

## Daily Treasury Outlook

3 September 2025

### Highlights

**Global:** September volatility returned after the summer lull and the US Labor Day weekend, in line with history as September has typically been the worst month for US equities. US stocks closed lower while long-term bond yields in both the US and Europe jumped on fiscal concerns. In the UK, 30Y gilt yields climbed to the highest since 1998, while France's 30Y yields hit a 16-year high. Britain sold a record GBP14bn of new 10Y government bonds at the highest yield since 2008, with a premium of 8.25bps over the benchmark gilt, as markets fretted over fiscal sustainability. Adding to the caution, the Banque de France Governor warned that the longer the country delays addressing its excessive deficit, the more painful the adjustment will be.

On the US side, September FOMC rate cut expectations rose sharply, with futures pricing the probability at 92% after ISM manufacturing PMI came in weaker than expected. The index edged up modestly to 48.7 in August (Jul: 48.0; cons: 49.0). While new orders improved to 51.4, production slumped to 47.8 (Jul: 51.4), reflecting persistent weakness. Manufacturers cited tariffs and higher component costs as key drags, raising concerns over US goods competitiveness. Prices paid remained elevated at 63.7, suggesting lingering inflationary pressures in the pipeline.

Meanwhile, BoJ Deputy Governor Himino noted that if the impact of US tariffs proves less material than feared, it could pave the way for further rate hikes, though he offered little guidance on timing.

On geopolitics, the US-China chip war reignited. Washington will revoke TSMC Nanjing's validated end-user (VEU) authorization effective Dec 31, 2025. This means TSMC suppliers will need individual approvals to ship semiconductor equipment and related gear subject to US export controls, ending the blanket authorization. The move mirrors earlier revocations of VEU designations for Samsung and SK Hynix facilities in China, signaling a tougher US stance.

**Market Watch:** For today, markets will turn to Europe's final PMI readings and US data including JOLTS job openings, factory orders, and durable goods orders for further direction.

**Singapore:** The manufacturing PMI improved marginally from 49.9 to 50.0 in August, aided by an uptick in new orders, new exports and input purchases. The 50-level is the dividing line between contraction and expansion, so it could be a "limbo" state where manufacturers are hopeful that reciprocal tariffs implemented on 7 August were less punitive than initially feared as per the April 2nd announcement, nevertheless, sentiments remain somewhat cautious given the prospect of additional sectoral tariffs. For the electronics sector, green shoots continued to emerge with the August PMI accelerating from 50.2 to 50.4. That said, the order backlog, imports, input prices, finished

### Key Market Movements

Equity	Value	% chg
S&P 500	6415.5	-0.7%
DJIA	45296	-0.5%
Nikkei 225	42310	0.3%
SH Comp	3858.1	-0.4%
STI	4298.5	0.5%
Hang Seng	25497	-0.5%
KLCI	1576.7	0.1%
	Value	% chg
DXY	98.397	0.6%
USDJPY	148.36	0.8%
EURUSD	1.1640	-0.6%
GBPUSD	1.3394	-1.1%
USIDR	16400	-0.1%
USDSGD	1.2883	0.3%
SGDMYR	3.2840	-0.2%
	Value	chg (bp)
2Y UST	3.64	2.25
10Y UST	4.26	3.30
2Y SGS	1.43	-4.20
10Y SGS	1.86	-1.46
3M SORA	1.55	-1.50
3M SOFR	4.36	-0.01
	Value	% chg
Brent	69.14	1.5%
WTI	65.59	2.5%
Gold	3533	1.6%
Silver	40.88	0.5%
Palladium	1143	0.5%
Copper	9981	1.0%
BCOM	103.65	0.8%

Source: Bloomberg

goods and supplier deliveries saw a slower pace of expansion in August, which could point to momentum nearing a peak. As such, a breather period may follow after the sustained improvement in electronics PMI since the Liberation Day tariff announcement shock in April 2025. Given that the manufacturing sector has outperformed for the first seven months of this year, the remaining months may see some moderation/contraction as frontloading effects fade. Apart from electronics, actually there is a silver lining in the transport engineering (i.e., MRO) industry for instance. For 2025, manufacturing may see a modest positive growth.

**Commodities:** Crude oil benchmarks rose on Tuesday. However, intraday trading was volatile. WTI and Brent oil prices increased by 3.2% and 2.0% respectively, reaching intraday highs of USD66.0/bbl and USD69.5/bbl during the London session. Gains were subsequently pared back before rebounding during the NY session. The rise in oil prices was driven by supply concerns following recent Ukrainian military strikes on Russian energy infrastructure. According to Reuters, these strikes affected at least 17% (1.1mbpd) of Russia's oil processing capacity. Meanwhile, a new sanctions package on Iranian oil trade network, targeting "network of shipping companies and vessels led by Iraqi-Kittitian businessman" exerted additional upward pressure on prices. WTI and Brent settled at USD65.6/bbl and USD69.1/bbl, respectively.

## Major Markets

**ID:** President Prabowo Subianto departed for Beijing on Tuesday night (2 September) to attend a military parade hosted by President Xi Jinping, after initially cancelling the trip due to mass protests in the country. State Secretary Prasetyo Hadi said the visit underscores Jakarta's commitment to maintaining close ties with China, with Prabowo scheduled to return the following evening. The decision reflects confidence that unrest at home has eased, with Jakarta Governor Pramono Anung declaring the capital "back to normal" as residents resumed daily routines and public transport fully reopened. MRT, LRT, and Transjakarta services are operating again, with fares on MRT and Transjakarta waived until September 8 to restore mobility. Earlier, Prabowo skipped the SCO Summit to address protests, conceding to key demands by scrapping lawmakers' allowances.

**MY:** Chinese President Xi Jinping pledged full support for Malaysia's push to become a BRICS member, Prime Minister Anwar Ibrahim confirmed after their meeting in Beijing on Tuesday (2 September). Malaysia, which joined the bloc as a partner earlier this year, is seeking to upgrade its status within the 11-member grouping. Anwar highlighted that the talks reinforced momentum from Xi's April visit, where 31 MoUs were signed, and stressed the need for swift implementation. He also voiced backing for China's Belt and Road and Global Governance Initiatives, as reported by The Edge.

**TH:** The Senate has approved the THB3.78trn budget for the fiscal year 2026 (FY26). This followed last week's decision by the Constitutional Court to remove ex-PM Paetongtarn Shinawatra from the prime minister post. The FY26 budget was supported by 148 of the 200 Senate members. One member voted against it, while 27 abstained. The FY26 budget was passed by the House of Representatives last month and now awaits royal endorsement. The FY26 budget is slightly larger, representing a 0.7% increase over the FY25 budget, and projects a THB860bn deficit (4.3% of GDP).

## ESG

**ID:** As the COP30 climate summit approaches, Indonesia plans to present carbon trading potential at the climate summit and highlight credible carbon offset opportunities that align with global standards. Indonesia's Deputy Minister of Environment noted that several countries have expressed interest in Indonesia's carbon trading potential, including Norway, with interest in purchasing 12 mn tons of carbon dioxide equivalent (CO<sub>2</sub>e). Indonesia also sees potential carbon cooperation with South Korea in the palm oil sector and with Japan for Renewable Energy Certificates (RECs). In addition, Indonesia is processing a Mutual Recognition Agreement (MRA) with Verra, after previously reaching an agreement with Gold Standard this year. These initiatives can strengthen Indonesia's role in the international carbon market by expanding market access, attracting investment and enhancing the credibility of its carbon credits.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 3-5bps lower while belly tenors traded 1-3bps lower and 10Y traded flat. As per Bloomberg, China Evergrande Group's liquidators have asked Hong Kong's High Court to appoint receivers to identify and preserve founder Hui Ka Yan's assets. They seek to recover USD6bn in dividends and pay, including USD4.2bn paid to Hui from 2017 to 2021. Decision by the judge will be handed down later. In other news by Bloomberg, during a post-earnings call, Longfor Group Holdings Ltd have informed investors that it has RMB9.3bn offshore loans outstanding, in addition to a HKD8.1bn facility maturing in December. The RMB9.3bn includes roughly RMB1.3bn due in 2026, RMB3bn in 2027, RMB3bn in 2028, and the remainder in 2029. Bloomberg Asia USD Investment Grade spreads traded flat at ~62bps and Bloomberg Asia USD High Yield spreads tightened by 6bps to 339bps respectively. (Bloomberg, OCBC)

### New issues:

It was a very active primary market with 20 notable issuances by 12 issuers in the Asiadollar market yesterday, driven by issuers from Japan. Some of the notable issues as follows:

- Mitsubishi UFJ Financial Group Inc priced USD4bn of debt in four tranches: a USD1bn 6NC5 Fixed Bond at T+80bps (Yield: 4.527%), a USD6NC5 FRN at SOFR+113bps, a USD1bn 11NC10 Fixed Bond at T+93bps (Yield: 5.188%) and a USD1bn PerpNC10 Fixed Junior Subordinated Note at 6.350%.
- Mitsubishi Corp priced USD1.6bn of debt in four tranches: a USD400mn 3Y FRN at SOFR+70bps, a USD300mn 3Y Fixed Bond at T+45bps (Reoffer price 99.807 to yield 4.069%), a USD500mn 5Y Fixed Bond at T+50bps (Reoffer price 99.491 to yield 4.239%) and a USD400mn 10Y Fixed Bond at T+65bps (Reoffer price 99.593 to yield 4.927%).
- Sumitomo Mitsui Trust Bank Ltd priced USD1.25bn of debt in two tranches: a USD750mn 3Y FRN at SOFR+75bps and a USD500mn 5Y Fixed Bond at T+65bps (Reoffer price 99.902 to yield 4.372%).
- HSBC Holdings PLC priced a USD1.5bn 11NC10 Fixed-to-FRN (FRN after 10Y) at T+147bps (Yield: 5.741%).
- *Please refer to today's Asian Credit Daily for more details.*

There was one notable issuance in the Singdollar market yesterday.

- Housing & Development Board priced SGD1bn 10Y Green Fixed Bond at 2.162%.

### Mandates:

- SK Hynix Inc may issue USD-denominated 3Y and 5Y bonds.
- Export-Import Bank of Korea may issue USD-denominated 3Y FRN or fixed and 5Y fixed bonds.

## Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.397	0.64%	USD-SGD	1.2883
USD-JPY	148.360	0.80%	EUR-SGD	1.4996
EUR-USD	1.164	-0.61%	JPY-SGD	0.8684
AUD-USD	0.652	-0.49%	GBP-SGD	1.7256
GBP-USD	1.339	-1.11%	AUD-SGD	0.8399
USD-MYR	4.230	0.12%	NZD-SGD	0.7556
USD-CNY	7.138	0.01%	CHF-SGD	1.6011
USD-IDR	16400	-0.13%	SGD-MYR	3.2840
USD-VND	26341	-0.01%	SGD-CNY	5.5374

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.8750	0.86%	1M	4.2516
3M	2.0740	0.63%	2M	4.1993
6M	2.0860	0.58%	3M	4.1501
12M	2.1480	1.37%	6M	4.0028
			1Y	3.7600

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/17/2025	-0.921	-92.10%	-0.23	4.101
10/29/2025	-1.434	-51.30%	-0.359	3.972
12/10/2025	-2.231	-79.70%	-0.558	3.773

## Equity and Commodity

Index	Value	Net change
DJIA	45,295.81	-249.07
S&P	6,415.54	-44.72
Nasdaq	21,279.63	-175.92
Nikkei 225	42,310.49	121.70
STI	4,298.51	22.44
KLCI	1,576.70	1.58
JCI	7,801.59	65.52
Baltic Dry	2,024.00	-1.00
VIX	17.17	1.05

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.43 (-0.04)	3.65(--)
5Y	1.56 (-0.03)	3.72 (+0.03)
10Y	1.86 (-0.01)	4.27 (+0.03)
15Y	1.95 (-0.02)	--
20Y	1.95 (-0.01)	--
30Y	2.02 (-0.01)	4.97 (+0.03)

## 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)	65.59	#DIV/0!	Corn (per bushel)	4.030	#DIV/0!
Brent (per barrel)	69.14	1.45%	Soybean (per bushel)	10.258	#DIV/0!
Heating Oil (per gallon)	237.44	#DIV/0!	Wheat (per bushel)	5.130	#DIV/0!
Gasoline (per gallon)	204.28	#DIV/0!	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.01	#DIV/0!	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9980.50	0.98%	Gold (per oz)	3533.2	1.6%
Nickel (per mt)	15232.00	-1.34%	Silver (per oz)	40.9	0.5%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
9/03/2025 9:45	CH	RatingDog China PMI Composite	Aug	--	--	50.8	--
9/03/2025 9:45	CH	RatingDog China PMI Services	Aug	52.5	--	52.6	--
9/03/2025 12:00	SI	MAS Survey of Professional Forecasters					
9/03/2025 13:00	IN	HSBC India PMI Composite	Aug F	--	--	65.2	--
9/03/2025 13:00	IN	HSBC India PMI Services	Aug F	--	--	65.6	--
9/03/2025 16:00	EC	HCOB Eurozone Services PMI	Aug F	50.7	--	50.7	--
9/03/2025 16:00	EC	HCOB Eurozone Composite PMI	Aug F	51.1	--	51.1	--
9/03/2025 16:30	UK	S&P Global UK Composite PMI	Aug F	53	--	53	--
9/03/2025 17:00	EC	PPI MoM	Jul	0.30%	--	0.80%	--
9/03/2025 17:00	EC	PPI YoY	Jul	0.10%	--	0.60%	--
9/03/2025 19:00	US	MBA Mortgage Applications	29-Aug	--	--	-0.50%	--
9/03/2025 22:00	US	JOLTS Job Openings	Jul	7382k	--	7437k	--
9/03/2025 22:00	US	Factory Orders	Jul	-1.30%	--	-4.80%	--
9/03/2025 22:00	US	Factory Orders Ex Trans	Jul	0.60%	--	0.40%	--
9/03/2025 22:00	US	Durable Goods Orders	Jul F	-2.80%	--	-2.80%	--

Source: Bloomberg

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## Macro Research

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

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

**Jonathan Ng**  
ASEAN Economist  
[jonathann4@ocbc.com](mailto:jonathann4@ocbc.com)

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

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

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

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

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

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