

## Daily Treasury Outlook

10 July 2025

### Highlights

**Global:** US equities rose on Wednesday, with the broad indexes of S&P, Dow, Nasdaq rising between 0.5% and 0.9% (S&P: 0.6%; Dow: 0.5%; NASDAQ: 0.9%). US President Donald Trump announced that a 50% tariff will be imposed on imports from Brazil, effective 1 August, partly due to the ongoing prosecution of former Brazilian President Jair Bolsonaro and what he described as an “unfair trade relationship”. According to data from the Office of the US Trade Representative, the US has a goods trade surplus with Brazil at USD7.4bn in 2024, “a 31.9 percent increase (USD1.8bn) over 2023.” Brazilian President Luiz da Silva responded that Brazil would respond to the decision with “reciprocity”. President Trump also announced that a 50% tariff on copper will begin on 1 August. These tariff announcements were made after the US equity market closed. Prior to this, a second wave of tariff letters was sent by President Trump, with the rates for each country ranging from 20% to 40%, effective 1 August. Specifically, in the ASEAN region, the Philippines and Brunei are imposed a tariff rate of 20% and 25%, respectively, up from 17% and 24%. On central bank meetings, Bank Negara Malaysia cut its policy rate by 25bps to 2.75% at its 9 July meeting. Meanwhile, Reserve Bank of New Zealand kept its policy rate unchanged at 3.25%.

**Market Watch:** The calendar is relatively light, with the Bank of Korea (BoK) keeping its policy rate unchanged at 2.50% in line with consensus and our expectations. Data releases include US weekly initial jobless claims and continuing claims. Fed officials Musalem and Daly will speak tonight. Meanwhile, ECB officials Cipollone, Escriva, and Villeroy are also scheduled to speak today.

**Commodities:** Crude oil benchmarks closed relatively flat, with WTI and Brent closing at USD68.4/bbl and USD70.2/bbl, respectively. The Trump administration announced additional sanctions on Iranian oil exports. In the latest measures, the US Department of the Treasury designated “22 entities based in Hong Kong, the United Arab Emirates (UAE), and Türkiye for their roles in facilitating the sale of Iranian oil that benefits the Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF).” Nevertheless, a surprise buildup in US crude oil inventories may have limited price gains. The US Energy Information Administration reported a significant increase in US crude inventories, which rose by 7.1mn bbls (consensus: -1.9mn bbls) to 426.0mn bbls, for the week ending 4 July.

### Key Market Movements

Equity	Value	% chg
S&P 500	6263.3	0.6%
DJIA	44458	0.5%
Nikkei 225	39821	0.3%
SH Comp	3493.1	-0.1%
STI	4057.8	0.2%
Hang Seng	23892	-1.1%
KLCI	1529.2	-0.1%
	Value	% chg
DX	97.555	0.0%
USDJPY	146.33	-0.2%
EURUSD	1.1720	0.0%
GBPUSD	1.3586	0.0%
USIDR	16243	0.2%
USDSGD	1.2803	0.1%
SGDMYR	3.3202	0.1%
	Value	chg (bp)
2Y UST	3.84	-4.76
10Y UST	4.33	-6.72
2Y SGS	1.74	0.90
10Y SGS	2.12	2.55
3M SORA	1.99	-0.81
3M SOFR	4.34	-0.09
	Value	% chg
Brent	70.19	0.1%
WTI	68.38	0.1%
Gold	3314	0.4%
Silver	36.39	-1.0%
Palladium	1111	-0.1%
Copper	9631	-1.6%
BCOM	102.78	-0.6%

Source: Bloomberg

## Major Markets

**CH:** China's CPI YoY change returned to positive territory in June, broadly in line with market expectations. The improvement was partially driven by food prices, as the usual seasonal decline was smaller than expected—mainly due to heavy rainfall and high temperatures pushing up vegetable prices. Rising global oil prices also contributed to higher energy costs. Meanwhile, domestic consumption-supportive policies lent strength to prices of automobiles and home appliances. Notably, prices of cultural and entertainment durable goods, home textiles, and household appliances rose by 2.0%, 2.0%, and 1.0% YoY, respectively. Despite the improvement in June, CPI for 1H25 remained in slight deflation at -0.1% YoY, with core inflation staying below 0.5%, underscoring the persistent challenges along China's reflation path. The prolonged downturn in the property sector—now entering its fourth year—continues to erode household wealth and dampen consumer confidence.

On the producer side, PPI contracted by -3.6% YoY in June, below market expectations. MoM, prices fell 0.4% for the fourth consecutive month. Despite a rebound in global oil prices, weak momentum persisted across upstream sectors, reflecting deteriorating supply-demand dynamics in specific industries. Inclement weather also weighed on construction activity, further depressing prices of materials like steel and cement. For the first half of the year, PPI fell 2.8% YoY—0.6 percentage points deeper than the contraction recorded in 2023. The weakness was driven by a combination of lower global commodity prices and sustained domestic pressures, including the property downturn and lacklustre consumer demand.

Looking ahead, the ongoing downturn in pork prices suggests that CPI inflation will remain subdued in 2H25. Should external demand soften further, exporters may divert more inventory into the domestic market, adding deflationary pressure. While recent anti-"involution" policies may lend some marginal price support, the broader reflation process will hinge on sustained and coordinated policy support. Fiscal expansion and monetary easing will remain critical tools in guiding the economy out of deflation in the months ahead.

**ID:** Bank Indonesia's retail sales survey estimates that sales will increase by 2.0% YoY in June, up from 1.9% in the previous month. Higher sales are expected in fuel, spare parts & accessories, as well as clothing, which are expected to more than offset the expected easing in food, drinks & beverages sales. The June print brings sales growth to 1.2% YoY in 2Q25, down from 2.8% in 1Q25. The survey also indicates that respondents expect milder inflationary pressure in the next three months (August) before intensifying in the six months ahead (November).

**MY:** BNM cut its policy rate by 25bps, in line with consensus and our expectations. BNM characterised the cut as “a pre-emptive measure aimed at preserving Malaysia’s steady growth path amid moderate inflation prospects.” The accompanying statement was dovish, with some changes from the 8 May. On the domestic growth outlook, BNM expected that it would remain supported by domestic demand and that “favourable trade negotiations outcomes...could raise Malaysia’s export prospects.” However, BNM was clear that “the balance of risks to the growth outlook remains tilted to the downside” despite the latest activity data pointing towards “continued growth in economic activity in the second quarter.” The forward-looking portion of the statement stated that the 25bp at the 9 July meeting was “pre-emptive”, but we do not think this is a ‘one and done’ move. With inflation likely to remain contained despite subsidy rationalisation and slower growth, we forecast that BNM will lower its policy rate by another 25bps either at its 4 September or 6 November meeting. This will take the policy rate to 2.50% by end-2025.

**TH:** The Consumer Confidence Index (CCI) fell for the fifth consecutive month, easing to 52.7 in June from 54.2 in May 2025. The decline in the CCI was broad-based across the sub-indices of ‘economic situation’ (46.7 versus 48.1 in May), ‘income’ (60.9 versus 62.7 in May), and ‘job’ (50.6 versus 51.9 in May). According to a statement from the University of the Thai Chamber of Commerce, the decline in June was mainly driven by concerns over political uncertainty following the leaked phone call of an official conversation between the leaders of Thailand and Cambodia. Thanavath Phonvichai, President of the University of the Thai Chamber of Commerce, added that confidence was further shaken due to concerns about an escalating trade war and the rising cost of living.

## ESG

**MY:** The Sabah State Legislative Assembly passed three Bills to tighten the management of state sales tax, degazette forest reserves for development, and introduce new laws to regulate the carbon credit industry. With the degazettement, Sabah’s total Permanent Forest Reserve will shrink by 0.47%, from 3.575mn hectares to 3.558mn hectares. The state government aims to establish forest areas of equal size to the cleared forest areas to fulfil its conservation commitments. There are also plans to establish a full carbon governance framework to protect Sabah’s status as a net carbon sink, and to promote inclusive climate action.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 2-3bps higher while belly tenors and 10Y traded 3bps higher. As per Bloomberg, New World Development Co. ("New World") plans to divest mainland China real estate projects piecemeal, including K11 buildings, after pulling off an USD11bn refinancing deal in June. In other news by Bloomberg, Logan Group announced via HKEX filing that bondholder approved the restructuring of 21 onshore corporate bonds and asset-backed securities issued by its subsidiary Shenzhen Logan. Repayment terms will be adjusted, with restructuring proposal options such as full conversion into designated assets, asset-for-debt swap, cash repurchase, and equity economic rights. Meanwhile in India, two units of Adani Group are in advanced talks to secure USD250mn from Mitsubishi UFJ Financial Group via separate offshore loans. Meanwhile, Adani Enterprises Ltd. is closing an oversubscribed public bond offering early, with subscriptions totalling INR15.1bn. Bloomberg Asia USD Investment Grade spreads widened by 2bps to 72bps and Bloomberg Asia USD High Yield spreads widened by 9bps to 370bps respectively. (Bloomberg, OCBC)

### New Issues:

There were nine notable issuances by three issuers in the Asiadollar market yesterday.

- NTT Finance Corporation priced USD11.25bn of debt in seven tranches: a USD1.25bn 2Y Fixed Bond at T+72bps (yield: 4.567%), a USD1.5bn 3Y Fixed Bond at T+82bps (yield: 4.62%), a USD500mn 3Y FRN at SOFR+108bps, a USD2.5bn 5Y Fixed Bond at T+97bps (yield: 4.876%), a USD500mn 5Y FRN at SOFR+131bps, a USD2.5bn 7Y Fixed Bond at T+107bps (yield: 5.171%) and a USD2.5bn 10Y Fixed Bond at T+117bps (yield: 5.502%).
- CSI MTN Ltd (guarantor: CITIC Securities International Co Ltd) priced a USD600mn 3Y FRN at SOFR+60bps.
- Zhenjiang Transportation Industry Group Co Ltd priced a USD220mn 3Y Social Fixed Bond at 4.78%.

There were two notable issuances in the Singdollar market yesterday.

- UOL Treasury Services Pte. Ltd. (guarantor: UOL Group Ltd) priced a SGD75mn retap of its existing UOLSP 2.78% '32s at 2.78%.
- Mapletree Treasury Services Limited (guarantor: Mapletree Investments Pte Ltd) priced a SGD400mn 15Y Fixed Bond at 3.048%.

### Mandates:

- There were no notable mandates yesterday.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.555	0.04%	USD-SGD	1.2803	0.06%
USD-JPY	146.330	-0.17%	EUR-SGD	1.5005	0.03%
EUR-USD	1.172	-0.04%	JPY-SGD	0.8751	0.22%
AUD-USD	0.654	0.08%	GBP-SGD	1.7395	0.00%
GBP-USD	1.359	-0.04%	AUD-SGD	0.8368	0.13%
USD-MYR	4.250	0.24%	NZD-SGD	0.7681	0.05%
USD-CNY	7.181	0.03%	CHF-SGD	1.6120	0.24%
USD-IDR	16243	0.22%	SGD-MYR	3.3202	0.05%
USD-VND	26138	0.05%	SGD-CNY	5.6076	-0.01%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.9160	1.43%	1M	4.3420	0.01%
3M	1.9480	0.21%	2M	4.3570	0.03%
6M	2.0190	0.15%	3M	4.3194	-0.06%
12M	2.0490	0.24%	6M	4.1908	-0.15%
			1Y	3.9480	-0.11%

## 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	-0.067	-6.7	-0.017	4.313
09/17/2025	-0.796	-72.9	-0.199	4.13
12/10/2025	-2.152	-74.4	-0.538	3.791

## Equity and Commodity

Index	Value	Net change
DJIA	44,458.30	217.54
S&P	6,263.26	37.74
Nasdaq	20,611.34	192.88
Nikkei 225	39,821.28	132.47
STI	4,057.82	9.96
KLCI	1,529.24	-0.90
JCI	6,943.92	39.53
Baltic Dry	1,431.00	-5.00
VIX	15.94	-0.87

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.74 (+0.01)	3.85(--)
5Y	1.77 (+0.01)	3.91 (-0.06)
10Y	2.12 (+0.03)	4.34 (-0.07)
15Y	2.18 (+0.03)	--
20Y	2.17 (+0.04)	--
30Y	2.18 (+0.03)	4.87 (-0.06)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.34
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	68.38	0.07%	Corn (per bushel)	4.125	0.4%
Brent (per barrel)	70.19	0.06%	Soybean (per bushel)	10.123	-1.2%
Heating Oil (per gallon)	240.92	-1.31%	Wheat (per bushel)	5.428	0.0%
Gasoline (per gallon)	218.79	0.13%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.21	-3.77%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9630.50	-1.63%	Gold (per oz)	3313.7	0.4%
Nickel (per mt)	14979.00	-0.42%	Silver (per oz)	36.4	-1.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/10/2025 14:00	GE	CPI MoM	Jun F	0.00%	--	0.00%	--
7/10/2025 14:00	GE	CPI YoY	Jun F	2.00%	--	2.00%	--
7/10/2025 14:00	GE	CPI EU Harmonized MoM	Jun F	0.10%	--	0.10%	--
7/10/2025 14:00	GE	CPI EU Harmonized YoY	Jun F	2.00%	--	2.00%	--
7/10/2025 16:00	IT	Industrial Production MoM	May	-0.20%	--	1.00%	--
7/10/2025 16:00	IT	Industrial Production WDA YoY	May	0.40%	--	0.30%	--
7/10/2025 20:30	US	Initial Jobless Claims	5-Jul	235k	--	233k	--
7/10/2025 20:30	US	Initial Claims 4-Wk Moving Avg	5-Jul	--	--	241.50k	--
7/10/2025 20:30	US	Continuing Claims	28-Jun	1965k	--	1964k	--
7/10/2025	SK	BOK Base Rate	10-Jul	2.50%	--	2.50%	--
7/10/2025-7/15/2025	CH	New Yuan Loans CNY YTD	Jun	12699.5b	--	10680.0b	10682.2b
7/10/2025-7/13/2025	VN	Domestic Vehicle Sales YoY	Jun	--	--	4.10%	--
7/10/2025-7/15/2025	CH	Aggregate Financing CNY YTD	Jun	22430.7b	--	18630.0b	18630.7b
7/10/2025-7/15/2025	CH	Money Supply M2 YoY	Jun	8.20%	--	7.90%	--
7/10/2025-7/15/2025	CH	Money Supply M1 YoY	Jun	2.80%	--	2.30%	--
7/10/2025-7/15/2025	CH	Money Supply M0 YoY	Jun	--	--	12.10%	--

Source: Bloomberg

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