

Daily Treasury Outlook

2 May 2025

Highlights

Global: Wall Street started May on a strong note, with the tech-heavy Nasdaq leading gains (Nasdaq: 1.5%, S&P: 1.2%, and Dow Jones: 0.2%) as sentiment was supported by positive earnings from tech heavyweights. On the data front, manufacturing sentiment surveys sent mixed signals. Specifically, the final S&P Global US Manufacturing PMI held steady at 50.2 in April, lower than the 50.5 consensus but still signalling continued sectoral expansion. However, the ISM Manufacturing PMI edged lower to 48.7 in April from 49.0 in March. Notably, tariffs contributed to rising input and output prices in both surveys, reflecting renewed cost pressures. Initial jobless claims rose to 241k for the week ending 26 April, above consensus expectations (223k), while continuing claims ticked up to a three-year high of 1.916mn. On the trade negotiations front, a Chinese state-linked social media account suggested that the US had reached out to Beijing to resume tariff negotiations, while trade talks with India showed signs of progress.

Market Watch: Today's economic data calendar consists of the Eurozone Preliminary April CPI and its unemployment rate, the Hong Kong Q1 GDP Report, the manufacturing PMI for the countries in the region for April, the April CPI for Indonesia and South Korea, and the US nonfarm payrolls report and unemployment rate.

Major Markets

CN: China's official manufacturing Purchasing Managers' Index (PMI) fell to 49.0 in April, down 1.5 points from the previous month, reversing back into contraction territory and marking the weakest reading since December 2023. The sharper-than-seasonal decline reflects broad-based weakness across both supply and demand, with external headwinds—particularly from tariffs—beginning to weigh on sentiment and activity. On the supply side, the production sub-index dropped 2.8 points to 49.8, falling below the 50-neutral mark. Meanwhile, the demand side also deteriorated, with the new orders index slipping 2.6 points to 49.2. Most notably, the new export orders index plunged 4.3 points to 44.7, its lowest level since December 2022, offering the clearest indication yet that tariff-related uncertainty is starting to depress external demand. Price pressures also weakened further. The input prices index declined 2.8 points, while the output prices index fell 3.1 points, reflecting subdued demand conditions and ongoing declines in global commodity prices. These dynamics suggest that April's Producer Price Index (PPI) will likely remain deeply in negative territory. The employment sub-index edged down by 0.3 points, signaling marginal softening in labor demand. However, it may not yet fully capture the lagged effects of the ongoing tariff war.

Key Market Movements

Equity	Value	% chg
S&P 500	5604.1	0.6%
DJIA	40753	0.2%
Nikkei 225	36452	1.1%
SH Comp	3279.0	0.0%
STI	3832.5	0.0%
Hang Seng	22119	0.0%
KLCI	1540.2	0.0%
	Value	% chg
DXY	100.248	0.8%
USDJPY	145.39	1.6%
EURUSD	1.1290	-0.3%
GBPUSD	1.3278	-0.4%
USDIDR	16601	0.0%
USDSGD	1.3122	0.5%
SGDMYR	3.2998	-0.1%
	Value	chg (bp)
2Y UST	3.70	9.60
10Y UST	4.22	5.57
2Y SGS	2.13	0.00
10Y SGS	2.48	0.00
3M SORA	2.38	0.00
3M SOFR	4.36	0.06
	Value	% chg
Brent	62.13	1.8%
WTI	59.24	1.8%
Gold	3239	-1.5%
Silver	32.41	-0.6%
Palladium	945	0.1%
Copper	9206	0.9%
BCOM	100.83	-0.1%

Source: Bloomberg

ID: The manufacturing PMI dropped to 46.7 in April from 52.4 in March, marking the first contraction in five months. The survey noted renewed declines in both output and new orders, with manufacturers responding with a slight reduction in employment levels. The survey also noted a pickup in input price inflation in April, though still below the survey's long-run average. Nonetheless, looking ahead, businesses remain optimistic that production volume will pick up in the coming year.

MY: The government will fully remove its egg subsidies by August 2025, with the phased reduction begins with a 50% cut from 1 May, before full removal of subsidies and price caps on 1 August. The decision is part of PM Anwar Ibrahim's broader push for fiscal reform, which also includes plans to cut fuel subsidies and expand the sales and service tax, which have faced delays.

ESG

SG: The Singapore Sustainable Finance Association (SSFA) launched in Apr 2025 its inaugural white paper on financing natural capital, providing guidance to financial institutions in Southeast Asia on managing nature-related risks. The paper highlighted that several sectors of economic importance to Southeast Asia, namely agriculture, mining, manufacturing and real estate, have large impacts and/or dependencies on nature. This encourages financial institutions to examine nature-related risks and increase proactivity in nature financing. Investment in natural capital expects to unlock US\$10 trn in global business opportunities and create 395 mn jobs by 2030, according to the World Economic Forum.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower on Wednesday with shorter tenors trading 2-3 bps lower, and belly tenors and 10Y trading 3bps lower. Per Bloomberg, global loan issuance and equity offerings are down for the year to date through April by 12% and 2.5% respectively while global bond sales are up 3.9%. Loans fell the most while equity offerings were the highest in APAC ex-Japan. For global bond sales, US and EMEA high yield fell the most (-19.4% and -16.1% respectively) while APAC-ex Japan G3 currency bonds rose ~51%. Driving this may be relatively stable credit conditions following the 90-day tariff pause and issuers front loading issuance ahead of potential market volatility and recession concerns that may lead to tighter funding conditions as the tariff pause nears its end. Issuers are also diversifying funding sources to where funding costs are cheaper due to a flight to safety. As an example, Indonesia's Finance Ministry is reportedly seeking to diversify currencies of its future global bond issuances. Bloomberg Asia USD Investment Grade spreads widened by 2bps to 94bps since Wednesday while Bloomberg Asia USD High Yield spreads widened by 11bps to 551bps yesterday before tightening 3bps to end at 548bps. (Bloomberg, OCBC)

New Issues:

There were four notable issuances in the Asiadollar market on Wednesday.

- CBB International Sukuk Programme Co WLL (Kingdom of Bahrain) priced a USD1.75bn 8Y Fixed bond at 6.25%.
- Bahrain Government International Bond (Kingdom of Bahrain) priced a USD750mn 12Y Fixed bond at 7.50%.
- China Construction Bank (New Zealand) Limited (guarantor: China Construction Bank Corp) priced a USD100mn 3Y FRN at SOFR+52bps.
- Sihai International Investment Ltd (guarantor: Wuxi Hengting Industrial Co Ltd) priced a USD65mn 3Y Sustainable Fixed bond at 5.15%.

There were no notable issuances in the Singdollar market on Wednesday.

Mandates:

- There were no notable mandates on Wednesday

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX1	100.248	0.78%	USD-SGD	1.3122	0.45%
USD-JPY	145.390	1.62%	EUR-SGD	1.4815	0.11%
EUR-USD	1.129	-0.34%	JPY-SGD	0.9022	-1.26%
AUD-USD	0.638	-0.30%	GBP-SGD	1.7421	0.03%
GBP-USD	1.328	-0.38%	AUD-SGD	0.8376	0.12%
USD-MYR	4.316	-0.27%	NZD-SGD	0.7749	-0.05%
USD-CNY	7.271	0.00%	CHF-SGD	1.5808	-0.03%
USD-IDR	16601	-0.96%	SGD-MYR	3.2998	-0.15%
USD-VND	25991	0.00%	SGD-CNY	5.5454	-0.44%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.1650	0.23%	1M	4.3243	-0.02%
3M	2.1560	-0.92%	2M	4.2999	0.00%
6M	2.1290	-0.09%	3M	4.2666	-0.03%
12M	2.0490	-1.30%	6M	4.1080	0.08%
			1Y	3.8099	0.13%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
05/07/2025	-0.071	-7.1	-0.018
06/18/2025	-0.587	-51.6	-0.147
07/30/2025	-1.39	-80.3	-0.348
09/17/2025	-2.229	-83.9	-0.557
12/10/2025	-3.595	-70.5	-0.899

Equity and Commodity

Index	Value	Net change
DJIA	40,752.96	83.60
S&P	5,604.14	35.08
Nasdaq	17,710.74	264.40
Nikkei 225	36,452.30	406.92
STI	3,832.51	27.33
KLCI	1,540.22	24.66
JCI	6,766.80	17.72
Baltic Dry	1,386.00	-12.00
VIX	24.60	-0.10

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.13 (--)	3.7(--)
5Y	2.15 (-0.05)	3.8 (+0.08)
10Y	2.48 (-0.04)	4.23 (+0.06)
15Y	2.58 (-0.02)	--
20Y	2.6 (-0.02)	--
30Y	2.61 (-0.01)	4.73 (+0.05)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.41
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	59.24	1.77%	Corn (per bushel)	4.643	-0.6%
Brent (per barrel)	62.13	-1.57%	Soybean (per bushel)	10.403	0.5%
Heating Oil (per gallon)	201.20	-1.21%	Wheat (per bushel)	5.153	0.4%
Gasoline (per gallon)	204.92	0.60%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.48	4.60%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9206.00	0.89%	Gold (per oz)	3239.2	-1.5%
Nickel (per mt)	15252.00	-1.08%	Silver (per oz)	32.4	-0.6%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
5/02/2025 7:00	SK	CPI MoM	Apr	0.10%	0.10%	0.20%	--
5/02/2025 7:00	SK	CPI YoY	Apr	2.00%	2.10%	2.10%	--
5/02/2025 7:00	SK	CPI Ex Food and Energy YoY	Apr	1.90%	2.10%	1.90%	--
5/02/2025 8:30	ID	S&P Global Indonesia PMI Mfg	Apr	--	--	52.4	--
5/02/2025 8:30	SK	S&P Global South Korea PMI Mfg	Apr	--	--	49.1	--
5/02/2025 10:00	ID	CPI YoY	Apr	1.50%	--	1.03%	--
5/02/2025 10:00	ID	CPI Core YoY	Apr	2.50%	--	2.48%	--
5/02/2025 16:00	EC	HCOB Eurozone Manufacturing PMI	Apr F	48.7	--	48.7	--
5/02/2025 16:30	HK	Retail Sales Value YoY	Mar	-7.00%	--	-13.00%	--
5/02/2025 16:30	HK	Retail Sales Volume YoY	Mar	-8.00%	--	-15.00%	--
5/02/2025 16:30	HK	GDP SA QoQ	1Q A	1.20%	--	0.80%	--
5/02/2025 16:30	HK	GDP YoY	1Q A	2.10%	--	2.40%	--
5/02/2025 17:00	EC	CPI Estimate YoY	Apr P	2.10%	--	2.20%	--
5/02/2025 17:00	EC	CPI MoM	Apr P	0.50%	--	0.60%	--
5/02/2025 17:00	EC	CPI Core YoY	Apr P	2.50%	--	2.40%	--
5/02/2025 17:00	EC	Unemployment Rate	Mar	6.10%	--	6.10%	--

Source: Bloomberg



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