

Daily Treasury Outlook

2 September 2025

Highlights

Global: The US dollar slipped to a five-week low in thin trading, with US markets closed for the holiday. Chinese equities extended their rebound, while European stocks held steady, supported by firmer manufacturing data. The HCOB Eurozone manufacturing PMI climbed to 50.7 in August from 49.8 in July, its highest in more than three years. In Germany, the manufacturing PMI also rose to a 38-month high of 49.8, though it remained just shy of the expansionary threshold.

This week's spotlight will be on French politics alongside Friday's US jobs report. After a sharp selloff last week, French equities stabilized on Monday as markets brace for the confidence vote on September 8 that could see Prime Minister Bayrou forced to resign unless he secures abstentions from either the far-right or left-wing lawmakers. ECB President Lagarde cautioned that any government collapse in the region would be concerning, adding that it would be "very dangerous" for the global economy if US President Donald Trump were to take control of US monetary policy. Notably, the France-Germany bond spread widened last week, reflecting investor unease.

Meanwhile, the Shanghai Cooperation Organization agreed to set up a new Development Bank to finance infrastructure and socio-economic projects across member states.

Market Watch: For today, attention will turn to the US manufacturing index and the Eurozone CPI print, both of which could set the tone for near-term market sentiment.

Commodities: Oil prices edged higher on Monday, with Brent crude futures increasing by 1.0% to close at USD68.2/bbl. Trading volumes were impacted as US markets were closed for the Labor Day holiday. Oil prices strengthened amid concerns about supply disruption in Eastern Europe following reports of intensified air strikes in Russia and Ukraine. Ukrainian President Volodymyr Zelensky vowed to retaliate against Russian air attacks by ordering more military strikes deep into Russia. Meanwhile, a weaker DXY profile may have supported the upward pressure on oil prices.

Key Market Movements

Equity	Value	% chg
S&P 500	6460.3	0.0%
DJIA	45545	0.0%
Nikkei 225	42189	-1.2%
SH Comp	3875.5	0.5%
STI	4276.1	0.1%
Hang Seng	25617	2.2%
KLCI	1575.1	0.0%
	Value	% chg
DXY	97.771	0.0%
USDJPY	147.18	0.1%
EURUSD	1.1711	0.2%
GBPUSD	1.3545	0.3%
USDIDR	16421	-0.4%
USDSGD	1.2842	0.0%
SGDMYR	3.2911	0.1%
	Value	chg (bp)
2Y UST	3.62	0.00
10Y UST	4.23	0.00
2Y SGS	1.48	0.50
10Y SGS	1.87	3.91
3M SORA	1.56	-3.48
3M SOFR	4.36	0.00
	Value	% chg
Brent	68.15	1.0%
WTI	64.01	0.0%
Gold	3476	0.8%
Silver	40.70	2.5%
Palladium	1137	3.0%
Copper	9884	-0.2%
BCOM	102.79	0.0%

Source: Bloomberg

Major Markets

ID: Headline CPI eased slightly to 2.3% YoY in August from 2.4% in July, contrary to expectations of an increase (Consensus: 2.5%; OCBC: 2.7%). Similarly, core CPI eased to 2.2% YoY from 2.3%. The August print brings the average CPI for July–August to 2.3% YoY, up from 1.8% in 2Q25. Nonetheless, the year-to-August CPI remains broadly muted at 1.5% YoY (vs. 2.3% in 2024), staying within Bank Indonesia’s 1.5%–3.5% target range. We maintain our forecast for CPI to average 2.0% this year, implying a modest uptick in price pressures in the coming months. In other data, export growth slowed to 9.9% YoY in July from 11.3% in June, but still exceeded expectations (Consensus & OCBC forecast: 5.5%). Meanwhile, imports declined by 5.9% YoY from 4.3% in the previous month, broadly in line with forecasts (Consensus: -5.0%; OCBC: -7.4%). As a result, the trade balance increased slightly to USD4.2bn in August from USD4.1bn in July.

MY: Prime Minister Anwar Ibrahim noted that the country aims to diversify its semiconductor industry by tapping new and non-traditional markets, alongside its strong exports to the US, which account for over 60% of the sector. Speaking at Tianjin University, PM Anwar noted Malaysia’s interest in learning from China’s rapid advances and strengthening ties with both Chinese and Japanese firms. PM Anwar stressed the importance of talent development, particularly in AI-related technologies, alongside collaboration. He is scheduled to meet major China-based semiconductor players during his four-day visit to discuss potential cooperation and training initiatives.

TH: The business sentiment index (BSI) rose to 47.5 in August, up from 45.8 in July. The increase in the BSI was broad-based across all components. By sector, the BSI “increased mainly driven by the non-manufacturing sector. Likewise, the 3-month expected BSI rose across both the manufacturing and non-manufacturing sectors. However, the BSI has been on a downward trend since the beginning of 2025, indicating weak business sentiment, particularly in the non-manufacturing sector,” as reported by the Bank of Thailand. Meanwhile, the 3-month expected BSI rose to 51.1, up from 47.9 in July.

ESG

SG: The national water agency PUB, alongside other relevant government agencies, will look into detailed studies to develop engineering designs of coastal protections structures to protect low-lying areas in Changi and the Greater Southern Waterfront against rising sea levels. These include three coastal barriers linking Sentosa, Pulau Brani and the mainland, retrofits to the Marina Barrage and raised coastal protection structures, among other measures set to begin construction in the 2030s. The Ministry of Sustainability and Environment and PUB will also introduce a Coastal Protection Bill next year, as well as launch a code of practice for coastal protection by the first half of 2026 to set standards for the design, construction and operation of coastal protection structures in Singapore.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading flat to 2bps lower while belly tenors traded 1-3bps higher and 10Y traded 3bps higher. New World Development Co. (“New World”) has denied media reports that the Cheng family plans to inject approximately HKD10bn into the company by year-end and is seeking a partner to match this investment for an equity stake. Reports also suggesting involvement of firms like Blackstone Inc. and CapitaLand Group Pte. in these discussions have been refuted. In other news, China Resources Land Ltd’s onshore unit plans to sell its 40% stake in a Shenzhen-based unit for a minimum of RMB118mn, with a listing deadline of September 24. Meanwhile, Seazen Group Ltd will issue 19 million shares to Blockchain Metaverse Academy at HKD2.5845 each, a ~4.2% premium over the last close and representing ~0.27% of the enlarged share capital. Proceeds will fund strategic investments in Real World Assets applications. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 63bps and Bloomberg Asia USD High Yield spreads widened by 13bps to 345bps respectively. (Bloomberg, OCBC)

New issues:

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

Mandates:

- Fubon Life Singapore Pte. Ltd. (guarantor: Fubon Life Insurance Co. Ltd.) may issue a USD-denominated 10.25Y Tier 2 Subordinated Dated Capital Bond.
- Kyushu Electric Power Company may issue a USD-denominated 10Y Fixed Bond.
- PTT Global Chemical PCL may issue a benchmark-sized USD-denominated PerpNC5.25 and PerpNC10 Subordinated Perpetual.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	97.771	0.00%	USD-SGD	1.2842
USD-JPY	147.180	0.09%	EUR-SGD	1.5042
EUR-USD	1.171	0.21%	JPY-SGD	0.8726
AUD-USD	0.655	0.18%	GBP-SGD	1.7396
GBP-USD	1.355	0.30%	AUD-SGD	0.8417
USD-MYR	4.225	0.18%	NZD-SGD	0.7580
USD-CNY	7.138	0.10%	CHF-SGD	1.6044
USD-IDR	16421	-0.42%	SGD-MYR	3.2911
USD-VND	26343	-0.01%	SGD-CNY	5.5563

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.8590	-0.21%	1M	4.2572
3M	2.0610	0.68%	2M	4.2082
6M	2.0740	0.24%	3M	4.1573
12M	2.1190	0.19%	6M	4.0056
			1Y	3.7579

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%	-0.221	4.106
10/29/2025	-1.399	-51.30%	-0.35	3.977
12/10/2025	-2.205	-80.60%	-0.551	3.776

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	42,188.79	-529.68
STI	4,276.07	6.37
KLCI	1,575.12	-11.95
JCI	7,736.07	-94.43
Baltic Dry	2,025.00	8.00
VIX	16.12	0.76

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.48 (+0.01)	3.63(--)
5Y	1.59 (+0.02)	3.7(--)
10Y	1.87 (+0.04)	4.26(--)
15Y	1.97 (+0.04)	--
20Y	1.96 (+0.04)	--
30Y	2.03 (+0.03)	4.96(--)

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	#DIV/0!	Corn (per bushel)	3.980	#DIV/0!
Brent (per barrel)	68.15	0.04%	Soybean (per bushel)	10.368	#DIV/0!
Heating Oil (per gallon)	226.67	#DIV/0!	Wheat (per bushel)	5.180	#DIV/0!
Gasoline (per gallon)	218.76	#DIV/0!	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.00	#DIV/0!	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9884.00	-0.18%	Gold (per oz)	3476.1	0.8%
Nickel (per mt)	15439.00	0.12%	Silver (per oz)	40.7	2.5%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
9/02/2025 8:30	MA	S&P Global Malaysia PMI Mfg	Aug	--	--	49.7	--
9/02/2025 9:30	AU	Net Exports of GDP	2Q	0.1	--	-0.1	--
9/02/2025 9:30	AU	BoP Current Account Balance	2Q	-A\$16.0b	--	-A\$14.7b	--
9/02/2025 17:00	EC	CPI Estimate YoY	Aug P	2.10%	--	2.00%	--
9/02/2025 17:00	EC	CPI MoM	Aug P	0.10%	--	0.00%	--
9/02/2025 17:00	EC	CPI Core YoY	Aug P	2.20%	--	2.30%	--
9/02/2025 21:00	SI	Purchasing Managers Index	Aug	--	--	49.9	--
9/02/2025 21:00	SI	Electronics Sector Index	Aug	--	--	50.2	--
9/02/2025 21:45	US	S&P Global US Manufacturing PMI	Aug F	53.3	--	53.3	--
9/02/2025 22:00	US	ISM Manufacturing	Aug	49	--	48	--
9/02/2025 22:00	US	ISM Prices Paid	Aug	65	--	64.8	--
9/02/2025 22:00	US	ISM New Orders	Aug	48	--	47.1	--
9/02/2025 22:00	US	ISM Employment	Aug	45	--	43.4	--
9/02/2025 22:00	US	Construction Spending MoM	Jul	-0.10%	--	-0.40%	--

Source: Bloomberg

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