OCBC

GLOBAL MARKETS RESEARCH

Daily Treasury Outlook

4 August 2025

Highlights

Global: Weaker-than-expected US' nonfarm payrolls! The July NFP print of 73k coupled with the steepest revisions of -258k for the two-month revision (attributed to both seasonal adjustments and also low response rates) prompted US president Trump to fire the BLS Commissioner. The trigger was in state and local government education payrolls that drove the wild swings in June NFP. This also marked the worst three month reading (35k) since the pandemic, albeit the unemployment rate and average hourly earnings were in line with expectations at 4.2% and 0.3% MoM (3.9% YoY) respectively. The final July University of Michigan sentiment index rose to a 5-month high of 61.7 whereas the ISM manufacturing index fell at its fastest pace in nine months to 48. The S&P500 closed down 1.6% on Friday, with bank stocks leading declines, and the USD also slid while the 10-year UST bond yield rallied 16bps to 4.21% amid the risk-off tilt and as traders increasingly price in a potential September Fed rate cut.

Market Watch: With new U.S. tariffs set to take effect August 7 driving its average tariff rate to 15.2% and hints of fading US economic exceptionalism, Asian markets may trade with a cautious tone today. Today's economic data watch comprises of Eurozone's August Sentix investor confidence, US' June factory orders and final June durable orders. For the week ahead, watch for the slew of services and composite PMIs from Europe, UK and Asia including China, Indonesia and Philippine's 2Q25 GDP growth, US' services ISM and initial jobless claims, inflation readings from Taiwan and Thailand, China and Taiwan's July trade data, and China's PPI and CPI. On the central bank front, BOJ's June minutes are due tomorrow, RBI meets on 6 August, ECB's economic bulletin is also due 7 August, but the key event is likely to be the BoE policy meeting on the same day where a 25bp rate cut to 4% is anticipated, followed by the BOJ summary of opinions comes on 8 August. On the corporate earnings front, keep an eye on McDonald's, Walt Disney, AMD, Uber, Airbnb, Palanthir, Pfizer and Eli Lilly.

Singapore: The July PMI reverted to contraction territory at 49.9 (June: 50.0) but the electronics PMI improved slightly to 50.2. The June retail sales due 5 August is likely to print at 2.7% YoY (-0.9% MoM sa) by our estimates, up from 1.4% YoY (1.0% MoM sa) in May. Meanwhile, the July S&P Global Singapore PMI is also due on 5 August and may fluctuate around its June reading of 51.0.

Key Market Movements

Equity	Value	% chg
S&P 500	6238.0	-1.6%
DJIA	43589	-1.2%
Nikkei 225	40800	-0.7%
SH Comp	3560.0	-0.4%
STI	4153.8	-0.5%
Hang Seng	24508	-1.1%
KLCI	1533.4	1.3%
	Value	**% chg**
DXY	99.141	-0.8%
USDJPY	147.4	-2.2%
EURUSD	1.1587	1.5%
GBPUSD	1.3279	0.5%
USDIDR	16493	0.2%
USDSGD	1.2898	-0.6%
SGDMYR	3.2931	0.0%
	Value	**chg (bp)**
2Y UST	3.68	-27.54
10Y UST	4.22	-15.81
2Y SGS	1.72	1.80
10Y SGS	2.12	2.57
3M SORA	1.85	-0.45
3M SOFR	4.34	0.04
	Value	**% chg**
Brent	69.67	-2.8%
WTI	67.33	-2.8%
Gold	3363	2.2%
Silver	37.04	0.9%
Palladium	1213	1.1%
Copper	9631	0.2%
BCOM	100.62	-0.6%

Source: Bloomberg

Commodities: Crude oil benchmarks extended their losses during the Asian trading session, following the announcement of another production increase for September. We expect crude oil benchmarks to face downward pressure during early Asian trading session due to concerns about a potential oversupply. In a smaller group meeting, eight key OPEC+ members agreed to boost output by 0.55 mbpd, equivalent to four monthly increments. Consequently, this completes the unwinding of the 2.2mbpd of voluntary production cuts from these eight member countries. According to the press release, the group stated that "the phase-out of the additional voluntary production adjustments may be paused or reversed subject to evolving market conditions. This flexibility will allow the group to continue to support oil market stability." During the early Asian open, WTI and Brent declined by ~1.0%, reaching intraday low of USD66.6/bbl and USD69.0/bbl, respectively.

Major Markets

CH: On Friday, at a press conference, the NDRC said it is expediting work to regulate disorderly low-price competition among enterprises. On one front, efforts are under way to accelerate the revision of the Price Law. The draft amendment clarifies criteria for identifying unfair pricing practices—such as predatory pricing—and focuses on curbing behaviour that seeks to undercut competitors or monopolize markets by selling below cost. The amendment also broadens the scope of predatory pricing regulation to include services. The draft is currently open for public consultation, with authorities welcoming feedback from all sectors of society.

On another front, the NDRC is enhancing policy communication and public guidance. In industries where "involution-style" competition is particularly acute, targeted cost surveys will be conducted to assess production and operational realities. Enterprises will be urged to voluntarily align their pricing practices with fair competition principles.

ID: Headline CPI rose by more than expected to 2.4% YoY in July from 1.9% in June, and was higher than the consensus of 2.3%. Meanwhile, core inflation eased marginally to 2.3% from 2.4%. Higher Food, Beverage & Tobacco (3.8% from 2.0%), Housing, Water, Electricity & Other Fuel (1.7% from 1.6%), Health (1.9% from 1.8%), and Education (2.0% from 1.8%) more than offset weaker Household Equipment & Routine Maintenance (0.5% from 0.6%), Recreation, Sports, & Culture (1.0% from 1.2%), Food & Beverage Provision (1.9% from 2.0%), and Personal Care & Other Services (9.0% from 9.3%) CPIs. The July print brings the Jan–Jul 2025 headline CPI to an average of 1.4%. We maintain our forecast for headline print to average 2.0% in 2025, implying higher price pressures in the months ahead.

MY: Trade Minister Zafrul Aziz indicated that the tariff exemption for the country's pharmaceutical and semiconductor exports will remain, despite the new 19% US reciprocal tariff rate on the country, as reported by The Edge. The 19% rate was already down from a previously threatened rate of 25%. Minister Aziz noted that talks with Washington are ongoing, with exemptions for cocoa, rubber, and palm oil still being finalized, and emphasized that Malaysia did not concede on key demands, including halal certification standards, excise duties, and foreign ownership caps. Separately, Plantation and Commodities Minister Johari Abdul Ghani noted that the 19% tariff rate is "fair," noting that regional peers such as Indonesia face the same tariff rate, and that it will have a limited impact on the competitiveness of Malaysia's commodities.

PH: According to Bangko Sentral ng Pilipinas (BSP), headline inflation for July 2025 is expected to "settle within the range of 0.5-1.3%". The BSP highlighted that higher prices for meat and vegetables, utility, elevated domestic fuel costs, and the depreciation of the peso have contributed to the upward price pressure in July. Meanwhile, lower rice prices could provide some offset to these upward price pressures. Moving forward, the BSP states that it will continue "to monitor developments affecting the outlook for inflation and growth in line with its data-dependent approach to monetary policy decision-making."

VN: The S&P Global PMI Manufacturing rose to 52.4 in July from 48.9 in June, marking the first expansion since March 2025. Improvements were supported by increased new orders and higher production, despite some export weaknesses due to the US tariffs. In addition, the survey noted that employment 'neared stabilization,' despite staffing levels remaining weak amid ongoing spare capacity following the recent period of declining new orders. Looking ahead, manufacturers remain optimistic that output will rise over the coming year, despite ongoing concerns surrounding the impact of US tariffs.

ESG

MY: Malaysia's planned carbon tax, set to take effect in 2026, could generate close to RM1 bn annually for government coffers while encouraging heavy industries to cut their emissions, according to BIMB Securities. The planned carbon tax will target emissions-intensive sectors such as iron, steel and energy for a start. Although the government has yet to set a carbon tax rate, it is expected to start out low to ensure companies remain competitive and have more time to transition. The revenue collected is anticipated to support industries in implementing decarbonisation initiatives.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher last Friday with shorter tenors trading 1bps higher while belly tenors traded 2-3bps higher and 10Y traded 3bps higher. As per Bloomberg, Chinese developer Fantasia Holdings Group Co. ("Fantasia") plans to unveil a new restructuring plan, aimed at deleveraging further, in the coming weeks after previous efforts failed. Fantasia first proposed a debt restructuring in January 2023, then revised it in April 2024 with longer extensions, lower coupon rates, and other terms that were less favourable to creditors. In other news by Bloomberg, Moody's downgraded Yankuang Energy Group Co Ltd's ("Yankuang") long-term corporate family rating to Ba2 from Ba1, changing the outlook from watch negative to stable. The downgrade reflects its close credit ties to parent Shandong Energy and potential cash leakage risks. Yankuang has RMB54.2bn in outstanding public bonds and loans, per Bloomberg. Bloomberg Asia USD Investment Grade spreads widened by 6bps to 70bps and Bloomberg Asia USD High Yield spreads widened by 27bps to 363bps respectively. (Bloomberg, OCBC)

New issues:

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

Mandates:

- There were no notable mandates last Friday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	99.141	-0.83%	**USD-SGD**	1.2898	-0.64%
USD-JPY	147.400	-2.22%	**EUR-SGD**	1.4942	0.83%
EUR-USD	1.159	1.51%	**JPY-SGD**	0.8749	1.63%
AUD-USD	0.647	0.76%	**GBP-SGD**	1.7119	-0.15%
GBP-USD	1.328	0.55%	**AUD-SGD**	0.8346	0.07%
USD-MYR	4.279	0.33%	**NZD-SGD**	0.7629	-0.20%
USD-CNY	7.193	-0.09%	**CHF-SGD**	1.6040	0.38%
USD-IDR	16493	0.23%	**SGD-MYR**	3.2931	0.04%
USD-VND	26213	0.06%	**SGD-CNY**	5.5816	0.65%

Equity and Commodity

Index	Value	Net change
DJIA	43,588.58	-542.40
S&P	6,238.01	-101.38
Nasdaq	20,650.13	-472.32
Nikkei 225	40,799.60	-270.22
STI	4,153.83	-19.94
KLCI	1,533.35	20.10
JCI	7,537.77	53.43
Baltic Dry	2,018.00	15.00
VIX	20.38	3.66

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.8930	0.37%	**1M**	4.3445	0.01%
3M	1.9940	-0.70%	**2M**	4.2981	0.01%
6M	2.0700	-0.24%	**3M**	4.2428	-0.10%
12M	2.1470	0.99%	**6M**	4.0580	-0.28%
			1Y	3.7990	-0.43%

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.72 (+0.02)	3.67(--)
5Y	1.8 (+0.02)	3.76 (-0.22)
10Y	2.12 (+0.03)	4.21 (-0.16)
15Y	2.21 (+0.03)	--
20Y	2.21 (+0.02)	--
30Y	2.24 (+0.02)	4.83 (-0.08)

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	#N/A N/A
07/30/2025	-0.031	-3.1	-0.008	4.321
09/17/2025	-0.878	-87.8	-0.22	4.102
12/10/2025	-2.425	-81	-0.606	3.715

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.39

Commodities Futures

Energy	**Futures**	**% chg**	**Soft Commodities**	**Futures**	**% chg**
WTI (per barrel)	67.33	-2.79%	Corn (per bushel)	3.895	-1.1%
Brent (per barrel)	69.67	-3.94%	Soybean (per bushel)	9.618	0.0%
Heating Oil (per gallon)	229.99	-4.15%	Wheat (per bushel)	5.168	-1.2%
Gasoline (per gallon)	211.86	-4.38%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.08	-0.74%	Rubber (JPY/KG)	309.500	2.8%

Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	9630.50	0.20%	Gold (per oz)	3363.5	2.2%
Nickel (per mt)	14987.00	0.34%	Silver (per oz)	37.0	0.9%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/04/2025 9:00	AU	Melbourne Institute Inflation MoM	Jul	--	--	0.10%	--
8/04/2025 9:00	AU	Melbourne Institute Inflation YoY	Jul	--	--	2.40%	--
8/04/2025 16:30	EC	Sentix Investor Confidence	Aug	6.9	--	4.5	--
8/04/2025 22:00	US	Factory Orders	Jun	-4.80%	--	8.20%	--
8/04/2025 22:00	US	Factory Orders Ex Trans	Jun	0.20%	--	0.20%	--
8/04/2025 22:00	US	Durable Goods Orders	Jun F	-9.30%	--	-9.30%	--
8/04/2025 22:00	US	Durables Ex Transportation	Jun F	0.20%	--	0.20%	--
8/04/2025 22:00	US	Cap Goods Orders Nondef Ex Air	Jun F	--	--	-0.70%	--
8/04/2025 22:00	US	Cap Goods Ship Nondef Ex Air	Jun F	--	--	0.40%	--
8/04/2025	PH	Bank Lending YoY	Jun	--	--	11.70%	--
8/04/2025	PH	Bank Lending Net of RRPs YoY	Jun	--	--	11.30%	--
8/04/2025	PH	Money Supply M3 SRF YoY	Jun	--	--	5.50%	--

Source: Bloomberg

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