

Daily Treasury Outlook

9 May 2025

Highlights

Global: Wall Street closed higher on Thursday (S&P 500: 0.6%, Nasdaq: 1.1%, and Dow: 0.6%) as sentiment was supported by optimism following the US-UK trade agreement - the first since President Trump's "liberation day" on 2 April. The deal includes improved access for US beef and ethanol, and the US lowered tariffs on British steel, aluminium, and cars. Nonetheless, the 10% baseline tariff remains. US Treasury Secretary Scott Bessent and US Trade Representative Jamieson Greer are set to meet Chinese officials this weekend. Separately, the Bank of England cut its benchmark interest rate by 25 basis points to 4.25%, as expected. The vote was split with five favoured the cut, two called for a deeper 50bp reduction, and two voted to hold. The BOE cited weakening global growth prospects amid intensifying trade policy uncertainty, though it noted that the UK impact from recent U.S. tariffs is likely to be modest. Geopolitical tensions remain in focus in India and Pakistan, while Chinese President Xi Jinping met Russia's President Vladimir Putin in Moscow, with both reinforcing their closer ties.

Market Watch: Today's economic data calendar consists of the 1Q25 BoP current account balance for China, as well as exports and imports data for April, and Indonesia's consumer confidence index. In Japan, labour cash growth slowed to 2.1% YoY in March from 2.7% in February.

Major Markets

CN: At the April Canton Fair, export deals totaling USD 25.44 billion were signed, reflecting a 3% YoY increase. More than 60% of the transactions were concluded with Belt and Road partner countries, while trade with traditional markets remained broadly stable. This outcome underscores both the resilience and diversification of China's export structure, even amid rising global trade headwinds. On the topic of China-U.S. trade negotiations, China's Ministry of Commerce reaffirmed China's principled position. It emphasized that any constructive engagement must begin with the U.S. correcting its wrongful practices — notably, unilateral tariff hikes — and demonstrating sincerity through tangible actions. China remains open to resolving mutual concerns through equal-footed dialogue. However, the ministry warned that if the U.S. pursues coercion or manipulative tactics under the guise of negotiations, China will not accept such engagement, nor will it compromise on core principles or sacrifice international fairness and justice in pursuit of any agreement.

Key Market Movements

Equity	Value	% chg
S&P 500	5663.9	0.6%
DJIA	41368	0.6%
Nikkei 225	36929	0.4%
SH Comp	3352.0	0.3%
STI	3848.2	-0.4%
Hang Seng	22776	0.4%
KLCI	1542.7	-0.5%
	Value	% chg
DXY	100.640	1.0%
USDJPY	145.91	1.4%
EURUSD	1.1228	-0.6%
GBPUSD	1.3246	-0.3%
USDIDR	16495	-0.2%
USDSGD	1.301	0.5%
SGDMYR	3.3031	0.6%
	Value	chg (bp)
2Y UST	3.87	9.74
10Y UST	4.38	10.91
2Y SGS	2.06	0.80
10Y SGS	2.42	1.80
3M SORA	2.34	-0.46
3M SOFR	4.36	-0.07
	Value	% chg
Brent	62.84	2.8%
WTI	59.91	3.2%
Gold	3306	-1.7%
Silver	32.46	0.0%
Palladium	975	0.9%
Copper	9432	0.1%
BCOM	101.62	0.1%

Source: Bloomberg

ID: The foreign reserve dropped to USD152.5bn at the end of April 2025 from 127.1bn in March. Bank Indonesia attributed this to government's external debt payments and rupiah stabilization policy in response to increasing global financial market uncertainty, among others. The reserves cover 6.4 months of imports or 6.2 months of imports and external debt servicing, above the international adequacy standard of three months.

MY: Bank Negara Malaysia (BNM) kept its policy rate unchanged 3.00%, reflecting a more dovish stance amid concerns about downside risks in the economic environment, including trade negotiations and geopolitical tensions. While the 1Q25 GDP growth is expected to remain stable at 4.4% YoY, driven by domestic demand and export growth, BNM noted weaker indicators in manufacturing and electricity. Additionally, BNM reduced the statutory reserve requirement by 100bp to 1.0%, which could signal potential interest rate cuts in the future, although no immediate changes are anticipated.

ESG

SG: Enterprise Singapore (EnterpriseSG) has launched the SME Sustainability Hub, a new website designed to help small and medium-sized enterprises (SMEs) navigate and access government sustainability support programmes and resources. The resources include details on financial schemes and programmes, training and development courses to support companies in their sustainability journey. This initiative can support SMEs with being equipped with the necessary skills and information to adopt sustainable practices.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 2-3bps higher, belly tenors trading 3-4bps higher and 10Y trading 5bps higher. According to Hines, a global real estate investment manager, property markets—particularly in the US—are anticipated to encounter challenges stemming from an expected economic slowdown and elevated interest rates that could lead to a surge of distressed assets. Sectors exposed include retail properties from weaker discretionary spending, industrial and logistics buildings due to trade wars, and hospitality and travel with tourism decreasing significantly in 2025. However, Hines identifies resilience in the residential real estate sector and prefers regions in the US exhibiting robust economic growth and Europe, where they anticipate improved returns due to lower interest rates and limited publicly accessible real estate information. In China, Country Garden Holdings Co Ltd's contracted sales for April was down 20% y/y while in South Korea, the Financial Supervisory Service ("FSS") raised concerns on Lotte Non-Life Insurance Co.'s decision to call a KRW90bn bond despite FSS reportedly withholding approval to exercise the call as the insurer did not meet minimum capital adequacy requirements. While FSS indicated that it may act if there is no plan to address the capital adequacy position post the call, it also said separately that the impact on Korea's credit market will be limited. Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 89bps while Bloomberg Asia USD High Yield spreads tightened by 16bps to 519bps respectively. (Bloomberg, OCBC)

New Issues:

There were three notable issuances in the Asiadollar market yesterday.

- HSBC Holdings PLC issued USD5.5bn of debt in three tranches: a USD2.25bn 6NC5 FXD/FRN at T+125bps, a USD1.25bn 6NC5 FRN at SOFR+157bps and a USD2bn 11NC10 FXD/FRN at T+140bps.
- Medco Cypress Tree Pte. Ltd. (guarantor: Medco Energi Internasional Tbk PT) priced a USD400mn 5NC2 Fixed bond at 8.875%.
- GLP Pte. Ltd. Priced a USD300mn 3Y Fixed bond at 9.75%.

There were no notable issuances in the Singdollar market yesterday.

Mandates:

There were no notable mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	100.640	1.03%	USD-SGD	1.3010	0.53%
USD-JPY	145.910	1.45%	EUR-SGD	1.4608	-0.12%
EUR-USD	1.123	-0.65%	JPY-SGD	0.8917	-0.91%
AUD-USD	0.640	-0.37%	GBP-SGD	1.7231	0.17%
GBP-USD	1.325	-0.35%	AUD-SGD	0.8326	0.14%
USD-MYR	4.282	1.00%	NZD-SGD	0.7678	-0.12%
USD-CNY	7.243	0.21%	CHF-SGD	1.5630	-0.52%
USD-IDR	16495	-0.25%	SGD-MYR	3.3031	0.61%
USD-VND	25967	0.02%	SGD-CNY	5.5624	-0.54%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.1710	1.26%	1M	4.3253	0.00%
3M	2.1500	0.33%	2M	4.3253	-0.01%
6M	2.1460	0.05%	3M	4.3095	-0.03%
12M	2.0390	-0.29%	6M	4.2093	-0.10%
			1Y	3.9672	-0.12%

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	-0.206	-20.6	-0.051
07/30/2025	-0.722	-51.7	-0.181
09/17/2025	-1.472	-75	-0.368
12/10/2025	-2.762	-68	-0.691
			3.637

Equity and Commodity

Index	Value	Net change
DJIA	41,368.45	254.48
S&P	5,663.94	32.66
Nasdaq	17,928.14	189.98
Nikkei 225	36,928.63	148.97
STI	3,848.22	-17.15
KLCI	1,542.74	-7.16
JCI	6,827.75	-98.48
Baltic Dry	1,374.00	-32.00
VIX	22.48	-1.07

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.06 (+0.01)	3.87(--)
5Y	2.07 (+0.01)	3.98 (+0.12)
10Y	2.42 (+0.02)	4.38 (+0.11)
15Y	2.51 (+0.01)	--
20Y	2.55 (+0.02)	--
30Y	2.57 (+0.01)	4.84 (+0.07)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.30
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	59.91	3.17%	Corn (per bushel)	4.390	-0.5%
Brent (per barrel)	62.84	2.81%	Soybean (per bushel)	10.368	0.6%
Heating Oil (per gallon)	204.00	3.21%	Wheat (per bushel)	5.130	-1.0%
Gasoline (per gallon)	208.54	2.84%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.59	-0.80%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9431.50	0.13%	Gold (per oz)	3305.7	-1.7%
Nickel (per mt)	15535.00	-0.08%	Silver (per oz)	32.5	0.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
5/09/2025 7:00	SK	BoP Current Account Balance	Mar	--	\$9144.6m	\$7177.7m	--
5/09/2025 7:00	SK	BoP Goods Balance	Mar	--	\$8493.1m	\$8175.2m	--
5/09/2025 7:30	JN	Labor Cash Earnings YoY	Mar	2.50%	2.10%	3.10%	2.70%
5/09/2025 7:30	JN	Real Cash Earnings YoY	Mar	-1.60%	-2.10%	-1.20%	-1.50%
5/09/2025 7:30	JN	Cash Earnings - Same Sample Base YoY	Mar	2.70%	2.40%	2.40%	2.50%
5/09/2025 7:30	JN	Scheduled Full-Time Pay - Same Base YoY	Mar	2.20%	2.00%	1.90%	2.00%
5/09/2025 7:30	JN	Household Spending YoY	Mar	0.20%	2.10%	-0.50%	--
5/09/2025 11:00	ID	Consumer Confidence Index	Apr	--	--	121.1	--
5/09/2025 13:00	JN	Leading Index CI	Mar P	107.5	--	107.9	--
5/09/2025 13:00	JN	Coincident Index	Mar P	115.9	--	117.3	--
5/09/2025 15:30	TH	Gross International Reserves	2-May	--	--	\$255.8b	--
5/09/2025	IN	Foreign Exchange Reserves	2-May	--	--	\$688.1b	--
5/09/2025	CH	BoP Current Account Balance	1Q P	--	--	\$163.8b	--
5/09/2025	CH	Exports YoY	Apr	2.00%	--	12.40%	--
5/09/2025	CH	Imports YoY	Apr	-6.00%	--	-4.30%	--
5/09/2025	CH	Trade Balance	Apr	\$93.90b	--	\$102.64b	--

Source: Bloomberg

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