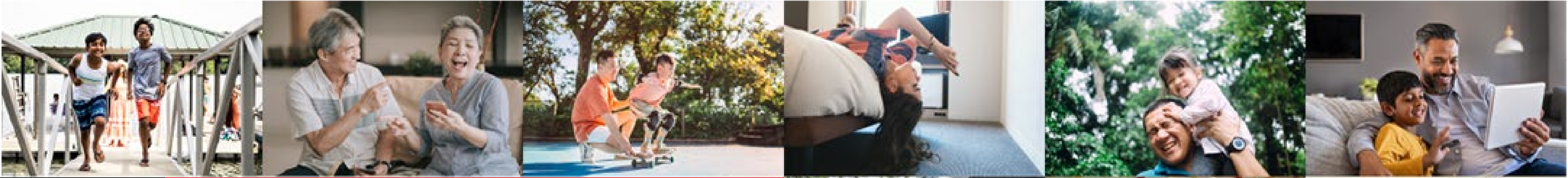


Live more,
Bank less

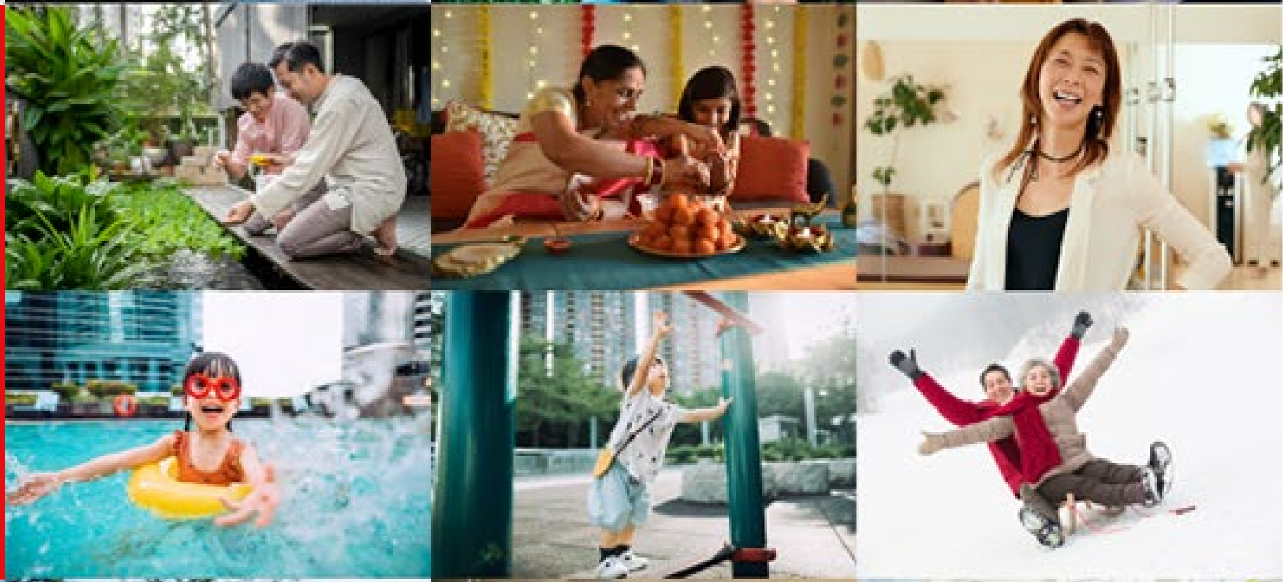
Macro Insights Livestream
Sept 2026

Bond Markets to the Fore

Taimur Baig, PhD, Chief Economist

Eugene Leow Senior Rates Strategist

Wei Liang Chang, FX & Credit Strategist



Outline

Global macro round-up
Taimur Baig

Bond market dynamics
Eugene Leow

FX, credit, and digital assets
Wei Liang Chang

Your questions

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Markets dealing with a lot of noise

AI cycle

Iran war

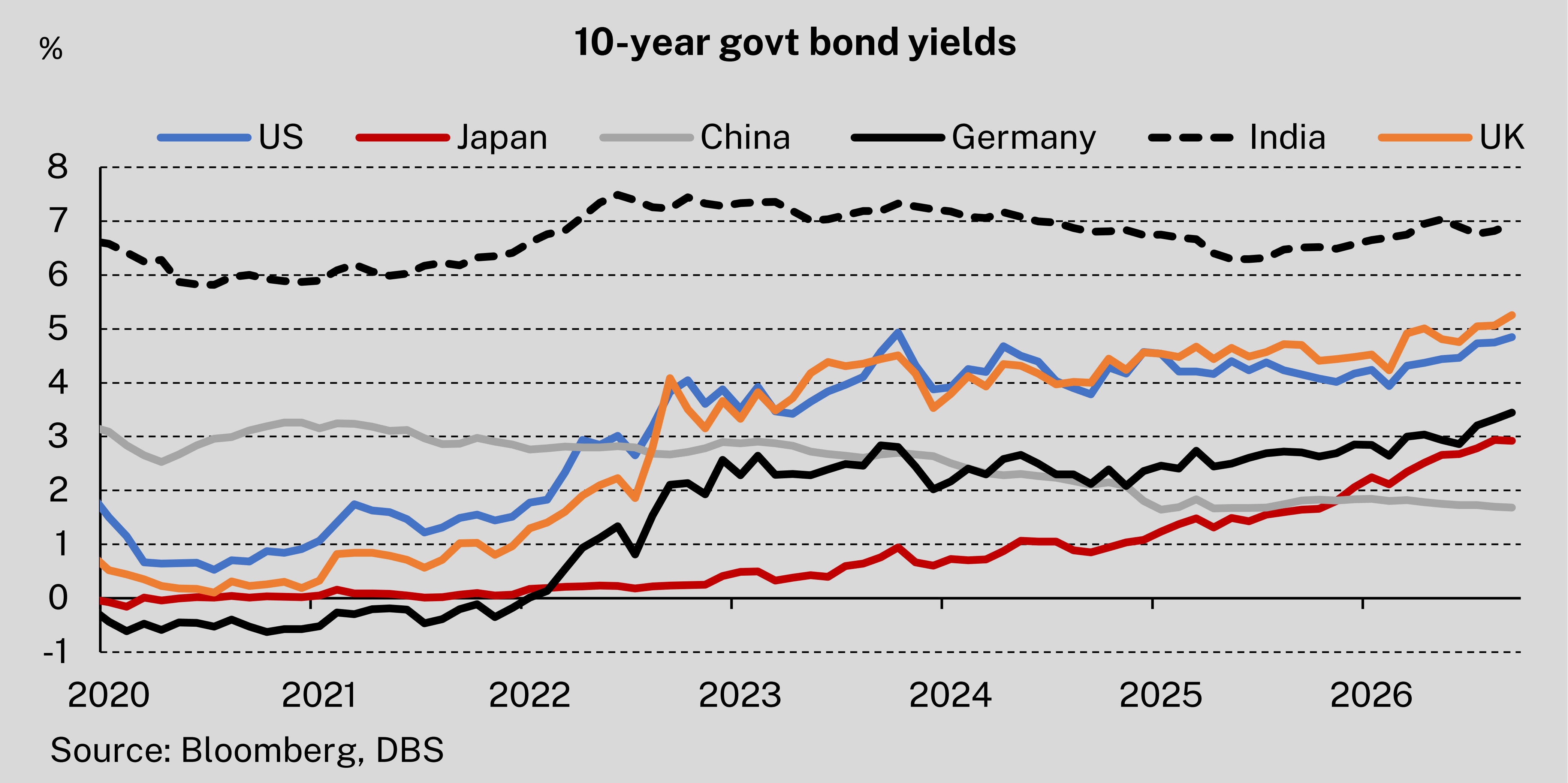
China US

Fed Treasury

Canada US

UK EU

Global bond market watch

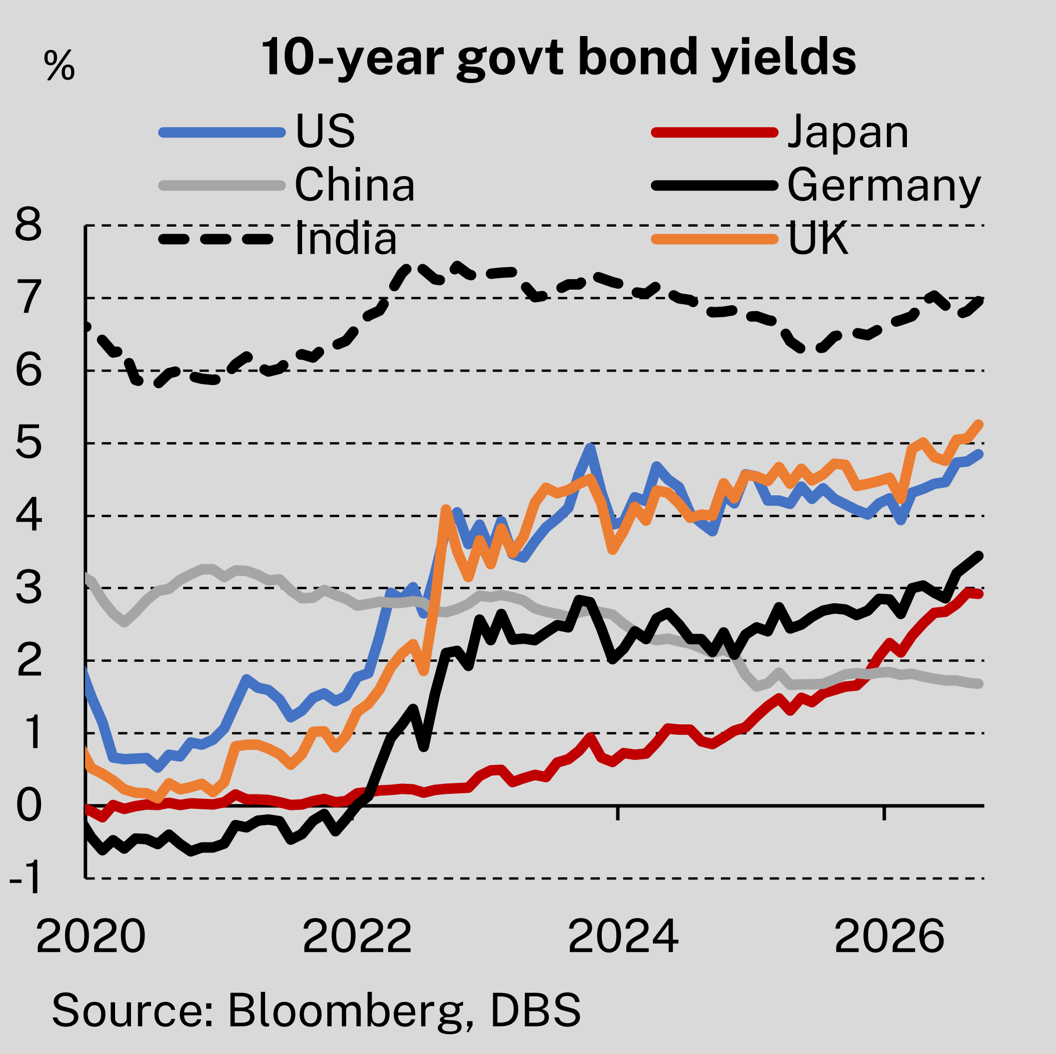


DBS

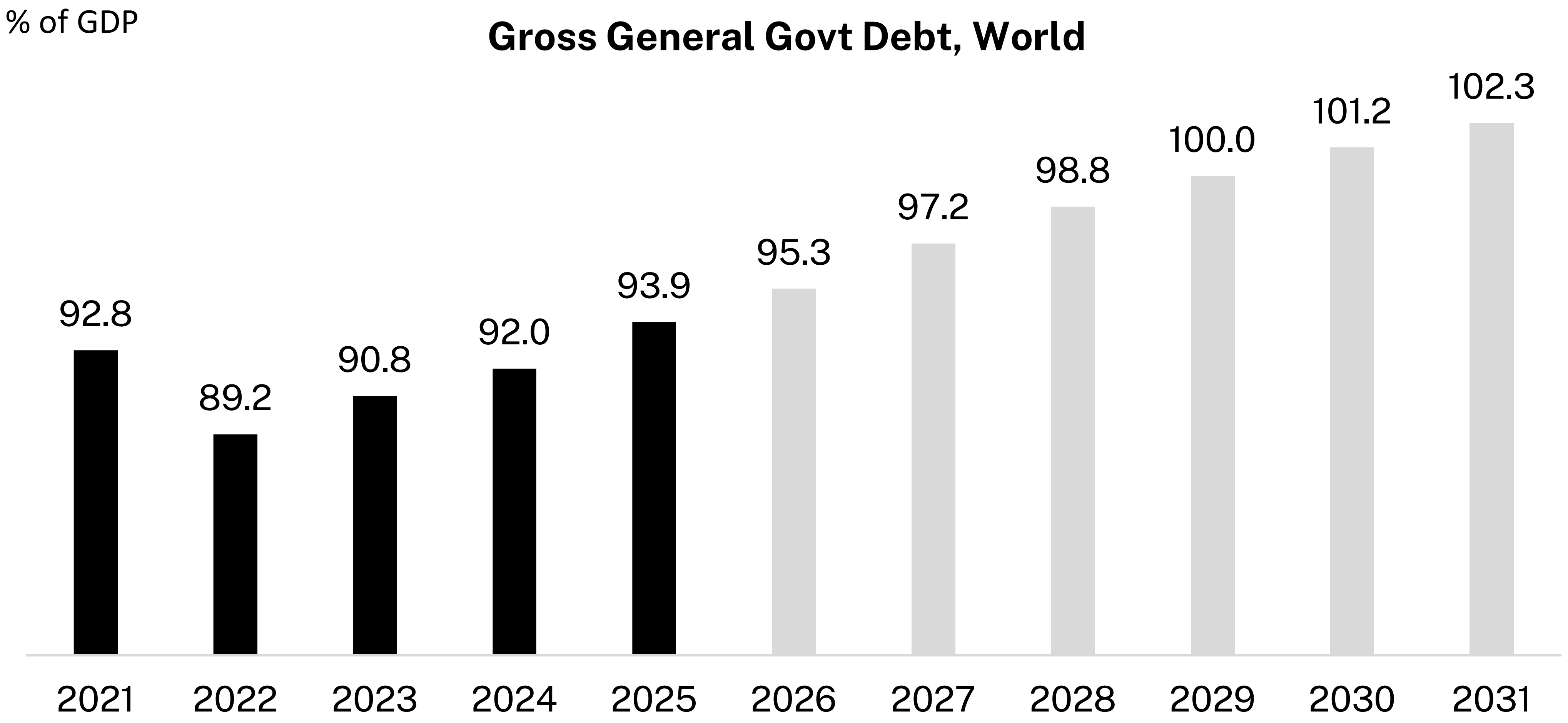
Global bond market watch

10-yr bond yield ytd change

China	-16bps
India	+38bps
Japan	+87bps
Germany	+59bps
UK	+78bps
US	+68bps

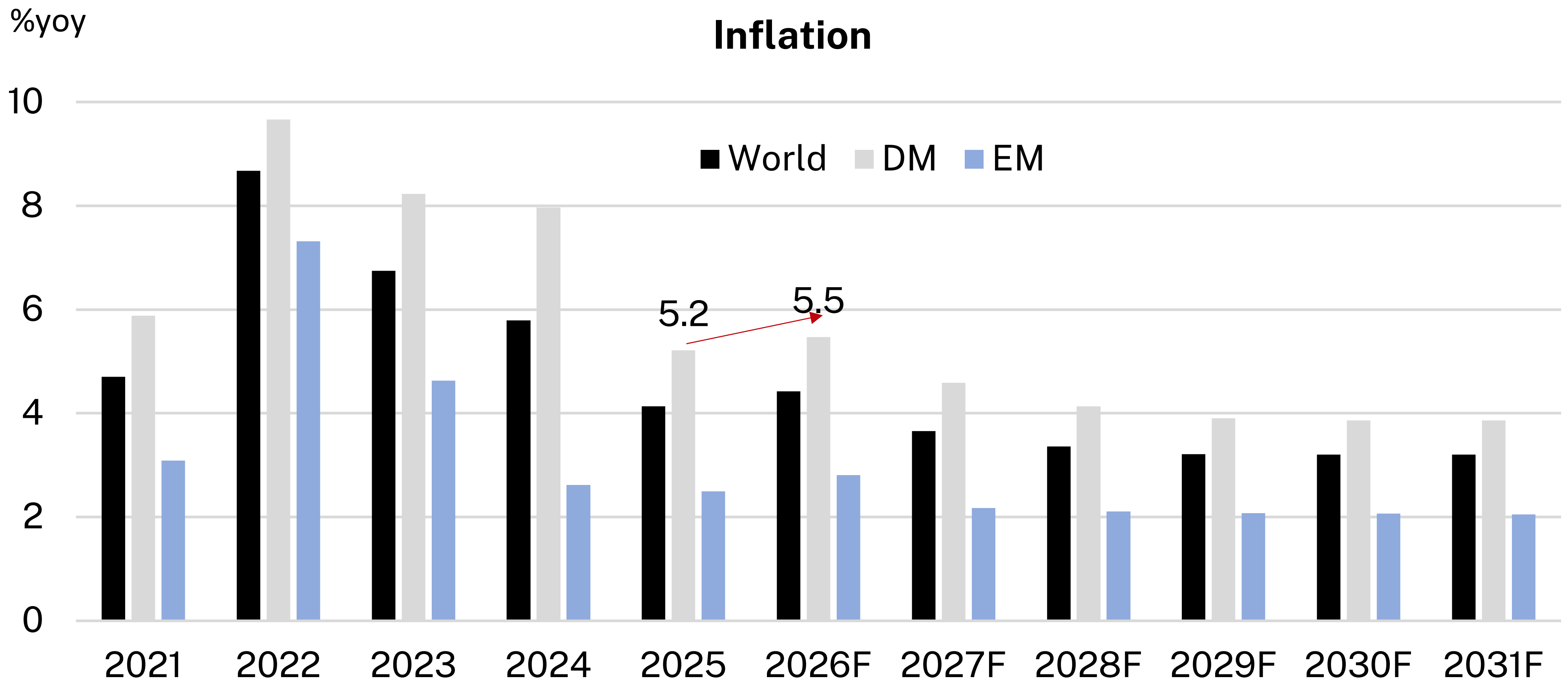


Factors behind bond selloff



Source: IMF, DBS

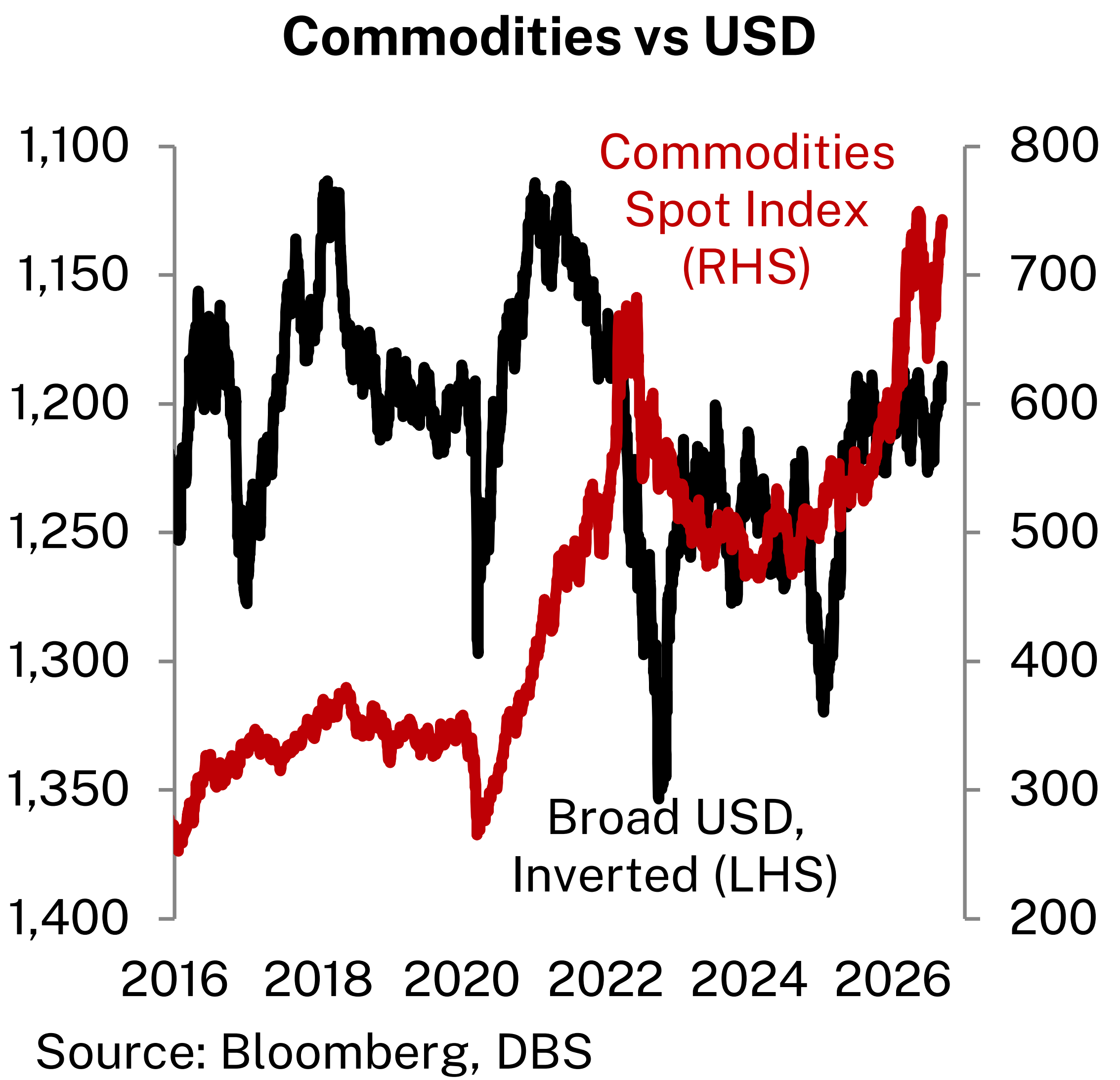
Factors behind bond selloff



Source: IMF, DBS

Global macro momentum

USD and commodities



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AI-Driven

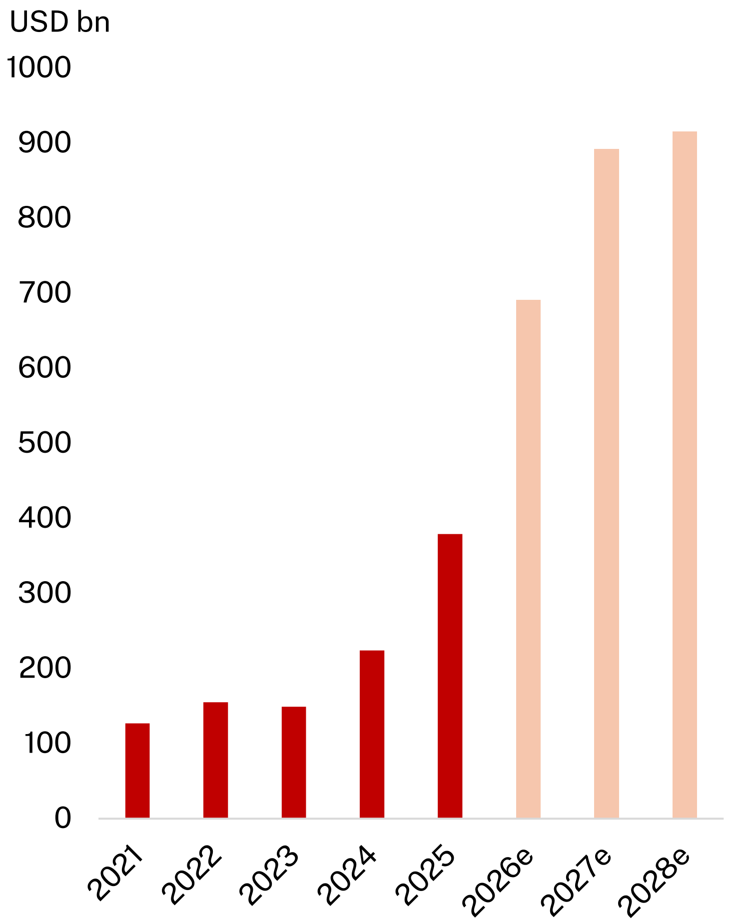
Government-Driven

Takeaways

How to think about AI?

Trillions needed over the next few years to fund AI

Hyperscaler Capex needs



Source: Factset

US Corp issuance up by 45% Ytd August

7X Capex growth over the past 5 years to approx. USD 700bn in 2026

Hyper-scaler spend in 2026 is about **6% of US corporate bond outstanding**

Peak Capex needs still lie ahead in **2027/28**

Credit Spreads Impact

Adjustments in tech-related segments.

Mindful of spillovers.

US Credits OAS (%)	4-Sep	28-Aug	21-Aug	14-Aug	7-Aug	31-Jul	24-Jul	17-Jul	10-Jul	3-Jul	26-Jun	19-Jun
Basic	1.16	1.15	1.19	1.20	1.19	1.21	1.23	1.21	1.20	1.21	1.23	1.18
Capital Goods	0.96	0.94	0.98	0.98	0.96	0.98	0.99	0.97	0.96	0.96	0.96	0.93
Communications	1.54	1.52	1.58	1.58	1.56	1.60	1.61	1.54	1.53	1.47	1.47	1.40
Consumer Cyclical	1.06	1.03	1.07	1.07	1.06	1.07	1.09	1.06	1.06	1.03	1.03	1.00
Consumer Noncyclical	1.06	1.04	1.08	1.09	1.07	1.08	1.10	1.08	1.07	1.05	1.07	1.05
Energy	1.16	1.15	1.19	1.21	1.20	1.22	1.23	1.22	1.22	1.22	1.22	1.19
Technology	1.26	1.24	1.29	1.27	1.27	1.30	1.32	1.25	1.23	1.19	1.20	1.16
Transportation	1.13	1.11	1.15	1.16	1.15	1.17	1.18	1.17	1.16	1.15	1.16	1.15
Electric	1.25	1.21	1.26	1.27	1.25	1.26	1.26	1.24	1.24	1.23	1.25	1.22
Natural Gas	1.30	1.27	1.32	1.33	1.31	1.32	1.32	1.31	1.30	1.30	1.32	1.29
Other Utility	1.14	1.09	1.13	1.15	1.12	1.12	1.14	1.11	1.11	1.11	1.12	1.10
Banking	1.03	1.00	1.03	1.04	1.02	1.04	1.05	1.05	1.02	1.01	1.00	0.98
Finance Comp.	1.57	1.58	1.63	1.62	1.63	1.67	1.68	1.68	1.69	1.70	1.71	1.71
Insurance	1.29	1.27	1.32	1.32	1.29	1.31	1.33	1.30	1.29	1.29	1.30	1.26
Reits	1.02	1.00	1.04	1.03	1.00	1.02	1.03	1.01	1.00	1.00	1.00	0.99

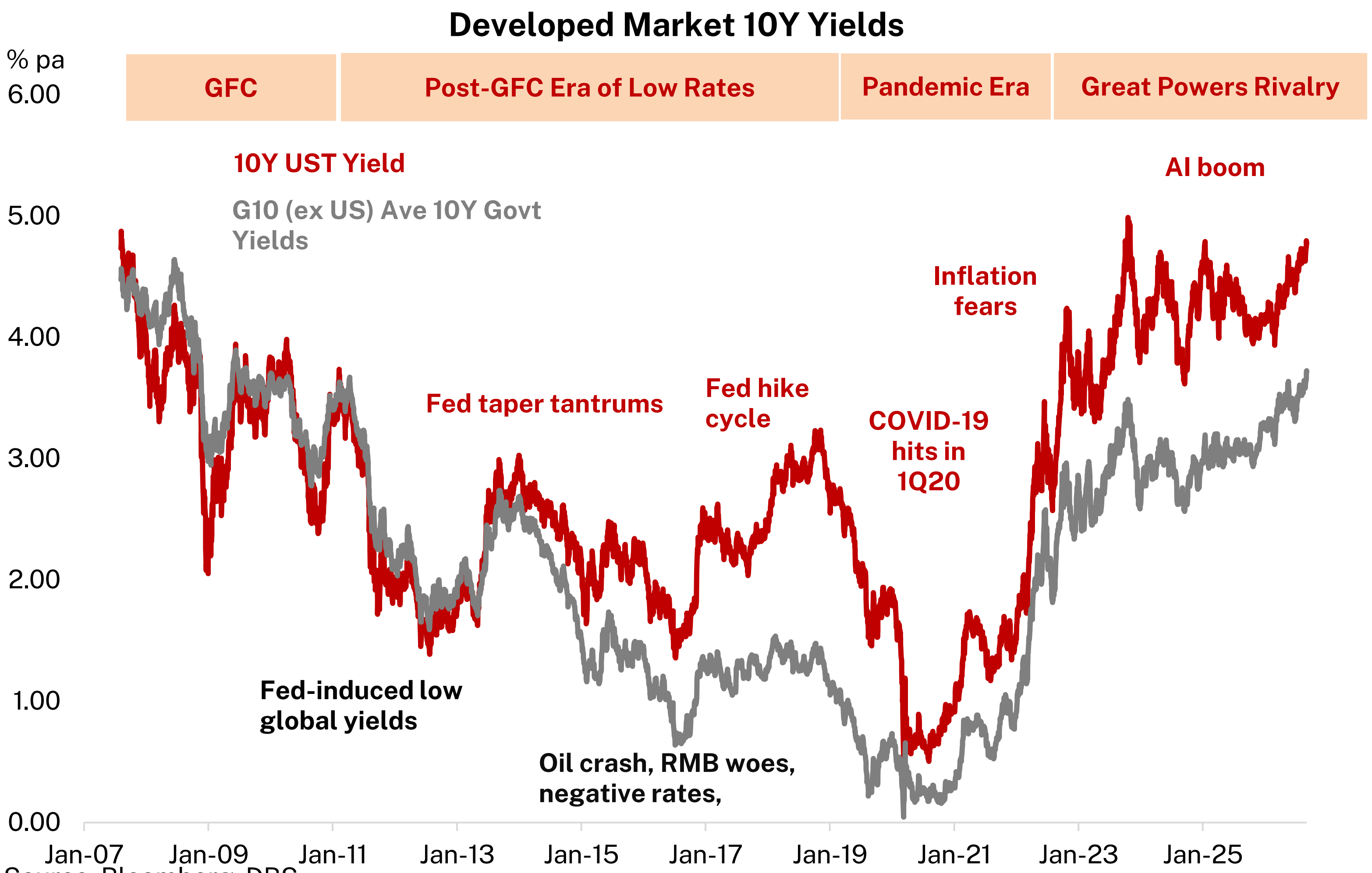
DBS

Government bond yields have been buoyant since 2022.

AI capex is one new factor kicking in.

Unanchored JGB yields is another

Buoyant Yields



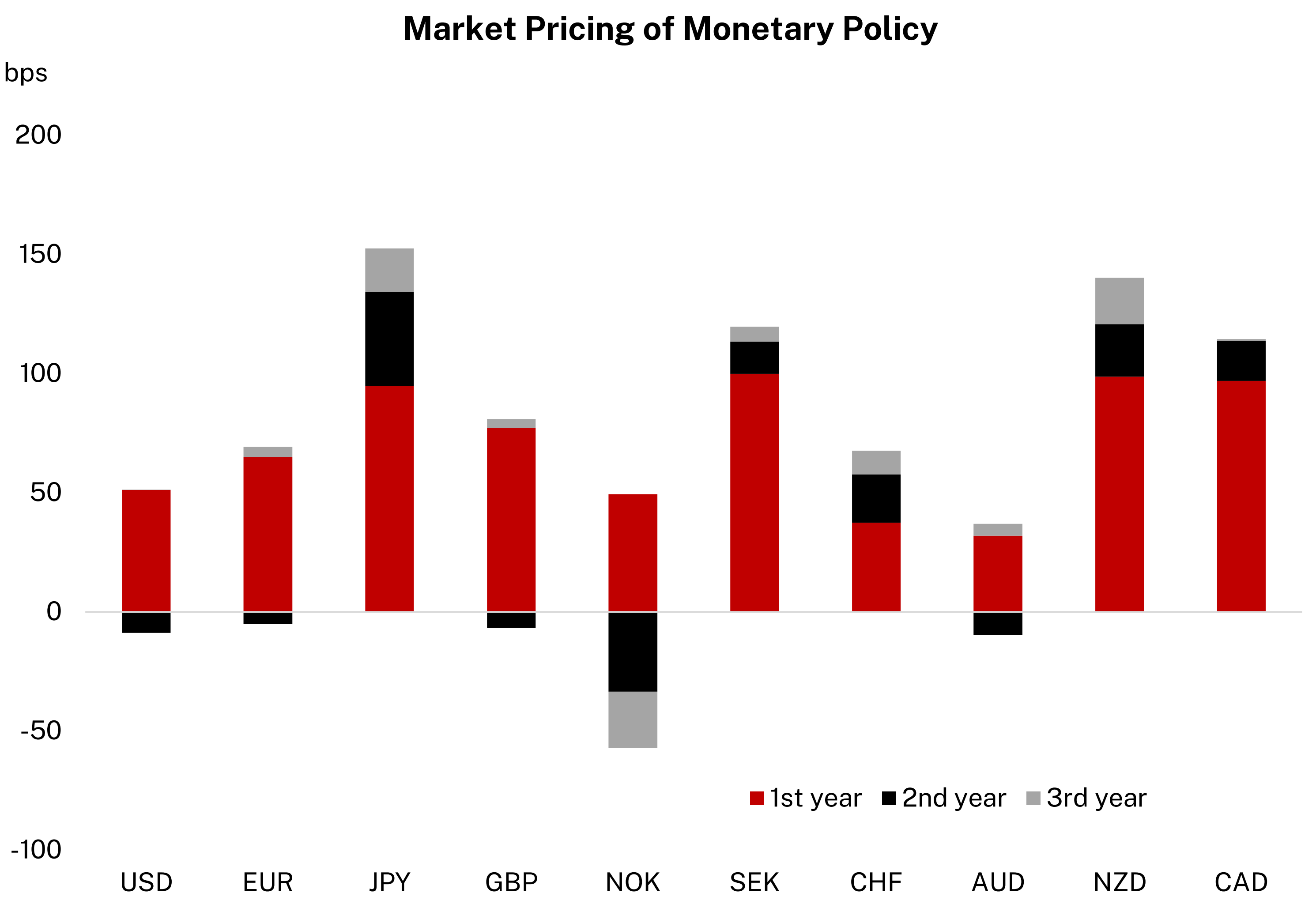
Source: Bloomberg, DBS

DBS

Hikes are being priced for the Fed. But the Fed is not the most hawkish.

The BOJ, RNBZ and BOC are priced to be hike even more.

Rate Pricing Across the G10



Source: Bloomberg, DBS

A Closer Look At Japan

About half of the asset holdings are in debt.

Within debt, the bulk of these are US and European debt.

The biggest asset holders are "other financial corporations" which are basically funds.

The BOJ has been reducing holdings of Govt papers.

Japan may not be in a position to fund the world if JGB yields are sufficiently attractive.

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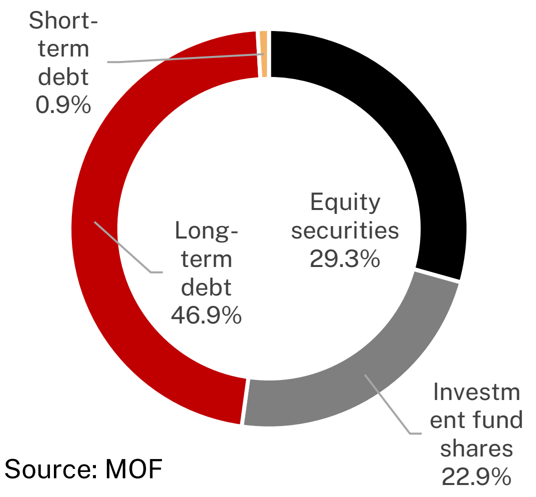
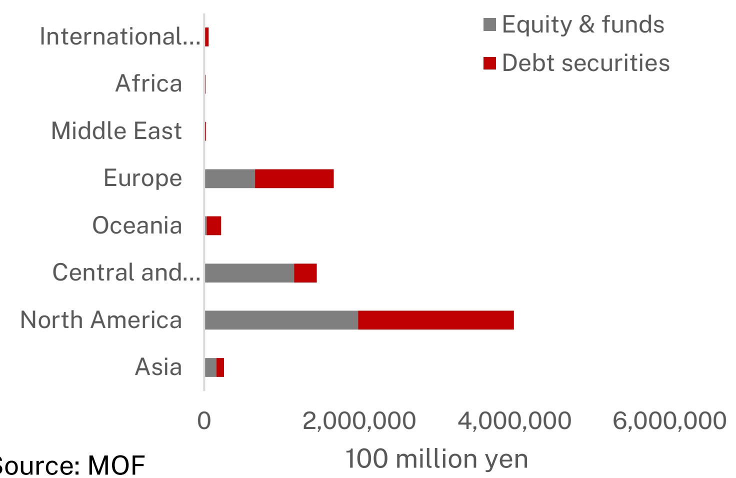
Japan Portfolio NIIP



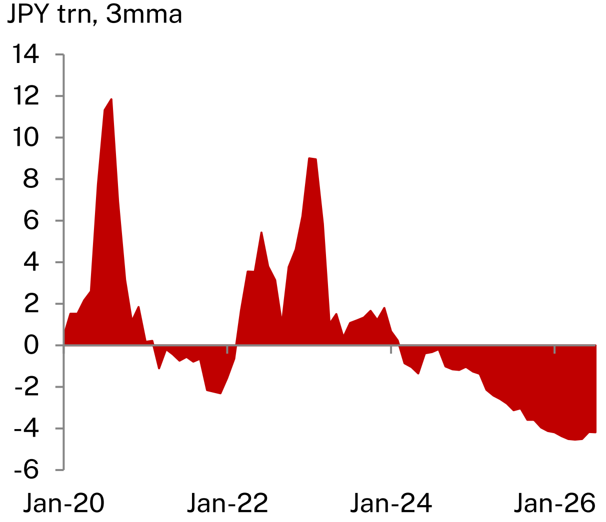
Source: MOF

Japan Portfolio NIIP



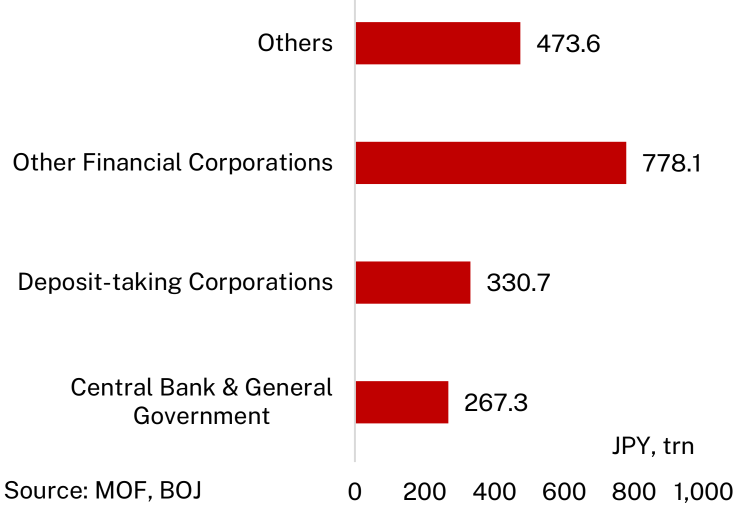
Source: MOF

BOJ Holdings of Govt papers



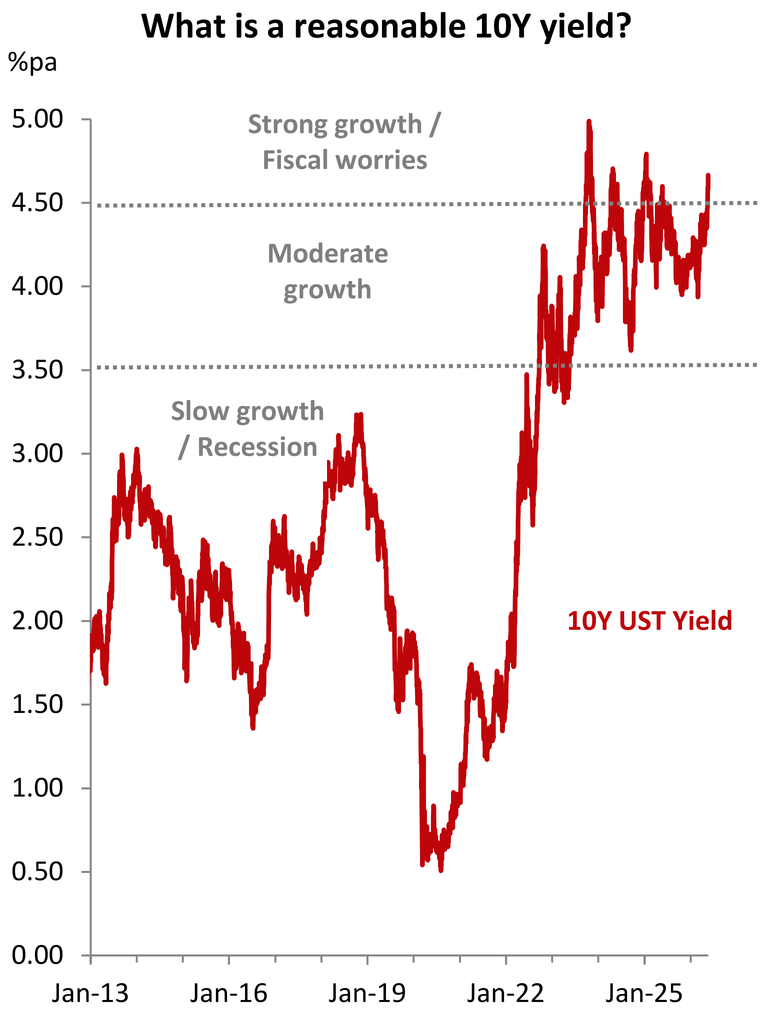
Source: Bloomberg, DBS

Asset Holdings by Investor

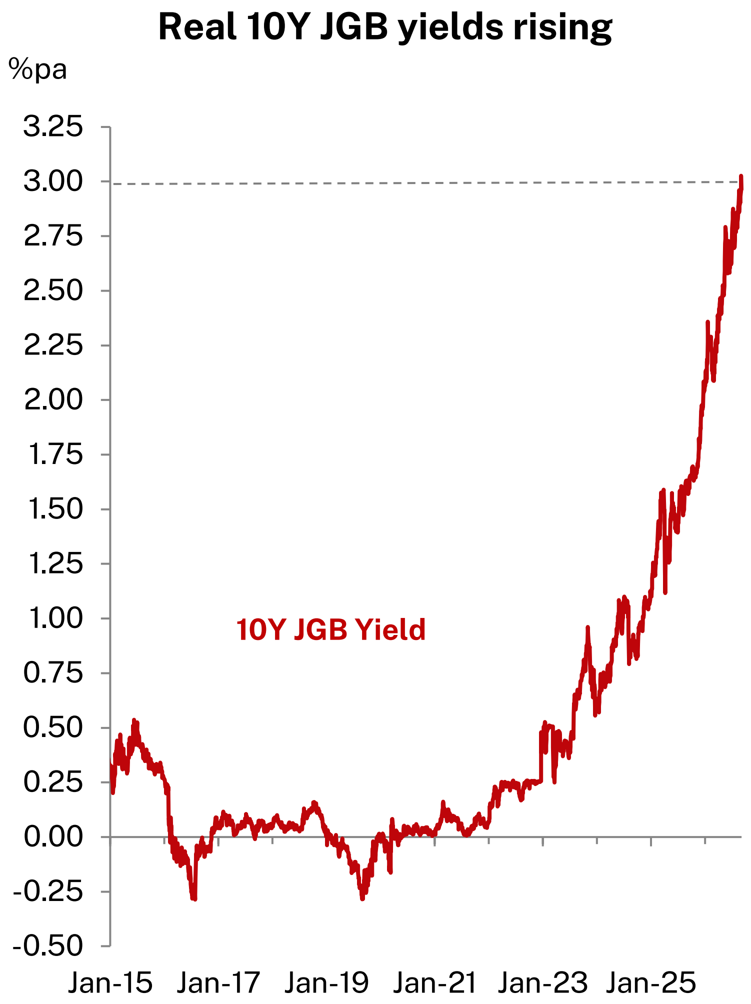


Source: MOF, BOJ

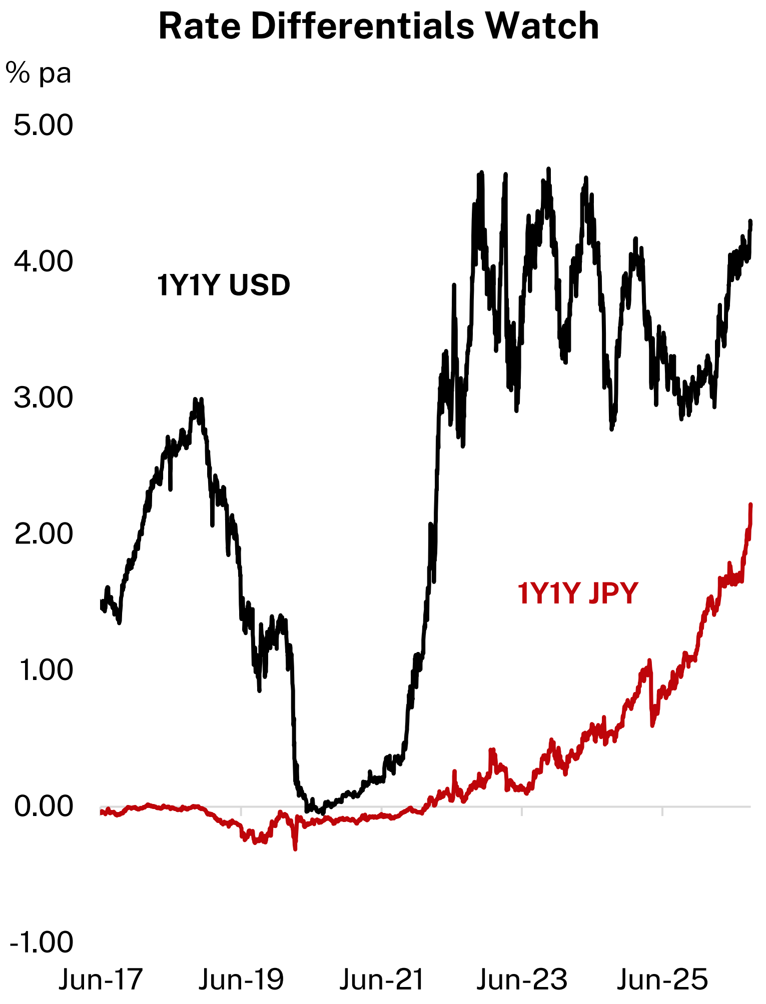
Long-end Rates / Rate Differentials



Source: Bloomberg, DBS



Source: Bloomberg



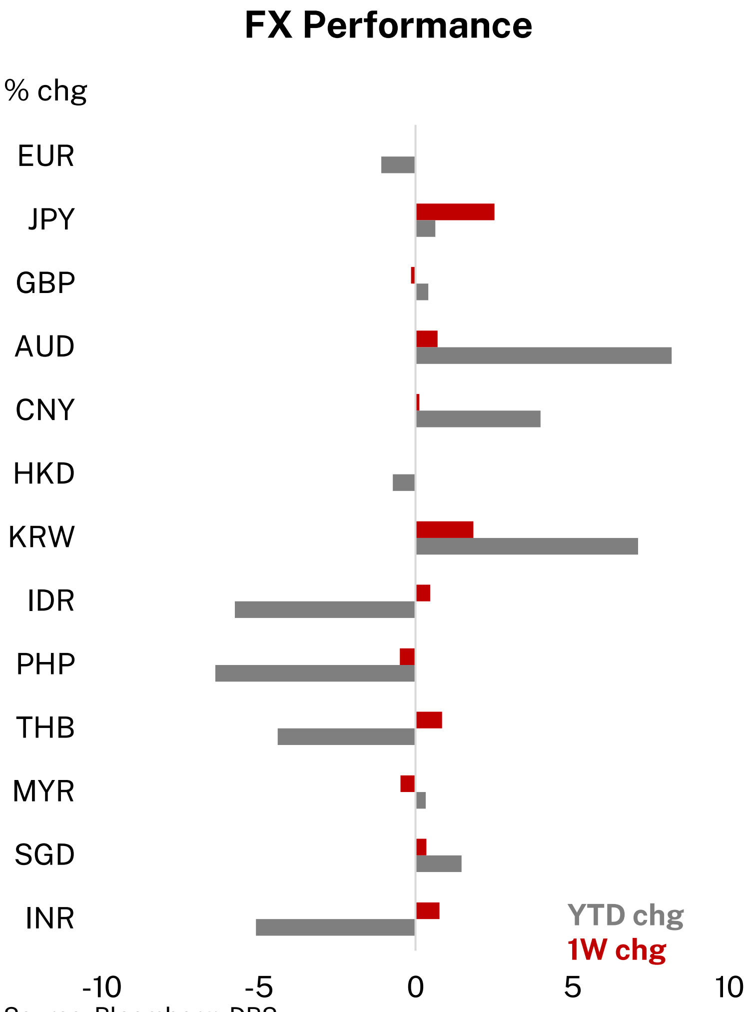
Source: Bloomberg

Rates & FX Performance

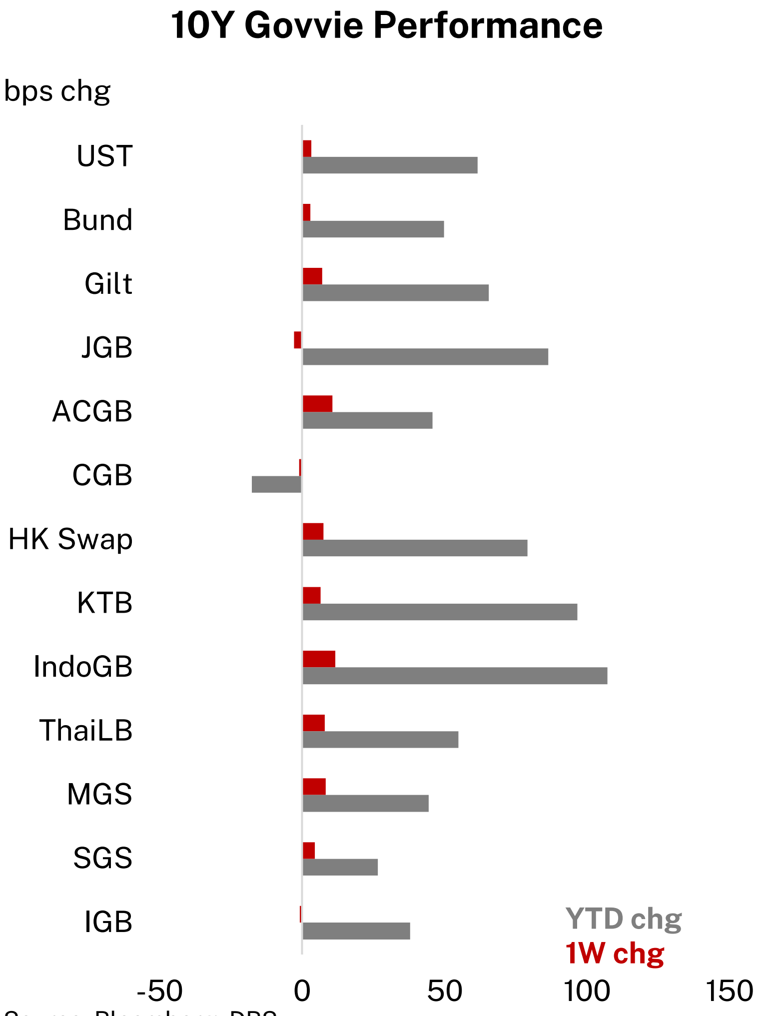
Oil-related stresses on Asian rates have dissipated by a meaningful extent but oil bears watching again.

CGBs offer refuge from bond investors as yields stay anchored and the currency stays stable.

JGBs and KTBs are mirroring each other even as there are nuances. Yields on both look to be on the high side.



Source: Bloomberg, DBS



Source: Bloomberg, DBS

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Takeaways

AI-related capex funding is crowding out the government

Unanchored JPY rates is another factor driving global term premium higher

Repatriation risk for Japanese investors is real. The biggest worry is debt flows from funds

USTs have sold off a lot ahead of CPI data. Time for a breather?

Keep an eye on oil prices.

There is value in long-dated JGBs.

Ditto for the frontend of KTB curve.

CGBs remains the refuge through the bond market selloff this year.

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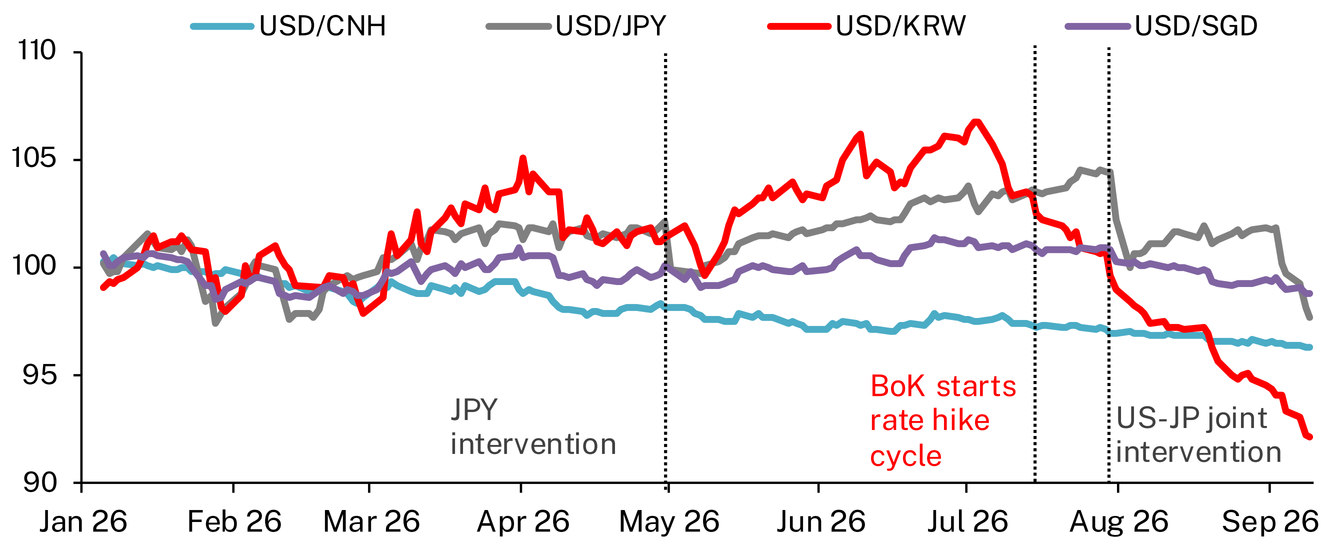
A volatile 2026 for North Asian FX

USD/Asia FX YTD performance (Jan26=100)



Source: Bloomberg , DBS

JPY

JPY interventions and a hawkish BOJ turn

KRW

Recovering on memory boom and BoK rate hikes

RMB

Steady as she goes despite strong exports

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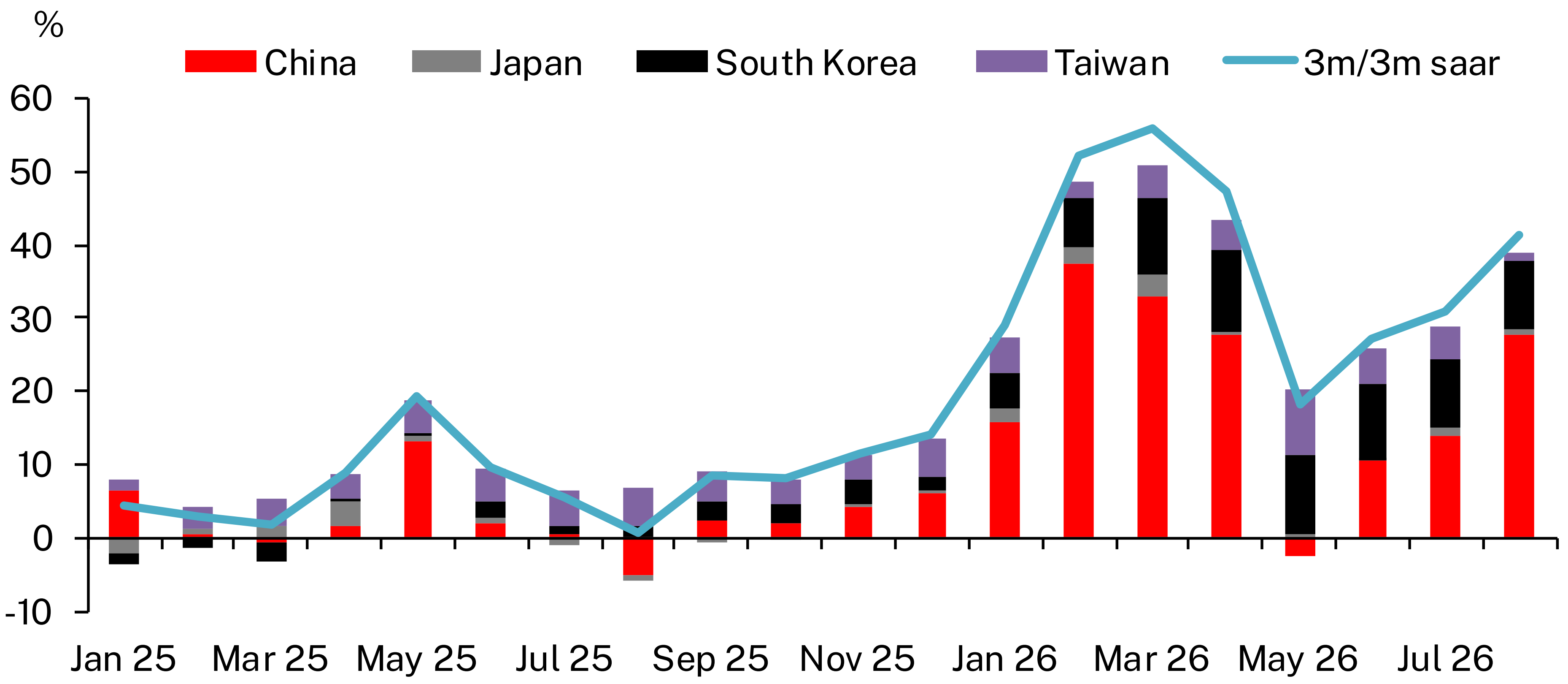
Exports benefitting from AI spending growth

North Asia Exports: Contributions to growth (3m/3m saar)



Source: CEIC, DBS

JPY

BOJ to hike rates by 25bps in Sep, following its Jun hike

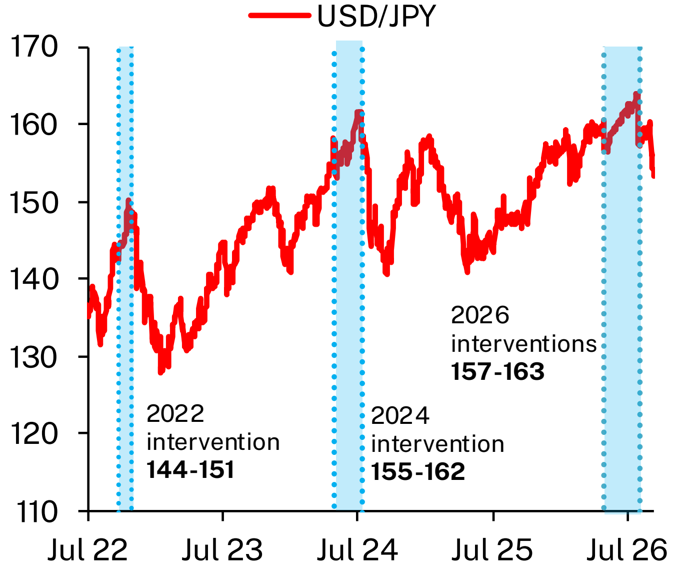
Inflation has hit 2% y/y despite fuel subsidies

Possible GPIF rebalancing from foreign assets to domestic JPY assets

JPY trend depends critically on BOJ policy guidance next Friday

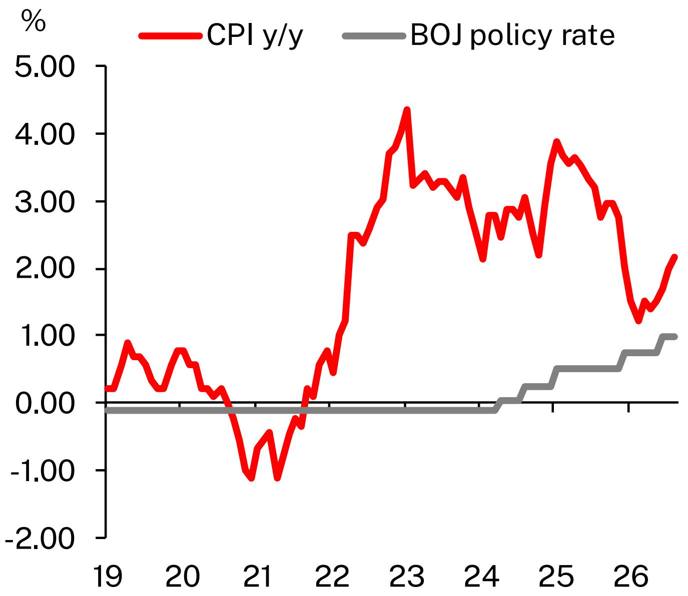
JPY: Turning around on hawkish BoJ tone

USD/JPY: Recent interventions triggered around 160-163



Source: Bloomberg, DBS

Less negative real rates to support JPY



Source: CEIC, DBS

Japan	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Latest
Real GDP y/y	1.6%	2.0%	0.6%	0.4%	0.6%	0.9% (Q2)
CPI y/y	3.6%	3.3%	2.9%	2.1%	1.5%	2.0% (Jul)
Industrial production y/y	0.0%	3.4%	2.2%	0.9%	2.4%	4.1% (Jul)
Retail Sales y/y	3.0%	1.9%	0.2%	-0.9%	1.4%	4.0% (Jul)
Policy rate %	0.50%	0.50%	0.5%	0.75%	0.75%	1.00% (Aug)

Sources: DBS, CEIC

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KRW

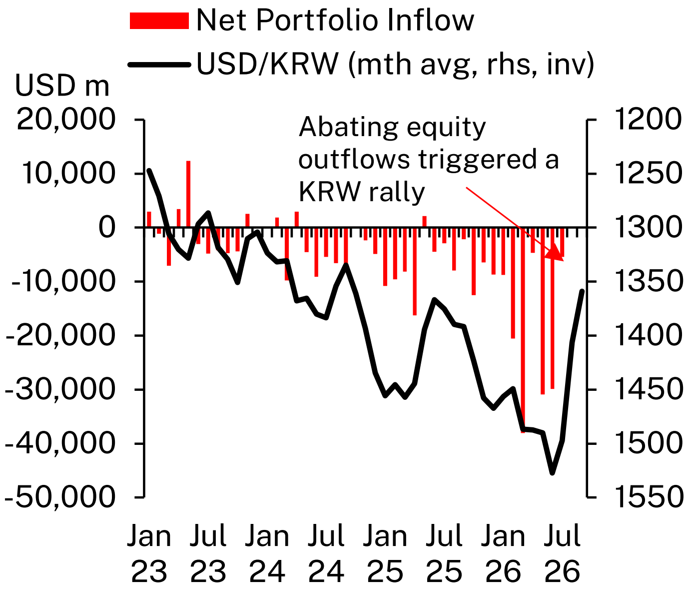
KRW has recovered strongly after foreign equity outflows tapered

AI boom has legs, with Korean memory makers committing USD500bn of investments

Strong export performance supports hawkish BoK policy stance

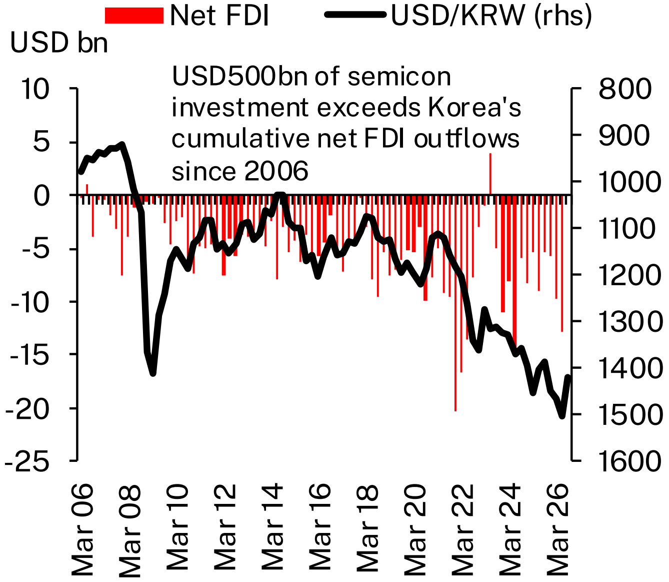
KRW: Lifted on AI boom as equity flows normalize

Korea: Net portfolio flows vs USD/KRW



Source: CEIC, Bloomberg,

Korea: Net FDI flows vs USD/KRW



Source: CEIC, Bloomberg,

South Korea	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Latest
Real GDP y/y	0.2%	0.7%	2.1%	1.6%	3.8%	3.7% (Q2)
CPI y/y	2.1%	2.2%	2.1%	2.3%	2.2%	3.1% (Aug)
Industrial production y/y	5.6%	3.8%	14.4%	1.6%	3.8%	3.6% (Jul)
Retail Sales y/y	0.3%	0.1%	2.3%	1.2%	5.0%	-0.8% (Jul)
Policy rate %	2.75%	2.50%	2.50%	2.50%	2.50%	3.00% (Sep)

Sources: DBS Research, CEIC

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RMB

Exports are strong, but domestic demand is still too weak

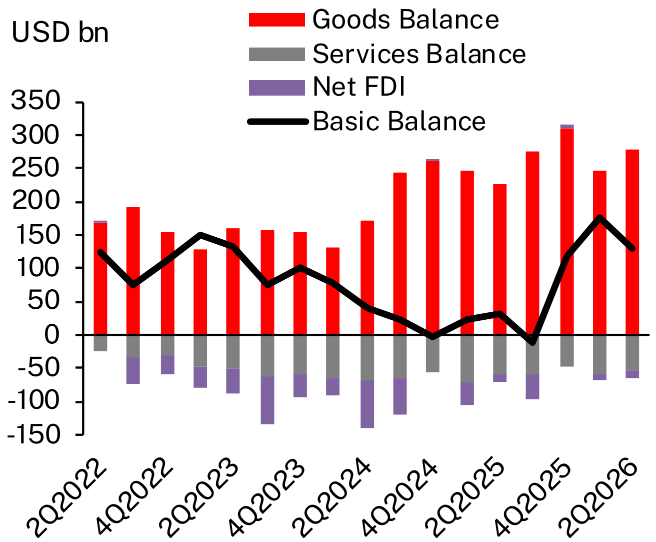
RMB appreciation will be measured

US-China relations stay stable with Xi visiting US on 24 Sep

Scope for goodwill RMB gains ahead of the visit

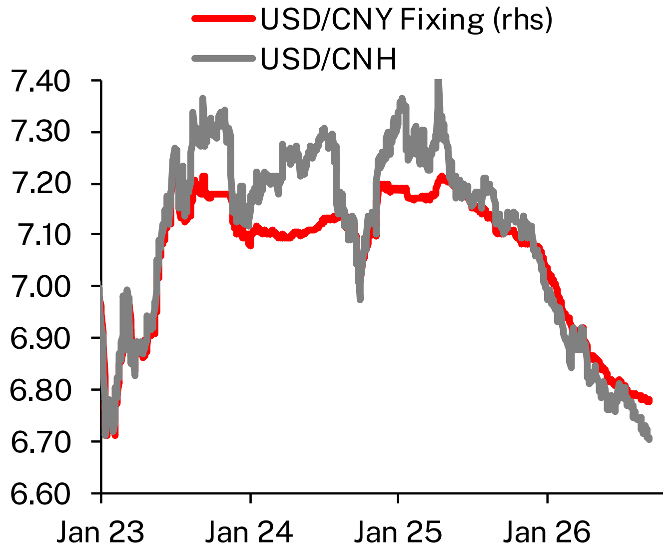
RMB: Gradual appreciation amid K-shaped economy

RMB stays supported by a buoyant goods balance



Source: Bloomberg,

Offshore RMB positioning for stronger appreciation



Source: Bloomberg, DBS

China	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Latest
Real GDP y/y	5.4%	5.2%	4.8%	4.5%	5.0%	4.3% (Q2)
CPI y/y	-0.1%	0.1%	-0.3%	0.8%	1.0%	0.8% (Aug)
Industrial production y/y	7.7%	6.8%	6.5%	5.2%	5.7%	4.5% (Aug)
Retail Sales y/y	5.9%	4.8%	3.0%	0.9%	1.7%	0.6% (Jul)
1Y LPR %	3.10%	3.00%	3.00%	3.00%	3.00%	3.00% (Aug)

Sources: DBS Research, CEIC

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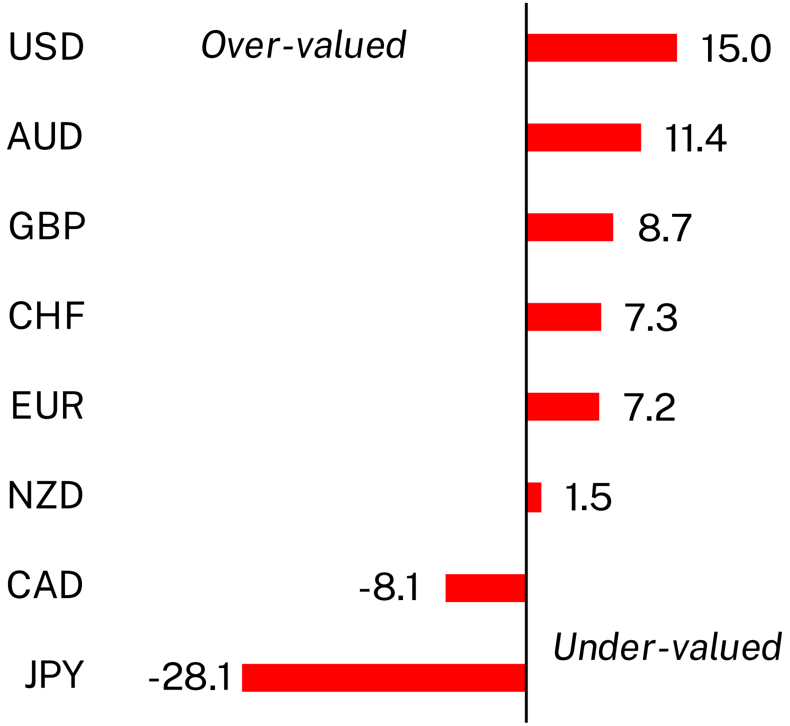
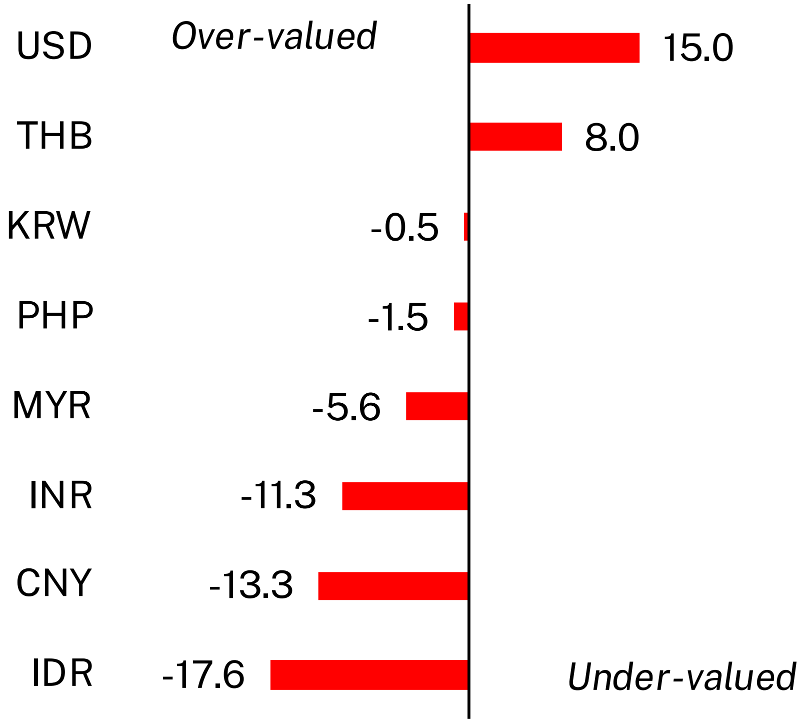
JPY and RMB are most undervalued, KRW less so

G10 FX: DEER valuations



Source: IMF, CEIC, DBS *As of 9 Sep*

Asian FX: DEER valuations



Source: IMF, CEIC, DBS *As of 9 Sep*

FX Forecasts

Exchange rates, eop

Ccy pair	1Q26	2Q26	3Q26	4Q26	1Q27	2Q27	3Q27	4Q27
USD/CNY	6.89	6.79	6.75	6.70	6.74	6.78	6.81	6.85
USD/HKD	7.84	7.84	7.83	7.83	7.83	7.83	7.83	7.83
USD/INR	94.8	94.7	93.4	93.9	94.4	95.0	95.5	96.1
USD/IDR	17041	17907	17760	17600	17660	17730	17790	17860
USD/MYR	4.05	4.08	4.02	3.95	4.00	4.05	4.10	4.15
USD/PHP	60.7	61.3	60.4	60.6	60.7	60.9	61.1	61.3
USD/SGD	1.29	1.29	1.28	1.27	1.28	1.29	1.29	1.30
USD/KRW	1516	1549	1465	1450	1490	1505	1520	1535
USD/THB	32.6	33.2	32.7	32.0	32.5	33.0	33.5	34.0
USD/VND	26340	26310	26290	26290	26430	26570	26710	26850
AUD/USD	0.69	0.69	0.70	0.71	0.70	0.70	0.69	0.69
EUR/USD	1.16	1.14	1.15	1.17	1.16	1.15	1.14	1.13
USD/JPY	159	163	156	151	153	154	155	157
GBP/USD	1.32	1.33	1.34	1.36	1.35	1.34	1.33	1.32

DBS Research

DBS Digital Assets Research

Digital Assets Update 2H26: Tokenization, AI & Capital Markets

Tokenization and artificial intelligence are likely to reshape capital markets, much as ETFs and electronic trading transformed asset management and financial infrastructure.

Group Research - Econs   25 Aug 2026

- Tokenization could gain institutional acceptance once the US CLARITY Act passes.
- Tokenised platforms offer faster speed, lower cost and improved liquidity.
- Tokenized asset markets could grow to USD 5.6 to 9.3trn by 2030.
- Besides Ethereum, Solana's high transaction speed makes it suited for tokenised assets trading.
- Tokenisation changes the nature rather than the quantity of systemic risk.

Have a question?

Get in touch

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Photo credit: Unsplash

Click here to read the full report.

Have a question?

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Tokenization

Tokenization means a digital representation of value on blockchains.

Real world assets including real estate, commodities, private assets have been tokenized.

US security laws have been unclear on tokenized securities

CLARITY Act could be the game changer

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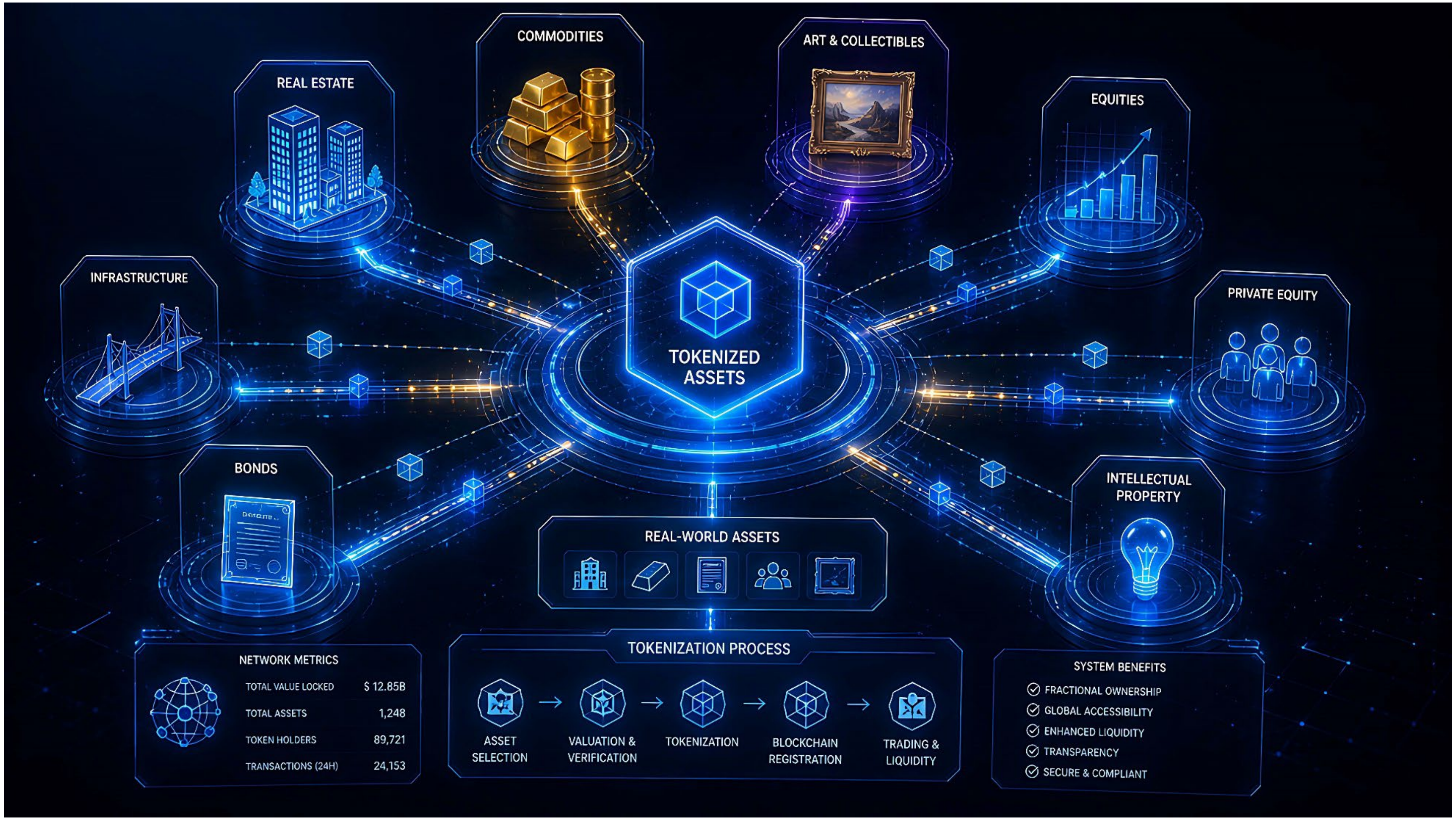
Tokenization, AI, and Capital Markets



US Digital Assets Policy

White House is moving ahead with executive and regulatory changes without waiting for CLARITY Act

The Next Era of Capital Markets

- GENIUS Act passed in July 2025 giving legal recognition to stablecoins
- CLARITY Act to define regulatory rules for security tokens scheduled for a mid-Sept procedural vote
- White House convened a meeting of financial regulators (SEC, CFTC), and crypto/TradFi industry leaders on 19 Aug
- SEC has also proposed Regulation Crypto Assets on 18 Aug, to introduce a securities offering regime that will support digital assets

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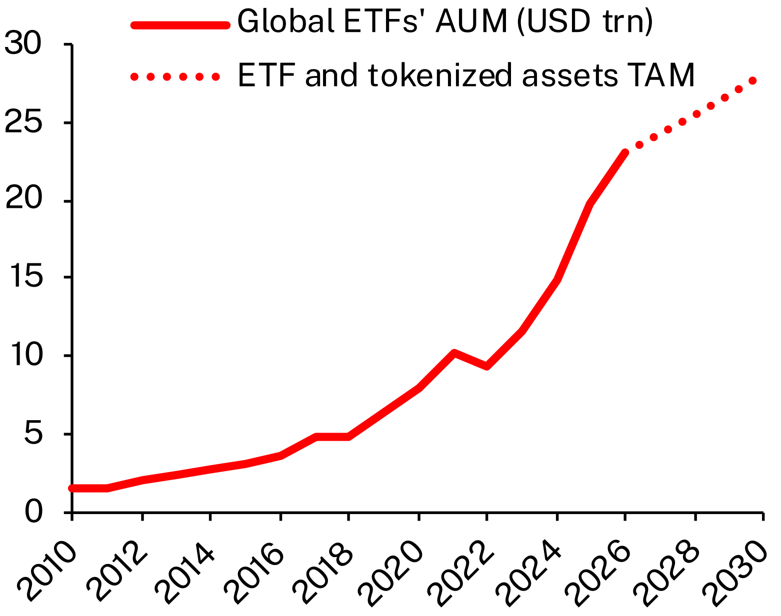
Market Size

Tokenized assets could compete with ETFs

Higher flexibility for individual customization, AI advisory and automation, and cost efficiency puts Tokenized assets at an advantage

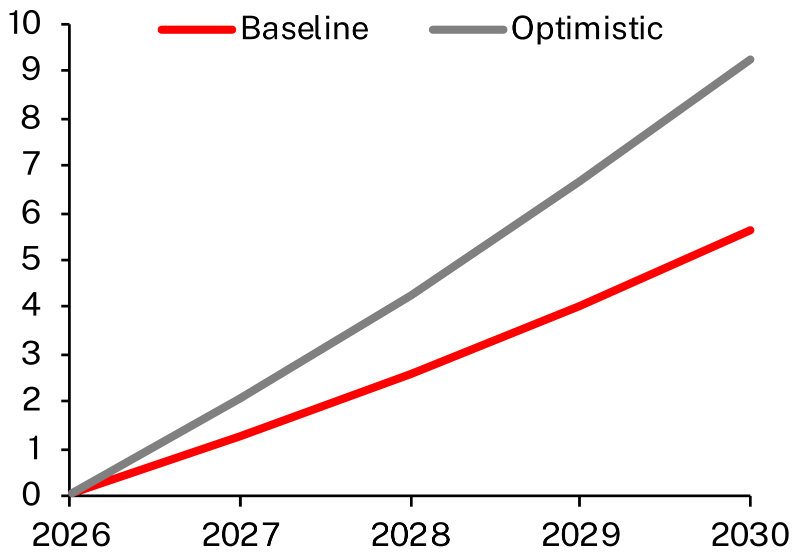
Tokenized market size to hit USD5.6trn in 2030

Total addressable market size for ETFs and tokenized assets (USD trn)



Source: ETFGI, DBS

Forecast Growth Trajectory of Tokenized Asset Markets (USD trn)



Source: DBS

- Total Addressable Market for ETF/Tokens could be USD 28trn in 2030
- Tokenized assets could have 20%-33% market share (USD 5.6trn to USD 9.etrn)

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