

## Daily Treasury Outlook

7 July 2025

### Highlights

**Global:** Tariff alert as the 9 July deadline for the 90-day reciprocal tariff suspension draws near, albeit Treasury Secretary Bessent hinted at a three-week extension for negotiations. U.S. equity markets wrapped up the holiday-shortened session on a high note with the S&P 500 and Nasdaq closing at fresh record highs on Thursday, fuelled by a stronger-than-expected June jobs report which printed at 147K new jobs and a lower 4.1% unemployment rate. Tech stocks also rallied after the Trump administration lifted export license requirements for chip design software sales. Meanwhile, the 10-year UST bond yield rose 6bps to 4.34% amid fiscal issuance concerns even as the U.S. Treasury Secretary plans to issue more T-bills to fund a newly passed budget "megabill" whilst avoiding long-term issuance. Elsewhere, China imposed anti-dumping duties on European brandy for five years. Separately, Vietnam's 2Q25 GDP growth accelerated from a revised 7.05% in 1Q25 to 7.96%, bringing the first half growth to 7.52% amid a manufacturing boon (10.1%).

**Market Watch:** Asian markets may open on a slightly cautious tone this morning. Today's economic data calendar comprises of Eurozone's retail sales, Germany's industrial production and Thai June CPI. ECB's Holzmann is speaking today, while Israeli PM Netanyahu is set to meet US president Trump at the White House while Euro-area finance ministers are meeting in Brussels today, and French president Macron is making his first state visit to the UK. For the week ahead, watch for RBA policy decision (likely to cut for the third time by 25bps to 3.6% amid softening inflation and growth) tomorrow, followed by the FOMC minutes due midweek to assess the timing of next rate cut, BOE's financial stability report also on 9 July, and also the growth data from China to the UK. Other central bank meetings to keep an eye on include RBNZ (likely static at 3.25%) on Wednesday, BNM (likely to cut 25bps to 2.75%), and BOK (likely unchanged at 2.5%) on Thursday.

**Commodities:** OPEC+ has announced another production increase for August. However, this production hike is 33% larger than the previous month. We expect crude oil benchmarks to face some downward pressure during early Asian trading session due to concerns about a potential oversupply. In a smaller group meeting, eight key OPEC+ members have agreed to boost output by 0.55 mbpd, equivalent to four monthly increments. According to the press release, "the gradual increases 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 Asian open, WTI and Brent declined by 2.4% and 1.6%, respectively, to an intraday low of USD65.4/bbl and USD67.2/bbl.

### Key Market Movements

| Equity     | Value  | % chg    |
|------------|--------|----------|
| S&P 500    | 6279.4 | 0.0%     |
| DJIA       | 44829  | 0.0%     |
| Nikkei 225 | 39811  | 0.1%     |
| SH Comp    | 3472.3 | 0.3%     |
| STI        | 4013.6 | -0.1%    |
| Hang Seng  | 23916  | -0.6%    |
| KLCI       | 1550.2 | 0.1%     |
|            | Value  | % chg    |
| DXY        | 97.180 | 0.0%     |
| USDJPY     | 144.47 | -0.3%    |
| EURUSD     | 1.1778 | 0.2%     |
| GBPUSD     | 1.3650 | 0.0%     |
| USDIDR     | 16185  | -0.1%    |
| USDSGD     | 1.2741 | -0.1%    |
| SGDMYR     | 3.3149 | -0.1%    |
|            | Value  | chg (bp) |
| 2Y UST     | 3.88   | 0.00     |
| 10Y UST    | 4.35   | 0.00     |
| 2Y SGS     | 1.73   | 0.90     |
| 10Y SGS    | 2.07   | -3.58    |
| 3M SORA    | 2.03   | -0.72    |
| 3M SOFR    | 4.34   | 0.00     |
|            | Value  | % chg    |
| Brent      | 68.3   | -0.7%    |
| WTI        | 67     | 0.0%     |
| Gold       | 3337   | 0.3%     |
| Silver     | 36.97  | 0.3%     |
| Palladium  | 1138   | 0.0%     |
| Copper     | 9865   | -0.9%    |
| BCOM       | 103.39 | 0.0%     |

Source: Bloomberg

**ID:** Coordinating Minister of Economic Affairs Airlangga Hartarto revealed that the government has proposed cutting tariffs on key US imports to near zero and committing to purchasing USD500mn worth of US wheat, aiming to ease trade tensions and facilitate negotiations. As part of a broader USD34bn proposal, Garuda Indonesia plans to acquire more Boeing aircraft, while Indonesia will seek lower US tariffs on its exports, such as electronics and textiles. In addition, the government is offering investment opportunities in its critical mineral sectors, including copper, nickel, and bauxite, as reported by Reuters.

**MY:** Prime Minister Anwar Ibrahim's trade visit to France has attracted potential investments worth MYR4bn from several French companies in sectors such as aerospace, high-tech manufacturing, and renewable energy, according to Malaysia's investment ministry. The delegation also identified export opportunities worth MYR675mn across the aerospace, automotive, digital, and halal industries. Following the visit, Anwar is attending the BRICS summit in Rio de Janeiro, where he is set to meet Indian Prime Minister Narendra Modi.

**PH:** Headline CPI rose by 1.4% YoY in June versus 1.3% in May, and in line with our expectations (OCBC: 1.4%, Consensus: 1.5%). Meanwhile, core inflation held steady at 2.2% YoY for the fourth consecutive month. Higher inflation in key categories such as clothings (1.7% YoY versus 1.6% in May), utilities (3.2% YoY versus 2.3%), furnishings (2.1% YoY versus 2.0%), education (5.4% YoY versus 4.3%), and restaurant (2.1% YoY versus 2.0%) more than offset lower inflation in 'Food & Non-Alcoholic Beverages', and 'Personal Care & Misc Goods & Services'. The June print brings headline inflation to an average of 1.4% YoY in 2Q25, down from 2.2% in 1Q25. Looking ahead, we expect 2025 headline inflation to average 2.5% YoY, within BSP 2-4% target range, implying a pickup in headline CPI for the rest of the year. Nevertheless, lower global energy prices and food prices are downside risks to our inflation forecasts.

**TH:** Finance Minister Pichai Chunhavajira shared that his meeting on trade negotiations with US counterparts have "went well". Although bilateral negotiations have not yet produced a final deal, Thailand has gathered valuable feedback from its US counterparts, as well as from meetings with private investors and agricultural stakeholders, to refine its proposals and secure a trade agreement before the reciprocal tariff deadline on 9 July.

**VN:** The economy grew by more than expected to 8.0% in 2Q25 (Consensus: 6.7%; OCBC: 7.0%), up from 7.0% (upwardly revised from 6.9%) in 1Q25. By sector, higher growth was relatively broad-based, with industry & construction leading the improvement (9.0% YoY in 2Q25 from 7.6% in 1Q25), followed by services (8.5% from 7.8%) and the agriculture, forestry & fisheries sector (3.9% from 3.8%). The 2Q25 print brings 1H25 growth to an average of 7.5%, similar to 2H24. On the trade front, export growth slowed to 16.3% YoY in June from 17.0% in May, while import growth quickened to 20.2% from 14.1%. Nonetheless, the June print brings average export and import growth to 17.7% and 18.8%, respectively, in 2Q25, up from 10.5% and 16.9% in 1Q25. Meanwhile, headline inflation picked up by more than expected to 3.6% YoY in June from 3.2% in May (Consensus: 3.4%; OCBC: 3.5%), bringing the 2Q25 headline CPI to an average of 3.3%, compared to 3.2% in 1Q25.

## ESG

**MY:** Malaysia has set up a special committee to strengthen the country's response to the EU's anti-deforestation law. Malaysia is currently classified under the standard risk category alongside Indonesia and Cambodia, compared to other Southeast Asian countries classified under the low risk category including Singapore, Thailand, Vietnam and the Philippines. A key priority of the committee is to secure Malaysia's status as a low-risk country under the framework and strengthen its traceability systems. This can better support smallholders that may face challenges including the exclusion from EU supply chains and difficulties meeting traceability requirements.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded higher last Friday with shorter tenors trading 1-2bps higher while belly tenors and 10Y traded 1 bps higher. As per Bloomberg, Parkview Group (“Parkview”) plans to sell over 300 artworks valued at HKD200mn to pay down debt and support refinancing deal tied to Parkview Green in Beijing. The company is negotiating with banks to extend a USD940mn loan due in August by three years, offering additional collateral including residential properties in Beijing. Parkview has also discussed an artwork-backed loan with Sotheby's and sought private credit funding. In other news by Bloomberg, Sunac China will issue 754mn shares to a special purpose vehicle (“SPV”) to repay onshore bonds, per an HKEX filing. The SPV will use proceeds from selling these shares to repay RMB5.6bn (USD782mn) in bonds held by holders who chose the equity option under the restructuring plan. Bloomberg Asia USD Investment Grade spreads remained at 70bps and Bloomberg Asia USD High Yield spreads remained at 358bps respectively amidst a holiday. (Bloomberg, OCBC)

### **New Issues:**

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

### **Mandates:**

- There were no notable mandates last Friday.

## Foreign Exchange

|         | Day Close | % Change |         | Day Close | % Change |
|---------|-----------|----------|---------|-----------|----------|
| DXY     | 97.180    | 0.00%    | USD-SGD | 1.2741    | -0.09%   |
| USD-JPY | 144.470   | -0.32%   | EUR-SGD | 1.5008    | 0.08%    |
| EUR-USD | 1.178     | 0.18%    | JPY-SGD | 0.8819    | 0.22%    |
| AUD-USD | 0.656     | -0.23%   | GBP-SGD | 1.7388    | -0.17%   |
| GBP-USD | 1.365     | -0.04%   | AUD-SGD | 0.8350    | -0.37%   |
| USD-MYR | 4.223     | 0.02%    | NZD-SGD | 0.7721    | -0.27%   |
| USD-CNY | 7.166     | -0.07%   | CHF-SGD | 1.6042    | 0.06%    |
| USD-IDR | 16185     | -0.08%   | SGD-MYR | 3.3149    | -0.06%   |
| USD-VND | 26180     | -0.08%   | SGD-CNY | 5.6234    | 0.04%    |

## Equity and Commodity

| Index      | Value     | Net change |
|------------|-----------|------------|
| DJIA       | 44,828.53 | 344.11     |
| S&P        | 6,279.35  | 51.93      |
| Nasdaq     | 20,601.10 | 207.97     |
| Nikkei 225 | 39,810.88 | 24.98      |
| STI        | 4,013.62  | -5.95      |
| KLCI       | 1,550.19  | 1.20       |
| JCI        | 6,865.19  | -12.86     |
| Baltic Dry | 1,436.00  | 2.00       |
| VIX        | 17.48     | 1.10       |

## SOFR

| Tenor | EURIBOR | Change | Tenor | USD SOFR | Change |
|-------|---------|--------|-------|----------|--------|
| 1M    | 1.8740  | 0.00%  | 1M    | 4.3360   | 0.08%  |
| 3M    | 1.9790  | 2.17%  | 2M    | 4.3506   | 0.02%  |
| 6M    | 2.0260  | -0.25% | 3M    | 4.3283   | -0.02% |
| 12M   | 2.0660  | 0.19%  | 6M    | 4.2061   | 0.09%  |
|       |         |        | 1Y    | 3.9615   | 0.04%  |

## Government Bond Yields (%)

| Tenor | SGS (chg)    | UST (chg) |
|-------|--------------|-----------|
| 2Y    | 1.73 (+0.01) | 3.85(--)  |
| 5Y    | 1.72 (-0.01) | 3.94(--)  |
| 10Y   | 2.07 (-0.04) | 4.32(--)  |
| 15Y   | 2.14 (-0.07) | --        |
| 20Y   | 2.13 (-0.07) | --        |
| 30Y   | 2.15 (-0.08) | 4.85(--)  |

## Fed Rate Hike Probability

| Meeting    | # of Hikes/Cuts | Implied Rate Change | Expected Effective Fed Funds Rate |
|------------|-----------------|---------------------|-----------------------------------|
| 06/18/2025 | -0.001          | -0.1                | 0                                 |
| 07/30/2025 | -0.047          | -4.7                | -0.012                            |
| 09/17/2025 | -0.731          | -68.5               | -0.183                            |
| 12/10/2025 | -2.124          | -73.8               | -0.531                            |

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

|      |      |
|------|------|
| SOFR | 4.40 |
|------|------|

## Commodities Futures

| Energy                   | Futures | % chg   | Soft Commodities        | Futures | % chg   |
|--------------------------|---------|---------|-------------------------|---------|---------|
| WTI (per barrel)         | 67.00   | #DIV/0! | Corn (per bushel)       | 4.315   | #DIV/0! |
| Brent (per barrel)       | 68.30   | -0.73%  | Soybean (per bushel)    | 10.563  | #DIV/0! |
| Heating Oil (per gallon) | 236.98  | #DIV/0! | Wheat (per bushel)      | 5.478   | #DIV/0! |
| Gasoline (per gallon)    | 211.86  | #DIV/0! | Crude Palm Oil (MYR/MT) | 45.090  | 0.5%    |
| Natural Gas (per MMBtu)  | 3.41    | #DIV/0! | Rubber (JPY/KG)         | 309.500 | 2.8%    |

  

| Base Metals     | Futures  | % chg  | Precious Metals | Futures | % chg |
|-----------------|----------|--------|-----------------|---------|-------|
| Copper (per mt) | 9864.50  | -0.90% | Gold (per oz)   | 3337.2  | 0.3%  |
| Nickel (per mt) | 15290.00 | -1.04% | Silver (per oz) | 37.0    | 0.3%  |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

| Date Time       | Country Code | Event                         | Period | Survey     | Actual | Prior      | Revised  |
|-----------------|--------------|-------------------------------|--------|------------|--------|------------|----------|
| 7/07/2025 11:00 | ID           | Foreign Reserves              | Jun    | --         | --     | \$152.5b   | --       |
| 7/07/2025 11:30 | TH           | CPI YoY                       | Jun    | -0.10%     | --     | -0.57%     | --       |
| 7/07/2025 11:30 | TH           | CPI NSA MoM                   | Jun    | 0.14%      | --     | 0.26%      | --       |
| 7/07/2025 11:30 | TH           | CPI Core YoY                  | Jun    | 1.10%      | --     | 1.09%      | --       |
| 7/07/2025 13:00 | JN           | Leading Index CI              | May P  | 105.2      | --     | 104.2      | --       |
| 7/07/2025 13:00 | JN           | Coincident Index              | May P  | 115.9      | --     | 116        | --       |
| 7/07/2025 14:00 | GE           | Industrial Production SA MoM  | May    | -0.20%     | --     | -1.40%     | --       |
| 7/07/2025 14:00 | GE           | Industrial Production WDA YoY | May    | -0.30%     | --     | -1.80%     | --       |
| 7/07/2025 15:00 | MA           | Foreign Reserves              | 30-Jun | --         | --     | \$119.9b   | --       |
| 7/07/2025 16:30 | EC           | Sentix Investor Confidence    | Jul    | 1          | --     | 0.2        | --       |
| 7/07/2025 16:30 | HK           | Foreign Reserves              | Jun    | --         | --     | \$431.0b   | --       |
| 7/07/2025 17:00 | EC           | Retail Sales MoM              | May    | -0.60%     | --     | 0.10%      | --       |
| 7/07/2025 17:00 | EC           | Retail Sales YoY              | May    | 1.40%      | --     | 2.30%      | --       |
| 7/07/2025 17:00 | SI           | Foreign Reserves              | Jun    | --         | --     | \$401.73b  | --       |
| 7/07/2025       | CH           | Foreign Reserves              | Jun    | \$3313.00b | --     | \$3285.26b | --       |
| 7/07/2025       | PH           | Foreign Reserves              | Jun    | --         | --     | \$105.5b   | \$105.2b |

Source: Bloomberg

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