By Global Markets | 19 August 2026

Daily Treasury Outlook

Highlights

Global: US equities sold off sharply on Tuesday as a global bond rout pushed long-dated Treasury yields to multi-decade highs. The 30-year Treasury yield spiked intraday to 5.34%, its highest level since June 2007, triggering a sharp repricing of high-multiple equities. Technology and semiconductor stocks bore the brunt of the adjustment, with the Philadelphia Semiconductor Index plunging more than 5%. Risk sentiment was further weighed down by persistent US–Iran geopolitical tensions. The US president said no talks with Iran were planned, while Iran maintained that restrictions on the Strait of Hormuz would remain in place until its conditions were met. The resulting geopolitical risk premium kept WTI crude near USD84/bbl and Brent above USD91/bbl.

On the data front, US housing starts fell 12.4% MoM in July to an annualised 1.239mn units, down 13.5% YoY. Single-family starts declined 9.9% MoM. However, building permits rose 5.0% MoM to 1.443mn, creating a notable divergence between authorised construction and actual starts. The gap suggests that elevated financing costs and weak buyer confidence are delaying the conversion of planned projects into construction activity. Elsewhere, industrial production and manufacturing output each rose 0.2% MoM in July, following 0.3% gains in June, while capacity utilisation edged up to 76.3%. The underlying composition remained uneven: consumer-goods production fell 0.4%, while business equipment and construction supplies each rose 0.8%, and defence and space equipment increased 1.8%. The split continues to point to relatively resilient capital spending but softer household-related demand. Home Depot's better-than-expected Q2 earnings provided a rare bright spot on the consumer front.

In Europe, German investor sentiment improved more than expected in August, with the ZEW expectations index rising to 34.2, supported by positive corporate earnings and stronger export orders despite elevated energy costs and transport disruptions. More encouragingly, the assessment of current conditions improved sharply to -61.1 from -77.6 in July, also beating expectations.

Market Watch: For today, the key focus will be the FOMC minutes from the 29 July meeting, with markets looking for clues on the Fed's reaction function ahead of the 15–16 September meeting. UK CPI will be important for the BoE policy outlook, while in Asia, Bank Indonesia is expected to keep its policy rate unchanged.

Key Market Movements

Equity	Value	% chg
S&P 500	7691.8	-0.7%
DJIA	53343	-0.2%
Nikkei 225	67461	-2.5%
SH Comp	3990.3	0.2%
STI	5701.4	-1.2%
Hang Seng	25471	0.1%
KLCI	1733.4	0.4%
	Value	**% chg**
DXY	99.657	0.0%
USDJPY	159.61	0.1%
EURUSD	1.1576	0.0%
GBPUSD	1.3532	-0.1%
USDIDR	17857	0.2%
USDSGD	1.2782	0.0%
SGDMYR	3.1776	-0.1%
	Value	**chg (bp)**
2Y UST	4.17	-0.44
10Y UST	4.71	-1.59
2Y SGS	1.69	3.40
10Y SGS	2.36	5.91
3M SORA	1.13	0.10
3M SOFR	3.64	0.17
	Value	**% chg**
Brent	91.02	0.2%
WTI	84.94	0.5%
Gold	4335	-1.8%
Silver	63.37	-3.7%
Palladium	1291	-2.9%
Copper	13987	-1.2%
BCOM	137.02	-0.1%

Source: Bloomberg

Major Markets

CN: The latest forecast from China's National Climate Center points to a rapidly strengthening El Niño event, with sea surface temperatures in the central and eastern equatorial Pacific continuing to rise and expected to peak around November–December. The event is projected to reach "super El Niño" intensity and could potentially become the strongest El Niño episode on record.

ID: Minister of Industry Agus Gumiwang Kartasasmita said Indonesia's textile and textile product industry still has significant room for growth despite sectoral challenges, with the textile and garment industry employing more than 3.8mn workers and recording exports of USD4.9bn in 1H26. The Industrial Confidence Index remained in the expansion zone at 53.10 in July 2026, while the ministry continues to support the sector through investment incentives, restructuring programmes, labour intensive industry credit and export financing from the Indonesian Export Financing Agency. The government is also strengthening trade safeguards, accelerating Making Indonesia 4.0 and promoting Green Industry Standards to improve competitiveness, productivity, innovation and sustainability. Elsewhere, we expect Bank Indonesia to keep its interest rate unchanged at 5.75% later today (3pm SGT).

MY: Foreign Minister Mohamad Hasan said Malaysia hopes bilateral trade with the Philippines can reach USD10.0bn within the next two years, from USD8.2bn in 2025. Speaking after jointly chairing the Ninth Philippines Malaysia Joint Commission Meeting with Philippine Foreign Secretary Ma. Theresa P Lazaro, Minister Mohamad said both countries discussed strengthening economic ties through deeper cooperation in the digital economy and energy transition. They also discussed ways for the Philippine government to facilitate Malaysian investment in the Bangsamoro Autonomous Region in Muslim Mindanao, particularly from multinational plantation companies.

PH: The Bangko Sentral ng Pilipinas (BSP) reported that digital payments accounted for 64.7% of total retail payments in the Philippines in 2025. This increased from 57.4% in 2024, placing the share within the Philippine Development Plan's 60-70% target range for 2023-2028. BSP Governor Eli Remolona Jr. attributed much of this growth to the central bank's push for "interoperability, ensuring that a growing number of businesses and service providers are on one system," which has encouraged wider adoption among consumers, businesses, banks, and e-wallet providers. The expansion was underpinned by a 69.4% increase in digital payment accounts and a 36.3% rise in merchant locations accepting digital payments. QR Ph transactions surpassed debit and credit card transactions for the first time, reaching 2.47 billion transactions worth ~PHP1.2trn, while PESONet transactions also overtook check payments. The BSP expects digital payment adoption to strengthen further, supported by policies aimed at improving accessibility and affordability.

AU: Australia's Westpac-Melbourne Institute Consumer Sentiment Index rose 6.0% MoM to 88.9 in August from 83.9 in July. However, consumer sentiment remained 9.7% lower than a year ago, suggesting that while confidence is gradually improving, pessimism continues to outweigh optimism. The rise in sentiment was driven mainly by mortgage holders following the RBA's decision to keep rates unchanged, with confidence little changed before the policy meeting. Improvements were broad-based across the sub-indices for personal finances and economic conditions, with the largest gain seen in the Family

Finances vs a Year Ago index, which rose 12.6% in August. Meanwhile, house price expectations fell 6.1% MoM and 32.5% YoY to a three-year low of 110.8. In contrast, the Time to Buy a Dwelling index climbed 12.1% to 95.7, its highest level since November 2025.

Sustainability

CH: China continues to face growing renewable energy curtailment as electricity grids struggle to keep pace with rapid solar and wind deployment. According to a report by Global Energy Monitor (GEM) and the Centre for Research on Energy and Clean Air (CREA), China rejected an estimated 360TWh of clean power in 1H 2026, up 49% from the same period a year earlier. Insufficient transmission infrastructure and structural issues within the power system are limiting the integration of renewable energy, coupled with a continued reliance on coal generation. This highlights the importance of grid expansion, energy storage deployment and market reforms to support China's energy transition. Clean power investments are already gradually shifting from standalone solar projects towards solar-plus-storage to reduce exposure to curtailment.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with the shorter tenors trading flat to 3-6bps higher, belly tenors trading 5-6bps higher, and the 10Y tenor trading 7bps higher.
- US Investment Grade spreads widened by 1bps to 81bps, and US High Yield spreads widened by 7bps to 275bps. Bloomberg Global Contingent Capital widened by 3 bps to 206bps.
- Bloomberg Asia USD Investment Grade traded flat at 56bps, and the Asia USD High Yield spreads widened by 3bps to 328bps. (Bloomberg, OCBC)

New Issues:

- There were two issuances in the Singdollar market yesterday by HDFC Bank/Gift City (priced SGD250mn 3Y bond at 2.7%) and Housing & Development Board (priced SGD700mn 15Y bond at 2.839%)
- The total issuances in the APAC and DM IG markets were USD2.4bn and USD4.1bn respectively yesterday (prior day: USD2.5bn and USD9.1bn respectively). Issuance in the APAC market was led by Development Bank of Japan Inc (priced USD1bn 3Y bond at SOFRMS + 40bps). For DM IG markets, Banco Satander SA was the largest issuer (priced USD2bn across two tranches).

Credit Developments:

- **Singapore Airlines Ltd. (SIASP):** July 2026 operating data was mixed, with passenger volumes rising 4.0% y/y on network expansion, but passenger load factor fell to 86.0% as capacity growth outpaced demand; cargo load factor improved slightly to 57.9% mainly due to reduced capacity from freighter maintenance rather than stronger cargo loads.

- **OUE Limited (OUESP):** 1H2026 underlying performance was stable, supported by recurring income assets and stronger hospitality earnings, but reported net loss was driven by non-cash GPI-related impairments and losses; leverage remains high at about 10.1x adjusted net debt to annualised adjusted EBITDA, though OUESP is supported by OUE REIT, First REIT and Singapore-heavy recurring assets.
- **Sembcorp Industries Ltd. (SCISP):** Sembcorp confirmed that a potential IPO of Sembcorp Green remains under preliminary evaluation, with no definitive decision made, while media reports suggest the IPO could raise up to USD500mn if it proceeds.
- **BHP Group Limited (BHP):** FY2026 results were strong, with underlying EBITDA up 27% y/y to USD32.9bn, copper becoming the largest EBITDA contributor, and net debt falling sharply to USD8.7bn, leaving leverage very low at 0.3x net debt to LTM underlying EBITDA.

Equity Market Updates

US: US stocks fell for a third consecutive session on Tuesday, as a sharp rout in chipmakers and persistent anxiety over elevated long-term bond yields and rising oil prices weighed on sentiment. The S&P 500 declined 0.7%, the Nasdaq dropped 1.3%, and the Dow slipped 0.2%. A closely watched semiconductor index fell roughly 5%, with Nvidia down 2.3% and Intel and Micron each shedding over 7%. The 30-year Treasury yield touched a 19-year high during the session, its loftiest level since around the 2007 global financial crisis, before Treasury yields broadly eased, with the 10-year settling at 4.71% and the 30-year at 5.29%, down 2 and 2.5 basis points respectively. Energy was the sole standout, with the S&P 500 Energy Index closing at its first record since 27 Mar 2026, up 1.8%, as WTI crude settled above USD85 a barrel amid a deepening US-Iran deadlock over the Strait of Hormuz after President Trump rejected extending the ceasefire memorandum. Klarna tumbled approximately 23% after cutting its 2026 revenue guidance, citing foreign exchange pressures and weakening German consumer spending. Home Depot beat estimates on comparable sales rising 1.7%, its strongest reading since late 2022.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.657	0.02%	USD-SGD	1.2782
USD-JPY	159.61	0.09%	EUR-SGD	1.4799
EUR-USD	1.158	-0.03%	JPY-SGD	0.8009
AUD-USD	0.709	-0.24%	GBP-SGD	1.7299
GBP-USD	1.353	-0.09%	AUD-SGD	0.9061
USD-MYR	4.060	-0.03%	NZD-SGD	0.7510
USD-CNY	6.744	0.05%	CHF-SGD	1.5736
USD-IDR	17857	0.18%	SGD-MYR	3.1776
USD-VND	26177	-0.10%	SGD-CNY	5.2746

Equity and Commodity		
Index	Value	Net change
DJIA	53,343.40	-116.38
S&P	7,691.76	-53.30
Nasdaq	26,289.71	-355.20
Nikkei 225	67,460.73	-1759.52
STI	5,701.40	-67.06
KLCI	1,733.36	7.47
JCI	6,449.83	47.94
Baltic Dry	2,878.00	15.00
VIX	15.84	0.65

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2070	-0.32%	1M	3.6515
3M	2.5010	-0.28%	2M	3.7015
6M	2.6870	0.60%	3M	3.7376
12M	2.9370	-0.07%	6M	3.8363
			1Y	3.9734

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.69 (+0.03)	4.17(--)
5Y	1.99 (+0.05)	4.37 (-0.01)
10Y	2.36 (+0.06)	4.7 (-0.02)
15Y	2.42 (+0.07)	--
20Y	2.42 (+0.05)	--
30Y	2.47 (+0.05)	5.28 (-0.02)

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	0.929	38.400	0.232	3.863

Secured Overnight Fin. Rate	
SOFR	3.66

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	84.94	0.5%	Corn (per bushel)	4.633	-0.4%
Brent (per barrel)	91.02	0.2%	Soybean (per bushel)	12.008	0.0%
Heating Oil (per gallon)	445.01	0.3%	Wheat (per bushel)	6.645	-1.5%
Gasoline (per gallon)	330.17	1.0%	Crude Palm Oil (MYR/MT)	46.160	0.6%
Natural Gas (per MMBtu)	2.78	3.2%	Rubber (JPY/KG)	4.750	-0.8%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	13987	-1.2%	Gold (per oz)	4335	-1.8%
Nickel (per mt)	16751	-0.5%	Silver (per oz)	63.37	-3.7%

Source: Bloomberg, Reuters

Economic Calenda

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/19/2026 7:50	JN	Core Machine Orders MoM	Jun	7.20%	9.70%	-12.40%	--
8/19/2026 7:50	JN	Core Machine Orders YoY	Jun	9.60%	16.90%	-1.90%	--
8/19/2026 9:30	AU	Wage Price Index QoQ	2Q	0.80%	--	0.80%	--
8/19/2026 14:00	UK	CPI MoM	Jul	0.30%	--	0.10%	--
8/19/2026 14:00	UK	CPI YoY	Jul	2.90%	--	2.60%	--
8/19/2026 14:00	UK	CPI Core YoY	Jul	2.50%	--	2.60%	--
8/19/2026 14:00	UK	Retail Price Index	Jul	419.7	--	416.5	--
8/19/2026 14:00	UK	RPI MoM	Jul	0.80%	--	0.30%	--
8/19/2026 14:00	UK	RPI YoY	Jul	3.30%	--	3.00%	--
8/19/2026 15:20	ID	BI-Rate	19-Aug	5.75%	--	5.75%	--
8/19/2026 16:00	SI	Automobile COE Open Bid Cat A	19-Aug	--	--	123890	--
8/19/2026 17:00	EC	CPI YoY	Jul F	2.90%	--	2.90%	--
8/19/2026 17:00	EC	CPI MoM	Jul F	0.20%	--	0.20%	--
8/19/2026 17:00	EC	CPI Core YoY	Jul F	2.50%	--	2.50%	--

Source: Bloomberg

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