

## Daily Treasury Outlook

8 September 2025

### Highlights

**Global:** Nonfarm payrolls disappointment again! August NFP rose by a tepid 22k, even lower than July's upwardly revised 79k, bringing the 3-month average to 29k as the June data turned negative (-13k) for the first time since December 2020. Meanwhile, the unemployment rate edged up to 4.3% and the average hourly earnings moderated to 3.7% YoY (0.3% MoM). Market pricing of Fed rate cut expectations rose, cementing hopes for a 25bp cut at the upcoming 16-17 September FOMC and nearing a total of three cuts this year. The S&P500 slipped 0.3% on Friday, weighed down by energy and financials amid concerns of a slowing US economy. The 2- and 10-year UST bond yields fell to 3.506% and 4.084%, respectively. Separately, US president Trump has exempted gold bullion, tungsten, uranium, and graphite from tariffs effective today. US Treasury Secretary Bessent also called for an independent review of the Fed including its monetary policy due to "mission" creep.

**Market Watch:** Asian markets are likely to tread carefully between caution over a softening US labour market and optimism over rising Fed rate cut hopes. Today's economic data calendar comprises of China's August trade data, Japan's Eco Watchers survey, Germany's industrial production and trade data, and Eurozone's Sentix investor confidence. ECB's Villeroy is also speaking today. Japan's 2Q25 GDP growth was revised higher to 0.5% QoQ SA from an initial estimate of 0.3%. Shigeru Ishiba resigned from the post of PM on Sunday, after pressure on him was building to step down, ushering in a period of political uncertainty. Given market perception of him as a fiscal hawk, JPY and JGB yields are likely to be under some pressure.

For the coming week, watch for US' August CPI and PPI, as well as the University of Michigan sentiment index and its inflation gauges, China's monetary aggregates, Malaysia's industrial production and India's CPI. US' core CPI is tipped to have increased 0.3% for a second month. On the central bank front, ECB's policy decision on 11 September will take center stage but is likely to be static for now, particularly given France's political crisis (with a confidence vote due today), so Lagarde's press conference is likely to be keenly watched if the pause will be prolonged. The Eurozone's 2Q25 growth rose marginally by 0.1% QoQ.

**Commodities:** Crude oil benchmarks were relatively stable during the Asian trading session, following the announcement of another production increase for October. However, we expect crude oil benchmarks to face some downward pressure during the Asian trading session due to concerns about a potential oversupply. In a smaller group meeting, eight key OPEC+ members agreed to boost output by 137kbpd from the 1.65mbpd additional voluntary production cuts announced in April 2023. According to the press release, the group stated that "they reaffirmed the importance of adopting a cautious

### Key Market Movements

Equity	Value	% chg
S&P 500	6481.5	-0.3%
DJIA	45401	-0.5%
Nikkei 225	43019	1.0%
SH Comp	3812.5	1.2%
STI	4307.1	0.2%
Hang Seng	25418	1.4%
KLCI	1578.2	0.0%
	Value	% chg
DXY	97.768	-0.6%
USDJPY	147.43	-0.7%
EURUSD	1.1717	0.6%
GBPUSD	1.3509	0.6%
USIDR	16420	0.0%
USDSGD	1.2848	-0.4%
SGDMYR	3.2865	0.2%
	Value	chg (bp)
2Y UST	3.51	-7.86
10Y UST	4.07	-8.65
2Y SGS	1.44	0.30
10Y SGS	1.85	-0.58
3M SORA	1.53	-0.10
3M SOFR	4.36	0.14
	Value	% chg
Brent	65.5	-2.2%
WTI	61.87	-2.5%
Gold	3587	1.2%
Silver	41.00	0.8%
Palladium	1115	-1.0%
Copper	9898	0.0%
BCOM	102.43	-0.4%

Source: Bloomberg

approach and retaining full flexibility to pause or reverse the additional voluntary production adjustments, including the previously implemented voluntary adjustments of the 2.2mbpd announced in November 2023." During the early Asian session, WTI and Brent edged marginally higher by 0.8%, reaching intraday high of USD62.4/bbl and USD66.0/bbl, respectively.

## Major Markets

**ID:** President Prabowo Subianto and Chinese President Xi Jinping agreed to advance cooperation on major infrastructure projects, including an USD80bn Giant Sea Wall and a Jakarta-Surabaya high-speed railway, during a meeting in Beijing last week (3 September). The government plans to finance these projects through a public-private partnership model, combining state funds, private investment, and international cooperation, with President Prabowo set to lead detailed discussions with relevant ministries soon, as reported by Antara.

**MY:** The Ministry of Investment, Trade & Industry noted that it had secured MYR450mn in potential investments from its trade mission to the Netherlands, focusing on electrical & electronics and machinery sectors. Minister Zafrul said the investments will boost high-tech manufacturing, create skilled jobs, and advance R&D in semiconductors, renewable energy, and Industry 4.0. The visit also saw the signing of a landmark semiconductor cooperation agreement with Dutch Minister of Economic Affairs Vincent Karremans, reinforcing Malaysia's role as a hub in global supply chains.

**PH:** Headline inflation accelerated to 1.5% YoY in August, up from 0.9% in July. Similarly, core CPI rose to 2.7% versus 2.3% in July. The main drivers were higher inflation in the categories of 'food & non-alcoholic beverages', 'furnishings, HH equip & routine HH maintenance', 'health', 'information & communication', and 'personal care & misc goods & services.' Meanwhile, the 'transport' category experienced a smaller YoY contraction. These increases more than offset lower inflation in the clothing, utilities, recreation, and education categories. The August print brings the average headline CPI for January-August 2025 to 1.7% YoY. Looking ahead, we maintain our 2025 headline CPI forecast at 1.6%, implying that inflationary pressures will remain well-contained.

**TH:** Prime Minister (PM) candidate and Bhumjaithai Party leader Anutin Charnvirakul has been elected as the country's 32nd PM. The Prime Ministerial vote took place on 5 September, with 311 out of 490 votes cast in favour of Bhumjaithai candidate Charnvirakul. The remaining 152 votes went to Pheu Thai candidate Chaikasem Nitisiri, while 27 members abstained. Charnvirakul has since received royal endorsement from His Majesty King Maha Vajiralongkorn on 7 September. He has pledged to dissolve the House within four months and appoint capable ministers to his cabinet. Prior to receiving royal endorsement, PM Charnvirakul held discussions with Mr Sihasak Phuanketkeow, Auttapol Rerkpiboon, and Ekniti Nitithanprapas, who are expected to be appointed as the ministers of foreign affairs, energy and finance, respectively.

**VN:** Headline inflation was largely steady at 3.2% YoY in August, similar to July, and was notably below consensus expectations for an uptick to 3.7%. Meanwhile, core inflation eased marginally to 3.2% YoY from 3.3%. Notably, lower food and foodstuff inflation (2.6% in August, down from 2.9% in July) was offset by a smaller negative transportation CPI (-1.9%, compared to -3.7%). The August print brings the August-July headline CPI to eased slightly to 3.2% from 3.3%. The year-to-August CPI averaged 3.3%, down from 3.6% in 2024.

## ESG

**Rest of the world:** The European Commission will propose measures this year to prevent countries from circumventing its carbon border tariff. There is concern that foreign companies may adjust by sending low-carbon products to Europe, while continuing to produce high-carbon goods for other markets. This would allow them to avoid the EU carbon border tariff without making their overall production any greener. There are plans to tackle this risk and extend the tariff to other downstream products, while considering measures including a system under which goods are given a fixed CO<sub>2</sub> emissions value per country or per company rather than calculating specific emissions per shipment. Countries, particularly those that have been classified as 'standard risk' or 'high risk', are working with industries to support them in complying with the requirements and staying competitive.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded slightly lower last Friday with shorter tenors trading flat while belly tenors traded flat to 1bps lower and 10Y traded 2bps lower. As per Bloomberg, China's Geely Automobile Holdings Ltd announced that its independent shareholders approved the privatisation of electric-vehicle maker Zeekr, making it a wholly owned subsidiary. Meanwhile, China Overseas Development Group has entered into an agreement to acquire a 50.5% stake in Shanghai Xin Dong'an Enterprise Development and a 30.5% stake in Shanghai Xin Bai'an Economics Development, investing approximately RMB7.3bn and RMB812mn respectively. Both companies own land for the Dong'an Project's residential and commercial development. In other developments by Bloomberg, China's largest coal supplier, China Shenhua Energy Co Ltd ("Shenhua"), will acquire and integrate chemicals and power assets valued at RMB93.9bn from 13 sibling firms to make up for declines in its coal segment amid falling coal prices and the rise of renewables. The company reported a 12% profit drop in 1H2025 and has used only 35% of its RMB41.8bn budget so far. Shenhua plans to accelerate a coal-to-polyolefin project in Baotou, Inner Mongolia, later this year. Bloomberg Asia USD Investment Grade spreads widened by 2bps to 66bps and Bloomberg Asia USD High Yield spreads widened by 6bps to 351bps respectively. (Bloomberg, OCBC)

### New issues:

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

### Mandates:

- State Grid International Development Limited may issue a CNY-denominated or USD-denominated 3Y Green Notes.

## Foreign Exchange

	Day Close	% Change		Day Close
DX-Y	97.768	-0.59%	USD-SGD	1.2848
USD-JPY	147.430	-0.71%	EUR-SGD	1.5059
EUR-USD	1.172	0.58%	JPY-SGD	0.8715
AUD-USD	0.656	0.60%	GBP-SGD	1.7356
GBP-USD	1.351	0.56%	AUD-SGD	0.8425
USD-MYR	4.229	0.05%	NZD-SGD	0.7575
USD-CNY	7.133	-0.12%	CHF-SGD	1.6109
USD-IDR	16420	0.03%	SGD-MYR	3.2865
USD-VND	26398	0.04%	SGD-CNY	5.5499

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.8800	0.43%	1M	4.1918
3M	2.0530	-1.20%	2M	4.1234
6M	2.1000	-0.14%	3M	4.0652
12M	2.1780	-0.55%	6M	3.8771
			1Y	3.6101

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/17/2025	-1.124	-112.40%	-0.281	4.055
10/29/2025	-1.872	-74.80%	-0.468	3.868
12/10/2025	-2.768	-89.60%	-0.692	3.643

## Equity and Commodity

Index	Value	Net change
DJIA	45,400.86	-220.43
S&P	6,481.50	-20.58
Nasdaq	21,700.39	-7.30
Nikkei 225	43,018.75	438.48
STI	4,307.08	10.25
KLCI	1,578.15	-0.37
JCI	7,867.35	-18.52
Baltic Dry	1,979.00	16.00
VIX	15.18	-0.12

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.44 (--)	3.52 (--)
5Y	1.55 (--)	3.58 (-0.06)
10Y	1.85 (-0.01)	4.1 (-0.09)
15Y	1.95 (--)	--
20Y	1.98 (--)	--
30Y	2.06 (+0.01)	4.78 (-0.09)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.41
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	61.87	-2.54%	Corn (per bushel)	3.990	-0.2%
Brent (per barrel)	65.50	-2.22%	Soybean (per bushel)	10.065	-0.5%
Heating Oil (per gallon)	228.70	-1.87%	Wheat (per bushel)	5.010	-0.2%
Gasoline (per gallon)	196.42	-2.25%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.05	-0.85%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9897.50	-0.01%	Gold (per oz)	3586.7	1.2%
Nickel (per mt)	15235.00	-0.01%	Silver (per oz)	41.0	0.8%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
9/08/2025 11:00	ID	Foreign Reserves	Aug	--	--	\$152.0b	--
9/08/2025 11:00	SI	Bloomberg Sept. Singapore Economic Survey					
9/08/2025 13:00	HK	Bloomberg Sept. Hong Kong Economic Survey					
9/08/2025 13:00	JN	Eco Watchers Survey Current SA	Aug	45.6	--	45.2	--
9/08/2025 13:00	JN	Eco Watchers Survey Outlook SA	Aug	47.5	--	47.3	--
9/08/2025 16:30	EC	Sentix Investor Confidence	Sep	-2	--	-3.7	--
9/08/2025 17:00	SI	Foreign Reserves	Aug	--	--	\$397.34b	--
9/08/2025 23:00	US	NY Fed 1-Yr Inflation Expectations	Aug	--	--	3.09%	--
9/08/2025	CH	Exports YoY	Aug	5.50%	--	7.20%	--
9/08/2025	CH	Imports YoY	Aug	3.40%	--	4.10%	--
9/08/2025	CH	Trade Balance	Aug	\$99.45b	--	\$98.24b	--
9/08/2025	CH	Exports YoY CNY	Aug	--	--	8.00%	--
9/08/2025	CH	Imports YoY CNY	Aug	--	--	4.80%	--
9/08/2025	CH	Trade Balance CNY	Aug	--	--	710.00b	--
9/08/2025-9/15/2025	TH	Consumer Confidence	Aug	--	--	51.7	--
9/08/2025-9/15/2025	TH	Consumer Confidence Economic	Aug	--	--	45.6	--

Source: Bloomberg



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