

Daily Treasury Outlook

4 June 2025

Highlights

Global: US equities closed higher, DXY index was higher, UST yields little changed on the session following choppy intra-day trading. The data overnight was mixed with April factory orders dropped by 3.7% MoM sa from 3.4% in March while the JOLTS job openings was higher-than-expected, the quits rate was modestly lower at 2.0% from 2.1% but layoff rate was also higher at 1.1% from 1.0% in April. President Trump enacted an executive order that doubles tariffs on steel and aluminium to 50% from 25%, on all countries except the UK. Additionally, the Trump administration has reportedly asked countries to submit their best negotiation offers by tomorrow, aiming to expedite discussions before the 90-day tariff pause concludes on 9 July. In Europe, headline inflation came in lower-than-expected at 1.9% YoY for May (preliminary reading), versus expectations of 2.0%, from 2.2% in April. This is below the ECB's target, setting the stage for another 25bp from ECB tomorrow. Core CPI also lower-than-expected at 2.3% YoY from 2.7% in April. The unemployment rate for April ticked lower to 6.2% from 6.3%. In Asia, Opposition leader Lee Jae-myung has been officially declared the winner of South Korea's 2025 presidential election following elections on 3 Jun, with more than 90% of the votes counted at the time of writing.

Market Watch: This morning, South Korea's headline CPI eased to 1.9% YoY in May from 2.1% in April and was below consensus of 2.1%. For the day ahead, a slew of PMI data will be released from Australia, Hong Kong, Japan, Thailand, Singapore, and India. Australia's 1Q25 GDP will also be released, with consensus expectations for the GDP to grow by 1.5% YoY, up from 1.3% in 4Q24. From the US, the focus will be on the May ISM services and the May ADP employment change ahead of the crucial May NFP on Friday.

Major Markets

ID: Coordinating Minister for Economic Affairs, Airlangga Hartarto, noted that the government will submit a list of preferred tariffs for US imports ahead of the second round of negotiations scheduled this month in Washington. He conveyed this message during a meeting with USTR Jamieson Greer on the sidelines of the OECD 2025 Ministerial Council meeting in Paris on Tuesday (3 June). In addition, Minister Hartarto re-emphasized that plans to increase imports of US agricultural and energy products are included in the negotiations. Elsewhere, Danantara plans to invest USD5bn this year in projects across key sectors, including minerals, renewables, digital infrastructure, healthcare, and financial services, as reported by Bloomberg.

Key Market Movements

Equity	Value	% chg
S&P 500	5970.4	0.6%
DJIA	42520	0.5%
Nikkei 225	37447	-0.1%
SH Comp	3362.0	0.4%
STI	3894.4	0.1%
Hang Seng	23512	1.5%
KLCI	1503.3	-0.3%
	Value	% chg
DXY	99.227	0.5%
USDJPY	143.97	0.9%
EURUSD	1.1372	-0.6%
GBPUSD	1.3517	-0.2%
USDIDR	16290	0.3%
USDSGD	1.2897	0.4%
SGDMYR	3.2990	-0.1%
	Value	chg (bp)
2Y UST	3.95	1.45
10Y UST	4.45	1.38
2Y SGS	1.92	-6.40
10Y SGS	2.36	-6.83
3M SORA	2.27	-0.39
3M SOFR	4.35	0.02
	Value	% chg
Brent	65.63	1.5%
WTI	63.41	1.4%
Gold	3353	-0.8%
Silver	34.52	-0.7%
Palladium	1013	1.8%
Copper	9634	0.2%
BCOM	102.27	0.2%

Source: Bloomberg

MY: Prime Minister Anwar Ibrahim announced the establishment of a special task force to tackle serious financial irregularities and enhance the credibility of the country's fiscal management. The decision was made during a meeting of the Special Cabinet Committee on National Governance on Tuesday (3 June), which expressed concern over audit findings that could undermine fiscal credibility, as reported by The Edge.

VN: The US has presented Vietnam with a list of requests aimed at reducing the use of Chinese materials in its factories as part of tariff negotiations, as reported by Reuters. The list is part of an “annex” to a framework text prepared by the US negotiator and demands stricter control over production and supply chains. Meanwhile, Vietnam is reportedly set to sign deals with the US to purchase more than USD2bn worth of agricultural goods.

ESG

SG: Carbon tax-liable companies in Singapore, which are allowed to use eligible international carbon credits to offset up to 5% of their taxable emissions annually, will be allowed to roll over their unused offset limit in 2024 to 2025. If companies did not use any carbon offsets in 2024, they can offset up to 10% of their emissions in 2025. This is because of the low supply of international carbon credits for emissions year 2024, and because some refiners and petrochemical companies were offered rebates for their carbon tax to ease cost strains and remain competitive. Singapore is collaborating with several countries with the hope of developing carbon credit projects that can deliver high-quality carbon credits.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 5-6bps lower, belly tenors trading 6bps lower and 10Y trading 7bps lower. CITIC Securities Co., Ltd announced in a filing with the Shanghai Stock Exchange that it has received approval from the China Securities Regulatory Commission to issue sci-tech innovation bonds totalling up to RMB15bn (~USD2.1bn). According to Bloomberg, New World Development Co. plans to utilize a portion of a three-year facility it is pursuing, secured by its Victoria Dockside complex, to partly repay HKD87.5bn in loans once a refinancing agreement is finalized, as reported by sources familiar with the situation. Bloomberg Asia USD Investment Grade spreads and Bloomberg Asia USD High Yield spreads traded flat at 77bps and 481bps respectively. (Bloomberg, OCBC)

New Issues:

There were five notable issuances from four issuers in the Asiadollar markets yesterday.

- National Australia Bank Ltd/New York issued USD1.5bn of debt in two tranches: a USD750mn 3Y Fixed bond at T+40bps and a USD750mn 5Y Fixed bond at T+52bps.
- National Australia Bank Ltd priced a USD750mn 3Y FRN at SOFR+65bps.
- Government of Hong Kong Special Administrative Region priced a USD1bn 5Y Green Fixed bond at T+12bps.
- Shanghai Pudong Development Bank Co Ltd/London priced a USD400mn 3Y Green FRN at SOFR+53bps.

There were two notable issuances in the Singdollar markets yesterday.

- Hotel Properties Limited priced a USD220mn 5Y Fixed bond at 4.40%
- Wing Tai Holdings Limited priced a USD200mn 7Y Fixed bond at 3.83%.

Mandates:

There were no notable mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	99.227	0.53%	USD-SGD	1.2897	0.35%
USD-JPY	143.970	0.88%	EUR-SGD	1.4668	-0.25%
EUR-USD	1.137	-0.60%	JPY-SGD	0.8956	-0.56%
AUD-USD	0.646	-0.51%	GBP-SGD	1.7434	0.16%
GBP-USD	1.352	-0.20%	AUD-SGD	0.8334	-0.18%
USD-MYR	4.246	-0.27%	NZD-SGD	0.7735	-0.28%
USD-CNY	7.188	-0.15%	CHF-SGD	1.5648	-0.52%
USD-IDR	16290	0.26%	SGD-MYR	3.2990	-0.15%
USD-VND	26057	0.15%	SGD-CNY	5.5761	-0.39%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.9840	-0.60%	1M	4.3150	0.05%
3M	1.9790	-0.80%	2M	4.3180	0.01%
6M	2.0630	-0.29%	3M	4.3172	0.03%
12M	2.0570	-1.58%	6M	4.2460	-0.10%
			1Y	4.0480	-0.17%

Fed Rate Hike Probability

Fed Rate Hike Probability				Expected Effective Fed Funds Rate
Meeting	# of Hikes/Cuts	Implied Rate Change		
06/18/2025	-0.013	-1.3	-0.003	4.324
07/30/2025	-0.24	-22.7	-0.06	4.267
09/17/2025	-0.843	-60.3	-0.211	4.117
12/10/2025	-2.003	-62.3	-0.501	3.827

Equity and Commodity

Index	Value	Net change
DJIA	42,519.64	214.16
S&P	5,970.37	34.43
Nasdaq	19,398.96	156.35
Nikkei 225	37,446.81	-23.86
STI	3,894.38	3.79
KLCI	1,503.25	-5.10
JCI	7,044.82	-20.25
Baltic Dry	1,422.00	4.00
VIX	17.69	-0.67

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.92 (-0.06)	3.95(--)
5Y	2.03 (-0.06)	4.02 (+0.02)
10Y	2.36 (-0.07)	4.45 (+0.01)
15Y	2.47 (-0.06)	--
20Y	2.5 (-0.05)	--
30Y	2.53 (-0.05)	4.98 (+0.02)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.35
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	63.41	1.42%	Corn (per bushel)	4.385	0.1%
Brent (per barrel)	65.63	1.55%	Soybean (per bushel)	10.408	0.7%
Heating Oil (per gallon)	209.99	2.71%	Wheat (per bushel)	5.360	-0.6%
Gasoline (per gallon)	207.88	1.28%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.72	0.76%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9634.00	0.18%	Gold (per oz)	3353.4	-0.8%
Nickel (per mt)	15438.00	-0.64%	Silver (per oz)	34.5	-0.7%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
6/04/2025 8:30	HK	S&P Global Hong Kong PMI	May	--	--	48.3	--
6/04/2025 8:30	JN	Jibun Bank Japan PMI Composite	May F	--	--	49.8	--
6/04/2025 8:30	JN	Jibun Bank Japan PMI Services	May F	--	--	50.8	--
6/04/2025 16:00	EC	HCOB Eurozone Services PMI	May F	48.9	--	48.9	--
6/04/2025 16:00	EC	HCOB Eurozone Composite PMI	May F	49.5	--	49.5	--
6/04/2025 16:30	UK	S&P Global UK Composite PMI	May F	49.4	--	49.4	--
6/04/2025 16:30	UK	S&P Global UK Services PMI	May F	50.2	--	50.2	--
6/04/2025 16:30	UK	Official Reserves Changes	May	--	--	\$4115m	--
6/04/2025 19:00	US	MBA Mortgage Applications	30-May	--	--	-1.20%	--
6/04/2025 20:15	US	ADP Employment Change	May	114k	--	62k	--
6/04/2025 21:45	US	S&P Global US Services PMI	May F	52.3	--	52.3	--
6/04/2025 21:45	US	S&P Global US Composite PMI	May F	52.1	--	52.1	--
6/04/2025 22:00	US	ISM Services Index	May	52	--	51.6	--
6/04/2025 22:00	US	ISM Services Prices Paid	May	65.1	--	65.1	--
6/04/2025 22:00	US	ISM Services New Orders	May	51.6	--	52.3	--
6/04/2025 22:00	US	ISM Services Employment	May	49	--	49	--

Source: Bloomberg



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