

Daily Treasury Outlook

5 September 2025

Highlights

Global: US equities rose on Thursday, with the broad indexes of the S&P500, Dow, Nasdaq increasing between 0.8% and 1.0% (S&P500: 0.8%; Dow: 0.8%; NASDAQ: 1.0%). The S&P500 reached yet another fresh record high. These gains occurred despite weak economic data released overnight, which highlighted potential weakness in the US labour market. The ADP private payroll report surprised to the downside, showing an increase of 54k in August, down from an upwardly revised 106k in July. The weakness was mainly in the services producing sectors, including 'trade, transportation and utilities', 'education and health services', and 'financial services'. This weakness is also reflected in the August ISM Services report, with the employment index remaining largely unchanged and in contraction territory for the third consecutive month at 46.5% in August (July: 46.4%). Respondents to the ISM survey on employment activity cited that "recent acquisitions are increasing head count, along with modest organic head-count growth in certain areas of the company" and "staffing is adequate, but work hours are down due to softer traffic and sales." Nevertheless, ISM Services index rose to 52.0% in August, up from 50.1% in the previous month. Additionally, higher-than-expected weekly jobless claims data added to concerns about the labour market, with initial claims increasing by 3.5% to 237k (week ending 30 August).

Market Watch: Market attention will remain squarely on US labour market data. The consensus expects total nonfarm payroll employment to increase by 75k, with the unemployment rate edging marginally higher to 4.3%. If this materialises, the unemployment rate would be the highest reading since 2021. Elsewhere, the Eurozone will release its third reading of the 2Q25 GDP. Additionally, Singapore will publish its July retail sales data, while Philippines August headline CPI rose to 1.5% YoY from 0.9% in July.

Commodities: Crude oil benchmarks extended losses on Thursday, with WTI and Brent declining by 0.8% and 0.9%, respectively, to USD63.5/bbl and USD67.0/bbl. The downward pressure was driven by concerns that OPEC+ will announce another production hike for October at its 7 September meeting. Russian Deputy Prime Minister Alexander Novak stated that the group will "look at the current situation as a whole" before reaching a decision. Nevertheless, the oil complex remains concerned that the potential adjustment could lead to a further rise in OPEC+ supply amid expectations of a looming supply glut. Additionally, a surprise buildup in US crude oil inventories further weighed on oil prices. According to the US Energy Information Administration (EIA), US crude oil inventories rose by 2.4mn bbls (consensus: -2.2mn bbls) to 420.7mn bbls for the week ending 29 August.

Key Market Movements

Equity	Value	% chg
S&P 500	6502.1	0.8%
DJIA	45621	0.8%
Nikkei 225	42580	1.5%
SH Comp	3765.9	-1.3%
STI	4296.8	0.2%
Hang Seng	25059	-1.1%
KLCI	1578.2	0.0%
	Value	% chg
DXY	98.347	0.2%
USDJPY	148.49	0.3%
EURUSD	1.1649	-0.1%
GBPUSD	1.3434	-0.1%
USIDR	16420	0.0%
USDSGD	1.2898	0.2%
SGDMYR	3.2802	0.0%
	Value	chg (bp)
2Y UST	3.59	-2.88
10Y UST	4.16	-5.61
2Y SGS	1.44	-1.70
10Y SGS	1.86	-3.24
3M SORA	1.53	-0.38
3M SOFR	4.36	0.11
	Value	% chg
Brent	66.99	-0.9%
WTI	63.48	-0.8%
Gold	3546	-0.4%
Silver	40.67	-1.3%
Palladium	1126	-2.0%
Copper	9898	-0.8%
BCOM	102.83	-0.6%

Source: Bloomberg

Major Markets

ID: Coordinating Minister Airlangga Hartarto announced that the Indonesia-European Union Comprehensive Economic Partnership Agreement (IEU CEPA) will be signed on 23 September, with European Commissioner Maroš Šefoví scheduled to visit Indonesia for the signing. Following the signing, the agreement requires parliamentary approval from Indonesia and all 27 EU member states, a process that may take up to 12 months in the EU, while Indonesia expects to ratify it by late 2025, as reported by Antara. Once in effect, possibly by early 2027, the IEU CEPA will eliminate tariffs on 98% of goods, boosting trade and investment, and granting zero tariffs on key Indonesian exports like textiles and palm oil.

MY: Bank Negara Malaysia (BNM) kept its policy rate unchanged at 2.75%, in line with consensus and our expectations. On global growth, BNM noted that “the conclusion of many trade negotiations has to some extent eased global uncertainty.” On domestic growth, BNM no longer assessed that “the balance of risks to the growth outlook remains tilted to the downside” for this year and stated that 2025 GDP is “on track to grow between 4% and 4.8%”. BNM noted that “at the current OPR level, the MPC considers the monetary policy stance to be appropriate and supportive of the economy amid price stability.” The September statement suggests that it would take significant downside surprises to growth for BNM to move the needle on the policy rate. However, we are expecting a slower growth path of 3.5% in 2H25 from 4.4% in 1H25 as the impact of frontloading of exports to the US fades and domestic demand slows modestly. As such, we continue to see room for BNM to lower its policy rate by an additional 25bps. The timing of this rate cut, however, is less certain considering BNM will likely need to see consistently disappointing data to consider further easing.

TH: Headline inflation declined by 0.8% YoY in August, down from -0.7% July. The main drivers were lower inflation in the ‘food & non-alcoholic beverages’, and ‘tobacco & alcoholic beverages’ categories. These declines more than offset smaller YoY negative contraction in ‘medical & personal care’, and ‘transport & communication’ categories. Meanwhile, core inflation remained broadly stable at 0.8%. The August print brings the average headline CPI for January-August 2025 to 0.1% YoY. Deputy Director-General of Trade Policy and Strategy Office, Natiya Suchinda, stated that inflation in September is expected to remain negative. Inflationary pressures have been largely contained, supported by fiscal and quasi-fiscal measures along with lower global oil prices. Consequently, we see downside risks to our inflation forecasts of 0.9% YoY in 2025.

ESG

Rest of the world: The United Nations urged countries to set more ambitious climate plans during this month so that countries' efforts can be assessed ahead of the COP30 climate summit, seeking to pressure major economies like the EU and China. Countries were expected to come forward with the submission of their national climate action plans by 10 February 2025, but most countries missed the deadline, citing technical issues, economic pressures and political uncertainty. The UN assessment will be in the form of a synthesis report that will highlight the shortfall in ambition and frame negotiations on stronger climate actions and cooperation at the summit.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 1-2bps lower while belly tenors traded ~3bps lower and 10Y traded ~4bps lower. As per Bloomberg, Fosun International Ltd's indirect subsidiary Fidelidade-Companhia de Seguros SA ("Fidelidade") aims to optimise capital and boost liquidity by selling 40% of Portuguese hospital operator Luz Saúde to MEIF 7, a special purpose vehicle managed by Macquarie Asset Management of Macquarie Group Ltd, for EUR310mn (USD361mn). After the deal, Fidelidade will retain 59.86% of Luz Saúde's shares and voting rights. In other news, New World Development's former vice chairman Adrian Cheng has stepped down as director of Chow Tai Fook Enterprises Ltd, the Cheng family's investment vehicle. Bloomberg Asia USD Investment Grade spreads traded flat at 64bps and Bloomberg Asia USD High Yield spreads widened by 3bps to 345bps respectively. (Bloomberg, OCBC)

New issues:

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

- China Construction Bank Corp of London priced USD1.5bn of debt in two tranches: a USD1bn 3Y Green FRN at SOFR+50bps and a USD500mn 5Y Green FRN at SOFR+58bps.
- SK Hynix Inc priced USD1.2bn of debt in two tranches: a USD600mn 3Y Fixed Bond at T+73bps (Reoffer price 99.905 to yield 4.284%) and a USD600mn 5Y Fixed Bond at T+80bps (Reoffer price 99.632 to yield 4.458%).

There was one notable issuance in the Singdollar market yesterday that appears to be privately placed.

- Netlink Trust priced a SGD300mn 20Y Fixed Bond at 10.50%.

Mandates:

- Petron Corp may issue a USD-denominated Senior Perpetual Note.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.347	0.21%	USD-SGD	1.2898
USD-JPY	148.490	0.26%	EUR-SGD	1.5025
EUR-USD	1.165	-0.11%	JPY-SGD	0.8686
AUD-USD	0.652	-0.38%	GBP-SGD	1.7328
GBP-USD	1.343	-0.07%	AUD-SGD	0.8406
USD-MYR	4.229	0.05%	NZD-SGD	0.7540
USD-CNY	7.142	-0.01%	CHF-SGD	1.6010
USD-IDR	16420	0.03%	SGD-MYR	3.2802
USD-VND	26387	0.00%	SGD-CNY	5.5364

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.8910	-0.37%	1M	4.2178
3M	2.0760	0.05%	2M	4.1577
6M	2.0990	0.48%	3M	4.1135
12M	2.1910	1.34%	6M	3.9495
			1Y	3.6951

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/17/2025	-0.984	-98.40%	-0.246	4.082
10/29/2025	-1.562	-57.70%	-0.39	3.938
12/10/2025	-2.409	-84.80%	-0.602	3.726

Equity and Commodity

Index	Value	Net change
DJIA	45,621.29	350.06
S&P	6,502.08	53.82
Nasdaq	21,707.69	209.96
Nikkei 225	42,580.27	641.38
STI	4,296.83	7.50
KLCI	1,578.15	-0.37
JCI	7,867.35	-18.52
Baltic Dry	1,940.00	-46.00
VIX	15.30	-1.05

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.44 (-0.02)	3.58(--)
5Y	1.55 (-0.03)	3.65 (-0.05)
10Y	1.86 (-0.03)	4.15 (-0.06)
15Y	1.95 (-0.04)	--
20Y	1.98 (-0.02)	--
30Y	2.05 (-0.02)	4.85 (-0.04)

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)	63.48	-0.77%	Corn (per bushel)	3.998	0.5%
Brent (per barrel)	66.99	-0.90%	Soybean (per bushel)	10.120	-0.4%
Heating Oil (per gallon)	233.07	-1.28%	Wheat (per bushel)	5.023	-0.3%
Gasoline (per gallon)	200.95	-0.12%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.07	0.33%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9898.00	-0.78%	Gold (per oz)	3545.9	-0.4%
Nickel (per mt)	15236.00	-0.44%	Silver (per oz)	40.7	-1.3%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
9/05/2025 13:00	SI	Retail Sales YoY	Jul	2.10%	--	2.30%	--
9/05/2025 13:00	SI	Retail Sales Ex Auto YoY	Jul	--	--	0.40%	--
9/05/2025 13:00	JN	Leading Index Cl	Jul P	105.8	--	105.6	--
9/05/2025 13:00	JN	Coincident Index	Jul P	114.1	--	116.7	--
9/05/2025 15:30	TH	Gross International Reserves	29-Aug	--	--	\$267.1b	--
9/05/2025 16:30	HK	Foreign Reserves	Aug	--	--	\$425.4b	--
9/05/2025 17:00	EC	GDP SA QoQ	2Q T	0.10%	--	0.10%	--
9/05/2025 17:00	EC	GDP SA YoY	2Q T	1.40%	--	1.40%	--
9/05/2025 20:30	US	Change in Nonfarm Payrolls	Aug	75k	--	73k	--
9/05/2025 20:30	US	Change in Private Payrolls	Aug	75k	--	83k	--
9/05/2025 20:30	US	Change in Manufact. Payrolls	Aug	-5k	--	-11k	--
9/05/2025 20:30	US	Average Hourly Earnings MoM	Aug	0.30%	--	0.30%	--
9/05/2025 20:30	US	Average Hourly Earnings YoY	Aug	3.80%	--	3.90%	--
9/05/2025 20:30	US	Average Weekly Hours All Employees	Aug	34.3	--	34.3	--
9/05/2025 20:30	US	Unemployment Rate	Aug	4.30%	--	4.20%	--
9/05/2025 20:30	US	Labor Force Participation Rate	Aug	62.20%	--	62.20%	--

Source: Bloomberg



Macro Research

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

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

Jonathan Ng
ASEAN Economist
jonathann4@ocbc.com

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

Lavanya Venkateswaran
Senior ASEAN Economist
lavyanavenkateswaran@ocbc.com

Ong Shu Yi
ESG Analyst
shuyiong1@ocbc.com

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

Ahmad A Enver
ASEAN Economist
ahmad.enver@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
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 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