

## Daily Treasury Outlook

10 June 2025

### Highlights

**Global:** China's economic dump and US-China talks in London were the focus of the market in an otherwise quiet Monday session. The nearly seven-hour talks were described by US Commerce Secretary Lutnick as "fruitful", and Secretary Bessent as a "good meeting". Reportedly, US signalled a willingness to remove restrictions on some tech exports in exchange for China easing limits on rare earth shipments. The expectation of reaching some sort of agreement underpins risk exposures more broadly. World stocks touched a new record high as indicated by the MSCI World index. US equity continued to grind higher, and S&P 500 traded above 6000 points. The UST yield curve bull steepened, with the yields down by around 3bps. The dollar index was constrained by the net buying in the UST and slid 0.25% on the day. Crude prices climbed for the third session, while spot gold prices advanced further. Japan's local news sources indicated that the Liberal Democratic Party decided to include cash handouts in its campaign pledges.

On data front, New York Fed's May survey suggested inflation expectations fell across all three horizons. One-year-ahead inflation expectations declined by 0.4 ppt to 3.2%, three-year-ahead inflation expectations by 0.2 ppt to 3.0%, and five-year-ahead inflation expectations by 0.1 ppt to 2.6%. Meanwhile, the labour market outlook also improved somewhat, with one-year-ahead earning growth expectation rising by 0.2 ppt to 2.7% and perceived probability of losing one's job lower by 0.5ppt to 14.8%. Closer to home, China's CPI and PPI fell by 0.1% YoY and 3.3% YoY respectively in May (vs. consensus of -0.2% and -3.2%). Meanwhile, total exports in USD terms rose 4.8% YoY (vs. consensus of 6.0%), and performance across different trading partners was mixed. Exports to the US plunged 34.4% YoY, the sharpest drop since February 2020, while exports to the rest of the world rose by 11.4%.

**Market Watch:** Asian market is likely to open with an upbeat tone today. Economic calendar in Asia comprises of Japan's May monetary data and machine tool orders, Indonesia's May foreign reserves, as well as Australia's June Westpac consumer confidence and May NAB business confidence. Later today, the market will watch US' April/May labour market and earning data, Eurozone's June Sentix investor confidence and US' May small business optimism index.

### Key Market Movements

Equity	Value	% chg
S&P 500	6005.9	0.1%
DJIA	42762	0.0%
Nikkei 225	38089	0.9%
SH Comp	3399.8	0.4%
STI	3936.3	0.1%
Hang Seng	24181	1.6%
KLCI	1519.4	0.2%
	Value	% chg
DXY	98.939	-0.3%
USDJPY	144.57	-0.2%
EURUSD	1.1422	0.2%
GBPUSD	1.3551	0.2%
USDIDR	16275	0.0%
USDSGD	1.2864	-0.2%
SGDMYR	3.2929	0.1%
	Value	chg (bp)
2Y UST	4.00	-3.31
10Y UST	4.47	-3.18
2Y SGS	1.83	1.80
10Y SGS	2.30	3.12
3M SORA	2.22	-2.42
3M SOFR	4.34	-0.16
	Value	% chg
Brent	67.04	0.9%
WTI	65.29	1.1%
Gold	3326	0.5%
Silver	36.76	2.2%
Palladium	1078	2.5%
Copper	9793	1.0%
BCOM	103.22	-0.1%

Source: Bloomberg

**Commodities:** Crude oil benchmarks extended gains for the third consecutive session, with WTI and Brent increasing by 1.1% and 0.9%, respectively, to USD65.3/bbl and USD67.0/bbl. Markets remain focused on the second round of US-China trade discussions in London this week. According to media reports, US officials have expressed positivity following the bilateral meeting in London. The bilateral discussions will be extended for a second day. Additionally, a weaker DXY profile has provided support for oil prices.

## Major Markets

**CN:** Export growth slowed to 4.8% YoY in May, down from 8.1% YoY in April, as the initial impact of U.S. tariffs and escalating trade uncertainty began to weigh more heavily on outbound shipments. The sharpest drag came from exports to the United States, which contracted by 34.5% YoY, deepening from April's -21.0%. This marks a clear signal that the trade measures are beginning to bite.

While there were signs of frontloading activity in the first half of May following the temporary trade truce, momentum faded by late May, indicating that the boost from early shipments has largely been exhausted. Recent shipping data suggests that export activity stabilized in early June, with a modest rebound recorded in the first week.

Looking ahead, we believe the tariff-related shock is largely priced in, and the trajectory of China's exports will increasingly hinge on underlying demand fundamentals rather than temporary policy noise.

**ID:** Coordinating Minister for Economic Affairs Airlangga Hartarto revealed that its nine-year free trade negotiations with the European Union are expected to conclude by the end of June 2025, following a meeting between with EU Commissioner for Trade Maros Sefcovic last Friday (6 June) in Brussels. While specific agreements were not disclosed, both parties aim to resolve outstanding issues, with the EU being Indonesia's fifth-largest trade partner, totalling USD30.1bn in trade in 2024. Separately, A "standard risk" classification under the EU's deforestation regulation (EUDR) may have paved the way for progress trade negotiations between the EU and Indonesia, as The Star reports. The EUDR assigns countries into low, standard, or high risk, with only Russia, Belarus, North Korea, and Myanmar currently in the high-risk group.

**MY:** An expanded sales and service tax will take effect on 1 July, imposing a 5–10% sales tax on selected non-essential goods like truffle mushrooms and antique paintings. Finance Minister II Amir Hamzah Azizan said the move, introduced under Budget 2025, is designed to widen the tax base without burdening the general public. The 6–8% service tax will now include sectors such as leasing, construction, finance, private healthcare, education, and beauty, with exemptions for essential services and small businesses.

**PH:** Based on preliminary data from the Bankgo Sentral ng Pilipinas (BSP), the final gross international reserves (GIR) level rose to USD105.5bn (as of end-May) from USD105.3bn (as of end-April). In its statement, the BSP noted that "the latest GIR level provides a robust external liquidity buffer, equivalent to 7.3 months' worth of imports of goods and payments of services and primary income. Additionally, it covers approximately 3.7 times the country's short-term external debt based on residual maturity." It explained that the monthly increase was driven by the upward valuation adjustments in its gold holdings due to higher international gold prices, net income from its overseas investments, and the national government's net foreign currency deposits within the BSP.

## ESG

**ID:** Indonesia's Environment Ministry plans to take firm and systematic action against four nickel mining companies operating on different islands in Raja Ampat District, to protect the area's biodiversity. These companies have been found to violate environmental regulations, including non-compliance with land permits, poor waste management and threats to the ecosystem of conservation areas. This sends a strong signal against violations related to biodiversity in the mining sector.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 1-3bps higher, belly tenors trading 3bps higher and 10Y trading 2bps higher. Per Bloomberg, China is utilizing its housing provident fund, a government savings initiative, to support its struggling housing sector by providing an alternative to bank mortgages. With RMB8.1 trillion in outstanding mortgages last year, the fund has surpassed banks in mortgage loan issuance as banks confront profit challenges. Recent rule changes have made it easier for individuals to access the fund, and its lower mortgage rates make it a vital resource for revitalizing the property market. In other news from Bloomberg, the China Securities Journal reports that Chinese companies have issued RMB374.8bn (~USD52.5bn) in bonds for technology innovation, according to industry data. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 73bps and Bloomberg Asia USD High Yield spreads tightened by 1bps to 486bps respectively. (Bloomberg, OCBC)

### New Issues:

There were no notable issuances in the Asiadollar and Singdollar markets yesterday

### Mandates:

Hanwha Life Insurance Co., Ltd. may issue USD denominated 30NC5 Tier 2 Subordinated bonds.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.939	-0.25%	USD-SGD	1.2864	-0.24%
USD-JPY	144.570	-0.19%	EUR-SGD	1.4691	-0.03%
EUR-USD	1.142	0.22%	JPY-SGD	0.8895	-0.08%
AUD-USD	0.652	0.40%	GBP-SGD	1.7427	-0.09%
GBP-USD	1.355	0.17%	AUD-SGD	0.8382	0.12%
USD-MYR	4.232	0.01%	NZD-SGD	0.7778	0.28%
USD-CNY	7.179	-0.18%	CHF-SGD	1.5654	-0.12%
USD-IDR	16275	-0.09%	SGD-MYR	3.2929	0.10%
USD-VND	26041	-0.06%	SGD-CNY	5.5865	0.14%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.9720	0.41%	1M	4.3163	0.05%
3M	1.9590	0.26%	2M	4.3193	0.01%
6M	2.0360	-0.49%	3M	4.3241	0.00%
12M	2.0410	-0.15%	6M	4.2715	0.05%
			1Y	4.0943	0.15%

## 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	-0.145	-14.5	-0.036	4.293
09/17/2025	-0.664	-51.9	-0.166	4.163
12/10/2025	-1.769	-62.4	-0.442	3.887

## Equity and Commodity

Index	Value	Net change
DJIA	42,761.76	-1.11
S&P	6,005.88	5.52
Nasdaq	19,591.24	61.29
Nikkei 225	38,088.57	346.96
STI	3,936.32	2.03
KLCI	1,519.41	2.62
JCI	7,113.43	44.39
Baltic Dry	1,633.00	7.00
VIX	17.16	0.39

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.83 (+0.02)	4(--)
5Y	1.94 (+0.02)	4.08 (-0.04)
10Y	2.3 (+0.03)	4.47 (-0.03)
15Y	2.41 (+0.02)	--
20Y	2.45 (+0.02)	--
30Y	2.48 (+0.02)	4.94 (-0.03)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.29
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	65.29	1.10%	Corn (per bushel)	4.335	-2.0%
Brent (per barrel)	67.04	0.86%	Soybean (per bushel)	10.560	-0.1%
Heating Oil (per gallon)	214.64	0.99%	Wheat (per bushel)	5.420	-2.3%
Gasoline (per gallon)	209.52	0.89%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.64	-3.94%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9793.00	1.03%	Gold (per oz)	3326.2	0.5%
Nickel (per mt)	15421.00	-0.43%	Silver (per oz)	36.8	2.2%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
6/10/2025 7:00	SK	BoP Current Account Balance	Apr	--	\$5701.7m	\$9144.6m	--
6/10/2025 7:00	SK	BoP Goods Balance	Apr	--	\$8988.8m	\$8493.1m	--
6/10/2025 7:50	JN	Money Stock M2 YoY	May	--	--	0.50%	--
6/10/2025 7:50	JN	Money Stock M3 YoY	May	--	--	0.10%	--
6/10/2025 11:00	ID	Foreign Reserves	May	--	--	\$152.5b	--
6/10/2025 14:00	UK	Average Weekly Earnings 3M/YoY	Apr	5.50%	--	5.50%	--
6/10/2025 14:00	UK	Weekly Earnings ex Bonus 3M/YoY	Apr	5.30%	--	5.60%	--
6/10/2025 14:00	UK	ILO Unemployment Rate 3Mths	Apr	4.60%	--	4.50%	--
6/10/2025 14:00	UK	Employment Change 3M/3M	Apr	40k	--	112k	--
6/10/2025 14:00	UK	Jobless Claims Change	May	--	--	5.2k	--
6/10/2025 16:30	EC	Sentix Investor Confidence	Jun	-5.5	--	-8.1	--
6/10/2025-6/15/2025	CH	New Yuan Loans CNY YTD	May	10959.7b	--	10060.0b	10059.7b
6/10/2025-6/15/2025	CH	Aggregate Financing CNY YTD	May	18673.0b	--	16340.0b	16342.9b
6/10/2025-6/15/2025	CH	Money Supply M2 YoY	May	8.10%	--	8.00%	--
6/10/2025-6/15/2025	CH	Money Supply M1 YoY	May	1.70%	--	1.50%	--
6/10/2025-6/15/2025	CH	Money Supply M0 YoY	May	--	--	12.00%	--

Source: Bloomberg

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