

Daily Treasury Outlook

Highlights

Global: Brent crude briefly touched USD110/bbl on Friday for the first time since May, as attacks around the Strait of Hormuz intensified over the past week. Meanwhile, US equities ended Friday lower as investors remained wary of the debt-fuelled expansion of AI infrastructure. CoreWeave shares plunged 12% on Friday, bringing their weekly losses to around 25%, highlighting growing investor concerns over the financial sustainability of the AI investment boom.

Fed Chair Kevin Warsh struck an optimistic tone on the US economy during his remarks in Bangkok on Friday. He noted that the US and several other economies were benefiting from an AI-led "investment surge" that was broadening into other sectors, generating a near-term demand shock and putting upward pressure on inflation. On monetary policy, Warsh reiterated the Fed's commitment to price stability and pointed to September's withdrawal of some monetary accommodation. However, he once again refrained from offering explicit forward guidance. Elsewhere, Bank of England Governor Andrew Bailey noted that the surge in energy prices had so far generated limited spillovers into broader UK inflation, although he cautioned that it remained too early to assess the extent of potential second-round effects.

The latest US import price data reinforced concerns over renewed inflationary pressures, with imported inflation accelerating to its fastest pace in more than four years. Import prices rose 1.1% MoM in September, following a downwardly revised 0.5% increase in August. On a YoY basis, import price inflation accelerated to 8.1% from 6.7%, the highest reading since July 2022. The increase was partly driven by a 4.8% MoM rebound in imported fuel prices, following a 0.2% decline in August. Food import prices were unchanged after falling 0.6% in August, while prices excluding food and fuel rose 0.7% MoM, matching the previous month's increase. Notably, prices of imports from China increased 0.7% MoM, the sharpest rise since December 2021.

Meanwhile, the New York Fed's October Business Leaders Survey pointed to increasingly broad-based price pressures in the services sector. Businesses continued to report sharp increases in input costs, while the pace of selling price increases accelerated to its fastest since 2022. Taken together, the latest import price data and business surveys suggest that inflationary pressures are becoming more entrenched, complicating the Fed's policy outlook.

Market Watch: The key economic releases this week include China's 3Q26 GDP data this morning and flash PMIs for the Eurozone and US on Friday. The US economic calendar is relatively light, featuring second-tier indicators such as housing starts and building permits on Tuesday, followed by consumer sentiment on Friday. In Asia, we expect Bank Indonesia (BI) to raise its policy rate on Wednesday, followed by Bangko Sentral ng Pilipinas (BSP) on Thursday, while the Bank of Korea (BoK) is expected to remain on hold. Meanwhile, the corporate earnings season will gather momentum, with investors closely watching results from major technology companies, including Meta, Tesla, Netflix and IBM.

Key Market Movements

Equity	Value	% chg
S&P 500	7659.4	-1.1%
DJIA	52002	-0.3%
Nikkei 225	65324	1.4%
SH Comp	3716.3	0.2%
STI	5415.5	0.2%
Hang Seng	24187	0.5%
KLCI	1607.8	-1.0%

	Value	% chg
DXY	101.837	-0.2%
USDJPY	158.02	0.0%
EURUSD	1.1239	0.2%
GBPUSD	1.3327	0.4%
USDIDR	18012	0.4%
USDSGD	1.2792	-0.2%
SGDMYR	3.1905	0.2%

	Value	chg (bp)
2Y UST	4.71	-2.99
10Y UST	5.07	1.48
2Y SGS	1.88	0.90
10Y SGS	2.34	1.27
3M SORA	1.24	0.29
3M SOFR	3.73	0.34

	Value	% chg
Brent	109.86	3.7%
WTI	101.41	3.5%
Gold	4166	-0.1%
Silver	56.99	-0.7%
Palladium	1116	-1.3%
Copper	14408	0.4%
BCOM	144.42	0.4%

Source: Bloomberg

Major Markets

CN: The central bank governor said last Friday that global economic imbalances are rooted in structural factors, including the evolving global division of labour, inherent weaknesses in the international monetary system, and persistently high fiscal deficits and consumption in some economies. He stressed that global imbalances cannot be corrected through exchange rate adjustments alone, reinforcing Beijing's position that exchange rates should not be viewed as the primary tool for addressing global trade imbalances.

MY: DOSM's advance estimate showed GDP growth of 5.3% YoY in 3Q26, moderating from 6.0% in 2Q26, above the 5.0% consensus and broadly in line with our forecast. Manufacturing growth rose to 7.5% from 7.3% and agriculture rebounded to 1.3% from a 3.7% contraction, while services eased to 5.4% from 5.9%, construction to 6.0% from 6.5%, and mining and quarrying contracted by 4.9% following 9.2% growth. GDP expanded by 5.5% in the first three quarters of 2026, consistent with our full year 2026 GDP growth forecast of 5.2%. The outturn supports our baseline of a 25bp BNM rate hike to 3.00% in January 2027, although the Governor's recent comments suggest scope for an earlier move in November 2026.

ID: President Prabowo Subianto met United Nations Secretary General António Guterres in Hambalang, West Java, on Sunday (18 October) to discuss strategic issues and strengthen multilateral cooperation in addressing global challenges, as reported by Antara. During his visit, Guterres is scheduled to visit the Indonesian National Armed Forces' Peacekeeping Center to meet personnel preparing for deployment to the UN peacekeeping mission in the Central African Republic. He is also scheduled to deliver an address on the future of multilateralism at Indonesia's Foreign Ministry.

PH: The Office of Civil Defense (OCD) reported that agricultural damage linked to the very strong El Niño has reached PHP6.8bn so far in 2026, after two months of below-normal rainfall reduced irrigation water supplies and crop output across several areas. OCD spokesperson Junie Castillo added that 109 areas had declared a state of calamity as of 15 October. The Philippine Chamber of Agriculture and Food warned that the National Food Authority's rice buffer stock would last only about 51 days, short of the ideal 70 to 90 days. Meanwhile, a weaker peso, higher import costs and drought conditions in rice-supplying countries could push domestic rice prices higher. The group expects vegetable production to remain favourable through end-2026, although output could weaken in 1Q27 as dry conditions intensify. The government has provided about PHP10bn in support through the Department of Agriculture, including water pumps, seeds, fertilisers and livelihood programmes, as part of its response to El Niño. Meanwhile PAGASA warned that drought could affect all provinces by March 2027.

TH: Deputy Prime Minister and Commerce Minister Suphatee Suthumpun hosted Switzerland's State Secretary for Economic Affairs Helene Budliger Artieda and executives from major Swiss companies and business organisations at the Commerce Ministry on 16 October, as Thailand seeks closer investment and technology partnerships with Swiss companies to help integrate Thai SMEs into global supply chains ahead of the targeted entry into force of the Thailand-EFTA

agreement on 1 March 2027. Corporate discussions included Nestlé's coffee and pet food investments, Kuehne+Nagel's warehousing and air freight operations, potential medical research and innovation cooperation with Novartis and Roche, amongst others. Deputy Prime Minister Suphatee emphasised that an FTA's success depends on businesses being able to benefit from it in practice, with the ministry prioritising efforts to raise Thai SMEs products and services to international standards and connect them with multinationals. Additionally, the government is also seeking investment in advanced technology, innovation and renewable energy, with an emphasis on knowledge transfer and workforce skills. Bilateral discussions also covered strengthening intellectual property protection, reducing customs barriers, digitalising business procedures and establishing dedicated communication channels to address companies' operational concerns.

Sustainability

SG: Singapore is identifying companies that may be responsible for forest and peatland fires in Indonesia and could take legal action under the Transboundary Haze Pollution Act. Singapore is also exploring joint action with other countries. The haze situation, worsened by the extended dry period, could renew scrutiny of corporate accountability for transboundary pollution and strengthen regional cooperation to prevent and address forest fires.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher last Friday; shorter tenors traded 4bps higher, belly tenors traded 3-4bps higher, and 10Y tenor traded 3bps higher.
- US Investment Grade spreads widened by 1bps to 84bps, and US High Yield spreads widened by 10bps to 331bps. Bloomberg Global Contingent Capital spreads traded tightened by 2bps to 238bps.
- Bloomberg Asia USD Investment Grade spread widened by 1bps to 64bps, and the Asia USD High Yield spreads widened by 5bps to 377bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the SGD bond market.
- There were zero and USD8bn in the APAC and DM IG markets respectively (prior business day: USD1.13bn and USD2bn issuances respectively).
- Issuance in DM IG markets were led by Bank of America Corp, which issued USD8bn across four tranches.

Credit Headlines:

- **CMZB / UniCredit:** UniCredit received ECB approval to increase its stake in CMZB above 30%; discussions with the German government on a potential takeover remain ongoing, while remaining approvals are required from the European Commission, US Federal Reserve and Polish regulator.
- **LENOVO / AAPL:** IDC reported global PC shipments fell 20.1% y/y to 62.7mn units in 3Q2026, with LENOVO retaining market leadership despite a 22.6% y/y shipment decline and AAPL increasing market share to 9.5% despite shipments falling 11.3% y/y.

- **SIASP:** September 2026 passenger load factor was 86.8%; passenger traffic rose 2.8% y/y and cargo load factor increased to 59.6% as cargo and mail carried grew 8.6% y/y.
- **AITSP:** AITSP launched its first Chennai data centre with planned investment of INR1940 crore and 53MW capacity, marking its second completed data centre project in India.
- **BHP:** Supervisors at Chile's Escondida mine approved a new wage deal, averting a strike, while BHP will make 300 workers redundant at its Western Australia iron ore operations.
- **UK Banks:** UK banks could face higher taxes in the 28 October Budget, with reports that the banking surcharge may increase from 3% to 8%.
- **UBS:** UBS is reportedly evaluating contingency options including relocating its headquarters amid ongoing discussions over Switzerland's proposed foreign subsidiary capital requirements.
- **JNJ:** 3Q2026 sales rose 5.9% y/y to USD25.4bn, driven by Innovative Medicine growth, while reported net earnings fell to USD210mn due mainly to USD5.5bn of talc-related litigation charges; JNJ also raised FY2026 guidance.

Equity Market Updates

US: US stocks fell Friday as a deepening rout in artificial intelligence-related equities, compounded by surging oil prices, pushed Wall Street to its worst weekly performance since June. The S&P 500 dropped 1.1%, the Nasdaq shed 2.1%, its worst week since April 2025, and the Dow slipped 0.3%. The Philadelphia Semiconductor Index extended its losing streak to eight consecutive sessions, the longest since 2008, as concerns mounted over AI capital expenditure returns and competition from Chinese chipmakers. CoreWeave sank sharply amid fears that the massive AI infrastructure buildout has outpaced monetisation capacity, with the selloff spreading into credit markets. Brent crude surged to USD110 a barrel, its highest since May, on heightened US-Iran tensions flagged by Treasury Secretary Bessent, stoking fresh inflation concerns following a hotter-than-expected CPI print earlier in the week. Treasury yields steepened, with the 10-year yield rising approximately 1.5 basis points to 5.08% and the 30-year climbing similarly, whilst the 2-year fell around 3 basis points as growth fears offered some support at the front end. The US fiscal year 2026 budget deficit widened to USD1.99t, up 12% from USD1.78t the prior year, adding to longer-term supply concerns in the bond market. In China, the STAR50 Index has fallen nearly 40% in the current half-year, making it the world's worst-performing major tech gauge amid the global AI trade unwind.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	101.837	-0.16%	USD-SGD	1.2792
USD-JPY	158.02	0.01%	EUR-SGD	1.4371
EUR-USD	1.124	0.17%	JPY-SGD	0.8097
AUD-USD	0.695	0.36%	GBP-SGD	1.7050
GBP-USD	1.333	0.39%	AUD-SGD	0.8887
USD-MYR	4.081	-0.03%	NZD-SGD	0.7233
USD-CNY	-	-	CHF-SGD	1.5526
USD-IDR	18012	0.41%	SGD-MYR	3.1905
USD-VND	25885	0.05%	SGD-CNY	5.2246

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4320	-0.98%	1M	3.9264
3M	2.6420	0.23%	2M	3.9766
6M	2.9700	0.54%	3M	4.0508
12M	3.2150	-0.06%	6M	4.2039
			1Y	4.4604

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/28/2026	0.127	12.700	0.032	3.912
12/09/2026	0.982	85.500	0.245	4.126
01/27/2027	1.367	38.500	0.342	4.222
03/17/2027	2.028	66.100	0.507	4.388

Equity and Commodity

Index	Value	Net change
DJIA	52,002.41	-175.28
S&P	7,659.44	-84.62
Nasdaq	26,140.03	-573.00
Nikkei 225	65,324.29	898.34
STI	5,415.53	12.03
KLCI	1,607.76	-15.94
JCI	5,185.11	-678.68
Baltic Dry	2,511.00	-34.00
VIX	19.99	3.53

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.88 (+0.01)	4.71(--)
5Y	2.11 (+0.01)	4.87 (-0.01)
10Y	2.34 (+0.01)	5.07 (+0.01)
15Y	2.4 (+0.01)	--
20Y	2.37 (--)	--
30Y	2.41 (-0.01)	5.41 (+0.02)

Secured Overnight Fin. Rate

SOFR	3.89
------	------

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	101.41	3.5%	Corn (per bushel)	4.743	-0.8%
Brent (per barrel)	109.86	3.7%	Soybean (per bushel)	12.613	-0.1%
Heating Oil (per gallon)	489.91	1.1%	Wheat (per bushel)	6.605	-1.4%
Gasoline (per gallon)	323.54	1.7%	Crude Palm Oil (MYR/MT)	45.360	2.5%
Natural Gas (per MMBtu)	3.12	-3.7%	Rubber (JPY/KG)	4.376	-6.9%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14408	0.4%	Gold (per oz)	4166	-0.1%
Nickel (per mt)	15363	0.9%	Silver (per oz)	56.99	-0.7%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
10/19/2026 7:01	UK	Rightmove House Prices MoM	Oct	--	1.00%	0.70%	--
10/19/2026 7:01	UK	Rightmove House Prices YoY	Oct	--	-0.10%	-0.80%	--
10/19/2026 10:00	CH	GDP YoY	3Q	4.40%	--	4.30%	--
10/19/2026 10:00	CH	GDP YTD YoY	3Q	4.60%	--	4.70%	--
10/19/2026 10:00	CH	GDP SA QoQ	3Q	1.00%	--	0.90%	--
10/19/2026 10:00	CH	Retail Sales YoY	Sep	0.50%	--	0.40%	--
10/19/2026 10:00	CH	Retail Sales YTD YoY	Sep	--	--	1.10%	--
10/19/2026 10:00	CH	Industrial Production YoY	Sep	5.50%	--	5.20%	--
10/19/2026 10:00	CH	Industrial Production YTD YoY	Sep	--	--	5.30%	--
10/19/2026 10:00	CH	Fixed Assets Ex Rural YTD YoY	Sep	-7.30%	--	-7.20%	--
10/19/2026 12:00	MA	CPI YoY	Sep	1.90%	--	1.90%	--
10/19/2026 12:00	MA	Exports YoY	Sep	39.90%	--	45.50%	--
10/19/2026 12:00	MA	Trade Balance MYR	Sep	31.60b	--	28.09b	--
10/19/2026 12:30	JN	Tertiary Industry Index MoM	Aug	-0.40%	--	0.40%	--

Source: Bloomberg

Disclaimers

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

Additional disclosures and disclaimers applicable only to clients of Bank of Singapore Limited

This material is being made available to you through an arrangement between Bank of Singapore Limited (Co Reg. No.: 197700866R) ("BOS") and Oversea-Chinese Banking Corporation Limited ("OCBC Bank") (Co Reg. No.: 193200032W). BOS and OCBC Bank shall not be responsible or liable for any loss (whether direct, indirect or consequential) that may arise from, or in connection with, any use of or reliance on any information contained in or derived from this material, or any omission from this material, other than where such loss is caused solely by BOS' or OCBC Bank's wilful default or gross negligence.

The DIFC Branch of BOS has not conducted or produced any research contained in this material and is acting solely as a conduit in forwarding it to you.

For BOS clients in the United Kingdom:

This research has been prepared by OCBC Bank and made available to BOS. It is intended solely for informational purposes and does not constitute investment advice, a personal recommendation, or an offer or solicitation to buy or sell any financial instruments. Any payments or non-monetary benefits received or paid will be fully disclosed in accordance with applicable regulations, promptly and transparently, and will not influence the advice or services offered to you. If you would like more information about any inducements received, please contact your Relationship Manager.

Cross Border Disclaimer and Disclosures

Please refer to https://www.bankofsingapore.com/Disclaimers_and_Disclosures.html for cross-border marketing disclaimers and disclosures.