

## Daily Treasury Outlook

10 September 2025

### Highlights

**Global:** The DXY index edged higher, short end yields closed the session higher while equity gains were muted at 0.5% across the three major indices. The highlight overnight were the revisions to the BLS non-farm payroll data at -911k jobs. This revision of -0.6% is above the revisions of the last 10 years at an “absolute average of 0.2 percent of total nonfarm employment”. The revisions were significant across all key sectors, with the largest revisions to the private sector leisure and hospitality (-176k), professional and business services (-158k), retail (-126.2k) and wholesale (-110.3k) trade sectors. The revisions in the services sectors of the economy suggests that some of the economic resilience in US growth for the year through to March 2025 could have been overstated. Meanwhile, the revisions to the manufacturing sector were also significant at -95k. The final figures will be announced in a news release in January 2026. Fed funds futures have fully priced in a 25bp rate cut at the Federal Reserve’s 17 September meeting. The pricing suggests 66.5bps through to end-2025. Separately, President Trump presses on with tariff threats – the latest salvo is to India and China of up to 100% tariffs to increase pressure on Russia to end tensions with Ukraine, provided EU does so as well.

**Market Watch:** South Korea’s unemployment rate for August ticked higher to 2.6% from 2.5% in July. Other data releases today include China’s August CPI and PPI, Philippines July unemployment rate, Netherlands July manufacturing production, US August PPI final demand and US weekly mortgage applications. The ECB is also in its quiet period until the 11 September decision, along with the US Fed in a blackout period.

**Commodities:** Crude oil benchmarks extended gains on Tuesday, with WTI and Brent rising by 0.6% to USD62.6/bbl and USD66.4/bbl, respectively. Prices advanced following an Israeli military strike targeting senior Hamas leadership in Doha, Qatar. This sparked concerns about a potential re-escalation of geopolitical tensions in the Middle East, with WTI and Brent climbing more than 2% to intraday highs of USD63.7/bbl and USD67.4/bbl, respectively, during the NY session. However, gains were swiftly pared back after reports indicated that the situation would not escalate further, with the US assuring Qatar that such a military strike would not occur in the country again. Elsewhere, the American Petroleum Institute (API) reported a buildup of 1.3mn bbls in US crude inventories for the week ending 5 September. If materialised, this would represent a second consecutive weekly buildup in US crude oil inventories. The US Energy Information Administration (EIA) crude oil inventories data will be released tonight (10 September).

### Key Market Movements

| Equity     | Value  | % chg    |
|------------|--------|----------|
| S&P 500    | 6512.6 | 0.3%     |
| DJIA       | 45711  | 0.4%     |
| Nikkei 225 | 43459  | -0.4%    |
| SH Comp    | 3807.3 | -0.5%    |
| STI        | 4297.6 | -0.3%    |
| Hang Seng  | 25938  | 1.2%     |
| KLCI       | 1586.8 | 0.1%     |
|            | Value  | % chg    |
| DXY        | 97.788 | 0.3%     |
| USDJPY     | 147.41 | -0.1%    |
| EURUSD     | 1.1708 | -0.5%    |
| GBPUSD     | 1.3528 | -0.1%    |
| USDIDR     | 16475  | 1.0%     |
| USDSGD     | 1.2828 | 0.0%     |
| SGDMYR     | 3.2850 | 0.0%     |
|            | Value  | chg (bp) |
| 2Y UST     | 3.56   | 7.21     |
| 10Y UST    | 4.09   | 4.77     |
| 2Y SGS     | 1.43   | 0.80     |
| 10Y SGS    | 1.84   | 1.85     |
| 3M SORA    | 1.54   | 0.18     |
| 3M SOFR    | 4.36   | 0.13     |
|            | Value  | % chg    |
| Brent      | 66.39  | 0.6%     |
| WTI        | 62.63  | 0.6%     |
| Gold       | 3627   | -0.3%    |
| Silver     | 40.87  | -1.2%    |
| Palladium  | 1142   | 0.1%     |
| Copper     | 9914   | 0.0%     |
| BCOM       | 103.05 | -0.1%    |

Source: Bloomberg

## Major Markets

**ID:** The foreign reserves eased to USD150.7bn by the end of August, down from USD152.0bn at the end of July, partly influenced “by the government's external debt repayments and the rupiah stabilization policy implemented by Bank Indonesia in response to persistently high global financial market uncertainty,” according to BI. The reserves cover 6.3 months of imports, similar to July, or 6.1 months including debt payments, which is well above the international adequacy benchmark of around three months of imports. Separately, Finance Minister Purbaya Yudhi Sadewa noted that he will discuss with Bank Indonesia “measures needed to ease liquidity significantly in the short term,” as reported by Reuters, while also pledging to abide by the annual budget deficit limit law of 3% of GDP.

**MY:** Prime Minister Anwar Ibrahim announced that US President Donald Trump will visit Malaysia next month for the 47th ASEAN Summit, alongside Chinese Premier Li Qiang. Russian President Vladimir Putin is also “seriously considering” a visit to Malaysia. Additionally, Prime Minister Anwar emphasized that Malaysia’s political stability, clear economic policies, and resilient fundamentals continue to attract global attention and investor confidence. Separately, Bank Negara Malaysia reported that international reserves stood at USD122.7bn as of 29 August, sufficient to finance 4.8 months of imports of goods and services, and equivalent to 0.9 times the total short-term external debt.

**TH:** The Cabinet has approved maintaining the 7% VAT rate for another year. The extension will take effect from 1 October 2025 and end on 30 September 2026. According to Deputy Finance Minister Julapun Amornvivat, the extension will help mitigate the impact of the economic slowdown and support domestic consumption. The VAT was reduced from 10% to 7% during the 1997 financial crisis and has since been maintained at this rate.

## ESG

**MY:** Sarawak is set to export hydrogen in solid form of magnesium hydride to Singapore within two months under a pilot project. SEDC Energy Sdn Bhd, which is developing Sarawak’s hydrogen value chain, is working together with technology partner Hydrexia Holdings Ltd under an agreement to undertake the hydrogen export. SEDC Energy is also driving two large-scale hydrogen projects - H2ornbill (involving a Japanese consortium) and H2biscus (South Korean consortium) that form part of the Sarawak Hydrogen Hub in Bintulu. The H2ornbill and H2biscus projects could produce 240,000 tonnes per annum of green hydrogen, making the Sarawak Hydrogen Hub one of the largest producers of clean energy globally. The first phase of the Sarawak Hydrogen Hub is scheduled to commence operations in 2028. These efforts contribute to Sarawak’s ambition to build a regional hydrogen economy.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded higher yesterday with shorter tenors, belly tenors and 10Y trading 2bps higher. As per Bloomberg, Moody's downgraded Hanwha Totalenergies Petrochemical Co Ltd's senior unsecured rating from Baa2 to Baa3, the lowest investment-grade level, with a negative outlook. The downgrade was on the expectation of weak earnings over the next one to two years due to severe petrochemical industry downcycle, driven by persistent oversupply and weak product spreads. Bloomberg Asia USD Investment Grade spreads was flat at ~65bps and Bloomberg Asia USD High Yield spreads tightened by 3bps to 344bps respectively. (Bloomberg, OCBC)

### New issues:

There were two notable issuances in the Asiadollar market yesterday.

- Korea Development Bank priced a USD1bn 5Y Fixed Bond at SOFR MS+64bps (Reoffer price 99.334 to yield 3.898%).
- SMPHI SG Holdings Pte Ltd (guarantor: SM Prime Holdings Inc) priced a USD350mn 5Y Fixed Bond at T+120bps (Reoffer price 99.806 to yield 4.794%).
- Denso Corporation priced a USD500mn 5Y Fixed Bond at T+68bps (Reoffer price par to yield 4.282%).
- NBN Co Ltd priced USD650mn 5Y Fixed Bond at T+60bps (Reoffer price 99.803 to yield 4.194%).

There were no notable issuances in the Singdollar market yesterday.

### Mandates:

- Komatsu Finance America Inc (guarantor: Komatsu Ltd) may issue a USD-denominated 5Y Senior Fixed Note.
- Nanshan Life Pte Ltd (guarantor: Nan Shan Life Insurance Co Ltd) may issue a USD-denominated 15.5NC10.5 Tier 2 Subordinated Note.
- Hikari Tsushin Inc may issue a USD-denominated 10Y Senior Fixed Note.
- KEB Hana Bank has mandated arrangers to arrange for a series of fixed income meetings.

## Foreign Exchange

|         | Day Close | % Change |         | Day Close |
|---------|-----------|----------|---------|-----------|
| DX      | 97.788    | 0.34%    | USD-SGD | 1.2828    |
| USD-JPY | 147.410   | -0.06%   | EUR-SGD | 1.5019    |
| EUR-USD | 1.171     | -0.47%   | JPY-SGD | 0.8702    |
| AUD-USD | 0.659     | -0.11%   | GBP-SGD | 1.7352    |
| GBP-USD | 1.353     | -0.13%   | AUD-SGD | 0.8447    |
| USD-MYR | 4.205     | -0.33%   | NZD-SGD | 0.7601    |
| USD-CNY | 7.124     | -0.08%   | CHF-SGD | 1.6087    |
| USD-IDR | 16475     | 1.05%    | SGD-MYR | 3.2850    |
| USD-VND | 26385     | -0.09%   | SGD-CNY | 5.5503    |

## SOFR

| Tenor | EURIBOR | Change | Tenor | USD SOFR |
|-------|---------|--------|-------|----------|
| 1M    | 1.8860  | 0.32%  | 1M    | 4.1834   |
| 3M    | 2.0340  | -0.93% | 2M    | 4.1230   |
| 6M    | 2.1050  | 0.24%  | 3M    | 4.0699   |
| 12M   | 2.1840  | 0.28%  | 6M    | 3.8978   |
|       |         |        | 1Y    | 3.6454   |

## Fed Rate Hike Probability

| Meeting    | # of Hikes/Cuts | % of Hikes/Cuts | Implied Rate Change | Expected Effective Fed Funds Rate |
|------------|-----------------|-----------------|---------------------|-----------------------------------|
| 09/17/2025 | -1.073          | -107.30%        | -0.268              | 4.064                             |
| 10/29/2025 | -1.8            | -72.70%         | -0.45               | 3.882                             |
| 12/10/2025 | -2.665          | -86.50%         | -0.666              | 3.666                             |

## Equity and Commodity

| Index      | Value     | Net change |
|------------|-----------|------------|
| DJIA       | 45,711.34 | 196.39     |
| S&P        | 6,512.61  | 17.46      |
| Nasdaq     | 21,879.49 | 80.79      |
| Nikkei 225 | 43,459.29 | -184.52    |
| STI        | 4,297.57  | -10.95     |
| KLCI       | 1,586.81  | 1.22       |
| JCI        | 7,628.61  | -138.24    |
| Baltic Dry | 2,019.00  | 40.00      |
| VIX        | 15.04     | -0.07      |

## Government Bond Yields (%)

| Tenor | SGS (chg)    | UST (chg)    |
|-------|--------------|--------------|
| 2Y    | 1.43 (+0.01) | 3.55(--)     |
| 5Y    | 1.53 (+0.02) | 3.62 (+0.06) |
| 10Y   | 1.84 (+0.02) | 4.09 (+0.05) |
| 15Y   | 1.91 (--)    | --           |
| 20Y   | 1.95 (--)    | --           |
| 30Y   | 2.03 (--)    | 4.73 (+0.04) |

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

|      |      |
|------|------|
| SOFR | 4.40 |
|------|------|

## Commodities Futures

| Energy                   | Futures  | % chg  | Soft Commodities        | Futures | % chg |
|--------------------------|----------|--------|-------------------------|---------|-------|
| WTI (per barrel)         | 62.63    | 0.59%  | Corn (per bushel)       | 4.013   | -0.4% |
| Brent (per barrel)       | 66.39    | 0.56%  | Soybean (per bushel)    | 10.115  | -0.2% |
| Heating Oil (per gallon) | 231.99   | 0.35%  | Wheat (per bushel)      | 5.008   | -0.9% |
| Gasoline (per gallon)    | 199.25   | 1.73%  | Crude Palm Oil (MYR/MT) | 45.090  | 0.5%  |
| Natural Gas (per MMBtu)  | 3.12     | 0.87%  | Rubber (JPY/KG)         | 309.500 | 2.8%  |
| Base Metals              | Futures  | % chg  | Precious Metals         | Futures | % chg |
| Copper (per mt)          | 9914.00  | -0.01% | Gold (per oz)           | 3626.6  | -0.3% |
| Nickel (per mt)          | 15105.00 | -0.81% | Silver (per oz)         | 40.9    | -1.2% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

| Date Time       | Country Code | Event                          | Period | Survey | Actual | Prior  | Revised |
|-----------------|--------------|--------------------------------|--------|--------|--------|--------|---------|
| 9/10/2025 11:00 | ID           | Consumer Confidence Index      | Aug    | --     | --     | 118.1  | --      |
| 9/10/2025 14:00 | DE           | CPI MoM                        | Aug    | --     | --     | 1.50%  | --      |
| 9/10/2025 14:00 | DE           | CPI YoY                        | Aug    | --     | --     | 2.30%  | --      |
| 9/10/2025 14:00 | DE           | CPI EU Harmonized MoM          | Aug    | --     | --     | 1.70%  | --      |
| 9/10/2025 14:00 | DE           | CPI EU Harmonized YoY          | Aug    | --     | --     | 2.20%  | --      |
| 9/10/2025 19:00 | US           | MBA Mortgage Applications      | 5-Sep  | --     | --     | -1.20% | --      |
| 9/10/2025 20:30 | US           | PPI Final Demand MoM           | Aug    | 0.30%  | --     | 0.90%  | --      |
| 9/10/2025 20:30 | US           | PPI Ex Food and Energy MoM     | Aug    | 0.30%  | --     | 0.90%  | --      |
| 9/10/2025 20:30 | US           | PPI Ex Food, Energy, Trade MoM | Aug    | 0.30%  | --     | 0.60%  | --      |
| 9/10/2025 20:30 | US           | PPI Final Demand YoY           | Aug    | 3.30%  | --     | 3.30%  | --      |
| 9/10/2025 20:30 | US           | PPI Ex Food and Energy YoY     | Aug    | 3.50%  | --     | 3.70%  | --      |
| 9/10/2025 20:30 | US           | PPI Ex Food, Energy, Trade YoY | Aug    | --     | --     | 2.80%  | --      |
| 9/10/2025 22:00 | US           | Wholesale Trade Sales MoM      | Jul    | 0.20%  | --     | 0.30%  | --      |
| 9/10/2025 22:00 | US           | Wholesale Inventories MoM      | Jul F  | 0.20%  | --     | 0.20%  | --      |

Source: Bloomberg

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