

Daily Treasury Outlook

9 July 2025

Highlights

Global: A choppy day of trading the US – equities closed broadly flat, the DXY index was up for the day but closed lower than the intra-day high. Similarly, UST yields closed below the intra-day highs with the 30-year at 4.924% and the 10-year at 4.39%. The data was scant from the US overnight with the 1-Yr inflation expectations for June from the NY Fed easing to 3.0% from 3.2% and the NFIB small business optimism index for June unchanged at 98.6 from 98.8 in May. The focus remained squarely on tariff announcements and President Trump did not disappoint. He announced that pharmaceutical tariffs could be as high as 200% and that he would give companies “about a year, a year and a half” to bring their pharmaceuticals business back to the US. He also touted 50% tariffs on copper which Commerce Secretary Lutnick said are “likely to be put in place end of July – maybe August 1.” This coincides with the new date for implementation of reciprocal tariffs. While there is hope that negotiations will result in lower reciprocal tariff rates across ASEAN, the question is how much more policymakers can offer, and the answer is not obvious. We have reduced our 2025 and 2026 Malaysia and Thailand GDP growth forecasts reflecting tariff overhangs. We will review the forecasts as when new information comes in on extensions or tariff rate changes.

Market Watch: This leaves Bank Negara Malaysia (BNM) that meets today in somewhat of a quandary on whether to be pre-emptive or wait for more incoming data/ tariff confirmation. We have pencilled in a 25bp rate cut for today but note that if the cut does not come today, it will likely come in September. We have a cumulative 50bps in rate cuts for 2H25. The RBNZ also meets today, and markets are expecting a hold. The Reserve Bank of Australia in a surprise decision left its policy rate unchanged on 8 July. ECB’s Lane, Guindos and Nagel are slated to speak this evening (Asia time). It’s another data light day, with China’s June CPI and PPI, Thailand’s June consumer confidence, US weekly MBA mortgage applications and May wholesale trade sales/inventories slated for release.

Commodities: Crude oil benchmarks extended gains for the second consecutive session, with WTI and Brent rising by 0.6% and 0.8%, respectively, to USD68.3/bbl and USD70.2/bbl. Renewed tensions in the Middle East, following fresh strikes by Yemen's Houthi rebels in the Red Sea, supported higher oil prices. This raised concerns over potential supply disruptions in the region. Separately, the American Petroleum Institute (API) reported a significant buildup of 7.1mn bbls in US crude inventories for the week ending 4 July. The US Energy Information Administration (EIA) crude oil inventories data will be released tonight (9 July), with consensus expectations pointing to drawdown in US crude inventories (consensus: -1.9mn bbls).

Key Market Movements

Equity	Value	% chg
S&P 500	6225.5	-0.1%
DJIA	44241	-0.4%
Nikkei 225	39689	0.3%
SH Comp	3497.5	0.7%
STI	4047.9	0.4%
Hang Seng	24148	1.1%
KLCI	1530.1	-0.5%
	Value	% chg
DXV	97.516	0.0%
USDJPY	146.58	0.4%
EURUSD	1.1725	0.1%
GBPUSD	1.3592	-0.1%
USDIDR	16208	-0.1%
USDSGD	1.2795	0.0%
SGDMYR	3.3184	0.2%
	Value	chg (bp)
2Y UST	3.89	-0.41
10Y UST	4.40	1.98
2Y SGS	1.73	0.30
10Y SGS	2.10	3.44
3M SORA	1.99	-1.09
3M SOFR	4.34	-0.08
	Value	% chg
Brent	70.15	0.8%
WTI	68.33	0.6%
Gold	3302	-1.0%
Silver	36.76	0.0%
Palladium	1112	-0.2%
Copper	9791	-0.4%
BCOM	103.38	0.7%

Source: Bloomberg

Major Markets

ID: The Consumer Confidence Index (CCCI) improved marginally to 117.8 in June from 117.5 in May, mainly reflecting an improvement in the present situation sub-index (106.7 from 106.0), which more than offset the lower expectations sub-index (128.9 from 129.0). Notably, respondents see lower income prospects in the six months ahead, while employment and business conditions expectations improved slightly. The June print brings the CCI to an average of 119.0 in 2Q25, down from 124.9 in 1Q25, as weaknesses were seen in both the present and expectations sub-indexes. Elsewhere, Coordinating Minister Airlangga Hartarto headed to Washington on 8 July to resume talks aimed at reducing the 32% tariff the US plans to impose on Indonesian exports starting in August. Indonesia had offered the US near-zero tariffs on over 1,700 goods, along with reforms on local content rules, IP protections, and digital access. It also pledged to boost purchases of US energy, wheat, and defense equipment while offering American firms better access to its critical minerals.

MY: US President Donald Trump has formally informed Malaysia of a 25% blanket tariff on all Malaysian exports, effective 1 August 2025, up 1 percentage point from the April announcement, citing Malaysia's trade barriers and a "significant" US trade deficit. In letters to Prime Minister Anwar Ibrahim and King Sultan Ibrahim, US President Trump warned that any retaliatory tariff hikes would be matched in full, but offered exemptions for firms relocating production to the US. Separately, the Ministry of Investment, Trade and Industry (Miti) clarified that the 25% tariff will replace, not stack onto, the current 10% universal tariff rate, correcting earlier remarks by Plantations Minister Johari Abdul Ghani.

PH: According to the Philippine Statistics Authority (PSA), the unemployment rate eased to 3.9% in May versus 4.1% in April (May 2024: 4.1%). Meanwhile, the labour force participation rate rose to 65.8% in May, up from 63.7% in April (May 2024: 64.8%). This was also the highest since April 2005. Economic Planning Secretary Arsenio Balisacan welcomed this development because "it indicates a healthy and competitive Philippine labour market. Generally, a larger workforce can lead to increased economic output and potentially higher GDP growth, as more people contribute to the economy." By economic sector, the data from the PSA showed the largest annual increase in the number of employed persons in the following areas: wholesale and retail trade; repair of motor vehicles and motorcycles, 'agriculture and forestry', 'administrative and support service activities', 'Accommodation and food service activities, and 'other service activities'.

VN: The State Bank of Vietnam (SBV) Deputy Governor Pham Thanh Ha signalled on Tuesday (8 July) that the central bank will continue to adopt a flexible monetary policy for the rest of the year, with a focus on supporting growth, partly as uncertainties in the global economy will remain and affect the Vietnamese economy. Specifically, he noted that "risks in the global financial and monetary markets have put pressure on monetary policy management, exchange rates, interest rates, as well as the target for economic growth of at least 8% this year," as reported by Reuters. In addition, the SBV will continue to urge banks to cut costs and speed up digitalization to support lower lending rates. Deputy Governor Ha also added that banks' total outstanding loans rose 9.9% by the end of June compared to the end of last year.

ESG

Rest of the world: An executive order under the Trump administration directs the Treasury department to enforce the phaseout of tax credits for wind and solar projects that were rolled back in the budget bill passed by Congress and signed into law last week. It also directs the Interior department to review and revise any policies that favour renewables over other energy sources, marking a significant rollback of clean energy incentives previously expanded under the Inflation Reduction Act. The One Big Beautiful Bill Act effectively ends renewable energy tax credits after 2026 if projects have not started construction. Wind and solar projects whose construction starts after that must be placed in service by the end of 2027. This is likely to trigger a rush to start construction on wind and solar projects before the phaseout dates, as developers seek to lock in existing credits. The rollback is expected to undermine US manufacturing growth in renewables and slow its progress towards decarbonisation goals.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 1-2bps higher, belly tenors trading 2bps higher while 10Y traded 3bps higher. As per Bloomberg, Sunshine 100 China is actively seeking legal advice regarding a statutory demand for USD205mn and HKD450,000 received on July 7 from solicitors representing HTI Financial Solutions and Haitong International Financial Products, according to an HKEX filing. In other news by Bloomberg, New World Development is reportedly looking to sell part of its K11 property in Shanghai, according to the Securities Times citing an unnamed property agency. The company will discuss debt restructuring with creditors and take measures to protect shareholders' interests. Meanwhile, Hong Kong developer Grand Ming Group Holdings Ltd. has breached terms on nearly HKD4.8bn (USD611mn) in bank loans, according to a Hong Kong stock exchange filing on Tuesday. The company has secured waivers for about HKD2.7bn of the loans. The breach allows lenders to demand immediate repayment of the outstanding principal, interest, and other sums. Bloomberg Asia USD Investment Grade spreads traded flat at 70bps and Bloomberg Asia USD High Yield spreads widened by 1bps to 361bps respectively. (Bloomberg, OCBC)

New Issues:

There were four notable issuances in the Asiadollar market yesterday.

- Muangthai Capital Public Company Limited priced a USD350mn 5Y Sinkable Social Fixed Bond at par to yield 7.55%.
- Mianyang Investment Holding (Group) Co., Ltd. priced a USD300mn 3Y Sustainability Fixed Bond at 5.00%.
- Guotai Junan International Holdings Ltd priced a USD200mn 3Y Fixed Bond at T+43bps.
- Tianchang Agricultural Development Co. Ltd. (guarantor: Sichuan Jinyu Financing Guaranty Co Ltd) priced a USD90mn 3Y Sustainability Fixed Bond at 6.45%.

There were three notable issuances in the Singdollar market yesterday.

- UOL Treasury Services Pte. Ltd. (guarantor: UOL Group Ltd) priced a SGD225mn 7Y Fixed Bond at 2.78%.
- Shangri-La Hotel Limited (guarantor: Shangri-La Asia Ltd) priced a SGD100mn repap of its SLHSP 3.54% '32s at 3.50%.
- AL Rajhi Sukuk Ltd priced a SGD66mn 9Y Fixed Bond at 3.1%.

Mandates:

- There were no notable mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	97.516	0.04%	USD-SGD	1.2795	-0.02%
USD-JPY	146.580	0.36%	EUR-SGD	1.5001	0.13%
EUR-USD	1.173	0.14%	JPY-SGD	0.8732	-0.33%
AUD-USD	0.653	0.60%	GBP-SGD	1.7395	-0.07%
GBP-USD	1.359	-0.07%	AUD-SGD	0.8357	0.61%
USD-MYR	4.240	0.04%	NZD-SGD	0.7677	0.09%
USD-CNY	7.179	0.03%	CHF-SGD	1.6082	0.34%
USD-IDR	16208	-0.14%	SGD-MYR	3.3184	0.15%
USD-VND	26125	-0.08%	SGD-CNY	5.6079	-0.01%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.8890	0.80%	1M	4.3435	-0.01%
3M	1.9440	-1.77%	2M	4.3575	-0.03%
6M	2.0160	-0.49%	3M	4.3300	-0.13%
12M	2.0440	-1.06%	6M	4.2165	-0.03%
			1Y	3.9917	-0.08%

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	-0.702	-65.6	-0.176	4.154
12/10/2025	-1.971	-70.4	-0.493	3.836

Equity and Commodity

Index	Value	Net change
DJIA	44,240.76	-165.60
S&P	6,225.52	-4.46
Nasdaq	20,418.46	5.94
Nikkei 225	39,688.81	101.13
STI	4,047.86	16.00
KLCI	1,530.14	-7.40
JCI	6,904.39	3.46
Baltic Dry	1,436.00	0.00
VIX	16.81	-0.98

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.73 (--)	3.89 (--)
5Y	1.76 (+0.03)	3.97 (+0.02)
10Y	2.1 (+0.03)	4.41 (+0.02)
15Y	2.15 (+0.04)	--
20Y	2.14 (+0.03)	--
30Y	2.15 (+0.04)	4.93 (+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)	68.33	0.59%	Corn (per bushel)	4.110	-1.7%
Brent (per barrel)	70.15	0.82%	Soybean (per bushel)	10.243	-0.7%
Heating Oil (per gallon)	244.13	0.83%	Wheat (per bushel)	5.430	0.6%
Gasoline (per gallon)	218.50	1.52%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.34	-2.11%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9790.50	-0.40%	Gold (per oz)	3301.9	-1.0%
Nickel (per mt)	15042.00	-0.89%	Silver (per oz)	36.8	0.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/09/2025 9:30	CH	PPI YoY	Jun	-3.20%	--	-3.30%	--
7/09/2025 9:30	CH	CPI YoY	Jun	-0.10%	--	-0.10%	--
7/09/2025 10:00	NZ	RBNZ Official Cash Rate	9-Jul	3.25%	--	3.25%	--
7/09/2025 11:45	TH	Consumer Confidence Economic	Jun	--	--	48.1	--
7/09/2025 14:00	JN	Machine Tool Orders YoY	Jun P	--	--	3.40%	--
7/09/2025 15:00	MA	BNM Overnight Policy Rate	9-Jul	2.75%	--	3.00%	--
7/09/2025 16:00	SI	Automobile COE Open Bid Cat E	9-Jul	--	--	116889	--
7/09/2025 16:00	SI	Automobile COE Open Bid Cat A	9-Jul	--	--	98124	--
7/09/2025 16:00	SI	Automobile COE Open Bid Cat B	9-Jul	--	--	116670	--
7/09/2025 19:00	US	MBA Mortgage Applications	4-Jul	--	--	2.70%	--
7/09/2025 22:00	US	Wholesale Inventories MoM	May F	-0.30%	--	-0.30%	--
7/09/2025 22:00	US	Wholesale Trade Sales MoM	May	0.20%	--	0.10%	--
7/09/2025-7/15/2025	CH	New Yuan Loans CNY YTD	Jun	12699.5b	--	10680.0b	10682.2b
7/09/2025-7/13/2025	VN	Domestic Vehicle Sales YoY	Jun	--	--	4.10%	--
7/09/2025-7/15/2025	CH	Money Supply M2 YoY	Jun	8.20%	--	7.90%	--
7/09/2025-7/15/2025	CH	Money Supply M1 YoY	Jun	2.80%	--	2.30%	--

Source: Bloomberg



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