

Daily Treasury Outlook

1 August 2025

Highlights

Global: Wall Street closed broadly lower overnight, with the S&P 500 reversing early gains to end in the red, as markets turned cautious ahead of today's critical tariff deadline and the release of a key US jobs report. President Trump's trade agenda dominated headlines again. A new 15% tariff has now been formally imposed on South Korea, while India was hit harder with a 25% tariff rate. Interestingly, the "Further Modifying the Reciprocal Tariff Rates" executive orders, published on 31 July, indicate that BRICS nations such as Brazil faced a 10% tariff, while South Africa faced a 30% tariff, signalling that not all BRICS members will receive the same treatment. In partial relief to markets, refined copper, which is the largest subcategory of copper imports, was exempted from the proposed 50% blanket tariff, triggering a fall in US copper futures, reflecting the shift in expected import costs. Meanwhile, US President Trump also granted Mexico a 90-day reprieve from current tariff rates, while Canada faced a higher tariff of 35% from 25% "In response to Canada's continued inaction and retaliation." In ASEAN, the executive orders placed 19% tariffs on both Malaysia and Thailand, similar to Indonesia and the Philippines, which were previously agreed upon, while Vietnam remains subject to a 20% tariff. On transshipment, the executive orders specified "an additional ad valorem rate of duty of 40 percent, in lieu of the additional ad valorem rate of duty applicable under section 2 of this order to goods of the country of origin."

On the data front, US personal consumption expenditure growth eased to 2.1% YoY in June from 2.2% in May, marking the slowest annual pace since February 2024. Meanwhile, core PCE inflation, the Fed's preferred gauge, rose 2.8% YoY (0.3% MoM) in June, unchanged from the prior month (2.8% YoY, 0.2% MoM), and was slightly above expectations of 2.7% YoY. On an annualized rate, however, core PCE rose to 3.1% (MoM SAAR) in June from 2.6% in May, suggesting that tariff pass-through effects are building. Labour market signals remain mixed, with weekly initial jobless claims staying broadly low at 218k for the week ending 26 July, but the July Challenger Job survey showed elevated planned layoffs. To that end, the focus will be on tonight's nonfarm payrolls report (20:30 SGT). With Fed Chair Powell having flagged the labour market as one of the key factors in future policy decisions - a soft print could revive expectations for a September rate cut.

Market Watch: Looking ahead, markets will focus on global July PMI prints as well as Eurozone headline and core CPI releases. The US will release key manufacturing data and deluge of labour market data, with consensus expecting July's non-farm payroll to ease 104k from 147k in June and a slightly higher unemployment rate of 4.2%. Headlines related to the modified reciprocal tariff rates released overnight are expected to take centre stage as details regarding new tariffs and trade deals have yet to be announced.

Key Market Movements

| Equity | Value | % chg |
|------------|--------|----------|
| S&P 500 | 6339.4 | -0.4% |
| DJIA | 44131 | -0.7% |
| Nikkei 225 | 41070 | 1.0% |
| SH Comp | 3573.2 | -1.2% |
| STI | 4173.8 | -1.1% |
| Hang Seng | 24773 | -1.6% |
| KLCI | 1513.3 | -0.7% |
| | Value | % chg |
| DXY | 99.968 | 0.2% |
| USDJPY | 150.75 | 0.8% |
| EURUSD | 1.1415 | 0.1% |
| GBPUSD | 1.3207 | -0.2% |
| USIDR | 16455 | 0.4% |
| USDSGD | 1.2981 | 0.1% |
| SGDMYR | 3.2918 | -0.1% |
| | Value | chg (bp) |
| 2Y UST | 3.96 | 1.65 |
| 10Y UST | 4.37 | 0.40 |
| 2Y SGS | 1.70 | 2.20 |
| 10Y SGS | 2.09 | 0.21 |
| 3M SORA | 1.85 | -0.02 |
| 3M SOFR | 4.34 | -0.08 |
| | Value | % chg |
| Brent | 71.7 | -1.1% |
| WTI | 69.26 | -1.1% |
| Gold | 3290 | 0.5% |
| Silver | 36.71 | -1.1% |
| Palladium | 1199 | -1.5% |
| Copper | 9611 | -0.9% |
| BCOM | 101.18 | -2.0% |

Source: Bloomberg

Singapore: The business expectations survey for both manufacturing and services sectors actually recovered slightly to a net 5% and 2% respectively expecting a more favourable 2H25 outlook, compared to -6% and -17% three months ago.

Commodities: Crude oil benchmarks declined on Thursday, with WTI and Brent falling 1.1% and 1.0%, respectively, to USD69.3/bbl and USD72.5/bbl. The dip in oil prices was driven by risk-off sentiment in the broader markets following higher-than-expected US inflation data. Meanwhile, tariff uncertainty ahead of US President Donald Trump's August 1 deadline continues to linger, exerting downward pressure on oil prices. These factors more than offset upward price pressure stemming from concerns over renewed supply disruptions to Russian oil flow.

Major Markets

CH: China's manufacturing PMI slipped to 49.3 in July from 49.7 in June, with both production and orders weakening. The new orders index fell to 49.4 from 50.2, while new export orders eased to 47.1 from 47.7. Production activity expansion slowed, and demand indicators moved into contraction territory, highlighting persistent supply-demand imbalances.

Two factors contributed to the softer readings. First, manufacturing output has entered its seasonal lull, with high temperatures and heavy rainfall disrupting production and causing a typical seasonal pullback. Second, as the earlier "frontloading" export push fades, export momentum has weakened, weighing on sentiment in export-oriented industries such as equipment manufacturing.

Despite the softer activity data, the business expectations index rose to 52.6 from 52.0, suggesting that manufacturers remain cautiously optimistic about the near-term outlook.

ID: Coordinating Economic Minister Airlangga Hartarto revealed that Indonesia is still negotiating with Washington on which goods, possibly including processed copper, will receive lower or exempted US tariffs, with announcements on tariffs for Indonesia's copper and other industrial commodities forthcoming. Separately, Coordinating Minister Hartarto expressed optimism that all legal documentation for the Indonesia-European Union Comprehensive Economic Partnership Agreement (IEU-CEPA) will be finalized by September 2025, expecting for the agreement to take effect in 2026.

MY: The White House announced an executive order on modifying the reciprocal tariff for Malaysia last night, imposing a 19% tariff on US-bound exports. The 19% tariff rate will take effect today (1 August), down from the 25% imposed in July. With no official trade deal announced, details regarding whether the revised duty will apply to all exports remain unclear. Separately, the government released the 13th Malaysia Plan (13MP), setting an annual GDP growth target of 4.6%-5.5% for 2026–2030. This latest five-year GDP target range is lower compared to the 5%-6% target set in the 12th MP. The 13th MP also aims to ensure better jobs for graduates, increase household income, and increase investment for public and social infrastructure.

TH: US President Donald Trump signed an executive order modifying the reciprocal tariff rates for some of its trading partners. The US would impose a 19% tariff on Thai goods exported to the US. Nevertheless, the additional details remain unclear. The revised tariff rate is lower than the 36% tariff announced earlier in April, and follows President Trump's threats to halt bilateral trade negotiations with both Thailand and Cambodia over their border conflict. According to data from the Office of the US Trade Representative, the US has a goods trade deficit with the Thailand at USD45.6bn in 2024, “a 11.7 percent increase over 2023.”

ESG

MY: The government will develop a Renewable Energy Certificate (REC) Framework aimed at strengthening the management of green energy attributes in Malaysia. The framework will serve as a guideline outlining the ecosystem, as well as the roles and responsibilities of stakeholders involved in the green attribute value chain, including power generators, buyers and verification entities. It will also clarify matters related to ownership, transfer and reporting of green energy attributes in accordance with international standards, to boost renewable energy growth in Malaysia. Once the framework is finalised and approved, the Energy Commission will proceed to formulate more detailed implementation guidelines to support the operational rollout of the REC framework. Malaysia is also working with Singapore to develop a cross-border REC framework that can catalyse demand for cross-border electricity trading projects, and drive investment to support the long-term viability of renewable energy projects in the region.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday with shorter tenors and belly tenors trading 2-3bps higher while 10Y traded 2bps higher. As per Bloomberg, New World Development (“New World”) reported that “The Southside Phase 5”, a project jointly developed by New World, Empire Group, CSI Properties, Lai Sun Development and MTR corporation, has sold 500 units as of 30 July, generating nearly HKD8.8bn (USD1.1bn). Meanwhile, all 488 units at Shanghai’s “City Gather” were sold, with delivery beginning in July. Per preliminary data from China Real Estate Information Corp., the value of new-home sales by the 100 largest property companies fell 24% y/y and 38% m/m to CNY211.2bn. In SG REITs, Capitaland Ascott Trust plans to divest Citadines Central Shinjuku Tokyo for about SGD187.4mn. Proceeds will be used to repay high-interest debt, fund asset enhancements, reinvest in higher-yield properties, or for general purposes. Shareholder approval will be sought at the September EGM, with expected transaction completion by 4Q2025, as per Bloomberg. Bloomberg Asia USD Investment Grade spreads traded flat at 64bps and Bloomberg Asia USD High Yield spreads widened by 1bps to 336bps respectively. (Bloomberg, OCBC)

New issues:

There were two notable issuances in the Asiadollar market yesterday.

- Boroo Investments Pte. Ltd. (guarantor: Bastion Mining Pte Ltd, Aurifera Tres Cruces SA, Boroo Pte Ltd, Minera Boroo Misquichilca SA, Boroo Latam SAC and Co Transmisora Autonoma SAC) priced a USD300mn 9.5% 7NC3 Fixed Bond at 98.753 to yield 9.75%.
- Chengdu Qingbaijiang Rong'ou Park Operation Management Co., Ltd. (guarantor: Chongqing Sanxia Financing Guarantee Group Corp) priced a USD156mn 3Y Fixed Bond at 6.95%.

There was one notable issuance in the Singdollar market yesterday.

- Keppel REIT priced a SGD300mn PerpNC3 Subordinated Note at 3.78%.

Mandates:

- There were no notable mandates last yesterday.

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|---------|-----------|----------|---------|-----------|----------|
| DXY | 99.968 | 0.15% | USD-SGD | 1.2981 | 0.12% |
| USD-JPY | 150.750 | 0.83% | EUR-SGD | 1.4819 | 0.22% |
| EUR-USD | 1.142 | 0.09% | JPY-SGD | 0.8609 | -0.75% |
| AUD-USD | 0.643 | -0.14% | GBP-SGD | 1.7144 | -0.15% |
| GBP-USD | 1.321 | -0.23% | AUD-SGD | 0.8340 | -0.05% |
| USD-MYR | 4.265 | 0.60% | NZD-SGD | 0.7644 | -0.01% |
| USD-CNY | 7.200 | 0.04% | CHF-SGD | 1.5979 | 0.42% |
| USD-IDR | 16455 | 0.38% | SGD-MYR | 3.2918 | -0.05% |
| USD-VND | 26198 | -0.06% | SGD-CNY | 5.5453 | -0.11% |

SOFR

| Tenor | EURIBOR | Change | Tenor | USD SOFR | Change |
|-------|---------|--------|-------|----------|--------|
| 1M | 1.8840 | -0.89% | 1M | 4.3488 | 0.01% |
| 3M | 2.0170 | -0.44% | 2M | 4.3355 | -0.07% |
| 6M | 2.0850 | 0.10% | 3M | 4.3178 | -0.13% |
| 12M | 2.1160 | 0.00% | 6M | 4.2399 | -0.12% |
| | | | 1Y | 4.0738 | -0.11% |

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 | -0.031 | -3.1 | -0.008 | 4.321 |
| 09/17/2025 | -0.431 | -43.1 | -0.108 | 4.218 |
| 12/10/2025 | -1.31 | -55.5 | -0.328 | 3.999 |

Equity and Commodity

| Index | Value | Net change |
|------------|-----------|------------|
| DJIA | 44,130.98 | -330.30 |
| S&P | 6,339.39 | -23.51 |
| Nasdaq | 21,122.45 | -7.22 |
| Nikkei 225 | 41,069.82 | 415.12 |
| STI | 4,173.77 | -45.64 |
| KLCI | 1,513.25 | -11.25 |
| JCI | 7,484.34 | -65.55 |
| Baltic Dry | 1,995.00 | -114.00 |
| VIX | 16.72 | 1.24 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|-------|--------------|--------------|
| 2Y | 1.7 (+0.02) | 3.95(--) |
| 5Y | 1.78 (+0.01) | 3.97 (+0.01) |
| 10Y | 2.09 (--) | 4.37(--) |
| 15Y | 2.19 (-0.01) | -- |
| 20Y | 2.18 (--) | -- |
| 30Y | 2.22 (--) | 4.9(--) |

Financial Spread (bps)

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

Secured Overnight Fin. Rate

| | |
|------|------|
| SOFR | 4.32 |
|------|------|

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|----------|--------|-------------------------|---------|-------|
| WTI (per barrel) | 69.26 | -1.06% | Corn (per bushel) | 3.940 | 0.6% |
| Brent (per barrel) | 72.53 | -0.97% | Soybean (per bushel) | 9.618 | -0.6% |
| Heating Oil (per gallon) | 239.95 | -0.79% | Wheat (per bushel) | 5.233 | -0.1% |
| Gasoline (per gallon) | 221.56 | -2.36% | Crude Palm Oil (MYR/MT) | 45.090 | 0.5% |
| Natural Gas (per MMBtu) | 3.11 | 2.00% | Rubber (JPY/KG) | 309.500 | 2.8% |
| Base Metals | Futures | % chg | Precious Metals | Futures | % chg |
| Copper (per mt) | 9611.00 | -0.90% | Gold (per oz) | 3289.9 | 0.5% |
| Nickel (per mt) | 14936.00 | -0.57% | Silver (per oz) | 36.7 | -1.1% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

| Date Time | Country Code | Event | Period | Survey | Actual | Prior | Revised |
|-----------------|--------------|------------------------------------|--------|--------|--------|--------|---------|
| 8/01/2025 9:45 | CH | S&P Global China PMI Mfg | Jul | 50.2 | -- | 50.4 | -- |
| 8/01/2025 10:00 | ID | CPI YoY | Jul | 2.27% | -- | 1.87% | -- |
| 8/01/2025 16:00 | EC | HCOB Eurozone Manufacturing PMI | Jul F | 49.8 | -- | 49.8 | -- |
| 8/01/2025 16:30 | UK | S&P Global UK Manufacturing PMI | Jul F | 48.2 | -- | 48.2 | -- |
| 8/01/2025 17:00 | EC | CPI Core YoY | Jul P | 2.30% | -- | 2.30% | -- |
| 8/01/2025 20:30 | US | Change in Nonfarm Payrolls | Jul | 104k | -- | 147k | -- |
| 8/01/2025 20:30 | US | Change in Private Payrolls | Jul | 100k | -- | 74k | -- |
| 8/01/2025 20:30 | US | Change in Manufact. Payrolls | Jul | 0k | -- | -7k | -- |
| 8/01/2025 20:30 | US | Average Weekly Hours All Employees | Jul | 34.2 | -- | 34.2 | -- |
| 8/01/2025 20:30 | US | Unemployment Rate | Jul | 4.20% | -- | 4.10% | -- |
| 8/01/2025 20:30 | US | Labor Force Participation Rate | Jul | 62.30% | -- | 62.30% | -- |
| 8/01/2025 21:00 | SI | Purchasing Managers Index | Jul | -- | -- | 50 | -- |
| 8/01/2025 21:00 | SI | Electronics Sector Index | Jul | -- | -- | 50.1 | -- |
| 8/01/2025 21:45 | US | S&P Global US Manufacturing PMI | Jul F | 49.7 | -- | 49.5 | -- |
| 8/01/2025 22:00 | US | ISM Manufacturing | Jul | 49.5 | -- | 49 | -- |
| 8/01/2025 22:00 | US | U. of Mich. Sentiment | Jul F | 62 | -- | 61.8 | -- |

Source: Bloomberg

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