

## Daily Treasury Outlook

5 June 2025

### Highlights

**Global:** US equities closed mixed (S&P: 0.0%; NASDAQ: +0.3%; Dow: -0.2%), as lower-than-expected growth in private payrolls raised concerns about the impact of trade policy uncertainties on the US economy. The May ADP jobs report revealed that private-sector employers added 37k jobs, significantly below the expectation of 114k. This was also the lowest monthly gain in over two years, signalling a potential slowdown after a robust start to the year. By sector, the goods-producing industries saw a net loss of 2k positions, as losses in 'natural resources and mining', and 'manufacturing' sectors more than offset gains in the 'construction' sector. In the services sector, declines in 'professional and business services', 'education and health service', and 'trade, transportation, and utilities' sectors weighed on the overall number. ISM services unexpectedly declined to 49.9% versus 51.6% in April. Specifically, the employment component edged higher, registering 50.7% versus 49.0% in April, but remained at a weak level. One respondent commented that "higher scrutiny is being placed on all jobs that need to be filled, whether it be a new position or backfill for an existing role." On the same note, the May Fed Beige Book also highlighted that "employment has been little changed since the previous report", with "many Districts reported lower employee turnover rates and more applicants for open positions. Comments about uncertainty delaying hiring were widespread. All Districts described lower labor demand, citing declining hours worked and overtime, hiring pauses, and staff reduction plans." In reaction to the disappointing ADP figure, US President Trump commented on Truth Social urging Fed Chair Jerome Powell to "lower the rate." Elsewhere, Bank of Canada held its policy rate unchanged at 2.75%, for the second consecutive meeting.

**Market Watch:** The ECB will also meet today, with consensus looking for a 25bp cut. Other data today includes US weekly claims data. Thursday's Asian calendar comprises China's May Caixin PMIs, Philippines' May CPI and Singapore's April's retail sales data.

**Commodities:** Crude oil benchmarks declined on Wednesday, following two consecutive sessions of decline, with WTI and Brent settling at USD62.9/bbl and USD64.9/bbl. The decline was driven by media reports indicating that Saudi Arabia is seeking another major output increase in August and possibly September, in an effort to regain lost market share. Meanwhile, a stronger-than-expected buildup in US fuel inventories exerted downward pressure on oil prices, even as US crude oil inventories declined. According to the Energy Information Administration (EIA), gasoline and distillate inventories rose by 5.2mn bbls (consensus: -875.8k bbls) and 4.2mn bbls (consensus: +45.8k bbls), respectively, reaching 228.3mn bbls and 107.6mn bbls for the week ending 30 May.

### Key Market Movements

Equity	Value	% chg
S&P 500	5970.8	0.0%
DJIA	42428	-0.2%
Nikkei 225	37747	0.8%
SH Comp	3376.2	0.4%
STI	3903.9	0.2%
Hang Seng	23654	0.6%
KLCI	1508.0	0.3%
	Value	% chg
DXY	98.787	-0.4%
USDJPY	142.77	-0.8%
EURUSD	1.1417	0.4%
GBPUSD	1.3554	0.3%
USDIDR	16290	0.0%
USDSGD	1.2862	-0.3%
SGDMYR	3.2931	-0.2%
	Value	chg (bp)
2Y UST	3.87	-8.46
10Y UST	4.36	-9.85
2Y SGS	1.91	-1.30
10Y SGS	2.36	0.34
3M SORA	2.26	-0.56
3M SOFR	4.35	-0.02
	Value	% chg
Brent	64.86	-1.2%
WTI	62.85	-0.9%
Gold	3373	0.6%
Silver	34.50	0.0%
Palladium	999	-1.4%
Copper	9622	-0.1%
BCOM	102.39	0.1%

Source: Bloomberg

## Major Markets

**ID:** Coordinating Minister Airlangga Hartarto said a delegation will head to Washington next week for a second round of trade talks with the US, aiming to prevent reciprocal tariffs scheduled to start in July, according to Bloomberg. He stressed that national interests remain the top priority, and that the government is ready to accelerate the negotiation process. Ahead of the talks, the government has previously revealed plans to present a list of proposed preferential tariffs on selected US goods. No specific dates were disclosed for the visit.

**MY:** A joint UK-Malaysia committee will be formed to help Malaysian franchise brands expand into the UK, focusing on halal sectors such as food, traditional medicine, and cosmetics. Deputy PM Ahmad Zahid Hamidi, who will lead the Cabinet committee on franchises, plans biannual reviews to track progress. The initiative also aims to attract UK franchises to use Malaysia as a gateway into ASEAN. Support will include Majlis Amanah Rakyat (MARA) financing and (Malaysia Digital Economy Corporation (MDEC) digital grants, with a target of MYR100bn in franchise sales by 2030.

**TH:** According to the Ministry of Tourism and Sports, foreign tourist arrivals to Thailand dropped by 2.7% YoY, in the first five months of 2025, to 14.4mn. Nevertheless, overall spending was estimated to increase by 1.1% YoY to THB672.6bn, from the same period last year. Specifically, for the month of May, the ministry reported a steep decline, with foreign arrivals falling by 13.9% YoY. Notably, tourist arrivals from Malaysia surpassed China as the leading source of tourists in May.

**VN:** Prime Minister Pham Minh Chinh has instructed government agencies to ensure uninterrupted power supply as surging heat pushes electricity demand to record levels. On 2 June, peak demand hit nearly 52GW amid temperatures averaging 30°C - about 8% above the 30-year norm, Bloomberg reported. PM Chinh urged the trade ministry to prevent shortages under “any circumstances”, including by expediting power plant start up and securing grid stability during the dry season.

## ESG

**CN:** China has plans to reform its intensity-based ETS in the coming years and impose an absolute cap on carbon emissions, similar to the EU ETS which limits the total amount of emissions regardless of production levels. This is in addition to plans to extend the China ETS to include the cement, steel and aluminium industries to incentivise the emissions-intensive sectors to decarbonise.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 2-5bps lower, belly tenors and 10Y trading 1bps lower. Chinese real estate developer Logan Group Co Ltd has announced its intention to provide bondholders with new options for the restructuring of onshore securities, according to a statement issued to the Shanghai Stock Exchange. Per Bloomberg, Saudi Arabia's banks have issued over USD5.6bn in Additional Tier 1 notes this year, setting a record for the country. These bonds are intended to raise capital for "gigaprojects," including a futuristic city and global sporting events, amid a record loans-to-deposits ratio of 107%. They have garnered strong demand, particularly from Chinese investors, with coupons ranging from 6% to 6.5%. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 78bps and Bloomberg Asia USD High Yield spreads widened by 10bps to 491bps respectively. (Bloomberg, OCBC)

### New Issues:

There were two notable issuances from one issuer in the Asiadollar markets yesterday.

- Macquarie Bank Ltd issued USD1.75bn of debt in two tranches: a USD1bn 3Y FRN at SOFR+74bps and a USD750mn 3Y Fixed bond at T+50bps.

There was one notable issuance in the Singdollar markets yesterday.

- AIA Group Limited priced a SGD800mn 10Y Subordinated Tier 2 bond at 3.58%.

### Mandates:

There were no notable mandates yesterday.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX1	98.787	-0.44%	USD-SGD	1.2862	-0.27%
USD-JPY	142.770	-0.83%	EUR-SGD	1.4687	0.13%
EUR-USD	1.142	0.40%	JPY-SGD	0.9010	0.60%
AUD-USD	0.649	0.46%	GBP-SGD	1.7434	0.00%
GBP-USD	1.355	0.27%	AUD-SGD	0.8350	0.19%
USD-MYR	4.246	0.02%	NZD-SGD	0.7754	0.25%
USD-CNY	7.178	-0.14%	CHF-SGD	1.5717	0.44%
USD-IDR	16290	0.00%	SGD-MYR	3.2931	-0.18%
USD-VND	26075	0.07%	SGD-CNY	5.5863	0.18%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.9470	-1.86%	1M	4.3110	0.01%
3M	1.9710	-0.40%	2M	4.3130	-0.04%
6M	2.0740	0.53%	3M	4.3090	-0.01%
12M	2.0700	0.63%	6M	4.2213	-0.03%
			1Y	3.9898	-0.01%

## Fed Rate Hike Probability

Fed Rate Hike Probability				Expected Effective Fed Funds Rate
Meeting	# of Hikes/Cuts	Implied Rate Change		Funds Rate
06/18/2025	-0.044	-4.4	-0.011	4.32
07/30/2025	-0.313	-26.9	-0.078	4.253
09/17/2025	-0.977	-66.4	-0.244	4.086
12/10/2025	-2.264	-69.1	-0.566	3.765

## Equity and Commodity

Index	Value	Net change
DJIA	42,427.74	-91.90
S&P	5,970.81	0.44
Nasdaq	19,460.49	61.53
Nikkei 225	37,747.45	300.64
STI	3,903.88	9.50
KLCI	1,507.97	4.72
JCI	7,069.04	24.22
Baltic Dry	1,430.00	8.00
VIX	17.61	-0.08

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.91 (-0.01)	3.87(--)
5Y	2.03 (--)	3.92 (-0.1)
10Y	2.36 (--)	4.36 (-0.1)
15Y	2.47 (--)	--
20Y	2.51 (--)	--
30Y	2.53 (+0.01)	4.88 (-0.1)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.32
------	------

## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	62.85	-0.88%	Corn (per bushel)	4.388	0.1%
Brent (per barrel)	64.86	-1.17%	Soybean (per bushel)	10.450	0.4%
Heating Oil (per gallon)	207.01	-1.42%	Wheat (per bushel)	5.433	1.4%
Gasoline (per gallon)	203.40	-2.16%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.72	-0.16%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9621.50	-0.13%	Gold (per oz)	3372.7	0.6%
Nickel (per mt)	15395.00	-0.28%	Silver (per oz)	34.5	0.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
6/05/2025 2:00	US	Fed Releases Beige Book					
6/05/2025 5:00	SK	Foreign Reserves	May	--	\$404.60b	\$404.67b	--
6/05/2025 7:00	SK	GDP YoY	1Q P	-0.10%	0.00%	-0.10%	--
6/05/2025 7:00	SK	GDP SA QoQ	1Q P	-0.20%	-0.20%	-0.20%	--
6/05/2025 9:45	CH	Caixin China PMI Composite	May	--	--	51.1	--
6/05/2025 9:45	CH	Caixin China PMI Services	May	51	--	50.7	--
6/05/2025 17:00	EC	PPI MoM	Apr	-2.10%	--	-1.60%	--
6/05/2025 17:00	EC	PPI YoY	Apr	1.10%	--	1.90%	--
6/05/2025 20:15	EC	ECB Deposit Facility Rate	5-Jun	2.00%	--	2.25%	--
6/05/2025 20:15	EC	ECB Main Refinancing Rate	5-Jun	2.15%	--	2.40%	--
6/05/2025 20:30	US	Nonfarm Productivity	1Q F	-0.80%	--	-0.80%	--
6/05/2025 20:30	US	Initial Jobless Claims	31-May	235k	--	240k	--
6/05/2025 20:30	US	Initial Claims 4-Wk Moving Avg	31-May	--	--	230.75k	--
6/05/2025 20:30	US	Continuing Claims	24-May	1910k	--	1919k	--

Source: Bloomberg

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



## 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  
[jonathanng4@ocbc.com](mailto:jonathanng4@ocbc.com)

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

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

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 endorsing 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