OCBC Daily Treasury Outlook (21 Aug 2026)

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Follow our podcasts by searching ‘ OCBC Research Insights ’ on Telegram! 1 By Global Markets | 21 August 2026 Daily Treasury Outlook Highlights Global: S&P, Nasdaq, and Dow declined between 0.9% and 1.3% (S&P500: -0.9%; Dow: -1.3%; Nasdaq: -1.0%) overnight. Renewed inflation concerns stemming from higher energy prices weighed on risk sentiment, with Brent crude rising more than 2% to close at ~USD93/bbl. In the Middle East, the US is stepping up economic pressure on Iran. Treasury Secretary Scott Bessent said Washington will impose the “toughest sanctions in history” on Tehran, following President Trump’s warning of economic consequences for countries providing Iran with economic support. Bessent suggested that the stronger focus on economic measures could re duce the need for another “a large - scale kinetic restart.” He will provide more details at a press conference on Monday. On the data front, the Philadelphia Fed Manufacturing Business Outlook was the standout. The general activity index rose to 47.4 in August from 41.4 in the previous month, marking its highest reading since April 2021. Nearly 57% of firms reported increases in activity. Employment also strengthened sharply, with the employment index rising 18 points to 27.9. Meanwhile, new orders and shipments eased but remained elevated. Similarly, “price increases were less widespread this month, but both price indexes remained elevated.” Encouragingly, most forward -looking measures rose higher, with the diffusion index for future general activity surging to 73.6, its highest reading since 1983. Taken together, the survey suggests “an overall expansion in the region’s manufacturing activity,” with the broad forward -looking indicators pointing to “widespread expectations for growth over the next six months.” Separately, The Conference Board Leading Economic Index rose 0.2% in July to 99.5. “Most components were positive in July except consumer expectations, which continued to be a notable drag on the overall index.” Importantly, the six -month growth rate tur ned positive for the first time in over four years, “suggesting moderate growth ahead.” The Conference Board forecasts US GDP growth at 1.9% in both 2026 and 2027. Weekly labour market data were also relatively resilient. Initial jobless claims fell by 2.8% to 206k for the week ending 15 August, below consensus expectations of 210k. Meanwhile, continuing claims rose by 1.0% to 1.799mn for the week ending 8 August. Market Watch: This morning, Japan's July CPI came in as expected, with headline and core CPI rising to 1.9% YoY and 1.8% YoY, respectively, up from 1.6% in the previous month. For the day ahead, the focus will be on the preliminary August S&P Global PMIs across the US, UK, and Eurozone. The UK will also publish its July retail sales data. Major Markets HK: Inflationary pressure stayed well contained so far this year. Headline CPI rose by slower pace of 1.7% YoY and 1.9% YoY respectively in July (2.0% and 1.9% respectively in June), reflecting the impact of government rate concessions during the month, rather than a broad-based weakening in underlying price pressures. Meanwhile, underlying CPI (netting out the effect of all government's one-off relief measures) increased by a steady pace of 1.9% YoY, same as previous month. Equity Value % chg S&P 500 7641.2 -0.9% DJIA 52759 -1.3% Nikkei 225 66217 1.4% SH Comp 3903.7 0.2% STI 5671.9 -0.4% Hang Seng 25698 0.8% KLCI 1736.7 0.3% Value % chg DXY 98.895 0.1% USDJPY 159.05 0.6% EURUSD 1.1678 0.0% GBPUSD 1.3631 0.2% USDIDR 17746 -0.5% USDSGD 1.2721 0.1% SGDMYR 3.1835 0.1% Value chg (bp) 2Y UST 4.19 2.52 10Y UST 4.70 5.75 2Y SGS 1.69 -0.60 10Y SGS 2.37 0.80 3M SORA 1.13 0.33 3M SOFR 3.64 0.12 Value % chg Brent 93.78 2.4% WTI 87.83 2.3% Gold 4517 0.0% Silver 68.09 1.7% Palladium 1332 -0.6% Copper 14037 -0.1% BCOM 139.37 0.7% Source: Bloomberg Key Market Movements

Follow our podcasts by searching ‘ OCBC Research Insights ’ on Telegram! 2 By Global Markets | 21 August 2026 On labour market front, the seasonally unadjusted unemployment rate edged up to 3.8% in the May-July 2026 period from 3.7% previously, with jobless rates rising across most sectors. The number of unemployed persons rose to 145,700, although this largely coincided with an increase in the labour force to 3.793 million, as fresh graduates and school leavers entered the job market following the end of the academic year. After adjusting for seasonality, however, the unemployment rate remained unchanged at 3.7% in May-July 2026. ID: Minister of Investment and Downstreaming Rosan Roeslani said stronger Indonesia- Singapore cooperation could support ASEAN’s long -term competitiveness and resilience, noting that Singapore has consistently remained Indonesia’s largest source of FDI. He highlighted opportunities for cooperation in industrial development, downstream processing, renewable energy, digital infrastructure and the AI economy, alongside Singapore’s expertise in finance, technology, innovation and international connectivity. Minister Roeslani also expressed hope that bilateral ties would strengthen further as the two countries prepare to commemorate 60 years of diplomatic relations next year. MY: The external sector continued to shine in July, with export growth of 38% YoY versus 45.5% in June and import growth at 36.4% YoY in July versus 43.1% in June. The strength in exports highlights not just the diversification of export products across electronics and electrical appliances (E&E) and commodities but also across export partners. As a result, the trade surplus widened to MYR22.5bn from MYR16bn in June. From a monetary policy perspective, we will look for a shift in tone from BNM at its 3 September meeting. Our baseline remains for a normalisation of the policy rate to 3.00% in January 2027 from 2.75% presently. AU: Australia’s employment surprised sharply to the downside in July, falling by 15.8k against expectations for a gain and reversing some of June’s revised 80.2k increase. However, the underlying picture was less negative, with full-time employment rising by 16.3k while part-time employment fell by around 32k, partially unwinding its strong increase in the previous month. The participation rate edged down 0.1ppt to 66.9%, while the unemployment rate rose to 4.5% from 4.4% in June. Hours worked also declined by 0.6%, while the underemployment rate held at 6.4%, adding to signs that the labour market is gradually softening. Sustainability ID: Indonesia is stepping up the use of cloud seeding to combat a worsening wildfire season driven by a strong El Niño. Authorities have carried out 252 cloud- seeding operations between 2021 and Aug 2026, compared with 85 in the previous decade. While cloud seeding may help increase rainfall and reduce fire hotspots in the near term, addressing Indonesia's wildfire risks in the long term will require stronger protection and restoration of vulnerable peatland and rainforest ecosystems, which remain highly susceptible to fires during prolonged dry periods.

Follow our podcasts by searching ‘ OCBC Research Insights ’ on Telegram! 3 By Global Markets | 21 August 2026 Credit Market Updates Market Commentary: • The SGD SORA OIS curve traded higher yesterday with the shorter tenors trading 2bps higher, belly tenors trading 1-2bps higher, and the 10Y tenor trading flat. • US Investment Grade spreads widened by 1bps to 81bps, and US High Yield spreads widened by 3bps to 273bps. Bloomberg Global Contingent Capital traded flat at 206bps. • Bloomberg Asia USD Investment Grade traded tightened by 1bps to 56bps, and the Asia USD High Yield spreads tightened by 4bps to 328bps. (Bloomberg, OCBC) New Issues: • There were no issuances in the Singdollar market yesterday. • The total issuances in the APAC and DM IG markets were USD2.8bn and USD2bn respectively yesterday (prior day: USD300mn and USD2.5bn respectively). Issuances in the APAC market was led by HDFC Bank Ltd/Gift City (priced USD1.75bn across two tranches) and DM IG markets were led by Vylor Inc (guarantor EIDP Inc) (priced USD1.1bn across two tranches). Credit Developments: • Commonwealth Bank of Australia (CBAAU): Per CBAAU’s CFO, Australia’s higher interest rates are weighing on mortgage demand and indebted households, but population growth and infrastructure investment support the longer-term economic outlook. Separately, industry-wide mortgage fraud findings underscore the need for stronger lending controls. • AIA Group

Limited (AIA): AIA delivered solid 1H2026 growth in new business value, earnings and cash generation while maintaining a strong 229% local capital summation method coverage ratio, supporting a stable outlook despite potentially slower growth from Chinese Mainland visitors. Equity Market Updates US: US stocks fell Thursday as the brief relief from the Treasury's bond buyback announcement faded, with investors concluding the measure was a short-term fix rather than a structural remedy for surging government debt. The S&P 500 lost 0.9%, the Nasdaq Composite shed 1.0%, and the Dow dropped 1.3%, its largest single-day point decline in several weeks. Walmart weighed heavily on consumer shares, tumbling 9.2%, its steepest fall since 2022, after reporting US comparable sales growth of just 2.6% in the second quarter, the slowest pace in over six years and well below the approximately 3.8% consensus estimate, partly attributed to new federal drug-pricing regulations capping pharmacy revenues. Third-quarter guidance also disappointed, with EPS guided at USD0.62 to USD0.64 against the USD0.68 estimate. Treasury yields reversed Wednesday's buyback-driven rally, with the 10-year yield rising approximately 6 basis points to 4.71%, whilst the 30-year briefly touched 5.27% before paring gains, erasing the prior session's decline and returning to near 19-year highs. Treasury

Follow our podcasts by searching ‘ OCBC Research Insights ’ on Telegram! 4 By Global Markets | 21 August 2026 Secretary Bessent flagged potential expansion of buybacks beyond USD4b and signalled an upcoming fiscal consolidation plan, though markets remained sceptical. US gross public debt surpassing USD40t for the first time, reported Wednesday, added to the backdrop of fiscal concern.

Follow our podcasts by searching ‘ OCBC Research Insights ’ on Telegram! 5 Equity and Commodity Day Close % Change Day Close Index Value Net change DXY 98.895 0.06% USD-SGD 1.2721 DJIA 52,759.21 -703.84 USD-JPY 159.05 0.56% EUR-SGD 1.4855 S&P 7,641.16 -66.82 EUR-USD 1.168 0.01% JPY-SGD 0.7998 Nasdaq 26,067.17 -263.92 AUD-USD 0.711 -0.15% GBP-SGD 1.7341 Nikkei 225 66,216.79 890.37 GBP-USD 1.363 0.18% AUD-SGD 0.9051 STI 5,671.91 -22.33 USD-MYR 4.045 -0.33% NZD-SGD 0.7562 KLCI 1,736.71 5.39 USD-CNY 6.725 -0.07% CHF-SGD 1.5894 JCI 6,501.59 107.46 USD-IDR 17746 -0.49% SGD-MYR 3.1835 Baltic Dry 2,776.00 -39.00 USD-VND 26107 -0.28% SGD-CNY 5.2843 VIX 16.01 1.12 Tenor EURIBOR Change Tenor USD SOFR Tenor SGS (chg) UST (chg) 1M 2.1960 -0.23% 1M 3.6719 2Y 1.69 (-0.01) 4.18(--) 3M 2.4920 -0.32% 2M 3.7139 5Y 1.98 (-0.01) 4.39 (+0.05) 6M 2.7190 0.82% 3M 3.7464 10Y 2.37 (+0.01) 4.7 (+0.06) 12M 2.9770 0.71% 6M 3.8422 15Y 2.44 (--) -- 1Y 3.9770 20Y 2.43 (--) -- 30Y 2.48 (-0.01) 5.24 (+0.06) Meeting # of Hikes/Cuts % of Hikes/Cuts Implied Rate Change Expected Effective Fed Funds Rate SOFR 3.62 09/16/2026 0.361 36.100 0.090 3.721 10/28/2026 0.545 18.400 0.136 3.767 12/09/2026 0.931 38.600 0.233 3.864 Secured Overnight Fin. Rate Foreign Exchange SOFR Government Bond Yields (%) Fed Rate Hike Probability Energy Futures % chg Soft Commodities Futures % chg WTI (per barrel) 87.83 2.3% Corn (per bushel) 4.788 1.2% Brent (per barrel) 93.78 2.4% Soybean (per bushel) 12.208 -0.1% Heating Oil (per gallon) 448.03 0.6% Wheat (per bushel) 6.828 0.4% Gasoline (per gallon) 326.29 0.2% Crude Palm Oil (MYR/MT) 47.340 1.7% Natural Gas (per MMBtu) 2.73 -2.9% Rubber (JPY/KG) 4.789 0.0% Base Metals Futures % chg Precious Metals Futures % chg Copper (per mt) 14037 -0.1% Gold (per oz) 4517 0.0% Nickel (per mt) 16880 -1.4% Silver (per oz) 68.09 1.7% Source: Bloomberg, Reuters Commodities Futures Economic Calenda Date Time Country Code Event Period Survey Actual Prior Revised 8/21/2026 7:30 JN Natl CPI YoY Jul 1.90% 1.90% 1.60% -- 8/21/2026 7:30 JN Natl CPI Ex Fresh Food YoY Jul 1.80% 1.80% 1.60% -- 8/21/2026 8:30 JN S&P Global Japan PMI Mfg Aug P -- -- 54.5 -- 8/21/2026 13:00 IN HSBC India PMI Mfg Aug P -- -- 53.5 -- 8/21/2026 14:00 UK Retail Sales Inc Auto Fuel MoM Jul -0.50% -- 1.00% -- 8/21/2026 14:00 UK Retail Sales Inc Auto Fuel YoY Jul 2.20% -- 4.20% -- 8/21/2026 14:00 UK Retail Sales Ex Auto Fuel MoM Jul -0.50% -- 1.10% -- 8/21/2026 14:00 UK Retail Sales Ex Auto Fuel YoY Jul 3.30% -- 5.40% -- 8/21/2026 15:30 TH Gross International Reserves 14-Aug -- -- $280.6b -- 8/21/2026 16:00 EC S&P Global Eurozone Manufacturing PMI Aug P

51.8 -- 51.9 -- 8/21/2026 16:00 EC S&P Global Eurozone Composite PMI Aug P 51.7 -- 52 -- 8/21/2026 16:30 UK S&P Global UK Manufacturing PMI Aug P 51.5 -- 51.9 -- 8/21/2026 16:30 UK S&P Global UK Services PMI Aug P 51.8 -- 52.1 -- 8/21/2026 16:30 UK S&P Global UK Composite PMI Aug P 51.6 -- 52.2 -- 8/21/2026 21:45 US S&P Global US Manufacturing PMI Aug P 53.9 -- 53.9 -- 8/21/2026 21:45 US S&P Global US Services PMI Aug P 54 -- 54.6 -- Source: Bloomberg

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