

Daily Treasury Outlook

Highlights

Global: US semiconductor and AI-related stocks staged a solid rebound on Monday, pushing the S&P 500 and Nasdaq higher following last week's sharp pullback. Elsewhere, violent protests in France rattled European assets, while a stronger-than-expected China 3Q26 GDP print provided a positive backdrop for Asian equities. Indonesian authorities said they would remove stocks with concentrated ownership from the benchmark index following its deepest two-day sell-off on record and MSCI's warning of a possible downgrade.

US Treasuries fell as the tech rebound reduced demand for safe-haven assets. French OATs came under heavy selling pressure, with the sell-off spilling over into Bund and Gilt markets, although losses there were more contained. The US dollar was firmer, while G10 currencies were mixed against the greenback. The euro was the notable underperformer, weighed down by the dual headwinds of French political risk and escalating tensions in Ukraine. Brent crude settled above USD109/bbl as Iran reportedly asserted control over the Strait of Hormuz.

On the economic data front, Canada's headline inflation accelerated to 3.1% in September, driven by sharp increases in energy prices. Gasoline prices jumped 27.8% YoY during the month. Meanwhile, the BoC's preferred core inflation measures, the trimmed mean and median CPI, held steady at 1.8% and 1.9%, respectively, in September. This suggests that inflationary pressures remain largely energy-driven rather than broad-based.

Market Watch: Asian markets are likely to trade with a softer tone this morning as investors await China's LPR decision and watch for a potential shift in the PBoC's policy rate framework. Key data releases today include Taiwan's September export orders, Germany's September PPI, the UK's August unemployment rate, and US September housing starts and building permits.

Major Markets

CN: China's economic growth reaccelerated to 4.5% YoY in 3Q26 from 4.3% in 2Q26, demonstrating resilience despite rising energy prices. This brought GDP growth in the first three quarters of 2026 to 4.6%, within the government's full-year target range of 4.5–5.0%. The resilience of China's economy has been underpinned by robust exports and the growing contribution of the AI economy, which have helped offset the continued downturn in property investment and subdued household spending. According to preliminary estimates from the National Bureau of Statistics (NBS), new growth drivers, including advanced manufacturing, the digital and intelligent economy, and modern services, contributed more than 40% of China's economic growth in the first three quarters of 2026. We maintain our full-year 2026 GDP growth forecast at 4.6%, with stronger external demand and stepped-up fiscal support keeping China on track to achieve its growth target.

Key Market Movements

Equity	Value	% chg
S&P 500	7690.7	0.4%
DJIA	51966	-0.1%
Nikkei 225	64917	-0.6%
SH Comp	3730.9	0.4%
STI	5412.0	-0.1%
Hang Seng	24187	0.0%
KLCI	1595.8	-0.7%

	Value	% chg
DXY	101.980	0.1%
USDJPY	158.5	0.3%
EURUSD	1.1213	-0.2%
GBPUSD	1.3305	-0.2%
USDIDR	18043	0.2%
USDSGD	1.2795	0.0%
SGDMYR	3.1902	0.0%

	Value	chg (bp)
2Y UST	4.77	6.36
10Y UST	5.14	6.69
2Y SGS	1.87	-0.40
10Y SGS	2.36	1.16
3M SORA	1.25	0.74
3M SOFR	3.74	1.00

	Value	% chg
Brent	109.55	-0.3%
WTI	103.66	2.2%
Gold	4141	-0.6%
Silver	57.08	0.2%
Palladium	1120	0.3%
Copper	14339	-0.5%
BCOM	144.03	-0.3%

Source: Bloomberg

MY: Goods exports accelerated to 54.5% YoY in September from 45.4% in August, led by E&E exports (69.2% from 66.5%), while imports rose 52.7% from 41.1%, widening the trade surplus to MYR33.7bn from MYR28.1bn. Headline CPI eased to 1.8% YoY from 1.9%, while core inflation held at 1.7%, prompting us to lower our 2026 headline CPI forecast to 1.9% from 2.0%. For BNM, the choice between normalising its policy rate by 25bp on 5 Nov or in early January is becoming a closer call, as solid growth allows for more immediate normalisation while contained price pressures afford BNM a longer runway. On balance, we err towards a 25bp hike in January.

ID: BI Governor Destry Damayanti reaffirmed the central bank's commitment to stabilising the rupiah through spot market and non-deliverable forward interventions, alongside hedging cost incentives, as reported by Antara. "Essentially, Bank Indonesia will always remain present in the market," she said, adding that President Prabowo Subianto had instructed BI to monitor the effectiveness of its measures. Governor Destry said these measures had attracted approximately USD8.0bn to USD8.5bn in capital inflows through swap and domestic non deliverable forward instruments. She also noted that core inflation stood at 2.8% in September, while volatile food inflation reached 5%, prompting closer coordination with the Agriculture Ministry to contain food price pressures.

PH: The deficit in the balance of payments (BOP) widened to USD3.1bn compared to a deficit of USD596mn August 2026. Meanwhile, the gross international reserves (GIR) level declined to USD99.5bn (as of end-September 2026) from USD104.8bn (as of end-August 2026). The decline came from BSP's net foreign exchange operations, lower valuations of its gold and foreign-currency assets, and the national government's drawdowns of its foreign-currency deposits for external debt payments and other withdrawals. Even so, the BSP noted that the GIR level is equivalent to "6.2 months' worth of imports of goods and payments for services and primary income. It can likewise cover about 3.1 times the country's short-term external debt based on residual maturity."

VN: The State Bank of Vietnam (SBV) directed credit institutions to reduce listed deposit rates by at least 0.5% per annum for tenors of six months or longer and focus on reducing lending rates by 1.5% to 2% per annum for production, business and priority sectors. In its 18 October directive, SBV also instructed banks to channel credit towards priority sectors without lowering lending standards, while strengthening liquidity management and oversight of large exposures and non-performing loans. SBV warned that institutions failing to comply with interest rate directives or engaging in market destabilising competition could face a review of their remaining 2026 credit growth targets, lower targets for 2027 or stricter prudential requirements.

Sustainability

CH: China has proposed export controls on 12 solar manufacturing technologies, including technologies used in tandem solar cells and polysilicon production, citing national security concerns. The proposed measures are open for public consultation until 15 November. The controls could help China preserve its dominance in global solar manufacturing by limiting overseas access to advanced solar manufacturing technologies, as India seeks to expand domestic production and reduce its reliance on China.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday; shorter tenors traded 1bps higher, belly tenors traded 1-2bps higher, and 10Y tenor traded 1bps higher.
- US Investment Grade spreads widened by 1bps to 85bps, and US High Yield spreads tightened by 2bps to 329bps. Bloomberg Global Contingent Capital spreads traded tightened by 1bps to 237bps.
- Bloomberg Asia USD Investment Grade spread tightened by 1bps to 63bps, and the Asia USD High Yield spreads tightened by 4bps to 373bps. (Bloomberg, OCBC)

New Issues:

- Baiduri Bank Bhd issued a SGD280mn 3Y bond priced at 2.95%.
- There were zero and USD10.4bn in the APAC and DM IG markets respectively (prior business day: zero and USD8bn issuances respectively).
- Issuance in DM IG markets were led by Kimberly-Clark Corp, which issued USD4.9bn across five tranches.

Credit Headlines:

- XOM announced that on a q/q basis, change in liquid prices is estimated to negatively impact 3Q2026 earnings by USD1.3bn in the Upstream segment while change in gas prices may be a +USD0.3bn positive impact to the Upstream. At a net impact of +USD4.4bn q/q, the margin impact is expected to more than offset the net negative price impact in 3Q2026.
- In April 2026, KEPSP announced that its wholly-owned subsidiary had commenced arbitration proceedings against a few companies in Vietnam over a dispute stemming from additional land use fees imposed by the relevant authorities on a development project in which the subsidiary has a 40%-equity interest in. In October 2026, the arbitration was suspended following a conditional agreement to sell the 40% equity interest in the project company. We think it is likely that this KEPSP subsidiary will no longer be exposed to these fees upon completion of the divestment.
- WDSAU is pre-commissioning work at the Scarborough LNG project was temporarily paused after protestors climbed aboard the gas platform; the project was 98% complete as of 2Q2026 and on track for first LNG cargo in 4Q2026
- Singapore new home sales rose to 296 units in September 2026, while Thomson Reserve, a joint venture involving CapitaLand Development, attracted 11,800 visitors at its preview

Equity Market Updates

US: US stocks were mixed on Monday as a relief rally in AI-related chipmakers lifted the Nasdaq but failed to carry the broader market, with the S&P 500 edging down 0.2%, the Nasdaq gaining 0.1%, and the Dow slipping marginally. The Philadelphia Semiconductor Index rose 1.6%, snapping an eight-consecutive-session losing streak, its longest since October 2008, following a

USD2.3t rout in the sector. Dip buyers returned on bets that AI investment momentum remains intact, with Nvidia, Amazon, and Tesla among the notable gainers; Amazon surged roughly 5% after Morgan Stanley named it a top pick, citing underappreciated growth in AWS. However, most S&P 500 sectors finished in the red, led lower by utilities, and Wells Fargo noted that early third-quarter earnings results are tracking 0.3% below consensus, meaningfully below the historical average beat. Treasury yields rose sharply, with the 2-year climbing approximately 7 basis points to 4.78% and the 10-year adding around 6 basis points to 5.14%, as the tech rebound reduced haven demand and traders rebuilt expectations for Fed rate hikes. Separately, the Trump administration moved to bar federal agencies from using DeepSeek products, citing national security concerns, whilst China's third-quarter GDP grew 4.5% year-on-year, broadly in line with the government's annual target, though analysts noted the expansion was driven more by exports than domestic demand.

Foreign Exchange

	Day Close	% Change		Day Close
DX	101.980	0.14%	USD-SGD	1.2795
USD-JPY	158.50	0.30%	EUR-SGD	1.4348
EUR-USD	1.121	-0.23%	JPY-SGD	0.8072
AUD-USD	0.698	0.49%	GBP-SGD	1.7025
GBP-USD	1.331	-0.17%	AUD-SGD	0.8931
USD-MYR	4.083	0.04%	NZD-SGD	0.7246
USD-CNY	6.681	-0.08%	CHF-SGD	1.5479
USD-IDR	18043	0.17%	SGD-MYR	3.1902
USD-VND	25896	0.04%	SGD-CNY	5.2201

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4320	-0.98%	1M	3.9342
3M	2.6420	0.23%	2M	3.9910
6M	2.9700	0.54%	3M	4.0673
12M	3.2150	-0.06%	6M	4.2347
			1Y	4.5047

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/28/2026	0.172	17.200	0.043	3.922
12/09/2026	1.073	90.100	0.268	4.148
01/27/2027	1.532	45.900	0.383	4.262
03/17/2027	2.213	68.100	0.553	4.433

Equity and Commodity

Index	Value	Net change
DJIA	51,966.03	-36.38
S&P	7,690.73	31.29
Nasdaq	26,430.89	290.86
Nikkei 225	64,916.70	-407.59
STI	5,412.00	-3.53
KLCI	1,595.75	-12.01
JCI	4,996.61	-188.50
Baltic Dry	2,511.00	-34.00
VIX	18.44	-1.55

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.87 (--)	4.77 (--)
5Y	2.14 (+0.02)	4.94 (+0.07)
10Y	2.36 (+0.01)	5.13 (+0.07)
15Y	2.41 (+0.01)	--
20Y	2.37 (--)	--
30Y	2.4 (-0.01)	5.47 (+0.05)

Secured Overnight Fin. Rate

SOFR 3.88

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	103.66	2.2%	Corn (per bushel)	4.670	-1.5%
Brent (per barrel)	109.55	-0.3%	Soybean (per bushel)	12.535	-0.6%
Heating Oil (per gallon)	492.01	0.4%	Wheat (per bushel)	6.553	-0.8%
Gasoline (per gallon)	319.14	-1.4%	Crude Palm Oil (MYR/MT)	45.150	-0.5%
Natural Gas (per MMBtu)	3.06	-1.9%	Rubber (JPY/KG)	4.698	7.4%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14339	-0.5%	Gold (per oz)	4141	-0.6%
Nickel (per mt)	15529	1.1%	Silver (per oz)	57.08	0.2%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
10/20/2026 9:00	CH	1-Year Loan Prime Rate	20-Oct	3.00%	--	3.00%	--
10/20/2026 9:00	CH	5-Year Loan Prime Rate	20-Oct	3.50%	--	3.50%	--
10/20/2026 13:00	JN	Tokyo Condominiums for Sale YoY	Sep	--	--	-12.40%	--
10/20/2026 14:00	UK	Average Weekly Earnings 3M/YoY	Aug	3.80%	--	3.90%	--
10/20/2026 14:00	UK	Weekly Earnings ex Bonus 3M/YoY	Aug	3.60%	--	3.50%	--
10/20/2026 14:00	UK	ILO Unemployment Rate 3Mths	Aug	4.90%	--	4.90%	--
10/20/2026 14:00	UK	Claimant Count Rate	Sep	--	--	4.40%	--
10/20/2026 14:00	UK	Jobless Claims Change	Sep	--	--	27.8k	--
10/20/2026 16:00	TA	Export Orders YoY	Sep	61.70%	--	71.40%	--
10/20/2026 17:00	EC	ZEW Survey Expectations	Oct	--	--	25.8	--
10/20/2026 20:30	US	Housing Starts	Sep	1305k	--	1275k	--
10/20/2026 20:30	US	Housing Starts MoM	Sep	1.90%	--	-2.60%	--
10/20/2026 20:30	US	Building Permits	Sep P	1385k	--	1403k	--
10/20/2026 22:00	US	Pending Home Sales MoM	Sep	-0.50%	--	0.30%	--

Source: Bloomberg

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