Daily Treasury Outlook

Highlights

Global: Risk sentiment showed some signs of stabilisation overnight, with US equities ending in positive territory (S&P: +0.46%; Dow: +0.56%; Nasdaq: +0.45%), the DXY index lower, and USTs trading sideways. President Trump said overnight that renewed attacks on Iran would likely be short-lived, following a second round of US military strikes within three days. Iran retaliated against US allies in Jordan, Kuwait and Bahrain overnight. Brent and WTI prices, however, edged lower, settling at USD95.6/barrel and USD91.0/barrel, respectively. US Energy Secretary Chris Wright noted that 17mn barrels of oil transited the Strait of Hormuz on Monday, the highest volume since the conflict began. He added that current oil transit volumes remain close to 8mn bpd.

The softer-than-expected ADP employment change of 38k, versus expectations of 48k, remains broadly consistent with the "low-hire, low-fire" dynamic in the US labour market. The official release noted that while manufacturing, professional services and information shed jobs, education and health care, construction, and leisure and hospitality all recorded solid hiring. The August Beige Book release, by contrast, noted that employment rose very slightly, with three Districts reporting modest gains, four reporting slight gains and five reporting no change. Demand remained healthy in manufacturing and construction but weakened in retail and hospitality. Skilled trades continued to be difficult to fill, reports on AI's impact on labour demand were mixed, and wage growth remained modest to moderate across most Districts. On prices, the Beige Book noted that prices rose moderately in eight Districts. Fed funds futures modestly reduced rate hike expectations to 37.8bp of tightening for this year, compared with 40bp earlier in the week. Other incoming data, including factory orders (0.9% MoM sa in July, versus -0.2% in June) and durable goods orders (1.1% in the final July reading), pointed to resilience in the manufacturing sector. Howard Lutnick told CNBC that the Trump administration is preparing broader tariffs on semiconductor imports, although companies manufacturing chips in the US could receive some relief. The Bank of Canada left its policy rate unchanged, as widely expected.

In Asia, the focus remains on the JPY, while in India, the RBI's final tally of FCNR-B deposits reached USD127.2bn, with total capital inflows amounting to USD136.4bn, well above expectations. In Indonesia, Destry Damayanti was inaugurated as BI Governor, alongside new members of the monetary board.

Market Watch: Today's data releases include China's August composite and services PMIs, Vietnam's August CPI and trade data, India's final August composite and services PMIs, and Eurozone July PPI. For the US, weekly labour market data, the August ISM services index, and July trade data are due. Bank Negara Malaysia meets today and is widely expected to keep its policy rate unchanged; however, we will closely monitor the tone of the accompanying statement.

Key Market Movements

Equity	Value	% chg
S&P 500	7666.6	0.5%
DJIA	53062	0.6%
Nikkei 225	64326	-2.9%
SH Comp	3941.4	-1.0%
STI	5744.1	0.6%
Hang Seng	25311	-0.1%
KLCI	1708.7	0.5%

	Value	% chg
DXY	99.596	-0.1%
USDJPY	158.71	-0.9%
EURUSD	1.1588	0.0%
GBPUSD	1.3486	-0.2%
USDIDR	17760	0.2%
USDSGD	1.2711	-0.2%
SGDMYR	3.1756	0.1%

	Value	chg (bp)
2Y UST	4.37	-3.08
10Y UST	4.78	-2.01
2Y SGS	1.74	1.40
10Y SGS	2.43	1.73
3M SORA	1.19	0.42
3M SOFR	3.65	0.06

	Value	% chg
Brent	95.63	1.0%
WTI	91.01	0.9%
Gold	4382	1.2%
Silver	65.32	1.9%
Palladium	1353	3.0%
Copper	14216	-0.4%
BCOM	143.16	-0.1%

Source: Bloomberg

SG: Both manufacturing and electronics PMIs both improved in August, indicating continued momentum. Both registered the 13*th* and 15*th* consecutive months of expansion, aided by new orders, new exports, factory output, input purchases and employment. Again, the supplier deliveries indices contracted faster for the 8*th* and 10*th* straight months, suggesting no let up in supply chain disruptions. Since the future business indices also remained positive, this reinforced the upbeat sentiments, especially for AI-related order books, notwithstanding the supply-cost challenges. For the electronics industry, Inventories continue to be drawn down while finished goods fell faster for the fourth consecutive month.

The latest MAS SPF survey also showed a median forecast upgrade in the 2026 manufacturing growth from 5.0% to 8.4% (OCBC forecast: ~9%) and GDP growth forecast from 3.5% to 5.0% (OCBC: 5.2%). While a moderation in the growth pace may materialise in the remaining months, we do not anticipate a sharp correction at this juncture.

Major Markets

ID: President Prabowo Subianto arrived in Vladivostok on Wednesday to attend the 11th Eastern Economic Forum from 1 to 4 September 2026 as the event's main guest of honour, following an invitation from Russian President Vladimir Putin. The visit provides an opportunity to explore new cooperation with Russia, particularly in the economic, trade and investment sectors, with Coordinating Minister for Economic Affairs Airlangga Hartarto, Energy and Mineral Resources Minister Bahlil Lahadalia and Investment Minister Rosan Roeslani among officials accompanying Prabowo, as reported by Antara. Russian Ambassador to Indonesia Sergei Tolchenov said President Putin and President Prabowo were expected to hold a bilateral meeting on the sidelines of the forum, which would be their fifth meeting in two years.

MY: Investment, Trade and Industry Minister Johari Abdul Ghani said Malaysia Japan bilateral trade rose 11.8% YoY to USD23.3bn, or MYR94.0bn, in the first seven months of 2026, during the 43rd Malaysia Japan Economic Association and Japan Malaysia Economic Association Joint Conference in Kuala Lumpur, as reported by Bernama. Johari said Malaysia aims to deepen economic collaboration with Japan, with both countries prioritising economic, food and energy security and resilient critical supply chains. He added that Japan could support Malaysia's renewable energy expansion, new energy technologies and future ready infrastructure, while helping Malaysian companies and SMEs strengthen technological capabilities and move into more sophisticated segments of the semiconductor value chain.

AU: The economy expanded by 0.4% QoQ sa in 2Q26, slightly above market expectations of 0.3%. On an annual basis, GDP growth strengthened to 2.1% YoY sa. Household consumption remained the main driver of activity, rising 0.4% QoQ and maintaining the pace of growth recorded in 1Q26, contributing 0.2ppt to overall GDP growth. However, much of the increase was concentrated in motor vehicle spending, supported by record sales of electric and hybrid vehicles. Government consumption also provided support, increasing by 0.6% QoQ and contributing a further 0.1ppt to growth. Investment was comparatively soft, as private investment was unchanged and public investment falling 1.3%. Net exports surprised to the upside, contributing 0.1ppt to growth, their first positive contribution since 4Q23, as export volume growth outpaced imports.

Sustainability

MY: Malaysia is making progress on grid advancements, with TNB committing to build future-ready energy infrastructure with the commencement of a new 500 kV National Grid Backbone transmission line. Upon the completion of this project in Pahang by 2030, it will become the longest 500kV transmission system ever to be developed in Malaysia, spanning around 500km. This project can enable the integration of existing and future generation sources while enhancing overall grid reliability and supporting the implementation of the NETR. Alongside expanding renewable energy capacity, continued investment in transmission infrastructure and energy storage will be critical to support long-term energy security, improve grid reliability and minimise renewable energy curtailment.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded flat to higher yesterday with the shorter tenors trading flat to 0-2bps higher, belly tenors trading 2-3bps higher, and the 10Y tenor trading 3bps higher.
- US Investment Grade traded widened by 1bps to 80bps, and US High Yield spreads tightened by 1bps to 264bps respectively. Bloomberg Global Contingent Capital spreads widened by 2bps to 205bps.
- Bloomberg Asia USD Investment Grade spread widened by 1bps to 57bps, and the Asia USD High Yield spreads widened by 7bps to 325bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the Singdollar market yesterday.
- The total issuances in the APAC and DM IG markets were both zero yesterday (prior day: USD4.3bn and USD2bn respectively).

Credit Developments:

- **CapitaLand Group Pte Ltd (CAPLSP):** The CapitaLand Development and UOL consortium submitted the highest SGD1.4bn bid for the 1,010-unit New Upper Changi site at SGD1,537 psf ppr, extending their partnership across several Singapore residential projects; while the high land cost and additional capital commitments may mildly pressure near-term credit metrics and raise execution thresholds, the project strengthens longer-term pipeline visibility and supports CAPLSP's strategic rebalancing away from loss-making China exposure toward Singapore.
- **Macquarie Group Ltd (MQGAU):** MQGAU is exploring acquisitions in the physical metals trading sector as it seeks to expand its commodities franchise. The company has reportedly held discussions with multiple physical metals trading businesses. MQGAU is the leading bidder for Cargill's ferrous metals business, and it has also ended talks with Transmarine for acquisition and joint venture options.

Equity Market Updates

US: US stocks fell Tuesday as surging oil prices and a sharp global bond selloff, triggered by escalating US-Iran military exchanges over the Strait of Hormuz, weighed on risk appetite at the start of a seasonally weak month. The S&P 500 dropped 0.7%, the Nasdaq fell 1.0%, and the Dow declined 0.8%, with the Dow breaking below its 50-day moving average for the first time since 10 Apr 2026. West Texas Intermediate crude topped USD90 a barrel, surging more than 5% on the session, as fighting raised concerns over potential disruptions to Strait of Hormuz flows. Treasury yields rose sharply, with the 10-year climbing approximately 5 basis points to 4.80% and the 2-year rising around 6 basis points to 4.40%, pushing global yields to their highest since 2008 and reinforcing Fed rate-hike expectations. On the corporate front, Dell surged 8.6% in after-hours trade after fiscal second-quarter revenue soared 58% year-on-year to USD46.97b on record AI server demand, whilst Palo Alto Networks rose approximately 5% after hours on strong quarterly results. Notably, US Treasury Secretary Bessent confirmed at the G20 that the US and China agree the Strait of Hormuz must remain open.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	99.596	-0.08%	**USD-SGD**	1.2711
USD-JPY	158.71	-0.92%	**EUR-SGD**	1.4731
EUR-USD	1.159	-0.04%	**JPY-SGD**	0.8010
AUD-USD	0.717	0.34%	**GBP-SGD**	1.7143
GBP-USD	1.349	-0.22%	**AUD-SGD**	0.9113
USD-MYR	4.047	0.17%	**NZD-SGD**	0.7437
USD-CNY	6.719	-0.02%	**CHF-SGD**	1.5636
USD-IDR	17760	0.19%	**SGD-MYR**	3.1756
USD-VND	26073	0.00%	**SGD-CNY**	5.2861

Equity and Commodity

Index	Value	Net change
DJIA	53,061.95	295.07
S&P	7,666.60	35.13
Nasdaq	26,217.83	118.06
Nikkei 225	64,325.64	-1889.70
STI	5,744.11	33.74
KLCI	1,708.74	8.20
JCI	6,595.78	-4.17
Baltic Dry	3,157.00	-29.00
VIX	15.20	-1.14

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2260	-1.37%	**1M**	3.7551
3M	2.6080	0.58%	**2M**	3.8020
6M	2.7790	0.32%	**3M**	3.8347
12M	3.0290	0.87%	**6M**	3.9743
			1Y	4.1664

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.74 (+0.01)	4.37(--)
5Y	2.06 (+0.02)	4.53 (-0.02)
10Y	2.43 (+0.02)	4.77 (-0.02)
15Y	2.48 (+0.02)	--
20Y	2.47 (+0.02)	--
30Y	2.51 (+0.02)	5.25 (-0.02)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/16/2026	0.399	39.900	0.100	3.731
10/28/2026	0.645	24.600	0.161	3.793
12/09/2026	1.039	39.400	0.260	3.891

Secured Overnight Fin. Rate

SOFR	3.66

Commodities Futures

Energy	**Futures**	**% chg**	**Soft Commodities**	**Futures**	**% chg**
WTI (per barrel)	91.01	0.9%	Corn (per bushel)	5.188	-0.5%
Brent (per barrel)	95.63	1.0%	Soybean (per bushel)	13.018	-0.4%
Heating Oil (per gallon)	468.22	0.1%	Wheat (per bushel)	7.548	-1.2%
Gasoline (per gallon)	310.38	-1.0%	Crude Palm Oil (MYR/MT)	46.480	0.0%
Natural Gas (per MMBtu)	2.96	1.8%	Rubber (JPY/KG)	4.558	-1.1%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	14216	-0.4%	Gold (per oz)	4382	1.2%
Nickel (per mt)	16913	1.5%	Silver (per oz)	65.32	1.9%

Source: Bloomberg, Reuters

Economic Calenda

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
9/03/2026 8:30	HK	S&P Global Hong Kong PMI	Aug	--	--	51	--
9/03/2026 8:30	JN	S&P Global Japan PMI Composite	Aug F	--	--	53.4	--
9/03/2026 8:30	JN	S&P Global Japan PMI Services	Aug F	--	--	52.3	--
9/03/2026 8:30	VN	S&P Global Vietnam PMI Mfg	Aug	--	--	52.9	--
9/03/2026 9:00	NZ	ANZ Commodity Price MoM	Aug	--	--	-3.90%	--
9/03/2026 9:30	AU	Trade Balance	Jul	A$1500m	--	A$1929m	--
9/03/2026 9:45	CH	RatingDog China PMI Composite	Aug	--	--	50.8	--
9/03/2026 9:45	CH	RatingDog China PMI Services	Aug	50.6	--	50.4	--
9/03/2026 10:05	VN	CPI YoY	Aug	4.70%	--	4.45%	--
9/03/2026 13:00	IN	HSBC India PMI Composite	Aug F	--	--	54.6	--
9/03/2026 13:00	IN	HSBC India PMI Services	Aug F	--	--	54.5	--
9/03/2026 15:00	MA	BNM Overnight Policy Rate	3-Sep	2.75%	--	2.75%	--
9/03/2026 16:00	EC	S&P Global Eurozone Services PMI	Aug F	51.7	--	51.7	--
9/03/2026 16:00	EC	S&P Global Eurozone Composite PMI	Aug F	52.1	--	52.1	--

Source: Bloomberg

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