

Daily Treasury Outlook

3 July 2025

Highlights

Global: ASEAN's first trade deal with the US has apparently been struck with Vietnam. We have been highlighting for some time now that the Vietnamese authorities were negotiating hard with the US administration. The barebones of the deal are imports into the US from Vietnam will see a tariff rate of 20% imposed (compared to the original reciprocal tariff rate of 46%); imports that are considered 'transshipments' through Vietnam from China will be subject to a rate of 40%. Vietnam will not impose any retaliatory tariffs. There are no details yet on sector specific tariffs, particularly for semiconductors which will be widely monitored for its implications for the rest of the region. The next touted trade deal is expected to be with India. The blueprint from Vietnam also sets the stage for forthcoming deals with the other ASEAN countries, but at this point deals look staggered and there is a risk that countries such as Thailand could miss the 9 July deadline.

US equity markets were mixed (S&P: +0.47%; NASDAQ: +0.94%; Dow: -0.02%), the DXY index closed yesterday's US session lower while UST yields were higher across the curve, taking cues from UK gilts. The ADP employment change showed a drop off 33k in June from a downwardly revised 29k in May, with the drag coming from services producing sectors where jobs were lower by 66k even as the goods producing sector added 32k jobs. By company size, the small and medium industries saw the sharpest drop. This data could be seen a bellwether for the June NFP data due tonight. Consensus is expecting gains of 106k versus 139k in May. The 'One Big Beautiful Bill' was returned to the House of Representatives, where its being met with objections from certain GOP members. The President's ambition to get it signed by 4 July could become challenging. The noise around the US Fed Chair continues with President Trump posting on Truth Social this morning that the Fed Chair Powell should resign immediately. Fed funds future suggest that markets are expecting 66bps in rate cuts by end-2025.

Market Watch: The focus today is on US data including June NFP, May trade balance, weekly jobs data, June ISM services and May factory orders. China's June Caixin PMI, India's HSBC June PMI (final) along with numerous European PMIs are slated for release today. Fed's Barkin was interviewed on Fox Business this morning saying that there was no urgent need to cut rates. Fed's Bostic will also speak today. The ECB releases its account of the June policy meeting.

Key Market Movements

Equity	Value	% chg
S&P 500	6227.4	0.5%
DJIA	44484	0.0%
Nikkei 225	39762	-0.6%
SH Comp	3454.8	-0.1%
STI	4010.8	0.5%
Hang Seng	24221	0.6%
KLCI	1550.2	0.6%
	Value	% chg
DXY	96.776	0.0%
USDJPY	143.66	0.2%
EURUSD	1.1799	-0.1%
GBPUSD	1.3636	-0.8%
USDIDR	16242	0.3%
USDSGD	1.2729	0.0%
SGDMYR	3.3182	0.4%
	Value	chg (bp)
2Y UST	3.78	1.23
10Y UST	4.28	3.53
2Y SGS	1.76	2.70
10Y SGS	2.16	1.33
3M SORA	2.05	-0.63
3M SOFR	4.34	0.08
	Value	% chg
Brent	69.11	3.0%
WTI	67.45	3.1%
Gold	3357	0.6%
Silver	36.55	1.4%
Palladium	1161	4.8%
Copper	10013	0.8%
BCOM	103.71	1.5%

Source: Bloomberg

Commodities: Crude oil benchmarks rose on Wednesday, buoyed by risk-on sentiment following the announcement of a US-Vietnam trade deal. WTI and Brent increased by ~3.0% to USD67.5/bbl and USD69.1/bbl, respectively. Meanwhile, Iran has suspended cooperation with the International Atomic Energy Agency (IAEA), further enacting a law that requires approval from Tehran's Supreme National Security Council for future IAEA's inspections of its nuclear sites. Concerns about potential supply disruptions in the Middle East further supported the upward momentum. Nevertheless, a surprise buildup in US crude oil inventories may have limited gains. The US Energy Information Administration reported a larger-than-expected increase in US crude inventories, which rose by 3.8mn bbls (consensus: -2.7mn bbls) to 419.0mn bbls, for the week ending 27 June.

Major Markets

ID: Trade Minister Budi Santoso remains upbeat as the July deadline for reciprocal tariff negotiations approaches. He shared that Indonesia is still awaiting a response from the US, and no agreement has yet been reached. He underscored the strong, mutually beneficial bilateral trade relationship as the basis of his optimism. Nevertheless, Indonesia has contingency measures in place to mitigate adverse impacts on the economy if tariff negotiations do not yield a favourable outcome. Meanwhile Coordinating Minister for Economic Affairs Airlangga Hartarto shared that they have submitted a second offer to the US Trade Representative, which has been reviewed.

MY: According to Unity Government spokesman and Communications Minister Datuk Fahmi Fadzil, Malaysia and Indonesia will resume their annual consultation when PM Anwar Ibrahim leads a delegation to Jakarta on 29 July. The visit also coincides with ASEAN Secretariat events. The decision to resume the consultation followed a positive bilateral meeting between the respective leaders of both countries on 27 June. Communications minister Fadzil believes that the consultation "would be a good forum to raise issues between the two countries such as the Ambalat Block." The annual consultation was last held in 2017.

PH: The Bangko Sentral ng Pilipinas launched a new Residential Property Price Index (RPPI) in June. It replaces the Residential Real Estate Price Index and is expected to track market trends more accurately. The RPPI "is a measure of the average change in the prices of various types of housing units over time, based on banks' data on actual loans granted to acquire residential properties." According to the new methodology, growth in residential property prices in 1Q25 remained strong at 7.6% YoY (4Q24: 9.8%). On a sequential basis, property prices rose by 2.6% QoQ, up from -1.0% in 4Q24. Growth was primarily driven by higher property prices in National Capital Region (NCR) which rose by 13.9% YoY versus 12.3% in 4Q24. Meanwhile, prices in the Areas Outside the National Capital Region eased to 3.0% YoY, down from 8.0% in 4Q24.

ESG

SG: Singapore and the Maldives, which are both small island states vulnerable to climate change, have signed an agreement to work together on sustainability initiatives. They plan to cooperate on capacity building and technical and vocational education training. This can support both countries in mitigating and adapting to the impacts of rising sea levels, increased global temperatures and extreme weather on small island states.

ID: Indonesia and New Zealand see opportunities for cooperation in the fields of trade and green economy to support sustainable trade in the region. Opportunities include exports of agricultural support products, such as fertilizers and agricultural tires, as well as for cooperation in building farmers' capacity. Through the Indonesia-New Zealand Comprehensive Partnership framework, both nations are committed to strengthening trade ties through the 2025-2029 Action Plan. The Second Protocol to Amend the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) also serves as a key platform to deepen economic ties between Indonesia and New Zealand, focusing on micro, small, and medium enterprises (MSMEs), sustainable trade, and improved market access.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 3-4bps higher while belly tenors traded 4bps higher and 10Y traded 5bps higher. As per Bloomberg, S&P Global sees downside risks to South Korea's corporate ratings from global trade tensions, structural changes and weakened demand. In particular, US tariffs threaten key export sectors like steel, chemicals, EVs and autos, though S&P also assessed that the immediate tariff impact is limited and economic factors are unlikely to challenge Korea's sovereign rating in the next 1-2 years. In other news, Sunac China expects better performance this year than last year, with Chairman Sun Hongbin at an annual generating meeting emphasising the need for de-leveraging to mitigate risks from high leverage. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 73bps and Bloomberg Asia USD High Yield spreads tightened by 9bps to 367bps respectively. (Bloomberg, OCBC)

New Issues:

There were nine notable issuances by four issuers in the Asiadollar market yesterday.

- SoftBank Group Corp. priced USD2.2bn of debt in four tranches: a USD500mn 3.75Y Fixed Bond at 6.5%, a USD500mn 10Y Fixed Bond at 7.5%, a USD600mn 5.5Y Fixed Bond at 6.875% and a USD600mn 7Y Fixed Bond at 7.25%.
- Korea Gas Corporation priced USD800mn of debt in two tranches: a USD300mn 3Y FRN at SOFR+65bps and a USD500mn 5Y Fixed Bond at T+47bps (yield: 4.328%).
- NH Investment & Securities Co., Ltd. priced USD600mn of debt in two tranches: a USD300mn 3Y Fixed Bond at T+90bps (yield: 4.676%) and a USD300mn 5Y Fixed Bond at T+100bps (yield: 4.873%).
- China Modern Dairy Holdings Ltd priced a USD350mn 5Y Sustainability Fixed Bond at T+115bps (yield: 5.018%).

There were no notable issuances in the Singdollar market yesterday.

Mandates:

- Zhangzhou Jiulongjiang Group Co. may issue a USD denominated 3Y Transition Fixed Bond.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.776	-0.04%	USD-SGD	1.2729	0.01%
USD-JPY	143.660	0.17%	EUR-SGD	1.5018	-0.06%
EUR-USD	1.180	-0.06%	JPY-SGD	0.8860	-0.16%
AUD-USD	0.658	0.02%	GBP-SGD	1.7357	-0.79%
GBP-USD	1.364	-0.80%	AUD-SGD	0.8381	0.04%
USD-MYR	4.226	0.71%	NZD-SGD	0.7750	-0.17%
USD-CNY	7.163	-0.04%	CHF-SGD	1.6069	-0.12%
USD-IDR	16242	0.27%	SGD-MYR	3.3182	0.44%
USD-VND	26162	0.12%	SGD-CNY	5.6293	0.03%

Equity and Commodity

Index	Value	Net change
DJIA	44,484.42	-10.52
S&P	6,227.42	29.41
Nasdaq	20,393.13	190.24
Nikkei 225	39,762.48	-223.85
STI	4,010.77	21.01
KLCI	1,550.21	8.68
JCI	6,881.25	-34.11
Baltic Dry	1,443.00	-15.00
VIX	16.64	-0.19

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	\ Requesting Data	#VALUE!	1M	#N/A Requesting Data..	#VALUE!
3M	\ Requesting Data	#VALUE!	2M	#N/A Requesting Data..	#VALUE!
6M	\ Requesting Data	#VALUE!	3M	#N/A Requesting Data..	#VALUE!
12M	\ Requesting Data	#VALUE!	6M	#N/A Requesting Data..	#VALUE!
			1Y	#N/A Requesting Data..	#VALUE!

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.76 (+0.03)	3.76(--)
5Y	1.76 (+0.02)	3.86 (+0.03)
10Y	2.16 (+0.01)	4.26 (+0.04)
15Y	2.26 (--)	--
20Y	2.26 (--)	--
30Y	2.3 (--)	4.79 (+0.04)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/18/2025	#N/A N/A	#N/A N/A	#N/A N/A
07/30/2025	#N/A N/A	#N/A N/A	#N/A N/A
09/17/2025	#N/A N/A	#N/A N/A	#N/A N/A
12/10/2025	#N/A N/A	#N/A N/A	#N/A N/A

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	Requesting Data...	(--)
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	Requesting Data...
------	--------------------

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	67.45	3.06%	Corn (per bushel)	4.293	2.2%
Brent (per barrel)	69.11	2.98%	Soybean (per bushel)	10.505	2.5%
Heating Oil (per gallon)	241.17	3.64%	Wheat (per bushel)	5.560	3.5%
Gasoline (per gallon)	212.29	1.08%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.49	2.14%	Rubber (JPY/KG)	309.500	2.8%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	10013.00	0.80%	Gold (per oz)	3357.5	0.6%
Nickel (per mt)	15302.00	0.63%	Silver (per oz)	36.6	1.4%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/03/2025 9:45	CH	Caixin China PMI Composite	Jun	--	--	49.6	--
7/03/2025 9:45	CH	Caixin China PMI Services	Jun	50.9	--	51.1	--
7/03/2025 13:00	IN	HSBC India PMI Composite	Jun F	--	--	61	--
7/03/2025 16:00	EC	HCOB Eurozone Services PMI	Jun F	50	--	50	--
7/03/2025 16:00	EC	HCOB Eurozone Composite PMI	Jun F	50.2	--	50.2	--
7/03/2025 16:30	UK	S&P Global UK Services PMI	Jun F	51.3	--	51.3	--
7/03/2025 20:30	US	Change in Nonfarm Payrolls	Jun	106k	--	139k	--
7/03/2025 20:30	US	Unemployment Rate	Jun	4.30%	--	4.20%	--
7/03/2025 20:30	US	Average Hourly Earnings YoY	Jun	3.80%	--	3.90%	--
7/03/2025 20:30	US	Initial Jobless Claims	28-Jun	241k	--	236k	--
7/03/2025 20:30	US	Trade Balance	May	-\$71.0b	--	-\$61.6b	--
7/03/2025 21:45	US	S&P Global US Services PMI	Jun F	53.1	--	53.1	--
7/03/2025 21:45	US	S&P Global US Composite PMI	Jun F	52.8	--	52.8	--
7/03/2025 22:00	US	ISM Services Index	Jun	50.6	--	49.9	--
7/03/2025 22:00	US	Factory Orders	May	8.20%	--	-3.70%	--
7/03/2025 22:00	US	Durable Goods Orders	May F	16.40%	--	16.40%	--

Source: Bloomberg

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

Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberhtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathann4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyiong1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
menqteechin@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 enclosing 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