7%
Silver	69.76	2.5%
Palladium	1383	1.4%
Copper	12195	0.4%
BCOM	134.17	1.7%

Source: Bloomberg

Major Markets

CH: In January-February 2026, profits of China's industrial enterprises above designated size rose 15.2% YoY, rebounding by 9.9ppts from December 2025. The improvement was mainly driven by firmer revenue growth, easing cost pressures, and a recovery in investment income. Over the same period, industrial revenue expanded 5.3% YoY, accelerating by 8.5ppts from December 2025.

Across sectors, profit growth in both mining and manufacturing improved notably. Mining sector profits increased 9.9% YoY, 12.6ppts higher than in December 2025, while manufacturing profits rose 18.9% YoY, marking a 13.9ppt rebound. Within manufacturing, upstream raw material producers delivered particularly strong earnings growth, with profits surging 67.2% YoY. Among them, the non-ferrous metals processing industry stood out, with profits jumping 148.2% YoY, largely supported by higher non-ferrous metal prices. In the midstream segment, equipment manufacturing profits grew 25.7% YoY, while electronics equipment manufacturing profits soared 203.5%, continuing to benefit from strong AI-related demand.

Looking ahead, the recent spike in oil prices is likely to exert upward pressure on prices across the domestic petrochemical value chain. However, the more salient concern may lie not in headline price increases per se, but in the associated risks of margin compression and weakening downstream demand. Through these transmission mechanisms, industrial profitability may come under renewed pressure in the coming months.

ID: President Prabowo Subianto arrived in Tokyo on 29 March for his inaugural official visit to Japan as head of state to strengthen bilateral cooperation. He will meet Emperor Naruhito and Prime Minister Sanae Takaichi to discuss trade, technology, education, forestry, and environmental issues. Separately, Prabowo met Malaysian Prime Minister Datuk Seri Anwar Ibrahim in Jakarta on 27 March, where both leaders agreed to intensify diplomatic efforts to de-escalate the West Asia conflict, safeguard global supply chains including the Strait of Hormuz, and strengthen regional stability and economic resilience.

MY: Department of Statistics Malaysia reported that the Producer Price Index (PPI) contracted by 3.4% YoY in February 2026, following a 2.9% decline in January. The decline was driven by agriculture (-8.7% in February from -8.3% in January), mining (-8.5% from -11.7%), and manufacturing (-2.7% from -1.7%). By processing stage, all components remained in contraction, with crude materials down 7.0% from -7.5% in January, intermediate materials declining 3.1% from -2.3%, and finished goods falling 1.1% compared to -0.6% in the previous month.

TH: Prime Minister Anutin Charnvirakul said that the country has secured assurances from Iran to allow crude oil tankers bound for the country to pass safely through the Strait of Hormuz, helping ease supply concerns. Authorities have intensified monitoring and enforcement to curb fuel hoarding and ensure stable domestic supply, while maintaining that procurement and distribution systems remain sufficient despite shortages in some provinces, as reported by Bloomberg. Diesel consumption rose to about 84mn liters per day from 67mn liters before the conflict, with retail prices increasing to THB38.9 per liter, while stocks are estimated to last about 100 days.

VN: The government announced an urgent measure to freeze taxes on gasoline, oil, and jet fuel until 15 April to stabilize the domestic market and ensure national security. It set the environmental protection tax on gasoline, diesel, and jet fuel at VND0 per liter and reduced the special consumption tax on gasoline to 0%, while allowing input VAT deductions for these fuels. The measures will cost the state budget an average of VND7.2trn per month.

ESG

SG: The National Environment Agency (NEA) will commission three studies on nuclear safety and the environmental impact of such power facilities, as Singapore continues to assess the potential use of nuclear energy. The studies will cover three key areas: (i) safety standards adopted by international organisations and national regulators, including how to design and operate reactors safely, what safety systems are needed and how to prevent accidents; (ii) regulatory frameworks for nuclear facilities; and (iii) environmental considerations for the potential deployment of nuclear energy in Singapore and the region. The NEA has also been developing Singapore's nuclear safety capabilities through close partnerships with the International Atomic Energy Agency (IAEA) and established regulatory bodies in other countries such as Finland, France and the United States, as well as regional neighbours to better prepare for a region that can harness nuclear energy in the long term.

Credit Market Updates

Market Commentary:
The SGD SORA OIS curve traded higher last Friday with shorter tenors trading 4-10bps higher while belly tenors traded 12bps higher and 10Y tenors traded 13bps higher. Global Investment Grade spreads widened by 3bps to 89ps and Global High Yield spreads widened by 23bps to 334bps respectively. Bloomberg Global Contingent Capital Index widened by 11bps to 269bps. Bloomberg Asia USD Investment Grade spreads widened by 2bps to 64bps and Asia USD High Yield spreads widened by 16bps to 430bps respectively. (Bloomberg, OCBC)

New Issues:
The total issuance volumes for APAC and DM IG market last Friday were zero and USD950mn respectively.

There were no notable issuers in the DM IG market last Friday where issuers priced deals of at least USD1.0bn. Among issuers under our official coverage, there was one notable issuer in the DM IG market.

- Royal Bank of Canada (guarantor: RBC Covered Bond Guarantor LP) priced a USD750mn 3Y secured fixed bond at MS+43bps.

There were no notable issuers in the APAC USD and Singdollar markets last Friday.

Mandates:
There were no notable mandates last Friday.

Equity Market Updates

US: US stocks tumbled Friday as the escalating Iran war fuelled concerns over sustained inflation and economic disruption, with the S&P 500 falling 1.7%, the Nasdaq declining 2.1%, and the Dow dropping 1.7%. The selloff marked the fifth consecutive weekly decline for the S&P 500, its longest losing streak since 2022, and pushed both the Nasdaq 100 and Dow Jones Industrial Average into correction territory, down more than 10% from recent peaks. Technology stocks led the retreat, with Nvidia declining 2.2%, as investors fled equities despite President Trump extending a 10-day pause on strikes against Iran's energy sector to allow time for negotiations. The VIX index closed above 30 for the first time since April, reflecting heightened market anxiety. Treasury yields rose sharply, with the 10-year yield climbing 2.4 basis points to 4.44% and the 30-year yield advancing 4.2 basis points to 4.98%, as weak auction demand and persistent inflation fears drove selling across the bond market. Oil prices surged again as the Pentagon considered deploying up to 10,000 additional troops to the Middle East, reinforcing concerns that elevated crude prices will sustain inflationary pressures. US equity funds experienced their largest outflows in 13 weeks at USD23.6b, whilst bond funds attracted USD2.7b in inflows.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	100.151	0.25%	**USD-SGD**	1.2879
USD-JPY	160.31	0.31%	**EUR-SGD**	1.4825
EUR-USD	1.151	-0.16%	**JPY-SGD**	0.8035
AUD-USD	0.687	-0.17%	**GBP-SGD**	1.7089
GBP-USD	1.326	-0.53%	**AUD-SGD**	0.8856
USD-MYR	4.011	0.44%	**NZD-SGD**	0.7401
USD-CNY	6.911	-0.04%	**CHF-SGD**	1.6125
USD-IDR	16965	0.36%	**SGD-MYR**	3.1179
USD-VND	26336	-0.03%	**SGD-CNY**	5.3642

Equity and Commodity

Index	Value	Net change
DJIA	45,166.64	-793.47
S&P	6,368.85	-108.31
Nasdaq	20,948.36	-459.72
Nikkei 225	53,373.07	-230.58
STI	4,898.18	10.42
KLCI	1,712.65	1.76
JCI	7,097.06	-67.03
Baltic Dry	2,031.00	17.00
VIX	31.05	3.61

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.8920	-0.79%	**1M**	3.6648
3M	2.1270	-0.37%	**2M**	3.6779
6M	2.5040	0.08%	**3M**	3.6872
12M	2.8600	1.42%	**6M**	3.7076
			1Y	3.7580

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.69 (+0.07)	3.87(--)
5Y	2.01 (+0.1)	4.07 (-0.02)
10Y	2.41 (+0.11)	4.4 (+0.02)
15Y	2.47 (+0.11)	--
20Y	2.47 (+0.1)	--
30Y	2.58 (+0.09)	4.95 (+0.03)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/18/2026	0.010	1.000	0.002	3.643
04/29/2026	0.021	2.100	0.005	3.648
06/17/2026	0.073	5.300	0.018	3.661
07/29/2026	0.091	1.700	0.023	3.665
09/16/2026	0.233	14.200	0.058	3.701

Financial Spread (bps)

	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.65

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	99.64	5.5%	Corn (per bushel)	4.620	-1.1%
Brent (per barrel)	112.57	4.2%	Soybean (per bushel)	11.593	-1.2%
Heating Oil (per gallon)	449.55	5.2%	Wheat (per bushel)	6.050	0.0%
Gasoline (per gallon)	325.01	3.8%	Crude Palm Oil (MYR/MT)	45.400	0.9%
Natural Gas (per MMBtu)	3.10	3.2%	Rubber (JPY/KG)	3.650	1.1%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	12195	0.4%	Gold (per oz)	4494	2.7%
Nickel (per mt)	17186	-0.4%	Silver (per oz)	69.76	2.5%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
3/30/2026 10:30	AU	Bloomberg March Australia Economic Survey					
3/30/2026 17:00	EC	Economic Confidence	Mar	96.7	--	98.3	--
3/30/2026 17:00	EC	Industrial Confidence	Mar	-8	--	-7.1	--
3/30/2026 17:00	EC	Services Confidence	Mar	4	--	5	--
3/30/2026 17:00	EC	Consumer Confidence	Mar F	--	--	-16.3	--
3/30/2026 18:30	IN	Industrial Production YoY	Feb	4.20%	--	4.80%	--
3/30/2026 18:30	IN	Fiscal Deficit YTD INR	Feb	--	--	9814b	--
3/30/2026 22:30	US	Dallas Fed Manf. Activity	Mar	1.5	--	0.2	--

Source: Bloomberg

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