

Daily Treasury Outlook

Highlights

Global: Central bank decisions remained in focus. The ECB kept its policy rates unchanged, leaving the deposit facility, main refinancing operations and marginal lending facility rates at 2.50%, 2.65%, and 2.90%, respectively. The Governing Council noted that "energy prices have continued to rise, posing upside risks to the inflation outlook and downside risks to the growth outlook." While underlying inflation has "remained broadly stable", the ECB warned of "indirect and second-round effects" the longer energy prices stay high. Looking ahead, our house view is for the ECB to deliver a 25bp hike at its 17 December meeting, followed by another 25bp hike in 1Q27. Separately, ECB President Christine Lagarde announced that she will step down on 7 February 2027, with the European Council to appoint her successor. On the data front, US GDP grew by an annualised 3.4% in 3Q26, above the consensus estimate of 3.2% and up from 2.2% in 2Q26. According to the BEA, "the contributors to the increase in real GDP in the third quarter were increases in investment, consumer spending, and government spending that were partly offset by a decrease in exports." Importantly, real private domestic demand strengthened to 4.9% from 4.6%, suggesting that underlying growth remained robust. Meanwhile, headline PCE inflation accelerated to 3.6% YoY in September from 3.4% in August, while core PCE edged up to 3.1% from 3.0%, both in line with expectations. We expect the Fed to hike by 25bp in December to 4.00-4.25%. The call reflects still-elevated inflation and the Fed's assessment that economic activity remains strong. However, a stronger drag from credit, softer activity and cooling inflation could extend the pause. US equities closed lower on Thursday, snapping the S&P 500's three-day winning streak (S&P 500: -0.3%; Dow: -0.3%; Nasdaq: -1.4%), while Brent settled 0.4% lower at USD114.9/bbl.

Market Watch: This morning, Tokyo's October core CPI eased to 2.6% YoY from 2.7% in September, below the consensus estimate of 2.7%. Later today, the BoJ will announce its policy decision and is expected to hold its policy rate at 1.25%, with Governor Ueda due to speak at his regular post-meeting press conference. In Europe, the eurozone will release its advance 3Q26 GDP estimate.

Major Markets

MY: Finance Minister II Amir Hamzah Azizan said on Thursday that the government would retain the sales and service tax (SST) and would not consider the goods and services tax (GST) given ongoing cost of living pressures, as reported by The Edge. The government will improve the SST to reduce cascading taxes and simplify compliance, while retaining flexibility to tax selected goods and services and exempt essential items. The Fiscal Outlook 2027 estimates SST collections at MYR67.0bn in 2026, up from MYR55.9bn in 2025, and projects MYR73.3bn in 2027. Amir Hamzah noted that SST collections currently account for 3% of GDP, matching the GST's share in 2017.

ID: Industry Minister Muhammad Sarmuji expressed confidence on Thursday that the electric vehicle industry could meet the 60% domestic component

Key Market Movements

Equity	Value	% chg
S&P 500	7720.4	-0.3%
DJIA	52343	-0.3%
Nikkei 225	64659	1.1%
SH Comp	3651.4	-0.8%
STI	5396.0	0.0%
Hang Seng	22959	-0.6%
KLCI	1611.2	-0.2%

	Value	% chg
DXY	102.037	-0.2%
USDJPY	157.71	-0.1%
EURUSD	1.1180	0.2%
GBPUSD	1.3376	0.4%
USDIDR	18132	-0.3%
USDSGD	1.2798	-0.1%
SGDMYR	3.1685	-0.3%

	Value	chg (bp)
2Y UST	4.60	-9.96
10Y UST	4.94	-8.06
2Y SGS	1.89	-0.20
10Y SGS	2.28	-2.65
3M SORA	1.27	0.12
3M SOFR	3.77	0.32

	Value	% chg
Brent	114.88	-0.4%
WTI	102.00	-0.8%
Gold	4022	-1.1%
Silver	52.15	-3.4%
Palladium	1006	-1.2%
Copper	14357	-0.8%
BCOM	141.34	-0.7%

Source: Bloomberg

requirement (TKDN) by 2027, provided manufacturers produce locally and use domestic components. The national EV roadmap raises minimum local content from 40% in 2026 to 60% for the period from 2027 to 2029, then 80% in 2030. The government will continue to encourage technology transfer and monitor compliance to protect domestic industrial interests. Minister Sarmuji also urged companies to manage currency risks, noting that rupiah depreciation could benefit exporters through higher rupiah earnings but raises production costs for manufacturers that rely heavily on imported raw materials, as reported by Antara.

Sustainability

MY: The Energy Commission is developing a framework covering self-generation facilities and the use of renewable energy for the data centre sector, in line with the government's requirement for data centres to source at least 30% of their electricity from renewables. Data centres are encouraged to develop self-generation facilities through solar initiatives for their own consumption, reducing dependence on the national grid and avoiding higher electricity supply costs for other consumers. As of August, data centres were consuming 1,374MW, equivalent to 58.5% of their contracted 2,346MW demand. The gap between contracted and actual consumption has prompted the Data Centre Task Force to scrutinise electricity requirements and assess actual demand, which could support better power-demand planning as the sector expands.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday; shorter tenors 1-3bps lower, belly tenors traded 4bps lower, and the 10Y tenor traded 3bps lower.
- US Investment Grade spreads traded 1bps wider to 87bps, and US High Yield spreads widened by 11bps to 323bps. Bloomberg Global Contingent Capital spreads tightened 1bps to 249bps.
- Bloomberg Asia USD Investment Grade spread traded flat at 71bps, and the Asia USD High Yield spreads widened by 30bps to 446bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the Singdollar and APAC USD market. DM IG markets saw USD36.75bn of issuances yesterday, led by Microsoft's jumbo offering of USD25bn across ten tranches. (prior day: APAC USD and DM IG were both zero)

Credit Headlines:

- **CapitaLand Integrated Commercial Trust (CAPITA):** 3Q2026 gross revenue and NPI rose 15.0% and 13.8% y/y, respectively, while occupancy was 96.1%, aggregate leverage 39.7% and ICR 3.8x.
- **BNP Paribas (BNPP):** 3Q2026 revenue rose 9.5% y/y and net income increased 13.5%, with a 12.9% CET1 ratio, 39bps cost of risk and 1.6% NPL ratio.

- **Landmark REIT (LMRTSP):** 3Q2026 NPI fell 1.8% y/y in SGD terms but rose 7.6% in IDR terms, while leverage declined to 39.2% and unrestricted cash stood at SGD45.0mn.
- **Standard Chartered (STANLN):** 3Q2026 income rose 14% y/y in constant currency and PPOP increased 22%, while RoTE reached 15.7% and the CET1 ratio was 13.8%.
- **Suntec REIT (SUNSP):** 3Q2026 gross revenue and NPI increased 5.2% and 6.2% y/y, respectively, while aggregate leverage remained at 43.0% and ICR improved to 2.3x.
- **UBS Group (UBS):** 3QFY2026 underlying revenue rose 10% y/y and underlying PBT increased 14% to USD4.1bn, while the CET1 ratio rose to 14.7%.
- **CapitaLand Ascott Trust (ARTSP):** 3Q2026 RevPAU rose 4% y/y on a comparable basis, while aggregate leverage declined to 37.1% and ICR improved to 3.0x.
- **Société Générale (SocGen):** 3Q2026 revenue rose 7.8% y/y and net income increased 24.1% to EUR1.9bn, while the CET1 ratio rose to 13.4%.
- **Mapletree Industrial Trust (MINTSP):** 2QFY2027 revenue and NPI declined 1.9% and 3.5% y/y, respectively, while occupancy fell to 89.7% and aggregate leverage rose to 37.7%.
- **Alphabet (GOOGL):** Revenue rose 24.7% y/y to USD127.6bn, while free cash flow was negative USD9.1bn and net cash increased to USD125bn.
- **Microsoft Corporation:** Total revenue grew 18.8% y/y to USD92.3bn in the September quarter ("1QFY2027"), of which 83.2% was contributed by Agents and Infrastructure ("A&I") and 16.8% by Devices and Consumers ("D&C"). Starting from the September 2026 quarter ("1QFY27"), MSFT consolidated its financial reporting into two segments: A&I, comprising enterprise cloud and AI technologies, and D&C, comprising user-facing hardware and software.
 Topline growth continued to be driven by A&I, which rose 24.5% y/y, partially offset by a 3.2% y/y decline in D&C. Within A&I's USD76.8bn of revenue, Azure revenue jumped 48.2% y/y to USD33.2bn, accelerating from 42% growth in the previous quarter and 39.7% a year ago. Azure also benefited MSFT's 365 Cloud business, which recorded healthy growth of 17.2% y/y to USD25.7bn. Within the D&C segment, Windows OEM and Devices revenue deteriorated, declining 22% y/y to USD3.6bn. Adjusted EBITDA, excluding share-based compensation, rose 22.7% y/y to USD60.8bn, while operating profit was USD45.9bn for the quarter. Operating margin improved to 49.8% from 48.9% a year ago, supported by better cost discipline, while the opex ratio declined 2.2ppt y/y to 18%. MSFT offered voluntary separation packages to 27% of its global workforce earlier this week. While the acceptance rate may not be high, the program could result in a one-off impact on December-quarter opex before cost savings kick in thereafter.
 MSFT generated positive free cash flow of USD18.6bn, based on operating cash flow of USD58bn and cash capex of USD39.4bn. The company reported total capex of USD45.2bn, including USD5.8bn of finance leases added during the quarter. Shareholder returns amounted to USD11.1bn in the quarter.
 The balance sheet remained healthy, with net debt of USD69.4bn, based on USD64.5bn of cash and short-term investments against USD133.9bn of adjusted debt, including leases. Net leverage was 0.32x as of 30 September 2026, based on LTM adjusted EBITDA of USD218bn.

On the guidance front, management expects capex for the December quarter to exceed USD50bn, implying total capex of around USD170bn for CY2026. Azure revenue growth, which remains a key focal point, is expected at 49-50% in the December quarter. The company expects to remain free cash flow positive in FY2027, although it plans to access additional funding sources to complement operating cash flow and preserve financial flexibility.

Equity Market Updates

US: US stocks fell Thursday as Alphabet's record single-session market capitalisation loss, with shares plunging 13% after weaker-than-expected search and advertising revenue raised fresh doubts about AI's threat to its core business, dragged the Nasdaq lower and snapped a three-day winning streak for both the S&P 500 and Nasdaq. The S&P 500 slipped 0.3%, the Dow fell 0.3%, and the Nasdaq shed 1.4%. The selloff triggered a rotation into defensive sectors, with healthcare, real estate, and consumer staples gaining, whilst financials outperformed, rising 1.5% on earnings beats from Intercontinental Exchange and Mastercard. After the bell, Amazon fell sharply on surging AI capital expenditure, and Intel tumbled approximately 18% after issuing a fourth-quarter revenue forecast of USD15b to USD16b, well below the USD17b consensus, compounding AI spending anxiety heading into Friday's Asian open. Treasuries rallied on haven demand, with 2-year yields falling 10 basis points to 4.6%, whilst a USD44b 7-year note auction cleared at 4.894%, matching the when-issued yield and drawing solid demand. Microsoft's USD25b investment-grade bond offering, its first in over nine years, attracted peak orders exceeding USD115b. In Hong Kong, Chief Executive John Lee issued a rare public apology and his housing secretary resigned following the city's deadliest fire in decades. China's state-owned Cofco reportedly inquired about purchasing US soft red winter wheat, signalling a potential broadening of agricultural purchases following the September Trump-Xi summit.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	102.037	-0.15%	USD-SGD	1.2798
USD-JPY	157.71	-0.08%	EUR-SGD	1.4309
EUR-USD	1.118	0.23%	JPY-SGD	0.8116
AUD-USD	0.703	-0.34%	GBP-SGD	1.7123
GBP-USD	1.338	0.37%	AUD-SGD	0.8997
USD-MYR	4.059	-0.40%	NZD-SGD	0.7211
USD-CNY	6.661	-0.07%	CHF-SGD	1.5528
USD-IDR	18132	-0.28%	SGD-MYR	3.1685
USD-VND	25817	-0.13%	SGD-CNY	5.2022

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4460	0.16%	1M	3.9010
3M	2.6180	0.00%	2M	3.9898
6M	2.9600	-1.00%	3M	4.0353
12M	3.2900	0.86%	6M	4.1568
			1Y	4.3640

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	0.727	72.700	0.182	4.064
01/27/2027	1.020	29.300	0.255	4.137
03/17/2027	1.558	53.800	0.389	4.272

Equity and Commodity

Index	Value	Net change
DJIA	52,342.56	-132.54
S&P	7,720.39	-23.59
Nasdaq	26,184.72	-365.13
Nikkei 225	64,659.47	705.28
STI	5,396.03	-1.88
KLCI	1,611.16	-2.71
JCI	5,098.06	-184.26
Baltic Dry	2,652.00	49.00
VIX	17.20	0.29

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.89 (--)	4.59 (--)
5Y	2.07 (-0.02)	4.74 (-0.09)
10Y	2.28 (-0.03)	4.92 (-0.08)
15Y	2.32 (-0.02)	--
20Y	2.29 (-0.02)	--
30Y	2.3 (-0.02)	5.28 (-0.04)

Secured Overnight Fin. Rate

SOFR	3.94
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	102.00	-0.8%	Corn (per bushel)	4.513	-0.1%
Brent (per barrel)	114.88	-0.4%	Soybean (per bushel)	12.198	-0.4%
Heating Oil (per gallon)	473.60	-1.6%	Wheat (per bushel)	6.038	0.8%
Gasoline (per gallon)	318.50	0.4%	Crude Palm Oil (MYR/MT)	43.910	-1.4%
Natural Gas (per MMBtu)	2.95	4.8%	Rubber (JPY/KG)	4.423	-0.5%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14357	-0.8%	Gold (per oz)	4022	-1.1%
Nickel (per mt)	15536	-0.4%	Silver (per oz)	52.15	-3.4%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
10/30/2026 7:00	SK	Industrial Production YoY	Sep	0.60%	1.20%	-2.20%	-1.70%
10/30/2026 7:30	JN	Tokyo CPI Ex-Fresh Food YoY	Oct	2.60%	2.60%	2.70%	--
10/30/2026 7:30	JN	Jobless Rate	Sep	2.50%	2.40%	2.50%	--
10/30/2026 7:30	JN	Job-To-Applclicant Ratio	Sep	1.18	1.19	1.18	--
10/30/2026 7:50	JN	Industrial Production MoM	Sep P	1.20%	2.20%	-2.40%	--
10/30/2026 9:00	PH	Exports YoY	Sep	26.00%	--	27.80%	--
10/30/2026 15:00	UK	Nationwide House PX MoM	Oct	-0.20%	--	-0.20%	--
10/30/2026 15:00	UK	Nationwide House Px NSA YoY	Oct	0.60%	--	0.80%	--
10/30/2026 15:00	TH	BoP Current Account Balance	Sep	\$1674m	--	\$2352m	--
10/30/2026 15:30	TH	Gross International Reserves	23-Oct	--	--	\$277.1b	--
10/30/2026 16:00	TA	GDP YoY	3Q A	12.00%	--	12.93%	--
10/30/2026 18:00	EC	GDP SA QoQ	3Q A	0.20%	--	0.60%	--
10/30/2026 18:00	EC	GDP SA YoY	3Q A	1.10%	--	1.20%	--
10/30/2026 20:30	US	Employment Cost Index	3Q	0.80%	--	0.90%	--

Source: Bloomberg

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