

## Daily Treasury Outlook

6 May 2025

### Highlights

**Global:** After the recent strong run, US stock market saw a mild pullback on Monday. Three major indexes closed the day 0.2%-0.7% lower, ending the nine-day winning streak. US Treasuries traded modestly lower, as US economic data came in largely on the stronger side of expectations. Yields rose by 1-4bp across, bear steepening the curve. Dollar slid, with big moves seen against Asian currencies, especially for TWD. Crude prices traded heavy, while strong bidding pushed gold prices back above \$3320/oz. Treasury Secretary Bessent repeated his assurances that tariffs, alongside the administration's tax cuts and deregulation agenda, will drive growth to near 3%. On trade talk, India floated zero-for-zero tariffs on steel, auto parts and drugs in recent trade talks with the US. Meanwhile, Washington reportedly rejected Japan's quest for full exemption from levies, though may lower its 14% country-specific tariff. Authorities in Taiwan repeatedly denied talking forex rate with US and called for such speculation to end. On data front, US ISM services print came in stronger at 51.6 (vs consensus 50.2) in April, with a solid new orders component (52.3 vs 50.3 eyed) and improvement in employment component (49.0 vs 47.1 eyed). Eurozone's May Sentix investor confidence bounced to -8.1, beating market estimates (-11.5). On the other hand, Canada's April composite PMI missed expectation and fell to 5-year low at 41.7.

**Market Watch:** China and Hong Kong market will return today, while Japan and South Korea are out for holiday. PBoC's daily fixing will be central to the Asia intraday focus. Economic calendar in Asia was packed, with Singapore's April PMI, Philippines' April CPI, New Zealand's April ANZ commodity price, Australia's March building approvals and household spending, China's April Caixin PMIs, Thailand April CPI, and a slew of data coming out of Vietnam. Later today, the market will watch French March industrial production and manufacturing production, Eurozone's March PPI and US' March trade balance.

### Major Markets

**ID:** GDP growth slowed to 4.9% YoY in 1Q25 from 5.0% in 4Q24, in line with consensus (4.9%) but above our forecast (4.7%). The underlying data points to a loss of momentum in domestic demand. Investment growth slowed markedly to 2.1% YoY, likely due to softer construction activity (2.2% from 5.8% in 4Q24) and weaker commodity prices, while household consumption edged down slightly to 4.9% YoY from 5.0%. Domestic final demand's contribution to GDP narrowed to 3.5pp from 4.9pp. Imports also slowed to 4.0% YoY from 10.4% while exports held up better at 6.8% (from 7.6%), partly due to front-loading shipments to the US - boosting net exports' contribution to 0.8pp. Looking ahead, we maintain our 2025 GDP forecast at 4.7% YoY, anticipating further cooling in the quarters ahead.

#### Key Market Movements

Equity	Value	% chg
S&P 500	5650.4	-0.6%
DJIA	41219	-0.2%
Nikkei 225	36831	0.0%
SH Comp	3279.0	0.0%
STI	3853.1	0.2%
Hang Seng	22505	0.0%
KLCI	1539.5	-0.2%
	Value	% chg
DX	99.831	-0.2%
USDJPY	143.7	-0.9%
EURUSD	1.1315	0.2%
GBPUSD	1.3296	0.2%
USDIDR	16435	0.0%
USDSGD	1.2893	-0.8%
SGDMYR	3.2654	-0.7%
	Value	chg (bp)
2Y UST	3.83	0.84
10Y UST	4.34	3.50
2Y SGS	2.14	-1.60
10Y SGS	2.48	-1.16
3M SORA	2.35	-1.15
3M SOFR	4.36	-0.04
	Value	% chg
Brent	60.23	-1.7%
WTI	57.13	-2.0%
Gold	3334	2.9%
Silver	32.49	1.5%
Palladium	946	-1.1%
Copper	9366	0.0%
BCOM	101.18	-0.3%

Source: Bloomberg

**MY:** The Ministry of Investment, Trade and Industry (MITI) will exclusively issue all non-preferential certificates of origin (NPCO) for US-bound exports starting 6 May, ending delegation to business councils and chambers. The move aims to strengthen oversight amid concerns that Malaysia may have been used as a transit point for goods, particularly in the solar sector, to sidestep US tariffs on Chinese products. Minister Zafrul stated that the government is tightening audits and investigations to preserve trade credibility. MITI will work with customs to prevent “origin washing” and reinforce Malaysia’s commitment to fair and transparent trade practices.

**VN:** Prime Minister Pham Minh Chinh noted on Monday (5 May) that the country’s economic growth target of 8% for this year remains intact, despite external challenges. Vietnam is among the first countries to negotiate with the US, and failure to reach a deal before the July deadline means that Vietnam could face tariffs of up to 46%. The GDP has already slowed to 6.9% YoY in 1Q25, down from 7.6% in 4Q24. The government’s growth objectives are notably higher compared to external forecasts, including ours (5.0%) and the IMF’s (5.2%) for 2025.

## ESG

**The Rest of the World:** The Trump administration proposed more budget cuts in federal funding for next year’s sustainability-related projects, including renewable energy and electric vehicle chargers. The energy budget proposal cancels more than US\$15 bn in carbon capture and renewable energy funding from the bipartisan infrastructure law that former President Joe Biden signed in 2021. It also proposes to cancel US\$6 bn from that law for EV chargers. The plan is diverting funding toward research and development of technologies related to oil, gas, coal and critical minerals, nuclear reactors and advanced nuclear fuels. This reflects a continued shift in energy policies under the Trump administration, favouring traditional fossil fuel industries and nuclear energy over clean energy initiatives, hindering the progress of US climate goals set by the previous administration.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading 3bps lower to flat, belly tenors trading 1bps higher and 10Y trading 2bps higher. Bloomberg has reported that Moody’s considers tariff shocks to be a significant threat to Malaysia’s sovereign credit rating, as they could disrupt economic growth and fiscal consolidation. Additionally, the government’s potential increase in spending to mitigate the impact of US-imposed tariffs could delay or hinder fiscal consolidation, which poses risks to its credit rating. PT Medco Energi Internasional Tbk has proposed to repurchase all outstanding 7.375% senior notes due in 2026 that were issued by Medco Oak Tree, as indicated in a filing with the Singapore Stock Exchange. The company is also looking to buy back all outstanding 6.375% senior notes due in 2027 issued by Medco Bell. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 91bps while Bloomberg Asia USD High Yield spreads traded flat at 537bps respectively. (Bloomberg, OCBC)

## New Issues:

There was one notable issuance in the Asiadollar market yesterday.

- Korea Development Bank of New York priced a USD200mn 2Y FRN at SOFR+55bps.

There was one notable issuance in the Singdollar market yesterday.

- First Sponsor Group Limited priced a SGD128mn 5Y Fixed bond at 3.495%.

## Mandates:

- PT Pertamina Hulu Energi may issue USD denominated 5Y/10Y bonds.
- Medco Cypress Tree Pte. Ltd. (guarantor: PT Medco Energi Internasional Tbk) may issue USD denominated 5NC2 Fixed bonds.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	99.831	-0.20%	USD-SGD	1.2893	-0.79%
USD-JPY	143.700	-0.87%	EUR-SGD	1.4589	-0.65%
EUR-USD	1.132	0.16%	JPY-SGD	0.8977	0.15%
AUD-USD	0.647	0.53%	GBP-SGD	1.7153	-0.50%
GBP-USD	1.330	0.18%	AUD-SGD	0.8344	-0.47%
USD-MYR	4.201	-1.30%	NZD-SGD	0.7698	-0.32%
USD-CNY	7.271	#DIV/0!	CHF-SGD	1.5691	-0.12%
USD-IDR	16435	0.00%	SGD-MYR	3.2654	-0.66%
USD-VND	25962	0.00%	SGD-CNY	5.6465	0.81%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.1490	-0.74%	1M	4.3302	0.00%
3M	2.1420	-0.65%	2M	4.3250	0.02%
6M	2.1430	0.66%	3M	4.3082	0.00%
12M	2.0450	-0.20%	6M	4.1900	-0.03%
			1Y	3.9320	0.01%

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
05/07/2025	-0.019	-1.9	-0.005
06/18/2025	-0.328	-30.8	-0.082
07/30/2025	-0.95	-62.2	-0.238
09/17/2025	-1.738	-78.8	-0.434
12/10/2025	-3.054	-70.4	-0.764

## Equity and Commodity

Index	Value	Net change
DJIA	41,218.83	-98.60
S&P	5,650.38	-36.29
Nasdaq	17,844.24	-133.49
Nikkei 225	36,830.69	378.39
STI	3,853.07	7.93
KLCI	1,539.54	-2.95
JCI	6,831.95	16.22
Baltic Dry	1,421.00	10.00
VIX	23.64	0.96

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.14 (-0.02)	3.83(--)
5Y	2.14 (-0.02)	3.94 (+0.02)
10Y	2.48 (-0.01)	4.34 (+0.04)
15Y	2.59 (-0.01)	--
20Y	2.61 (--)	--
30Y	2.63 (--)	4.83 (+0.05)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.36
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	57.13	-1.99%	Corn (per bushel)	4.465	-3.2%
Brent (per barrel)	60.23	-1.73%	Soybean (per bushel)	10.380	-1.0%
Heating Oil (per gallon)	197.45	-0.94%	Wheat (per bushel)	5.143	-2.3%
Gasoline (per gallon)	202.28	0.14%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.55	-2.20%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9365.50	#DIV/0!	Gold (per oz)	3334.1	2.9%
Nickel (per mt)	15480.00	#DIV/0!	Silver (per oz)	32.5	1.5%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
5/06/2025 8:30	SI	S&P Global Singapore PMI	Apr	--	--	52.7	--
5/06/2025 9:45	CH	Caixin China PMI Composite	Apr	--	--	51.8	--
5/06/2025 9:45	CH	Caixin China PMI Services	Apr	51.8	--	51.9	--
5/06/2025 11:00	TH	CPI YoY	Apr	-0.10%	--	0.84%	--
5/06/2025 11:00	TH	CPI NSA MoM	Apr	-0.17%	--	-0.20%	--
5/06/2025 11:00	TH	CPI Core YoY	Apr	0.90%	--	0.86%	--
5/06/2025 13:00	IN	HSBC India PMI Composite	Apr F	--	--	60	--
5/06/2025 13:00	IN	HSBC India PMI Services	Apr F	--	--	59.1	--
5/06/2025 16:00	EC	HCOB Eurozone Services PMI	Apr F	49.7	--	49.7	--
5/06/2025 16:00	EC	HCOB Eurozone Composite PMI	Apr F	50.1	--	50.1	--
5/06/2025 16:30	UK	S&P Global UK Composite PMI	Apr F	48.2	--	48.2	--
5/06/2025 16:30	UK	S&P Global UK Services PMI	Apr F	48.9	--	48.9	--
5/06/2025 17:00	EC	PPI MoM	Mar	-1.40%	--	0.20%	--
5/06/2025 17:00	EC	PPI YoY	Mar	2.50%	--	3.00%	--

Source: Bloomberg



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