

## Daily Treasury Outlook

2 July 2025

### Highlights

**Global:** U.S. Treasury yields rebounded on Tuesday following stronger-than-expected labour market data. Job openings in May surged by 374,000 to 7.769 million, surpassing market expectations of 7.3 million. The increase was largely driven by a sharp rise in vacancies within the accommodation and food services sector, which added 314,000 jobs. The job-to-unemployed-person ratio climbed to 1.07 in May, up from 1.03 in April, indicating a still-tight labour market. Meanwhile, layoffs declined by 188,000 to 1.601 million, with notable decreases in professional and business services, financial activities, and healthcare and social assistance.

Adding to the positive momentum, the ISM manufacturing PMI ticked up to 49.0 in June from 48.5 in May, beating consensus expectations. Although still below the 50 threshold, the improvement suggests marginal stabilization in the manufacturing sector.

On the fiscal front, the U.S. Senate narrowly passed the spending and tax bill in a 51-50 vote, with Vice President J.D. Vance casting the tie-breaking vote after three Republican senators joined Democrats in opposing the bill. The legislation will now return to the House for reconciliation. Several House Republicans have already expressed opposition to the Senate version, which the Congressional Budget Office (CBO) estimates will add \$800 billion more to the national debt than the House-approved version. The House has scheduled debate and a vote for Wednesday.

Meanwhile, Federal Reserve Chair Jerome Powell reiterated at the ECB Forum in Portugal that the Fed is taking time to assess the timing of its next rate cut, though he did not rule out the possibility of action in July. With the July 9 tariff deadline looming, Powell acknowledged the additional complexity facing the Fed as it evaluates the potential inflationary effects of new trade measures. His emphasis on data dependency has heightened market attention on this Thursday's non-farm payroll report and upcoming inflation prints. The implied probability of a July rate cut in the fed funds futures market edged up to 21%, from 18% previously.

**Market Watch:** Looking ahead, focus today will shift to the U.S. ADP private employment report, which serves as a precursor to Thursday's official labour market data. In Europe, a slate of ECB officials is expected to speak at the ECB Forum, providing further policy guidance amid evolving global macro conditions.

### Key Market Movements

Equity	Value	% chg
S&P 500	6198.0	-0.1%
DJIA	44495	0.9%
Nikkei 225	39986	-1.2%
SH Comp	3457.7	0.4%
STI	3989.8	0.6%
Hang Seng	24072	0.0%
KLCI	1541.5	0.6%
	Value	% chg
DX	96.819	-0.1%
USDJPY	143.42	-0.4%
EURUSD	1.1806	0.2%
GBPUSD	1.3746	0.1%
USDIDR	16198	-0.2%
USDSGD	1.2728	0.1%
SGDMYR	3.3036	0.1%
	Value	chg (bp)
2Y UST	3.77	5.33
10Y UST	4.24	1.36
2Y SGS	1.73	-4.50
10Y SGS	2.14	-5.39
3M SORA	2.05	-0.74
3M SOFR	4.34	0.07
	Value	% chg
Brent	67.11	0.6%
WTI	65.45	0.5%
Gold	3339	1.1%
Silver	36.04	-0.2%
Palladium	1108	0.1%
Copper	9934	0.7%
BCOM	102.17	0.1%

Source: Bloomberg

**Commodities:** Crude oil benchmarks edged higher on Tuesday, with WTI rising by 0.5% to USD65.5/bbl. Meanwhile, Brent crude closed above USD67.0/bbl. The increase in oil prices was likely supported by stronger-than-expected manufacturing PMI prints in both the US and China, with the China's Caixin manufacturing PMI returning to expansion territory in June. Separately, the American Petroleum Institute (API) reported a buildup of 0.7mn bbls in US crude inventories for the week ending 27 June. Energy Information Administration (EIA) crude oil inventories data will be released tonight (2 July), with consensus pointing to another drawdown in US crude inventories (consensus: 3.7mn bbls).

## Major Markets

**ID:** Finance Minister (FM) Sri Mulyani presented to parliament yesterday and stated that the 2025 budget deficit would be revised wider to 2.78% of GDP from the original budget deficit of 2.53% of GDP. This is still below the 3% of GDP deficit limit. We have highlighted fiscal slippage risks for some time now premised on revenue shortfall risks due to lower commodity prices. Revenue collections for 1H25 were about 40% of the original budget. The revised budget will see lower revenue assumptions by ~4.6%. The missing piece of the puzzle was whether expenditures could keep up considering slower disbursements associated with the free meal scheme. FM Mulyani said the disbursements have been low at IDR5trn in 1H25 compared to the full year budget of IDR71trn. She added that the government will use surplus reserves of IDR85.6trn to fund the wider deficit.

**MY:** Finance Minister II Amir Hamzah Azizan expressed confidence that the expanded sales and service tax (SST) can still yield up to MYR10bn annually, despite last-minute exemptions for beauty services and certain imported fruits, as well as a higher registration threshold for rental businesses. Effective from 1 July, the revised SST is part of efforts to narrow the budget deficit. FM II Azizan also confirmed that the government is sticking to its second-half rollout for the targeted RON95 petrol subsidy, with final details still being refined.

**TH:** The constitutional court voted 7-2 to suspend PM Paetongtarn Shinawatra from office until a petition seeking her removal is deliberated. Deputy Prime Minister Suriya Juangroongruangkit is now the interim PM. Just hours before, PM Shinawatra reshuffled her cabinet, assuming roles as both PM and culture minister, as the Bhumjaithai party officially withdrew from the ruling coalition on 19 June 2025. Paetongtarn Shinawatra has accepted the constitutional court's decision and will remain in the cabinet as the new culture minister. She has 15 days to submit a clarification to the constitutional court.

## ESG

**SG:** Singapore boosted the share of renewables in its power generation mix to a record high in May, due to increased renewable imports and accelerated local solar power generation, increasing the share of renewables in Singapore's energy mix to 2.58%. In the five months through May, the data showed Singapore imported 122.7mn kilowatt-hours of clean power, or 0.52% of total generation. This percentage is expected to increase as Singapore has plans for the development of more low-carbon cross-border projects, alongside grid infrastructural upgrades.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded lower yesterday with shorter and belly tenors trading 5-6bps lower while 10Y traded 7bps lower. In its latest Global Credit Conditions report for 3Q2025, S&P Global highlighted geopolitical risks as a worsening trend while other global risks remained unchanged. The primary global risk remains tariffs and trade tensions which subsided following the partial pause on tariffs but consumer and market confidence could be impacted in the future with no conclusion in sight to geopolitics and tariff related tensions. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 74bps and Bloomberg Asia USD High Yield spreads tightened by 78bps to 376bps respectively. (Bloomberg, OCBC)

### New Issues:

There were no notable issuances in the Asiadollar market yesterday.

There was one notable issuance in the Singdollar market yesterday.

- Housing & Development Board priced a SGD875mn 5Y Green Fixed Bond at 1.837%.

### Mandates:

There were no notable mandates yesterday.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX1	96.819	-0.06%	USD-SGD	1.2728	0.09%
USD-JPY	143.420	-0.42%	EUR-SGD	1.5027	0.26%
EUR-USD	1.181	0.16%	JPY-SGD	0.8874	0.52%
AUD-USD	0.658	0.03%	GBP-SGD	1.7495	0.18%
GBP-USD	1.375	0.10%	AUD-SGD	0.8378	0.12%
USD-MYR	4.197	-0.33%	NZD-SGD	0.7763	0.14%
USD-CNY	7.166	0.03%	CHF-SGD	1.6089	0.35%
USD-IDR	16198	-0.25%	SGD-MYR	3.3036	0.06%
USD-VND	26130	0.05%	SGD-CNY	5.6278	-0.09%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.9340	0.94%	1M	4.3310	-0.02%
3M	1.9440	0.26%	2M	4.3250	-0.08%
6M	2.0490	0.64%	3M	4.2880	-0.26%
12M	2.0720	0.48%	6M	4.1340	-0.28%
			1Y	3.8740	-0.43%

## Fed Rate Hike Probability

Fed Rate Hike Probability				Expected Effective Fed
Meeting	# of Hikes/Cuts	Implied Rate Change		Funds Rate
06/18/2025	-0.001	-0.1	0	4.329
07/30/2025	-0.212	-21.2	-0.053	4.278
09/17/2025	-1.132	-92	-0.283	4.048
12/10/2025	-2.576	-77.4	-0.644	3.686

## Equity and Commodity

Index	Value	Net change
DJIA	44,494.94	400.17
S&P	6,198.01	-6.94
Nasdaq	20,202.89	-166.84
Nikkei 225	39,986.33	-501.06
STI	3,989.76	25.47
KLCI	1,541.53	8.57
JCI	6,915.36	-12.32
Baltic Dry	1,489.00	-32.00
VIX	16.83	0.10

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.73 (-0.04)	3.77(--)
5Y	1.74 (-0.05)	3.83 (+0.04)
10Y	2.14 (-0.05)	4.24 (+0.01)
15Y	2.26 (-0.05)	--
20Y	2.26 (-0.05)	--
30Y	2.3 (-0.04)	4.76 (-0.01)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.45
------	------

## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	65.45	0.52%	Corn (per bushel)	4.200	-0.1%
Brent (per barrel)	67.11	-0.74%	Soybean (per bushel)	10.248	0.0%
Heating Oil (per gallon)	232.69	-0.81%	Wheat (per bushel)	5.373	1.6%
Gasoline (per gallon)	210.03	0.99%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.42	-1.19%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9934.00	0.66%	Gold (per oz)	3338.8	1.1%
Nickel (per mt)	15206.00	-0.06%	Silver (per oz)	36.0	-0.2%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/02/2025 9:30	AU	Building Approvals MoM	May	4.00%	--	-5.70%	--
7/02/2025 9:30	AU	Private Sector Houses MoM	May	--	--	3.10%	--
7/02/2025 9:30	AU	Retail Sales MoM	May	0.50%	--	-0.10%	--
7/02/2025 14:45	FR	Budget Balance YTD	May	--	--	-69.3b	--
7/02/2025 16:30	HK	Retail Sales Value YoY	May	-1.40%	--	-2.30%	--
7/02/2025 16:30	HK	Retail Sales Volume YoY	May	-2.90%	--	-3.30%	--
7/02/2025 17:00	EC	Unemployment Rate	May	6.20%	--	6.20%	--
7/02/2025 19:00	US	MBA Mortgage Applications	27-Jun	--	--	1.10%	--
7/02/2025 19:30	US	Challenger Job Cuts YoY	Jun	--	--	47.00%	--
7/02/2025 20:15	US	ADP Employment Change	Jun	98k	--	37k	--
7/02/2025 21:00	SI	Purchasing Managers Index	Jun	--	--	49.7	--
7/02/2025 21:00	SI	Electronics Sector Index	Jun	--	--	49.9	--
7/02/2025 23:00	DE	Change in Currency Reserves	Jun	--	--	-0.5b	--
7/02/2025 23:00	DE	Foreign Reserves	Jun	--	--	660.9b	--

Source: Bloomberg

Follow our podcasts by searching 'OCBC Research Insights' on Telegram!



## Macro Research

**Selena Ling**  
Head of Research & Strategy  
[lingssselena@ocbc.com](mailto:lingssselena@ocbc.com)

**Tommy Xie Dongming**  
Head of Asia Macro Research  
[xied@ocbc.com](mailto:xied@ocbc.com)

**Keung Ching (Cindy)**  
Hong Kong & Macau Economist  
[cindyckeung@ocbc.com](mailto:cindyckeung@ocbc.com)

**Herbert Wong**  
Hong Kong & Taiwan Economist  
[herberthtwong@ocbc.com](mailto:herberthtwong@ocbc.com)

**Lavanya Venkateswaran**  
Senior ASEAN Economist  
[lavyavenkateswaran@ocbc.com](mailto:lavyavenkateswaran@ocbc.com)

**Ahmad A Enver**  
ASEAN Economist  
[ahmad.enver@ocbc.com](mailto:ahmad.enver@ocbc.com)

**Jonathan Ng**  
ASEAN Economist  
[jonathanng4@ocbc.com](mailto:jonathanng4@ocbc.com)

**Ong Shu Yi**  
ESG Analyst  
[shuyiong1@ocbc.com](mailto:shuyiong1@ocbc.com)

## FX/Rates Strategy

**Frances Cheung, CFA**  
Head of FX & Rates Strategy  
[francescheung@ocbc.com](mailto:francescheung@ocbc.com)

**Christopher Wong**  
FX Strategist  
[christopherwong@ocbc.com](mailto:christopherwong@ocbc.com)

## Credit Research

**Andrew Wong**  
Head of Credit Research  
[wongvkam@ocbc.com](mailto:wongvkam@ocbc.com)

**Ezien Hoo, CFA**  
Credit Research Analyst  
[ezienhoo@ocbc.com](mailto:ezienhoo@ocbc.com)

**Wong Hong Wei, CFA**  
Credit Research Analyst  
[wonghongwei@ocbc.com](mailto:wonghongwei@ocbc.com)

**Chin Meng Tee, CFA**  
Credit Research Analyst  
[mengteechin@ocbc.com](mailto:mengteechin@ocbc.com)

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Investment Research Private Limited ("OIR"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OIR, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message endorsing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OIR, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W