

Daily Treasury Outlook

Highlights

Global: US equities retreated on Tuesday as the rotation away from semiconductor hardware stocks extended despite Samsung Electronics reporting record preliminary 2Q operating profit. The semiconductor index tumbled 4.7%. Risk sentiment was further undermined by renewed uncertainty over the Middle East ceasefire. Oil prices rallied after the US revoked a sanctions waiver that had allowed Iran to continue selling oil globally, reversing a key element of the interim peace agreement following a series of attacks in the Strait of Hormuz. Brent crude climbed above USD75 per barrel, while WTI crude rose to around USD72 per barrel after settlement. The policy reversal came after three commercial vessels were attacked in the strategic waterway.

On the data front, the Federal Reserve Bank of New York's Survey of Consumer Expectations pointed to a renewed rise in inflation expectations. One-year ahead inflation expectations increased to 3.7% in June from 3.5% in May, the highest reading since September 2023. Three-year ahead expectations also rose to 3.3% from 3.1%, marking the highest level since June 2022. Meanwhile, five-year ahead inflation expectations—closely monitored by Federal Reserve officials as a gauge of longer-term inflation credibility—remained unchanged at 3.0%. Despite higher inflation expectations, households expressed greater optimism about the labour market and reported improving assessments of both their current and future financial conditions.

In the UK, fiscal sustainability remained in focus. The Office for Budget Responsibility (OBR) warned that, to stabilise public debt at around 95% of GDP over the long term, the government would need to deliver a permanent improvement in the primary fiscal balance. The OBR estimated that Britain will require additional tax increases or spending cuts equivalent to the entire education budget early next decade to prevent public debt from rising further. Separately, the Bank of England cautioned that artificial intelligence is becoming an increasingly important source of financial stability risk. Since its previous assessment, the central bank identified several emerging vulnerabilities, including rising leverage among investors such as hedge funds to finance equity purchases, heavy borrowing by AI-related companies to fund capital expenditure, and the rapid advancement of AI capabilities that could amplify operational and systemic risks across the financial system.

Market Watch: For today, the data calendar is relatively light. Market attention is likely to shift back to developments in the Middle East following the latest escalation in attacks. Meanwhile, the release of the June FOMC meeting minutes will be the key event on the macro calendar. Investors will look for greater insight into the rationale behind the Committee's more hawkish shift in the dot plot.

Key Market Movements

Equity	Value	% chg
S&P 500	7503.9	-0.4%
DJIA	52925	-0.2%
Nikkei 225	68257	-2.1%
SH Comp	3990.2	-1.3%
STI	5342.2	1.6%
Hang Seng	23497	-0.5%
KLCI	1682.9	0.0%
	Value	% chg
DXY	101.023	0.2%
USDJPY	162.1	0.0%
EURUSD	1.1412	-0.3%
GBPUSD	1.3359	-0.2%
USDIDR	17982	-0.1%
USDSGD	1.2926	0.0%
SGDMYR	3.1508	-0.2%
	Value	chg (bp)
2Y UST	4.18	7.47
10Y UST	4.55	8.18
2Y SGS	1.60	-0.20
10Y SGS	2.13	-0.55
3M SORA	1.11	0.40
3M SOFR	3.63	0.01
	Value	% chg
Brent	74.16	3.0%
WTI	70.44	2.8%
Gold	4106	-1.4%
Silver	59.98	-3.3%
Palladium	1268	-0.3%
Copper	13366	-0.3%
BCOM	126.20	0.5%

Source: Bloomberg

Major Markets

CN: China's foreign exchange reserves remained broadly stable at USD3.4163 trillion at the end of June. Meanwhile, the PBOC continued to increase its gold holdings, with gold reserves rising by 480,000 troy ounces MoM to 75.44 million troy ounces. This marked the 20th consecutive month of gold reserve accumulation, underscoring the central bank's ongoing efforts to diversify its reserve assets.

HK: Authorities in China and Hong Kong have announced a series of measures aimed at deepening financial market integration between the Mainland and Hong Kong, while further developing Hong Kong's fixed income and currency (FIC) markets and offshore RMB business. Key measures include doubling the size of the RMB liquidity facility to RMB500 billion, exploring a tender-based mechanism for the provision of seven-day offshore RMB liquidity, and developing an electronic trading platform for the FIC market. In addition, the annual Southbound Bond Connect quota will be increased to RMB800 billion from RMB500 billion, while efforts will be made to expand bond repo transactions using Southbound Bond Connect-eligible bonds in Hong Kong. Collectively, these measures are expected to further support the internationalisation of the RMB. Separately, Hong Kong has commenced a trial operation of a new gold clearing system as part of its broader strategy to establish itself as a leading regional bullion trading hub.

ID: Bank Indonesia's official reserve assets increased to USD145.6bn at the end of June 2026 from USD144.9bn at the end of May. The higher reserves "was primarily attributable to tax and services receipts, amid government external debt repayments and Bank Indonesia's Rupiah stabilisation policy in response to persistently high uncertainty in global financial markets," according to BI. The reserve position was equivalent to 5.5 months of imports, or 5.4 months of imports and government external debt servicing, remaining well above the international adequacy standard of around three months of imports.

MY: Prime Minister Anwar Ibrahim said the government will continue improving MSME financing approvals, with Tekun Nasional disbursing funds within five days, Bank Rakyat approving micro enterprise financing within six working days and SME Bank capping approvals at 15 working days for financing between MYR100,000 and MYR1.0mn, as reported by The Edge. The government allocated more than MYR15.0bn in financing facilities and loan guarantees for MSMEs, including MYR5.0bn for Bumiputera entrepreneurs. Since May, BNM approved nearly MYR1.0bn under the SME Stabilisation Relief Facility for more than 1,500 MSMEs, while the Business Financing Guarantee Scheme approved MYR4.9bn for more than 6,000 MSMEs in 1H26.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 0-1bps higher, belly tenors trading 1-2bps higher, and the 10Y tenor trading 3bps higher.
- US Investment Grade spreads widened by 1bps to 74bps and US High Yield spreads tightened by 5bps to 260bps. Bloomberg Global Contingent Capital Index tightened by 4bps to 206bps.
- Bloomberg Asia USD Investment Grade tightened by 1bps to 54bps and the Asia USD High Yield spreads tightened by 4bps to 338bps. (Bloomberg, OCBC)

New Issues:

- There were US\$1.27bn of issuances in the Singdollar market yesterday. The largest issuance was led by Housing & Development Board (priced US\$1bn 7Y bond at 2.21%).
- The total issuances in the APAC and DM IG markets respectively were USD725mn and USD5.5bn (prior day: US\$1bn and US\$13.2bn respectively). (Bloomberg, OCBC) The largest issuance in APAC USD and DM IG came from Fubon Bank HK (priced US\$300mn 10NC5 Subdebt at 85.375%) and Royal Bank of Canada (priced US\$2bn across two tranches) respectively.

Credit Developments:

- **Keppel Ltd, Sembcorp Industries Ltd.,** and Singapore Energy Interconnections signed an MOU with Indonesia's Danantara to advance a cross-border electricity project following high-level Singapore-Indonesia discussions.
- **Shangri-La Asia** announced that Executive Director and Group Chief Investment Officer Chua Chee Wui will resign on 8 July 2026 to pursue personal interests, with no successor named yet.
- **Crédit Agricole S.A.** increased its stake in Banco BPM to 29.3% as part of its ACT 2028 strategy, with the acquisition impact viewed as manageable given its solid capital position.
- **JPMorgan Chase** had its A1 Senior Unsecured Debt rating affirmed by Moody's with a stable outlook, reflecting its strong balance sheet, leading franchises and resilient earnings capacity

Equity Market Updates

US: US stocks fell Tuesday as a chipmaker selloff, renewed AI valuation concerns, and escalating Middle East tensions weighed on sentiment. The S&P 500 declined 0.5%, the Nasdaq Composite dropped 1.2% and the Dow shed 0.3%. The tech rout was triggered after Samsung Electronics reported record profits that nonetheless disappointed investors, stoking doubts over the durability of the AI trade; a semiconductor gauge sank over 5%. DeepSeek was also reported to be developing its own AI chip, adding to pressure on Nvidia. Oil surged as the US military launched fresh strikes against Iran following attacks on Strait of Hormuz shipping, and the Treasury separately revoked Iran's licence to sell crude internationally, further straining the ceasefire. Rising energy prices lifted bond yields, with the 10-year climbing to around 4.5%. A USD58b 3-year Treasury

auction drew strong end-user demand — primary dealers were awarded a record-low 7.7% share — though yields still ended higher on the day. On the rotation, consumer staples outperformed while financials fell only modestly. Notably, the PBOC announced measures to more than double its RMB Business Facility to CNY500b, reinforcing Hong Kong's role as an offshore yuan hub.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	101.023	0.17%	USD-SGD	1.2926
USD-JPY	162.10	0.01%	EUR-SGD	1.4753
EUR-USD	1.141	-0.25%	JPY-SGD	0.7974
AUD-USD	0.693	-0.39%	GBP-SGD	1.7269
GBP-USD	1.336	-0.25%	AUD-SGD	0.8955
USD-MYR	4.070	-0.37%	NZD-SGD	0.7339
USD-CNY	6.796	0.02%	CHF-SGD	1.5989
USD-IDR	17982	-0.07%	SGD-MYR	3.1508
USD-VND	26294	-0.02%	SGD-CNY	5.2576

Equity and Commodity

Index	Value	Net change
DJIA	52,925.15	-130.76
S&P	7,503.85	-33.58
Nasdaq	25,818.69	-302.47
Nikkei 225	68,256.96	-1480.73
STI	5,342.24	82.43
KLCI	1,682.93	-0.60
JCI	5,986.50	70.43
Baltic Dry	2,875.00	78.00
VIX	16.13	0.56

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2240	0.86%	1M	3.6741
3M	2.3210	0.00%	2M	3.7069
6M	2.5470	-0.27%	3M	3.7566
12M	2.6930	-0.59%	6M	3.8716
			1Y	4.0272

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.6 (-)	4.18(-)
5Y	1.78 (+0.01)	4.29 (+0.09)
10Y	2.13 (-0.01)	4.55 (+0.08)
15Y	2.18 (-0.01)	--
20Y	2.2 (-0.01)	--
30Y	2.24 (-0.01)	5.06 (+0.07)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
07/29/2026	0.273	27.300	0.068	3.697
09/16/2026	0.747	47.400	0.187	3.816
10/28/2026	0.993	24.600	0.248	3.878
12/09/2026	1.367	37.500	0.342	3.971

Financial Spread (bps)

Value	Change	
TED	35.36	--
Secured Overnight Fin. Rate		
SOFR	3.63	

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	70.44	2.8%	Corn (per bushel)	4.425	0.4%
Brent (per barrel)	74.16	3.0%	Soybean (per bushel)	11.968	1.2%
Heating Oil (per gallon)	330.17	0.1%	Wheat (per bushel)	6.093	0.5%
Gasoline (per gallon)	295.39	-1.6%	Crude Palm Oil (MYR/MT)	44.830	0.0%
Natural Gas (per MMBtu)	3.27	0.6%	Rubber (JPY/KG)	4.122	0.9%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13366	-0.3%	Gold (per oz)	4106	-1.4%
Nickel (per mt)	16348	-0.5%	Silver (per oz)	59.98	-3.3%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/08/2026 7:00	SK	BoP Current Account Balance	May	--	\$38607.4m	\$28292.3m	--
7/08/2026 7:00	SK	BoP Goods Balance	May	--	\$37859.2m	\$33884.8m	--
7/08/2026 7:01	UK	S&P Global, KPMG and REC UK Report on Jobs					
7/08/2026 9:00	PH	Unemployment Rate	May	--	--	4.70%	--
7/08/2026 11:00	ID	Consumer Confidence Index	Jun	--	--	120.9	--
7/08/2026 16:00	SI	Automobile COE Open Bid Cat B	8-Jul	--	--	123502	--
7/08/2026 16:00	SI	Automobile COE Open Bid Cat A	8-Jul	--	--	123847	--
7/08/2026 16:00	SI	Automobile COE Open Bid Cat E	8-Jul	--	--	129002	--
7/08/2026 19:00	US	MBA Mortgage Applications	3-Jul	--	--	0.00%	--
7/08/2026 22:00	US	Wholesale Inventories MoM	May F	0.30%	--	0.30%	--
7/08/2026 22:00	US	Wholesale Trade Sales MoM	May	0.80%	--	2.00%	--

Source: Bloomberg

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