

## Daily Treasury Outlook

1 July 2025

### Highlights

**Global:** The S&P 500 and Nasdaq both reached new record highs on Monday, buoyed by continued progress in global trade negotiations. A notable development came over the weekend, as Canada announced it would scrap its planned digital services tax. This decision paved the way for the resumption of trade talks with the U.S., with Canada's Finance Ministry confirming that both parties aim to reach an agreement by July 21.

In Europe, the EU signalled a willingness to accept a trade agreement with the U.S. that includes a proposed 10% universal tariff. However, Brussels is seeking exemptions for key sectors including pharmaceuticals, alcohol, semiconductors, and commercial aircraft. EU Trade Commissioner is expected to lead a delegation to Washington this week to push discussions forward. Despite the positive momentum, U.S. Treasury Secretary Scott Bessent cautioned on Monday that higher tariffs could still take effect on July 9, even for countries negotiating in good faith. Whether any deadline extensions are granted remains at President Trump's discretion.

Elsewhere, Trump escalated trade tensions with Japan by threatening fresh tariffs, citing Tokyo's reluctance to open its market to U.S. rice exports. Meanwhile, White House National Economic Council Director Kevin Hassett hinted that multiple trade agreements may be announced following the July 4 Independence Day holiday.

In central bank commentary, ECB President Christine Lagarde noted that post-pandemic economic dynamics have increased the volatility of inflation. Firms now tend to respond more quickly to shocks, making inflation more reactive. She emphasized the need for policymakers to act preemptively—either tightening quickly in response to upside risks or easing early when faced with deflationary pressures.

**Market Watch:** Looking ahead, markets will focus on global June PMI prints and U.S. labour market data. Headlines related to trade negotiations are expected to dominate the narrative this week.

**Commodities:** Crude oil benchmarks edged lower on Monday, with WTI and Brent declining by 0.6% and 0.2%, respectively, to USD65.1/bbl and USD67.6/bbl. With the Israel-Iran ceasefire holding, supply-demand fundamentals remain the main driver of oil prices. Prices were weighed down by recent media reports that OPEC+ is considering another production hike for August. If implemented, this would mark the fifth consecutive month of production increases. Eight OPEC+ member countries will convene virtually on 6 July to decide on August production levels.

### Key Market Movements

Equity	Value	% chg
S&P 500	6205.0	0.5%
DJIA	44095	0.6%
Nikkei 225	40487	0.8%
SH Comp	3444.4	0.6%
STI	3964.3	0.0%
Hang Seng	24072	-0.9%
KLCI	1533.0	0.3%
	Value	% chg
DX	96.875	-0.5%
USDJPY	144.03	-0.4%
EURUSD	1.1787	0.6%
GBPUSD	1.3732	0.1%
USIDR	16238	0.2%
USDSGD	1.2716	-0.3%
SGDMYR	3.3015	-0.5%
	Value	chg (bp)
2Y UST	3.72	-2.88
10Y UST	4.23	-4.89
2Y SGS	1.78	-2.60
10Y SGS	2.20	-2.18
3M SORA	2.06	-1.90
3M SOFR	4.34	0.09
	Value	% chg
Brent	66.74	-0.1%
WTI	65.11	-0.6%
Gold	3303	0.9%
Silver	36.11	0.3%
Palladium	1107	-2.6%
Copper	9869	-0.1%
BCOM	102.02	-0.8%

Source: Bloomberg

## Major Markets

**CH:** The June official manufacturing and non-manufacturing PMIs offered a mixed picture. Manufacturing PMI rose marginally to 49.7 from 49.5, while non-manufacturing PMI edged up to 50.5 from 50.3. Disaggregated data showed improvement among large (51.2) and medium-sized (48.6) manufacturers, but a sharp decline in small enterprise PMI to 47.3 from 49.3. Within the non-manufacturing segment, the construction PMI rose to 52.8, while the services component dipped slightly to 50.1.

**ID:** Coordinating Minister Airlangga Hartarto announced that the government will ease import restrictions on 10 groups of goods, including plastics, chemicals, fertilisers, and forestry products, to reduce bureaucratic hurdles and improve business certainty. The move, effective in two months, comes ahead of the 9 July deadline for tariff talks with the US. The new policy removes licensing requirements and overlapping rules, aiming to support industries dependent on imported raw materials. Coordinating Minister Hartarto also revealed that the government offered the US a joint investment in a critical minerals project, linked to the EV sector and involving sovereign fund Danantara, as part of ongoing negotiations.

**MY:** Prime Minister Anwar Ibrahim has embarked on a three-nation tour to Italy, France, and Brazil on 1 June 2025. His visit began in Italy, where he is leading a high-level delegation for bilateral meetings, including with Prime Minister Giorgia Meloni, and will officiate the Malaysia–Italy Economic Roundtable to boost cooperation in trade, defence, energy, and agro-commodities. The delegation includes five Cabinet ministers and representatives from 13 Malaysian firms. He will proceed to France for further engagements before heading to Brazil to attend the BRICS Summit as a partner country.

**PH:** According to the Bangko Sentral ng Pilipinas (BSP), headline inflation for June 2025 is expected to “settle within the 1.1-1.9% range.” The BSP highlighted that higher prices for meat and vegetables, elevated oil prices and the depreciation of the peso have contributed to upward price pressures in June. Meanwhile, lower prices for rice, fish, and fruits, along with reduced electricity rates, are expected to partially offset some of these upward price pressures. Moving forward, the BSP states that it “remains committed to safeguarding price stability by ensuring that monetary policy settings are conducive to sustainable economic growth and employment.”

**TH:** The Constitutional Court will rule today on whether to accept the petition to remove Prime Minister (PM) Paetongtarn Shinawatra from office. This follows a leaked audio recording of a conversation between Thai PM Shinawatra and former Cambodian premier Hun Sen. After the leak, coalition partner the Bhumjaithai party left the ruling coalition on 19 June. The Bhumjaithai party holds 69 seats in parliament, and its withdrawal leaves the government with a relatively slim majority of less than 10 seats in the lower house.

**VN:** European businesses remain cautiously optimistic about Vietnam's long-term economic prospects, according to EuroCham's latest Business Confidence Index (BCI) report. The 2Q25 BCI dipped slightly to 61.1 in 2Q25 from 54.6 in 1Q25 on the back of global uncertainties and trade tensions, but 72% of surveyed firms still recommend Vietnam as investment destination, up 4pp from the previous quarter reading. While confidence in Vietnam's short-term economic stability fell from 58% to 50%, most companies are adopting a "wait-and-see" approach rather than expecting a downturn (11% from 10%).

## ESG

**ID:** China's EV battery manufacturer CATL has kickstarted the construction of its US\$5.9bn integrated nickel project spread across two provinces in Indonesia, i.e. North Maluku and West Java. The project is expected to be in operation by the end of 2026 and produce EV batteries with storage capacity of up to 15GWh. The project will also involve the development of nickel mines and smelters, as Indonesia seeks to move up the global metals supply chain by having companies build smelters, battery factories and EV factories in the country. This project can enhance Indonesia's strategic position in the global EV supply chain.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 3-4bps lower, belly tenors trading 2-3bps lower and 10Y trading 2bps lower. Adrian Cheng resigned as non-executive director and vice-chairman of New World Development Co. effective July 1 to focus on public service and personal matters. Mr Cheng previously stepped down as CEO in September 2024. In financing as per Bloomberg, Sunac China has been actively seeking new financing or additional capital through multiple channels while Guangzhou R&F continues to seek new sources of financing to address its upcoming financial obligations. In debt restructuring, Agile group is collaborating with advisers to develop its offshore debt restructuring plan, aiming for an agreement with most key offshore creditors by the end of 2025. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 75bps and Bloomberg Asia USD High Yield spreads widened by 5bps to 454bps respectively. (Bloomberg, OCBC)

### New Issues:

There were seven notable issuances by two Japanese issuers in the Asiadollar market yesterday.

- Sumitomo Mitsui Financial Group, Inc. priced USD4bn of debt in five tranches: a USD700mn 6NC5 Fixed Bond at T+87bps, a USD700mn 8NC7 Fixed Bond at T+97bps, a USD700mn 11NC10 Fixed Bond at T+102bps, a USD900mn 6NC5 FRN at SOFR+119bps and a USD1bn 21NC20 Subordinated Tier 2 Note at T+102bps.
- SoftBank Corp. priced USD1bn of debt in two tranches: a USD500mn 5Y Fixed Bond at T+90bps and a USD500mn 10Y Fixed Bond at T+110bps

There were no notable issuances in the Singdollar market yesterday.

### Mandates:

SoftBank Group Corp may issue debt in four tranches of USD denominated Fixed Bond with maturities of 3.75-, 5.5-, 7- and 10Y.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.875	-0.54%	USD-SGD	1.2716	-0.34%
USD-JPY	144.030	-0.43%	EUR-SGD	1.4988	0.23%
EUR-USD	1.179	0.59%	JPY-SGD	0.8828	0.08%
AUD-USD	0.658	0.80%	GBP-SGD	1.7463	-0.25%
GBP-USD	1.373	0.12%	AUD-SGD	0.8368	0.46%
USD-MYR	4.210	-0.49%	NZD-SGD	0.7752	0.30%
USD-CNY	7.164	-0.12%	CHF-SGD	1.6033	0.39%
USD-IDR	16238	0.20%	SGD-MYR	3.3015	-0.52%
USD-VND	26118	0.09%	SGD-CNY	5.6330	0.29%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.9160	-0.67%	1M	4.3326	0.02%
3M	1.9390	-2.07%	2M	4.3291	0.01%
6M	2.0360	-0.05%	3M	4.2995	-0.06%
12M	2.0620	-0.53%	6M	4.1397	-0.17%
			1Y	3.8641	-0.07%

## Fed Rate Hike Probability

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	Implied Rate Change		Expected Effective Fed Funds Rate
06/18/2025	-0.001	-0.1	0	4.329
07/30/2025	-0.201	-20.1	-0.05	4.28
09/17/2025	-1.147	-94.5	-0.287	4.044
12/10/2025	-2.666	-81.5	-0.667	3.664

## Equity and Commodity

Index	Value	Net change
DJIA	44,094.77	275.50
S&P	6,204.95	31.88
Nasdaq	20,369.73	96.27
Nikkei 225	40,487.39	336.60
STI	3,964.29	-1.91
KLCI	1,532.96	4.80
JCI	6,927.68	30.28
Baltic Dry	1,489.00	-32.00
VIX	16.73	0.41

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.78 (-0.03)	3.72(--)
5Y	1.8 (-0.03)	3.8 (-0.03)
10Y	2.2 (-0.02)	4.22 (-0.05)
15Y	2.31 (-0.02)	--
20Y	2.3 (-0.03)	--
30Y	2.33 (-0.03)	4.76 (-0.06)

## Financial Spread (bps)

Value	Change	
EURIBOR-OIS	#N/A	N/A
TED	35.36	--

## Secured Overnight Fin. Rate

SOFR	4.39
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	65.11	-0.63%	Corn (per bushel)	4.205	0.7%
Brent (per barrel)	67.61	-0.24%	Soybean (per bushel)	10.243	-0.3%
Heating Oil (per gallon)	234.58	1.67%	Wheat (per bushel)	5.288	0.8%
Gasoline (per gallon)	207.98	-0.48%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.46	-7.57%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9869.00	-0.09%	Gold (per oz)	3303.1	0.9%
Nickel (per mt)	15215.00	-0.20%	Silver (per oz)	36.1	0.3%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
7/01/2025 9:45	CH	Caixin China PMI Mfg	Jun	49.3	--	48.3	--
7/01/2025 12:00	ID	CPI YoY	Jun	1.80%	--	1.60%	--
7/01/2025 12:00	ID	Exports YoY	May	1.30%	--	5.76%	--
7/01/2025 12:00	ID	Trade Balance	May	\$2660m	--	\$159m	--
7/01/2025 12:00	ID	Imports YoY	May	1.10%	--	21.84%	--
7/01/2025 12:00	ID	CPI Core YoY	Jun	2.42%	--	2.40%	--
7/01/2025 12:00	ID	CPI NSA MoM	Jun	0.12%	--	-0.37%	--
7/01/2025 17:00	EC	CPI MoM	Jun P	0.30%	--	0.00%	--
7/01/2025 17:00	EC	CPI Estimate YoY	Jun P	2.00%	--	1.90%	--
7/01/2025 17:00	EC	CPI Core YoY	Jun P	2.30%	--	2.30%	--
7/01/2025 21:45	US	S&P Global US Manufacturing PMI	Jun F	52	--	52	--
7/01/2025 22:00	US	ISM Manufacturing	Jun	48.8	--	48.5	--
7/01/2025 22:00	US	JOLTS Job Openings	May	7300k	--	7391k	--
7/01/2025 22:00	US	JOLTS Job Openings Rate	May	4.40%	--	4.40%	--
7/01/2025 22:00	US	JOLTS Quits Level	May	3188k	--	3194k	--
7/01/2025 22:00	US	JOLTS Layoffs Level	May	1831k	--	1786k	--

Source: Bloomberg



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