

Daily Treasury Outlook

6 August 2025

Highlights

Global: US equities closed broadly lower overnight, as weak services sector data and renewed trade uncertainty weighed on sentiment. The ISM Services Index slipped to 50.1 in July from 50.8 in June and was below expectations for an improvement to 51.5. The Prices Index rose to 69.9, the highest since October 2022, from June's 67.5, signalling increased price pressures, while the employment index eased further to 46.4 from 47.2. On trade, President Trump suggested a possible extension of the US-China truce before the August 12 deadline but warned of imminent tariffs on semiconductor and pharmaceutical imports. Specifically, Trump also proposed raising pharmaceutical import tariffs to 250%. Pfizer raised its profit outlook despite these risks. The US trade deficit narrowed to USD60.2bn in June, the lowest in nearly two years, with the bilateral deficit with China at a 21-year low of USD9.4bn, influenced by tariffs and reduced demand.

Market Watch: Japan's labour cash earnings prints were 2.5% YoY, well below expectations of 3.1% YoY. Real cash earnings fell -1.3% YoY, beyond expectations of -0.7% YoY. Data on tap today include Vietnam's CPI, trade balance, industrial production retail sales and Thailand's CPI data. In Europe, Germany and the UK will release their construction PMI, and the Euro area will publish its retail sales data. Meanwhile the US will publish MBA mortgage applications data.

Commodities: Crude oil benchmarks extended losses for the fourth consecutive trading session, with WTI and Brent declining by 1.7% and 1.6%, respectively, to USD65.2/bbl and USD67.6/bbl. Prices slipped following media reports that Russia is considering options, including an "air truce" with Ukraine, in response to US President Donald Trump's threat of secondary sanctions against Russia's trading partners. Prospects of a compromise in the Russia-Ukraine war have eased concerns over supply disruptions in the global oil market. Meanwhile, prospects of higher OPEC+ supply, following the agreement at the 3 August OPEC+ meeting to raise production in September, continue to exert downward pressure on prices. The US Energy Information Administration (EIA) crude oil inventories data will be released tonight (6 August), with consensus expectations pointing to a small buildup in US crude inventories by 0.4mn bbls. This contrast with the American Petroleum Institute (API) report, which indicated a drawdown in US crude inventories by 4.2mn bbls, for the week ending 1 August.

Key Market Movements

Equity	Value	% chg
S&P 500	6299.2	-0.5%
DJIA	44112	-0.1%
Nikkei 225	40550	0.6%
SH Comp	3617.6	1.0%
STI	4208.6	0.3%
Hang Seng	24903	0.7%
KLCI	1538.6	0.8%
	Value	% chg
DXY	98.782	0.0%
USDJPY	147.62	0.4%
EURUSD	1.1575	0.0%
GBPUSD	1.3299	0.1%
USDIDR	16381	-0.1%
USDSGD	1.2878	0.0%
SGDMYR	3.2819	-0.2%
	Value	chg (bp)
2Y UST	3.72	4.90
10Y UST	4.21	1.77
2Y SGS	1.62	-1.10
10Y SGS	2.03	-3.04
3M SORA	1.82	-0.69
3M SOFR	4.34	0.01
	Value	% chg
Brent	67.64	-1.6%
WTI	65.16	-1.7%
Gold	3381	0.2%
Silver	37.82	1.1%
Palladium	1176	-2.8%
Copper	9639	-0.5%
BCOM	100.30	-0.1%

Source: Bloomberg

Major Markets

CH: The General Office of the State Council has issued the *Opinions on Gradually Implementing Free Preschool Education*, specifying that beginning with the fall semester of 2025, public kindergartens will waive childcare and education fees for children in their final year of preschool. The waiver will not cover meal, accommodation, or miscellaneous fees. Private kindergartens will be eligible for the same level of fee reduction as public kindergartens.

ID: The economy grew by 5.1% YoY in 2Q25, up from 4.9% in 1Q25, exceeding consensus expectations for a slowdown to 4.8%. The stronger growth was largely supported by a sharp rebound in investment, with gross fixed capital formation (GFCF) rising by 7.0% YoY in 2Q25 from 2.1% in 1Q25, partly driven by higher spending on machinery & equipment and buildings. Exports also picked up to 10.7% YoY in 2Q25 from 6.5% in 1Q25, reflecting continued front-loading of shipments to the US ahead of tariff implementation in August, while imports rose in tandem (11.6% from 4.2%) due to stronger demand for capital goods. Household consumption remained stable at 5.0%, similar to 1Q25, while government spending growth remained negative at -0.3% (from -1.4%), though the contraction narrowed from the previous quarter. The strong 1H25 growth outturn of 5.0% poses an upside risk to our full-year 2025 GDP growth forecast of 4.7%.

MY: Minister of Investment, Trade and Industry Zafrul Aziz noted that his ministry will prioritise the effective implementation of 13th Malaysia Plan (13MP) policies to foster inclusive growth, enhance governance, and strengthen Malaysia's global competitiveness. Specifically, Miti will intensify execution of strategic initiatives such as the New Industrial Master Plan (NIMP) 2030 and National Semiconductor Strategy (NSS), with export targets of RM1trn for E&E. The ministry will also roll out the National Trade Blueprint 2.0 and support investors through improved facilitation tools like the Miti Report Card and Policy Implementation Plan.

PH: Headline CPI eased to 0.9% YoY in July, down from 1.4% in June, and in line with our expectations (OCBC: 0.9%, Consensus: 1.1%). Meanwhile, core inflation ticked higher to 2.3% YoY versus 2.2% in June. Lower inflation in key categories such as 'food & non-alcoholic beverages' (-0.2% YoY versus +0.4% in June), utilities (2.1% YoY versus 3.2%), 'transport' (-2.0% YoY versus -1.6%), 'education services' (4.3% YoY versus 5.3%), and 'personal care & misc goods & services' (2.3% YoY versus 2.4%) more than offset higher inflation in 'alcoholic beverages & tobacco', 'clothing & footwear', 'health', 'information & communication', and 'restaurants & accommodation services'. The July print brings the Jan-Jul 2025 headline CPI to an average of 1.7% YoY. We maintain our 2025 headline inflation to average 2.5% YoY, implying higher price pressures in the months ahead.

ESG

MY: WWF-Malaysia and the Business Council for Sustainable Development (BCSD) Malaysia announced a partnership aimed at advancing plastic circularity within the private sector, with a special focus on the hospitality, retail, and fast-moving consumer goods (FMCG) industries. BCSD Malaysia will lead the rollout of the Plastic Circularity Clinic Series through December 2025, offering focused workshops and knowledge-sharing sessions for key industries. WWF-Malaysia has also developed the Plastic Circularity Toolkit, a digital assessment platform designed to help businesses evaluate, benchmark, and improve their plastic waste management practices. The initiative supports the goals outlined in the Malaysia Plastic Sustainability Roadmap 2021–2030, which called for a 25% recycling rate for plastic packaging by 2025 and the phasing out of single-use plastics by 2030.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 1-2bps lower while belly tenors and 10Y traded 3bps lower. China Vanke Co Ltd's ("Vanke") largest shareholder, Shenzhen Metro Group, will provide up to RMB1.6bn in additional loans, which Vanke will use to repay bonds and loan interest. Meanwhile, Tai Hung Fai Enterprise Co. ("Tai Hung Fai") secured a private loan of up to HKD900mn from Dignari Capital Partners to fund construction of a 30-story office tower at 92-103A Connaught Road West, Hong Kong. Amid cautious banks and China's property debt crisis, local developers like Tai Hung Fai are turning increasingly to private credit. Standard Chartered PLC ("StanChart") transferred credit risk on a USD1.5bn trade finance loan portfolio to Dutch pension manager PGGM through the Shangren VII transaction, the first to secure capital relief in its Singapore banking subsidiary. The portfolio includes loans to companies across Asia, the Middle East, and Africa. Country Garden Holdings Co. is reportedly planning to apply to Hong Kong's High Court for an adjournment of its liquidation case until later this year. Such a request will need a letter of support from creditors before the court can decide whether to grant an adjournment and for how long. The next hearing in the liquidation case is on 11 August with the company previously targeting to complete the offshore restructuring in December. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 68bps and Bloomberg Asia USD High Yield spreads widened by 1bps to 367bps respectively. (Bloomberg, OCBC)

New issues:

There were four notable issuances in the Asiadollar market yesterday.

- Macquarie Bank Ltd priced a USD1bn 11NC10 Fixed Subordinated Note at 5.642%.
- San Miguel Global Power Holdings Corp priced a USD115mn retap of its SMCGL 8.95% PERP at 8.95%.
- Licheng International Development Co. Ltd. (guarantor: Jinan Licheng Holding Group Co Ltd) priced a USD110mn 3Y Fixed Bond at 4.95%.
- Binzhou Smart City Operation Co Ltd priced a USD50mn 3Y Fixed Bond at 6.80%.

There were one notable issuances in the Singdollar market yesterday.

- MPACT Treasury Company Pte. Ltd. (guarantor: DBS Trustee Limited in its capacity as a trustee of Mapletree Pan Asia Commercial Trust) priced a SGD200mn 7Y Green Fixed Bond at 2.45%.

Mandates:

- Zhengzhou Urban Development Group Co. Ltd. may issue USD-denominated and/or RMB-denominated sustainability bonds.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.782	0.00%	USD-SGD	1.2878	0.02%
USD-JPY	147.620	0.36%	EUR-SGD	1.4908	0.05%
EUR-USD	1.158	0.03%	JPY-SGD	0.8724	-0.34%
AUD-USD	0.647	0.09%	GBP-SGD	1.7126	0.12%
GBP-USD	1.330	0.11%	AUD-SGD	0.8336	0.10%
USD-MYR	4.228	-0.21%	NZD-SGD	0.7600	-0.09%
USD-CNY	7.184	0.04%	CHF-SGD	1.5948	0.09%
USD-IDR	16381	-0.05%	SGD-MYR	3.2819	-0.22%
USD-VND	26233	0.18%	SGD-CNY	5.5801	0.10%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.9110	0.95%	1M	4.3536	0.01%
3M	1.9940	0.00%	2M	4.2988	-0.07%
6M	2.0770	0.34%	3M	4.2388	-0.20%
12M	2.1560	0.42%	6M	4.0775	0.00%
			1Y	3.8341	-0.12%

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
07/30/2025	-0.031	-3.1	-0.008
09/17/2025	-0.897	-89.7	-0.224
12/10/2025	-2.307	-77.2	-0.577

Equity and Commodity

Index	Value	Net change
DJIA	44,111.74	-61.90
S&P	6,299.19	-30.75
Nasdaq	20,916.55	-137.03
Nikkei 225	40,549.54	258.84
STI	4,208.58	11.35
KLCI	1,538.64	11.66
JCI	7,515.19	50.54
Baltic Dry	1,970.00	-48.00
VIX	17.85	0.33

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.62 (-0.01)	3.72(--)
5Y	1.71 (-0.03)	3.78 (+0.04)
10Y	2.03 (-0.03)	4.22 (+0.02)
15Y	2.11 (-0.04)	--
20Y	2.12 (-0.03)	--
30Y	2.18 (-0.03)	4.79 (-0.01)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.33
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	65.16	-1.70%	Corn (per bushel)	3.815	-1.4%
Brent (per barrel)	67.64	-1.63%	Soybean (per bushel)	9.690	0.0%
Heating Oil (per gallon)	225.02	-2.91%	Wheat (per bushel)	5.083	-1.6%
Gasoline (per gallon)	209.15	-0.51%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.01	2.66%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9638.50	-0.50%	Gold (per oz)	3380.6	0.2%
Nickel (per mt)	15024.00	-0.28%	Silver (per oz)	37.8	1.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/06/2025 10:05	VN	CPI YoY	Jul	3.40%	--	3.57%	--
8/06/2025 10:05	VN	Exports YoY	Jul	14.00%	--	16.30%	--
8/06/2025 10:05	VN	Imports YoY	Jul	15.20%	--	20.20%	--
8/06/2025 10:05	VN	Trade Balance	Jul	\$2500m	--	\$2826m	--
8/06/2025 10:05	VN	Industrial Production YoY	Jul	10.50%	--	10.80%	--
8/06/2025 10:05	VN	Retail Sales YoY	Jul	8.20%	--	8.30%	8.30%
8/06/2025 11:30	TH	CPI YoY	Jul	-0.40%	--	-0.25%	--
8/06/2025 11:30	TH	CPI NSA MoM	Jul	0.03%	--	0.02%	--
8/06/2025 11:30	TH	CPI Core YoY	Jul	0.93%	--	1.06%	--
8/06/2025 12:30	IN	RBI Repurchase Rate	7-Aug	5.50%	--	5.50%	--
8/06/2025 16:00	SI	Automobile COE Open Bid Cat A	6-Aug	--	--	101102	--
8/06/2025 16:00	SI	Automobile COE Open Bid Cat E	6-Aug	--	--	120000	--
8/06/2025 16:00	SI	Automobile COE Open Bid Cat B	6-Aug	--	--	119101	--
8/06/2025 17:00	EC	Retail Sales MoM	Jun	0.30%	--	-0.70%	--
8/06/2025 17:00	EC	Retail Sales YoY	Jun	2.60%	--	1.80%	--
8/06/2025 19:00	US	MBA Mortgage Applications	1-Aug	--	--	-3.80%	--

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

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