

## Daily Treasury Outlook

1 September 2025

### Highlights

**Global:** Under pressure? Last Friday, the S&P500 registered a modest pullback of 0.64% following record highs as technology stocks led declines after market disappointment over Nvidia's revenue forecast. Still, the S&P still posted its fourth consecutive monthly gain in August by 1.9%. Meanwhile, the spat between US president Trump and Fed governor Lisa Cook did not receive a ruling on Friday for a temporary order to block her ousting. However, a federal court ruled that Trump's tariffs were illegally imposed under an emergency law. ECB's Rehn opined that the Fed's autonomy is being tested for the first time in decades, translating into "significant" risk for markets and the economy. On the data front, US' 2Q25 GDP growth was revised up from 3.0% to 3.3%, but the July core PCE met expectations at 2.9% YoY (0.3% MoM). Separately, Fed's Waller called for a 25bp rate cut at the upcoming September FOMC. The 10-year Treasury yield ticked up marginally to ~4.23%. Elsewhere, China's official manufacturing PMI stayed in contraction territory at 49.4 in August (July: 49.3) whilst the non-manufacturing PMI improved from 50.1 to 50.3, bringing the composite PMI to 50.5. Chinese president Xi and Indian PM Modi agreed to expand bilateral trade and investment ties.

**Market Watch:** September could start on a choppy note for Asian markets. Today's economic data calendar comprises of Asian manufacturing PMIs. For the week ahead, all eyes are on Friday's August employment report where market consensus is eyeing a 78k print, and would take a major surprise to dislodge the September Fed rate cut narrative. Other key data releases to watch include Eurozone's August CPI, US' manufacturing ISM, 2Q25 GDP estimates from South Korea, Australia, and services PMIs from Eurozone/UK/US, US' durable goods orders, Fed's Beige book, Singapore's global PMI, COE tender results and July retail sales. Earnings from Broadcom and Salesforce could reinforce market sentiments. On the central bank front, BNM meets on Thursday and is likely to remain static at 2.75%. The street protests in Indonesia and the political uncertainty in Thailand following the constitutional court ruling on Friday will also keep sentiment in the key ASEAN markets skittish.

**Singapore:** The August manufacturing and electronics PMIs are due tomorrow, and it would be interesting to see if the former can return to expansion territory from the July reading of 49.9, but the latter should likely sustain above the 50 handle.

### Key Market Movements

Equity	Value	% chg
S&P 500	6460.3	-0.6%
DJIA	45545	-0.2%
Nikkei 225	42718	-0.3%
SH Comp	3857.9	0.4%
STI	4269.7	0.4%
Hang Seng	25078	0.3%
KLCI	1575.1	-0.8%
	Value	% chg
DXY	97.771	0.0%
USDJPY	147.05	0.1%
EURUSD	1.1686	0.0%
GBPUSD	1.3504	-0.1%
USDIDR	16490	0.9%
USDSGD	1.284	0.1%
SGDMYR	3.2882	0.2%
	Value	chg (bp)
2Y UST	3.62	-1.23
10Y UST	4.23	2.51
2Y SGS	1.47	1.80
10Y SGS	1.83	1.85
3M SORA	1.60	-1.25
3M SOFR	4.36	-0.01
	Value	% chg
Brent	67.48	-0.7%
WTI	64.01	-0.9%
Gold	3448	0.9%
Silver	39.72	1.7%
Palladium	1104	-0.3%
Copper	9902	0.9%
BCOM	102.79	0.8%

Source: Bloomberg

**Commodities:** Crude oil benchmarks fell on Friday, with WTI and Brent declining by 0.9% and 0.7%, respectively, to USD64.0/bbl and USD68.1/bbl. Trading volumes were light due to the upcoming US Labor Day holiday, which also signals the end of the summer driving season. This contributed to concerns of a looming supply glut that weigh on oil prices. Meanwhile, a weaker-than-expected reading of the August US consumer sentiment also exerted downward pressure on prices. Nevertheless, the oil market posted its second consecutive weekly gain.

## Major Markets

**CH:** China's manufacturing PMI inched higher to 49.4 in August from 49.3 in July, indicating a marginal improvement but still signaling contraction. Both supply and demand showed modest gains, with the production sub-index rising to 50.8 (July: 50.5) and new orders edging up to 49.5 (July: 49.4). Input prices rose sharply by 1.8 points to 53.3, raising the prospect of upward transmission to PPI. Meanwhile, the business expectations index improved notably to 53.7 from 52.6, reflecting firmer price expectations despite sluggish underlying demand. On the services side, the non-manufacturing PMI improved slightly to 50.3 from 50.1. However, construction PMI declined markedly to 49.1 from 50.6, its lowest level in over five years. While extreme weather conditions such as heat waves and heavy rainfall partly constrained activity, weak fiscal expenditure likely exacerbated the slowdown.

**ID:** President Prabowo Subianto announced that parliament will revoke several perks and allowances for lawmakers after days of deadly protests over elite privileges. Joined by leaders of major parties, President Prabowo said housing allowances, overseas work trips, and extra pay would be cut, while errant lawmakers could lose their seats. He pledged to listen to citizens' demands through dialogue with students, civil society, and community leaders, but warned that looting, arson, and attacks on public facilities would be met with firm police and military action. In addition, President Prabowo cancelled his planned trip to China for the Shanghai Cooperation Organization Summit, citing the need to directly oversee Indonesia's escalating protests.

**MY:** Prime Minister Datuk Seri Anwar Ibrahim began a four-day visit to China on Aug 31 at the invitation of President Xi Jinping, with the trip centred on strengthening bilateral ties. He will attend the Shanghai Cooperation Organisation (SCO) Summit on Sept 1, becoming the first Malaysian leader invited to the high-level gathering, and is expected to highlight Malaysia's role as ASEAN chair in bridging ASEAN-SCO cooperation. In Beijing, Anwar will meet Xi and Premier Li Qiang for talks on trade, regional, and global issues, with Li hosting a dinner in his honour. The visit coincides with China's Victory Day parade and underscores efforts to deepen relations with Malaysia's largest trading partner, which accounted for RM484.1bn of trade in 2024.

**PH:** According to Bangko Sentral ng Pilipinas (BSP), headline inflation for August 2025 is expected to “settle within the 1.0-1.8% range”. The BSP highlighted that higher food prices — such as fruits, vegetables and fish — alongside higher utility prices, elevated domestic fuel costs, and the depreciation of the peso have contributed to the upward price pressure in August. Meanwhile, lower rice and meat prices may partially offset these upward price pressures. Moving forward, the BSP states that it will continue “to monitor developments affecting the outlook for inflation and growth in line with its data-dependent approach to monetary policy decision-making.”

**TH:** The Constitutional Court, in a 6-3 decision, voted to remove Ms. Paetongtarn Shinawatra as the Prime Minister over her handling of the border dispute with Cambodia. Consequently, her departure from office also resulted in the entire cabinet being vacated. In a special cabinet meeting on 30 August, Deputy PM Phumtham Wechayachai was appointed as the acting PM, with full authority to carry out the duties of the premiership. Under the constitution, the outgoing cabinet will remain in a caretaker capacity until a new cabinet is formed. The House of Representatives will convene from 3-5 September to vote for a new PM. There are currently 492 members in the House, and a PM candidate will need at least 247 votes to be elected.

**VN:** Prime Minister Pham Minh Chinh and Chinese President Xi Jinping agreed to deepen bilateral cooperation across multiple sectors during the Shanghai Cooperation Organization Summit 2025, focusing on strengthening strategic exchanges, advancing railway connectivity, and boosting economic, trade, and energy collaboration. Key action plans include early convening of the Vietnam-China joint railway cooperation committee, expediting railway projects and workforce training, expanding trade in agricultural products, enhancing clean energy cooperation with power connectivity agreements, and promoting joint science, technology, and innovation initiatives such as AI and quantum technology. Both leaders committed to intensifying cultural and people-to-people exchanges, advancing border gate modernization, and managing maritime issues.

## ESG

**MY:** Malaysia has been classified by the European Union as a ‘standard risk’ country under the EU Deforestation Regulation (EUDR), alongside Indonesia and Cambodia in the region. Other than Myanmar that has been classified as ‘high risk’, other Southeast Asian countries such as Singapore and Vietnam were classified as ‘low risk’. Under the EU regulations, 3% of shipments from ‘standard risk’ countries need to be inspected by the authorities, while ‘low risk’ countries face less stringent due diligence rules. If Malaysia fails to acquire the ‘low risk’ status, the Ministry is planning for engagement sessions to be conducted with all industries that export agricommodity products to Europe to ensure they comply with EU requirements and remain competitive.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded higher last Friday with shorter and belly tenors trading 2-3bps higher while 10Y traded 3bps higher. As per Bloomberg, S&P Global downgraded Hanwha Totalenergies Petrochemical Co Ltd's credit outlook from stable to negative while affirmed the BBB- rating, citing ongoing oversupply in Asia's chemical market that threatens profitability and credit metrics. The company's 1H2025 results fell significantly short of expectations due to a sharp oil price drop and inventory losses, with weak chemical segment performance contributing. In other news by Bloomberg, Seazen Group Ltd plans to issue tokenised private debt and establish a digital asset management unit by year-end, entering Hong Kong's favored digital asset market. It will launch Non-Fungible Tokens tied to its Wuyue Plaza properties and shopping centers as well as develop a proprietary Real-World Assets trading platform. Meanwhile, Yuzhou Group Holdings Co Ltd completed the restructuring of USD6.68bn in offshore debt. The debt was fully discharged and waived in exchange for cash, new shares, and new notes, with near-unanimous noteholder approval. The move is expected to cut debt and interest payments by about USD3.5bn. Bloomberg Asia USD Investment Grade traded flat at 62bps and Bloomberg Asia USD High Yield spreads tightened by 5bps to 332bps respectively. (Bloomberg, OCBC)

### New issues:

There were no notable issuances in the Asiadollar & Singdollar market last Friday.

### Mandates:

- There were no notable mandates last Friday.

## Foreign Exchange

	Day Close	% Change		Day Close
DX	97.771	-0.04%	USD-SGD	1.2840
USD-JPY	147.050	0.08%	EUR-SGD	1.5008
EUR-USD	1.169	0.03%	JPY-SGD	0.8731
AUD-USD	0.654	0.12%	GBP-SGD	1.7338
GBP-USD	1.350	-0.07%	AUD-SGD	0.8397
USD-MYR	4.225	0.18%	NZD-SGD	0.7569
USD-CNY	7.131	0.00%	CHF-SGD	1.6037
USD-IDR	16490	0.89%	SGD-MYR	3.2882
USD-VND	26345	-0.05%	SGD-CNY	5.5566

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.8590	-0.21%	1M	4.2687
3M	2.0610	0.68%	2M	4.2128
6M	2.0740	0.24%	3M	4.1609
12M	2.1190	0.19%	6M	4.0069
			1Y	3.7515

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/17/2025	-0.866	-86.60%	-0.216	4.111
10/29/2025	-1.4	-53.40%	-0.35	3.977
12/10/2025	-2.224	-82.30%	-0.556	3.772

## Equity and Commodity

Index	Value	Net change
DJIA	45,544.88	-92.02
S&P	6,460.26	-41.60
Nasdaq	21,455.55	-249.61
Nikkei 225	42,718.47	-110.32
STI	4,269.70	15.92
KLCI	1,575.12	-11.95
JCI	7,830.49	-121.59
Baltic Dry	2,025.00	8.00
VIX	15.36	0.93

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.47 (+0.02)	3.62(--)
5Y	1.57 (+0.02)	3.7 (+0.01)
10Y	1.83 (+0.02)	4.23 (+0.03)
15Y	1.93 (+0.02)	--
20Y	1.92 (+0.01)	--
30Y	2 (+0.01)	4.93 (+0.05)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.34
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	64.01	-0.91%	Corn (per bushel)	3.980	3.2%
Brent (per barrel)	68.12	-0.73%	Soybean (per bushel)	10.368	0.8%
Heating Oil (per gallon)	226.67	-1.87%	Wheat (per bushel)	5.180	1.5%
Gasoline (per gallon)	218.76	-0.52%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.00	1.80%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9902.00	0.86%	Gold (per oz)	3448.0	0.9%
Nickel (per mt)	15421.00	1.04%	Silver (per oz)	39.7	1.7%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
9/01/2025 9:45	CH	RatingDog China PMI Mfg	Aug	49.8	--	49.5	--
9/01/2025 12:00	ID	Trade Balance	Jul	\$2950m	--	\$4110m	--
9/01/2025 12:00	ID	CPI YoY	Aug	2.49%	--	2.37%	--
9/01/2025 12:00	ID	CPI Core YoY	Aug	2.32%	--	2.32%	--
9/01/2025 12:00	ID	CPI NSA MoM	Aug	0.09%	--	0.30%	--
9/01/2025 13:00	IN	HSBC India PMI Mfg	Aug F	--	--	59.8	--
9/01/2025 14:00	UK	Nationwide House PX MoM	Aug	0.10%	--	0.60%	--
9/01/2025 14:00	UK	Nationwide House Px NSA YoY	Aug	2.70%	--	2.40%	--
9/01/2025 15:30	TH	Business Sentiment Index	Aug	--	--	45.8	--
9/01/2025 16:00	EC	HCOB Eurozone Manufacturing PMI	Aug F	50.5	--	50.5	--
9/01/2025 16:30	UK	Mortgage Approvals	Jul	64.0k	--	64.2k	--
9/01/2025 16:30	HK	Retail Sales Value YoY	Jul	2.90%	--	0.70%	--
9/01/2025 16:30	HK	Retail Sales Volume YoY	Jul	2.30%	--	-0.30%	--
9/01/2025 16:30	UK	S&P Global UK Manufacturing PMI	Aug F	47.3	--	47.3	--
9/01/2025 17:00	EC	Unemployment Rate	Jul	6.20%	--	6.20%	--

Source: Bloomberg

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