

## Daily Treasury Outlook

8 July 2025

### Highlights

**Global:** Wall Street declined (S&P 500: 500, Nasdaq -0.9%, and Dow Jones: -0.9%) at the start of the week following President Trump's announcement of a new wave of tariffs that heightened global trade tensions. Despite OPEC+ accelerating production hikes, crude oil prices rose, with a notable 33% increase in output from eight OPEC members in August. The US plans to impose a 25% tariff on imports from Japan (from 24% announced on 2 April) and South Korea (unchanged relative to 2 April) starting 1 August, potentially affecting key sectors such as autos, semiconductors, and electronics, which together account for over USD270bn in annual exports as of 2024. Additionally, formal tariff warnings between 25% and 40% were also sent to 12 other countries; Bangladesh (35% from 37%), Bosnia + Herzegovina (30% from 35%), Cambodia (36% from 39%), Kazakhstan (25% from 27%), Laos (40% from 48%), Myanmar (40% from 44%), Malaysia (25% from 24%), Serbia (35% from 37%), Tunisia (25% from 28%), Indonesia (unchanged at 32%), Thailand (unchanged at 36%), South Africa (unchanged at 30%).

**Market Watch:** The calendar is relatively light today, with the Reserve Bank of Australia meeting today. Consensus and our expectations are for a 25bp rate cut to 3.60%. Accompanying this data release includes US' June NFIB Small Business Optimism Index, Indonesia's June Consumer Confidence Index, and Philippines' May Unemployment Rate. ECB official Nagel is expected to speak tonight.

**Commodities:** Crude oil benchmarks rose on Monday, recovering from earlier losses during Asian trading hours. WTI and Brent increased by 1.4% and 1.9%, respectively, to USD67.9/bbl and USD69.6/bbl. Signs of tightness in the physical market more than offset the impact of potentially higher OPEC+ production. Adding further upward pressure on prices, geopolitical tensions in the Middle East resurfaced following Houthi attacks on vessels in the Red Sea near Yemen. The resurgence of attack on shipping lines in the region may increase the risk of supply disruptions.

### Major Markets

**ID:** Indonesia's government and Commission XI of the House have finalized the 2026 macroeconomic assumptions, agreeing to adopt the figures proposed in the Macroeconomic Framework and Principal Fiscal Policy (KEM-PPKF) draft. The assumptions reflect a balance between optimism and risk awareness, targeting 5.2–5.8% GDP growth, inflation of 1.5–3.5%, and an exchange rate of IDR16,500–16,900 per USD. The budget framework also projects 10-year bond yields of 6.6–7.2% and Indonesia crude oil prices in the range of USD60–80 per barrel.

#### Key Market Movements

Equity	Value	% chg
S&P 500	6230.0	-0.8%
DJIA	44406	-0.9%
Nikkei 225	39588	-0.6%
SH Comp	3473.1	0.0%
STI	4031.9	0.5%
Hang Seng	23888	-0.1%
KLCI	1537.5	-0.8%
	Value	% chg
DXY	97.480	0.3%
USDJPY	146.05	1.1%
EURUSD	1.1709	-0.6%
GBPUSD	1.3602	-0.4%
USDIDR	16230	0.3%
USDSGD	1.2797	0.4%
SGDMYR	3.3134	0.0%
	Value	chg (bp)
2Y UST	3.89	1.47
10Y UST	4.38	3.37
2Y SGS	1.73	-0.20
10Y SGS	2.06	-1.05
3M SORA	2.00	-2.74
3M SOFR	4.34	0.02
	Value	% chg
Brent	69.58	1.9%
WTI	67.93	1.4%
Gold	3337	0.0%
Silver	36.77	-0.4%
Palladium	1114	-2.1%
Copper	9830	-0.4%
BCOM	102.65	-0.7%

Source: Bloomberg

**MY:** US Secretary of State Marco Rubio will head to Malaysia from 8-12 July for an ASEAN summit, marking his first official visit to Asia in his current role. The trip comes as regional ministers seek clarity on US trade intentions, with President Trump's suspended tariff hikes set to resume after July 9. Rubio is expected to underscore Washington's support for a "free, open and secure Indo-Pacific region," while nations linked to BRICS, including Indonesia (as a member) and Malaysia (as a partner country) are bracing for potential penalties unless trade deals are reached.

**TH:** According to official letters sent by the White House, the reciprocal tariffs on Thailand remains unchanged at 36%, with the tariff deadline extended to 1 August. Meanwhile, headline CPI declined by 0.2% YoY in June (May: -0.6%). This is in line with our expectations but lower than consensus expectations (OCBC: -0.2%, Consensus: -0.1%). The moderation in the negative inflation was driven by higher inflation for food (1.6% YoY versus 0.9% in May) and less negative inflation for the transportation (-3.2% YoY versus -3.4%) component. Core CPI held steady at 1.1% YoY. The June print brings headline inflation to an average of -0.3% YoY in 2Q25 from 1.1% in 1Q25. Looking ahead, we expect headline inflation to average 0.9% YoY in 2025, implying a pickup in headline CPI for the rest of the year. We expect another 25bp cut from Bank of Thailand (BoT) for the rest of 2025, but BoT could deliver deeper cuts if the perceived political uncertainty and tariff negotiations weigh on growth.

## ESG

**MY:** Malaysia's Prime Minister updated that the country's proposed carbon tax will be finalised in several months, and assured that the carbon tax should not be seen as a hindrance for companies investing in Malaysia. The government plans to introduce the carbon tax in 2026, specifically targeting the iron, steel and energy industries. This is part of the country's efforts to promote the use of low-carbon technologies and reduce national emissions.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded mostly flat yesterday with shorter and belly tenors trading flat to 1bps higher while 10Y traded flat. As per Bloomberg, Nissan plans to raise about USD5.0bn through debt, including JPY150bn in convertible bonds and USD4bn in unsecured junk bonds, to fund its turnaround. This is part of a broader JPY1tn fundraising effort involving asset sales and lease-back plans to revamp the company and tackle large loan repayments due next year. Investors remain cautious, doubting if job cuts and plant closures will restore profitability, and demand higher yields, with dollar notes offered around the mid-7% range. Bloomberg Asia USD Investment Grade spreads traded flat at 70bps and Bloomberg Asia USD High Yield spreads widened by 2bps to 360bps respectively. (Bloomberg, OCBC)

### New Issues:

There were two notable issuances in the Asiadollar market yesterday.

- Shinhan Financial Group Co., Ltd. priced a USD500mn 5Y Fixed Bond at T+63bps.
- LOTTE Property & Development Co., Ltd. (guarantor: Kookmin Bank) priced a USD300mn 3Y Fixed Bond at T+60bps.

There was one notable issuance in the Singdollar market yesterday.

- GLL IHT Pte. Ltd. (guarantor: GuocoLand Ltd) priced a SGD120mn retap of its GUOLSP 4.35% PERP at 4.25%.

### Mandates:

- Muangthai Capital Public Company may issue a USD denominated 5Y Social Fixed Bond
- NTT Finance Corporation may issue debt in 5 USD denominated tranches: a 2Y Fixed Bond, 3Y Fixed/FRN, 5Y Fixed/FRN, 7Y Fixed Bond and a 10Y Fixed Bond.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXV	97.480	0.31%	USD-SGD	1.2797	0.44%
USD-JPY	146.050	1.09%	EUR-SGD	1.4981	-0.18%
EUR-USD	1.171	-0.59%	JPY-SGD	0.8761	-0.66%
AUD-USD	0.649	-0.99%	GBP-SGD	1.7408	0.12%
GBP-USD	1.360	-0.35%	AUD-SGD	0.8306	-0.53%
USD-MYR	4.239	0.38%	NZD-SGD	0.7670	-0.66%
USD-CNY	7.176	0.15%	CHF-SGD	1.6027	-0.09%
USD-IDR	16230	0.28%	SGD-MYR	3.3134	-0.05%
USD-VND	26145	-0.13%	SGD-CNY	5.6082	-0.27%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.8740	0.00%	1M	4.3378	0.01%
3M	1.9790	2.17%	2M	4.3522	0.00%
6M	2.0260	-0.25%	3M	4.3301	-0.02%
12M	2.0660	0.19%	6M	4.2115	-0.11%
			1Y	3.9812	-0.12%

## Fed Rate Hike Probability

Fed Rate Hike Probability				Expected Effective Fed Funds Rate
Meeting	# of Hikes/Cuts	Implied Rate Change		
06/18/2025	-0.001	-0.1	0	4.329
07/30/2025	-0.047	-4.7	-0.012	4.318
09/17/2025	-0.68	-63.3	-0.17	4.159
12/10/2025	-2.015	-72.8	-0.504	3.825

## Equity and Commodity

Index	Value	Net change
DJIA	44,406.36	-422.17
S&P	6,229.98	-49.37
Nasdaq	20,412.52	-188.58
Nikkei 225	39,587.68	-223.20
STI	4,031.86	18.24
KLCI	1,537.54	-12.65
JCI	6,900.93	35.74
Baltic Dry	1,436.00	2.00
VIX	17.79	0.31

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.73 (--)	3.89 (--)
5Y	1.73 (+0.01)	3.96 (+0.02)
10Y	2.06 (-0.01)	4.39 (+0.03)
15Y	2.11 (-0.03)	--
20Y	2.1 (-0.02)	--
30Y	2.11 (-0.03)	4.92 (+0.05)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.35
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	67.93	#DIV/0!	Corn (per bushel)	4.180	#DIV/0!
Brent (per barrel)	69.58	1.87%	Soybean (per bushel)	10.318	#DIV/0!
Heating Oil (per gallon)	242.11	#DIV/0!	Wheat (per bushel)	5.398	#DIV/0!
Gasoline (per gallon)	215.22	#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)	9829.50	-0.35%	Gold (per oz)	3336.5	0.0%
Nickel (per mt)	15177.00	-0.74%	Silver (per oz)	36.8	-0.4%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/08/2025 8:00	JN	BoP Current Account Adjusted	May	¥2580.6b	¥2818.1b	¥2306.8b	--
7/08/2025 8:00	JN	Trade Balance BoP Basis	May	-¥517.2b	-¥522.3b	-¥32.8b	--
7/08/2025 8:00	JN	BoP Current Account Balance	May	¥3006.4b	¥3436.4b	¥2258.0b	--
7/08/2025 9:00	PH	Unemployment Rate	May	--	--	4.10%	--
7/08/2025 9:30	AU	NAB Business Confidence	Jun	--	--	2	--
7/08/2025 9:30	AU	NAB Business Conditions	Jun	--	--	0	--
7/08/2025 12:30	AU	RBA Cash Rate Target	8-Jul	3.60%	--	3.85%	--
7/08/2025 14:00	GE	Trade Balance SA	May	15.5b	--	14.6b	14.5b
7/08/2025 14:00	GE	Exports SA MoM	May	-0.50%	--	-1.70%	--
7/08/2025 14:00	GE	Imports SA MoM	May	-1.70%	--	3.90%	4.00%
7/08/2025 14:45	FR	Trade Balance	May	--	--	-7968m	--
7/08/2025 18:00	US	NFIB Small Business Optimism	Jun	98.6	--	98.8	--
7/08/2025 23:00	US	NY Fed 1-Yr Inflation Expectations	Jun	3.13%	--	3.20%	--

Source: Bloomberg

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