Daily Treasury Outlook

Highlights

Global: US equities closed higher on Thursday, with the S&P500 setting a fresh record high. The S&P500, Dow and Nasdaq advanced by between 0.1% and 0.8% (S&P500: +0.7%; Dow: +0.1%; Nasdaq: +0.8%). Sentiment was lifted by a softer-than-expected US PPI report. Moreover, oil prices declined, with Brent and WTI crude settling more than 2% lower, providing some relief on the inflation front. Nonetheless, geopolitical risks in the Middle East remain elevated, as efforts to revive the earlier interim peace agreement have shown little progress. On the data front, US PPI was unchanged MoM in July, surprising on the downside relative to consensus expectations for a 0.2% increase. On a year-on-year basis, PPI moderated sharply to 4.7% from 5.5% in June. Under the hood, the softer headline reading was driven by final-demand goods prices, which declined by 0.7%. Energy prices fell by 3.1%, including a 5.7% drop in gasoline, while food prices declined by 0.9%. The decline in final-demand goods prices was offset by a 0.2% increase in final demand services. Nonetheless, underlying pipeline pressures bear monitoring: PPI excluding food, energy and trade services rose by 0.4% MoM, following a 0.1% increase in the previous month, and remained elevated at 4.7% YoY (June: 5.0%). Taken together, the headline figures are encouraging, but underlying producer cost pressures do not appear to have disappeared. Separately, initial jobless claims increased by 4.5% to 209k for the week ending 8 August, slightly above consensus expectations. Meanwhile, continuing claims declined by 1.2% to 1.78mn for the week ending 1 August. In the UK, preliminary 2Q26 GDP showed that the economy grew by 0.4% QoQ, compared with 0.6% in the previous quarter. This is broadly in line with consensus expectations. Growth was driven by services, which expanded by 0.5%, with the largest contributions coming from information and communication, as well as professional and scientific activities. Elsewhere, construction output rose by 0.3%, while production was flat. From the expenditure side, there were also some encouraging details. Household consumption and gross fixed capital formation increased by 0.3% and 1.2%, respectively, while, government consumption declined by 0.3%.

Market Watch: For the day ahead, the calendar is fairly busy. In Asia, Malaysia, Hong Kong, and Taiwan will release its final reading of the 2Q26 GDP figures. Elsewhere, Indonesian President Prabowo Subianto will deliver his annual State of the Nation Address in a joint session of parliament. Later in the day, the Eurozone will release the second reading of its 2Q26 GDP figures, while the US will release its July retail sales and the preliminary August University of Michigan consumer sentiment survey.

Key Market Movements

Equity	Value	% chg
S&P 500	7799.0	0.7%
DJIA	53840	0.1%
Nikkei 225	68309	1.2%
SH Comp	3927.0	-0.5%
STI	5720.1	0.0%
Hang Seng	25397	-0.2%
KLCI	1734.7	-0.4%

	Value	% chg
DXY	99.964	0.0%
USDJPY	159.5	0.1%
EURUSD	1.1528	0.0%
GBPUSD	1.3487	-0.1%
USDIDR	17870	0.0%
USDSGD	1.2806	0.0%
SGDMYR	3.1929	0.0%

	Value	chg (bp)
2Y UST	4.14	-5.87
10Y UST	4.64	-4.98
2Y SGS	1.66	-2.20
10Y SGS	2.27	-1.35
3M SORA	1.12	0.37
3M SOFR	3.63	0.07

	Value	% chg
Brent	87.07	-2.1%
WTI	81.25	-2.4%
Gold	4350	-1.3%
Silver	64.49	-1.3%
Palladium	1312	-4.2%
Copper	14149	0.1%
BCOM	134.40	-1.1%

Source: Bloomberg

Major Markets

ID: Danantara Indonesia said its financial subsidiaries, including state-owned banks, are ready to finance the domestically produced national electric motorcycle initiative, offering lower interest rates and longer loan tenors. CEO Rosan Perkasa Roeslani said the government is considering reducing or eliminating the current 10% down payment requirement, while estimating Indonesia's electric motorcycle market at USD170.0bn and noting that around 10 domestic companies have met the Ministry of Industry's local content requirements. President Prabowo Subianto inaugurated the Molinas project and its supporting ecosystem in Bekasi, saying accelerated domestic electric vehicle manufacturing serves the national interest, particularly by reducing dependence on imported fossil fuels.

MY: Higher Education Minister Zambry Abd Kadir said Malaysia and Russia agreed to finalise the 2027 Joint Action Plan by the end of this year to make bilateral cooperation more structured and results-oriented, at the fifth Malaysia-Russia Joint Commission for Economic, Scientific, Technical and Cultural Cooperation meeting in Vladivostok. Both sides discussed expanding market access and trade, fertiliser supplies including urea, and cooperation in AI, digital technology, smart cities, telecommunications, renewable energy, LNG and LPG, while also exploring the peaceful use of nuclear energy subject to both countries' laws and regulatory requirements. Russia will continue offering 40 Russian government scholarships annually to Malaysian students, while both countries welcomed proposals for a Malaysia-Russia Rectors' Forum in 2027 and further cooperation in higher education, youth development and research.

Sustainability

MY: Malaysia renewed its National Energy Efficiency Action Plan (NEEAP) that will run until 2035 and aims to reduce energy demand by 11.6%, targeting savings of around S$27.5bn. The first NEEAP, which ran between 2016 and 2025, delivered electricity savings of 60,886 GWh or approximately S$5.03 bn, exceeding its target of 52,233 GWh. Malaysia has been encouraging companies and investors to focus on energy sustainability, with power demand expected to increase substantially amid a boom in artificial intelligence (AI) infrastructure. Energy efficiency improvements will be critical to managing rising power demand from AI-driven data centre growth while supporting Malaysia's decarbonisation and energy security objectives.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower to flat yesterday with the shorter tenors trading flat to 1bps lower, belly tenors trading 1bps lower, and the 10Y tenor trading flat.
- US Investment Grade spreads traded flat at 78bps, and US High Yield spreads tightened by 1bps to 266bps. Bloomberg Global Contingent Capital widened by 1bps to 206bps.

- Bloomberg Asia USD Investment Grade traded flat at 57bps, and the Asia USD High Yield spreads widened by 2bps to 332bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the Singdollar market yesterday.
- The total issuances in the APAC and DM IG markets were USD700mn and USD5.85bn respectively (prior day: USD100mn and USD6.1bn respectively). The largest issuance from APAC markets was led by Bank of Baroda (priced USD700mn across two tranches) and the largest in DM IG markets was led by Advanced Micro Devices Inc (priced USD4.75bn across four tranches). (Bloomberg, OCBC)

Credit Developments:

- **ABN AMRO Bank N.V. (ABNANV):** Strong 2Q2026 earnings, robust asset quality and a 15.9% pro forma CET1 ratio support a positive credit profile following the NIBC acquisition.
- **Goldman Sachs Group, Inc. (GS):** The planned Neos Investments acquisition meaningfully expands GS's active ETF platform while remaining financially immaterial.
- **StarHub Ltd (STHSP):** Weak consumer operations, persistent cost pressures and rising leverage overshadow improving Enterprise momentum and stronger liquidity.
- **ANZ Group Holdings Ltd / Australia & New Zealand Banking Group Ltd (ANZ):** Stable profitability, sound credit quality and a 12.51% CET1 ratio underpin a resilient credit profile.
- **Singapore Telecommunications Limited (STSP):** Strong earnings growth across Optus, NCS and Digital InfraCo was partly offset by Singtel Singapore weakness and unresolved Optus regulatory risk.
- **Lenovo Group Ltd (LENOVO):** Strong AI-led growth and negligible leverage offset working-capital outflows and higher inventory associated with supply-chain positioning.
- **City Developments Limited (CITSP):** Strong development and hotel earnings were accompanied by higher net gearing and increased funding needs from landbank replenishment.
- **CK Infrastructure Holdings Limited (CKINF)**: Improved underlying cash generation, favourable regulatory resets and a HKD33.9bn net cash position support a stable credit outlook.
- **Sembcorp Industries Ltd (SCISP):** Alinta-related debt and weaker underlying EBITDA materially raised leverage, although expected cash generation should support gradual deleveraging.
- **CapitaLand Investment Ltd (CLIVSG):** Growing fee-related earnings and substantial recycling potential support manageable credit metrics despite slightly higher net gearing.
- **Thai Oil Public Company Limited (TOPTB):** Strong refining margins were offset by inventory losses, hedging volatility and working-capital outflows that increased net leverage, though liquidity remains manageable.

Equity Market Updates

US: US stocks advanced Thursday as back-to-back soft inflation prints reinforced bets that the Federal Reserve will hold rates at its September meeting, driving the S&P 500 to a record close, its second consecutive all-time high. The S&P 500 rose 0.7%, the Nasdaq gained 0.8%, and the Dow edged up 0.1%. July PPI was unchanged, defying forecasts for a modest rise, a day after benign CPI data, with money markets pricing the probability of a September rate hike at below 40%. Technology led gains, with the Nasdaq 100 climbing 1.15% to its highest level since late June, buoyed by rising hyperscaler spending commitments. Financials also hit a record, rising 0.6%, though Bank of America fell 1.1% after announcing a USD1.9b acquisition of an Ambani-backed shadow bank. Treasury yields fell sharply, with the 2-year dropping around 6 basis points to 4.14% and the 10-year declining around 5 basis points to 4.65%. The US simultaneously sold 30-year bonds at the highest yield since 2001, yet demand was robust, underscoring investor appetite at elevated rates. In China, JD.com posted its first quarterly revenue decline since its 2014 listing, with sales falling 2.9% to CNY346.4b in the second quarter, whilst Lenovo surged as much as 19% in Hong Kong after first-half revenue beat estimates.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.964	-0.05%	**USD-SGD**	1.2806
USD-JPY	159.50	0.05%	**EUR-SGD**	1.4759
EUR-USD	1.153	0.02%	**JPY-SGD**	0.8027
AUD-USD	0.706	-0.04%	**GBP-SGD**	1.7271
GBP-USD	1.349	-0.06%	**AUD-SGD**	0.9040
USD-MYR	4.087	0.04%	**NZD-SGD**	0.7493
USD-CNY	6.744	-0.01%	**CHF-SGD**	1.5729
USD-IDR	17870	-0.03%	**SGD-MYR**	3.1929
USD-VND	26072	-0.20%	**SGD-CNY**	5.2661

Equity and Commodity		
Index	Value	Net change
DJIA	53,839.99	69.72
S&P	7,798.99	50.49
Nasdaq	26,803.03	214.54
Nikkei 225	68,308.59	784.53
STI	5,720.05	-0.70
KLCI	1,734.71	-6.90
JCI	6,301.77	-72.08
Baltic Dry	2,939.00	-107.00
VIX	14.63	0.08

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.1850	1.53%	**1M**	3.6418
3M	2.5050	0.60%	**2M**	3.6980
6M	2.6580	0.80%	**3M**	3.7320
12M	2.9570	1.51%	**6M**	3.8310
			1Y	3.9631

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.66 (-0.02)	4.14(--)
5Y	1.95 (-0.03)	4.32 (-0.07)
10Y	2.27 (-0.01)	4.64 (-0.05)
15Y	2.33 (-0.01)	--
20Y	2.35 (-0.01)	--
30Y	2.41 (-0.02)	5.21 (-0.04)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/16/2026	0.350	35.000	0.087	3.719
10/28/2026	0.545	19.500	0.136	3.767
12/09/2026	0.909	36.400	0.227	3.858

Secured Overnight Fin. Rate	
SOFR	3.62

Commodities Futures					
Energy	**Futures**	**% chg**	**Soft Commodities**	**Futures**	**% chg**
WTI (per barrel)	81.25	-2.4%	Corn (per bushel)	4.480	-2.0%
Brent (per barrel)	87.07	-2.1%	Soybean (per bushel)	11.683	0.3%
Heating Oil (per gallon)	425.06	-1.2%	Wheat (per bushel)	6.528	0.0%
Gasoline (per gallon)	312.80	-0.8%	Crude Palm Oil (MYR/MT)	45.280	0.4%
Natural Gas (per MMBtu)	2.73	-2.7%	Rubber (JPY/KG)	4.650	2.1%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	14149	0.1%	Gold (per oz)	4350	-1.3%
Nickel (per mt)	16776	-1.0%	Silver (per oz)	64.49	-1.3%

Source: Bloomberg, Reuters

Economic Calenda

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/14/2026 6:30	NZ	BusinessNZ Manufacturing PMI	Jul	--	54.3	59.7	60.1
8/14/2026 7:50	JN	Japan Buying Foreign Bonds	7-Aug	--	¥1629.4b	¥477.9b	--
8/14/2026 7:50	JN	Foreign Buying Japan Stocks	7-Aug	--	-¥368.5b	-¥392.5b	--
8/14/2026 12:00	MA	GDP YoY	2Q F	5.80%	--	5.80%	--
8/14/2026 14:30	IN	Wholesale Prices YoY	Jul	10.00%	--	9.87%	--
8/14/2026 15:30	TH	Gross International Reserves	7-Aug	--	--	$275.4b	--
8/14/2026 16:30	HK	GDP YoY	2Q F	4.30%	--	4.30%	--
8/14/2026 17:00	EC	GDP SA QoQ	2Q S	0.40%	--	0.40%	--
8/14/2026 17:00	EC	GDP SA YoY	2Q S	1.00%	--	1.00%	--
8/14/2026 20:30	US	Retail Sales Advance MoM	Jul	0.10%	--	0.20%	--
8/14/2026 20:30	US	Retail Sales Ex Auto MoM	Jul	0.20%	--	-0.20%	--
8/14/2026 20:30	US	Retail Sales Ex Auto and Gas	Jul	0.30%	--	0.40%	--
8/14/2026 22:00	US	U. of Mich. Sentiment	Aug P	55	--	55.2	--

Source: Bloomberg

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