

Daily Treasury Outlook

2 October 2025

Highlights

Global: Wall Street ended modestly higher overnight, despite renewed political uncertainty. The 10Y UST yield moved lower and was last seen around 4.08%, while Brent crude fell to ~USD65.5/bbl. The US federal government entered a shutdown at midnight on 30 September, after the Senate failed to pass a continuing resolution. The Republican-backed bill fell short at 55–45, with the impasse centered on healthcare spending. Democrats are pushing to extend ACA tax credits and are resisting proposed cuts to Medicaid and other health agencies. As a result, nonessential government functions have halted, with the Congressional Budget Office estimating up to 750k federal workers furloughed. There are also concerns over delays in official data releases, including those from the Bureau of Labor Statistics. On the data front, the ADP report for September showed a 32k drop in private payrolls, well below expectations of a 51k gain, while prior months were revised lower. Combined with the JOLTS survey released earlier this week and last month's notable downward revision to the benchmark payroll data for the 12-month tally through March 2025, these indicators point to a US labour market that is losing momentum.

Market Watch: This morning South Korea released its September inflation figures. Headline inflation edged up to 2.1% YoY from 1.7% in Aug, stronger than expected. Core inflation climbed to 2.0% YoY from 1.3% in August, in line with expectations. The Asian calendar is relatively light today with Hong Kong retail sales data, Japan consumer confidence index and Singapore PMI and electronics sector index scheduled for release. Meanwhile, the EU will release its unemployment rate.

Major Markets

ID: Trade performance fell short of already subdued expectations in August, coinciding with the implementation of reciprocal US tariffs. Specifically, export growth slowed to 5.8% YoY from 9.9% in July while import contraction deepened. The trade surplus widened to USD5.5bn from USD4.2bn. By destination, exports to the US dropped sharply to 3.0% in August from 43.6% in July, in line with expectations following the 7 August tariff implementation. This was partly offset by stronger shipments to China (12.2% from 5.5%), helping sustain broader non-US export growth. Meanwhile, on the inflation front, headline inflation rose to 2.7% YoY in September, up from 2.3% in August and above expectations for a more measured increase (Consensus: 2.5%; OCBC: 2.6%). Core inflation remained steady at 2.2%, unchanged from August. We maintain our forecast for headline inflation to average 2.0% in 2025, with a modest pickup to 3.0% in 4Q25 driven by rising food prices.

Key Market Movements

Equity	Value	% chg
S&P 500	6711.2	0.3%
DJIA	46441	0.1%
Nikkei 225	44551	-0.8%
SH Comp	3882.8	0.0%
STI	4323.1	0.5%
Hang Seng	26856	0.0%
KLCI	1620.9	0.6%
	Value	% chg
DXY	97.706	-0.1%
USDJPY	147.07	-0.6%
EURUSD	1.1732	0.0%
GBPUSD	1.3478	0.2%
USIDR	16610	-0.3%
USDSGD	1.2881	-0.2%
SGDMYR	3.2644	0.1%
	Value	chg (bp)
2Y UST	3.53	-7.36
10Y UST	4.10	-5.22
2Y SGS	1.52	1.40
10Y SGS	1.93	2.56
3M SORA	1.45	-0.39
3M SOFR	4.35	-0.18
	Value	% chg
Brent	65.35	-1.0%
WTI	61.78	-0.9%
Gold	3866	0.2%
Silver	47.32	1.4%
Palladium	1260	-0.1%
Copper	10379	1.1%
BCOM	105.35	0.7%

Source: Bloomberg

MY: S&P Global released Malaysia's manufacturing PMI print which edged down to 49.8 in September from 49.9 in August. Despite remaining in the contraction zone, manufacturing sector conditions were broadly unchanged with firms experiencing a rise in new orders. Although the growth in sales was only marginal, September was the first in 15 months where new orders rose in two consecutive months. Firms that reported a rise in new orders attributed it to new project launches and higher client confidence in the domestic economy. Additionally, the rise in new orders placed some strain on operating capacity, with companies citing an unchanged level of backlogs of work, ending a 13-month sequence of depletion. Some manufacturers also highlighted falling employment had placed pressure on remaining capacity, as staffing levels declined for the third consecutive month.

VN: The S&P Global Vietnam Manufacturing PMI declined to 50.4 in August from 52.4 in July, indicating a rise in output and purchasing activity, alongside a continued moderation in staffing levels. Although new export orders remained in contraction, the survey highlighted that stability in US tariff policy enabled some firms to secure fresh overseas business. Looking ahead, while companies remained optimistic about the outlook for the coming year, the level of sentiment was below the series average.

ESG

Rest of the world: Curtailment of wind and solar power generation in Japan is set to rise to record levels this year due to increased nuclear power use. Curtailments have already increased to 2.3% in the year leading up to August. Japan has restarted 14 of 33 commercially available nuclear reactors, which has helped meet rising power demand from chipmakers and data centres. Japan is working to reduce curtailments by building inter-regional transmission lines, promoting battery storage and encouraging demand during periods of high power generation.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday with shorter tenors trading ~2bps higher while belly tenors ~3bps higher and 10Y traded 4bps higher. As per Bloomberg, Indonesia plans to issue IDR50tn of “Patriot” bonds in the coming weeks, said Danatara CIO Pandu Sjahrir. Danantara registered the bond with the Financial Services Authority on Wednesday and view the bonds as a key way to support the country, with plans to invest 80% of funds into domestic market (60% public market and 40% private market) and the rest in international market. Investment commitments are expected by year-end or early next year, with aims to increase Pertamina Perso PT’s upstream oil and gas output as well as collaboration with other sovereign wealth funds to develop critical mineral industries. In India, holders of special rupee vostro accounts will now be able to invest their balance in corporate bonds and commercial paper. Previously, RBI allowed non-residents maintaining a special rupee vostro account to invest their surplus balance only in government bonds including treasury bills. Bloomberg Asia USD Investment Grade spreads widened by 2bps to 62bps and Bloomberg Asia USD High Yield spreads widened by 11bps to 332bps 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.

- HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Starhill Global Real Estate Investment Trust (“Starhill Global REIT”)) priced a SGD100mn PerpNC5 Subordinated Fixed Perpetual at 3.25%.

Mandates:

- Muangthai Capital Public Company Limited (guarantor: Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank) may issue a SGD-denominated 3Y and 5Y dual tranche Fixed Social Notes.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	97.706	-0.07%	USD-SGD	1.2881
USD-JPY	147.070	-0.56%	EUR-SGD	1.5110
EUR-USD	1.173	-0.02%	JPY-SGD	0.8757
AUD-USD	0.661	0.00%	GBP-SGD	1.7359
GBP-USD	1.348	0.24%	AUD-SGD	0.8518
USD-MYR	4.207	0.00%	NZD-SGD	0.7492
USD-CNY	7.122	0.00%	CHF-SGD	1.6158
USD-IDR	16610	-0.33%	SGD-MYR	3.2644
USD-VND	26416	-0.03%	SGD-CNY	5.5341

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9290	-0.10%	1M	4.1051
3M	2.0320	0.79%	2M	4.0150
6M	2.0960	-0.62%	3M	3.9378
12M	2.1930	0.18%	6M	3.7830
			1Y	3.5707

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/29/2025	-1.01	-101.00%	-0.253	3.842
12/10/2025	-1.876	-86.60%	-0.469	3.626

Equity and Commodity

Index	Value	Net change
DJIA	46,441.10	43.21
S&P	6,711.20	22.74
Nasdaq	22,755.16	95.15
Nikkei 225	44,550.85	-381.78
STI	4,323.12	22.96
KLCI	1,620.87	8.99
JCI	8,043.82	-17.24
Baltic Dry	1,980.00	-154.00
VIX	16.29	0.01

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.52 (+0.01)	3.53(--)
5Y	1.66 (+0.02)	3.67 (-0.07)
10Y	1.93 (+0.03)	4.09 (-0.05)
15Y	1.98 (+0.01)	--
20Y	1.97 (+0.01)	--
30Y	2.03 (+0.01)	4.7 (-0.02)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.24
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	61.78	-0.95%	Corn (per bushel)	4.165	0.2%
Brent (per barrel)	65.35	-2.49%	Soybean (per bushel)	10.130	1.1%
Heating Oil (per gallon)	230.19	-1.31%	Wheat (per bushel)	5.093	0.2%
Gasoline (per gallon)	188.59	-4.41%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.48	5.24%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	10379.00	1.08%	Gold (per oz)	3865.7	0.2%
Nickel (per mt)	15184.00	-0.33%	Silver (per oz)	47.3	1.4%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
10/02/2025 13:00	JN	Consumer Confidence Index	Sep	35.2	--	34.9	--
10/02/2025 14:45	FR	Budget Balance YTD	Aug	--	--	-142.0b	--
10/02/2025 16:30	HK	Retail Sales Value YoY	Aug	2.00%	--	1.80%	--
10/02/2025 16:30	HK	Retail Sales Volume YoY	Aug	1.90%	--	1.00%	--
10/02/2025 17:00	EC	Unemployment Rate	Aug	6.20%	--	6.20%	--
10/02/2025 20:30	US	Initial Jobless Claims	27-Sep	225k	--	218k	--
10/02/2025 20:30	US	Initial Claims 4-Wk Moving Avg	27-Sep	--	--	237.50k	--
10/02/2025 20:30	US	Continuing Claims	20-Sep	1931k	--	1926k	--
10/02/2025 21:00	SI	Purchasing Managers Index	Sep	--	--	50	--
10/02/2025 21:00	SI	Electronics Sector Index	Sep	--	--	50.4	--
10/02/2025 22:00	US	Aug. Factory Orders May Be Delayed by US Shutdown					
10/02/2025 22:00	US	Factory Orders	Aug	1.40%	--	-1.30%	--
10/02/2025 22:00	US	Factory Orders Ex Trans	Aug	0.30%	--	0.60%	--
10/02/2025 22:00	US	Durable Goods Orders	Aug F	2.90%	--	2.90%	--
10/02/2025	PH	Bank Lending YoY	Aug	--	--	11.10%	--

Source: Bloomberg

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