

Daily Treasury Outlook

11 June 2025

Highlights

Global: U.S. equities ended higher on Tuesday, buoyed by investor optimism over renewed progress in U.S.-China trade negotiations. Following two days of intensive talks, both sides confirmed that a framework agreement to ease export controls had been reached. U.S. Commerce Secretary Lutnick described the deal as putting “meat on the bones” of last month’s Geneva consensus, while China’s Vice Commerce Minister Li Chenggang said the framework would be brought back to both governments for final endorsement. Notably, China’s restrictions on rare earth minerals and magnets exports to the U.S. are expected to be resolved as a “fundamental” part of the agreement.

Meanwhile, the World Bank cut its 2025 global growth forecast by 0.4% to 2.3%, citing heightened trade tensions and elevated uncertainty as key headwinds. The downgrade was broad-based, with U.S. growth revised down by 0.9% to 1.4%, the Eurozone by 0.3%, and Japan by 0.5%. China’s growth forecast was left unchanged at 4.5%, with the World Bank noting that Beijing retains monetary and fiscal headroom to cushion the economy if needed. The report warned that a further 10% increase in U.S. tariffs, along with proportional retaliation, could shave another 0.5% off global growth in 2025.

The World Bank also projected global inflation at 2.9% in 2025, staying above pre-pandemic levels due to tariff pressures and tight labor markets. Global trade growth is expected to slow to 1.8% in 2025, down from 3.4% in 2024, although the risk of a global recession remains below 10%.

On US data, the NFIB Small Business Optimism Index rebounded in May, buoyed by the trade truce. The capex plans sub-index rose to 22, up from 18 in April and marking the highest level in 2025. This suggests that small businesses remain highly responsive to tariff-related headlines and easing financial conditions.

Market Watch: Looking ahead, markets will focus on the U.S. May CPI report, which may offer insights into the inflationary impact of recent tariffs. Attention will also turn to the \$39 billion 10-year U.S. Treasury auction today ahead of Thursday’s 30-year issuance. In Europe, ECB President Christine Lagarde will speak in Beijing, with markets closely watching for policy signals in the absence of Fed commentary due to the blackout period.

Key Market Movements

Equity	Value	% chg
S&P 500	6038.8	0.5%
DJIA	42867	0.2%
Nikkei 225	38212	0.3%
SH Comp	3384.8	-0.4%
STI	3933.8	-0.1%
Hang Seng	24163	-0.1%
KLCI	1517.0	-0.2%
	Value	% chg
DXY	99.098	0.2%
USDJPY	144.87	0.2%
EURUSD	1.1425	0.0%
GBPUSD	1.3500	-0.4%
USDIDR	16273	0.0%
USDSGD	1.287	0.0%
SGDMYR	3.2955	0.1%
	Value	chg (bp)
2Y UST	4.02	1.47
10Y UST	4.47	-0.40
2Y SGS	1.84	1.60
10Y SGS	2.30	0.78
3M SORA	2.21	-0.69
3M SOFR	4.34	-0.03
	Value	% chg
Brent	66.87	-0.3%
WTI	64.98	-0.5%
Gold	3324	-0.1%
Silver	36.54	-0.6%
Palladium	1061	-1.6%
Copper	9757	-0.4%
BCOM	102.77	-0.4%

Source: Bloomberg

Commodities: Crude oil benchmarks edged lower, with WTI and Brent declining by 0.5% and 0.3%, respectively, to USD65.0/bbl and USD66.9/bbl. Nevertheless, prices remained at a near seven-week high as markets focused on the outcome of the second round of bilateral meeting between US and China. Meanwhile, the Energy Information Administration updated its US domestic crude oil production forecasts, projecting a decline by 0.4% to 13.37 mbpd in 2026. This would be the first time since 2021. Separately, the American Petroleum Institute (API) reported a decline of 0.4mn bbls in US crude inventories for the week ending on 6 June. The Energy Information Administration (EIA) is scheduled to release its weekly oil inventories status report tonight (11 June), with consensus anticipating a larger drawdown of 2.3mn bbls in US crude inventories.

Major Markets

ID: Foreign reserves steadied at USD152.5bn at end-May 2025 similar to April. The reserves position was influenced, among other factors, by the “tax and services receipts as well as oil and gas receipts, amid the government's external debt payments and Bank Indonesia's Rupiah stabilization policy in response to increasing global financial market uncertainty,” according to BI. The reserves cover 6.4 months of imports or 6.2 months including debt payments, well above the international adequacy benchmark of around three months of imports.

MY: PM Anwar Ibrahim and Polish President Andrzej Duda have agreed to deepen Malaysia-Poland defence ties, including potential long-term procurement and expanded strategic collaboration. At their joint press conference on Tuesday (10 June), PM Anwar welcomed Poland's expertise in military technology and green hydrogen, while noting positive feedback on Polish defence systems. He also highlighted prospects in halal and food tech, and renewable energy sectors.

PH: The Bangko Sentral ng Pilipinas (BSP) reported that net Foreign Direct Investment (FDI) inflows declined by 27.8% YoY (February: -61.6%) to USD0.5bn in March 2025. This decrease in net FDI inflows was primarily driven by a broad-based decline across all major FDI components. The majority of equity capital investments in March came from Singapore, Japan, the United States, South Korea, and Malaysia, and were primarily directed towards the real estate, manufacturing, financial and insurance, and administrative and support services sectors.

VN: Qualcomm inaugurated a new artificial intelligence research and development centre in Hanoi on Tuesday (10 June), marking it as the company's third-largest R&D facility globally. The center aims to advance generative and agentic AI solutions for various applications, including smartphones and automotive technology. Deputy Minister of Science and Technology Le Xuan Dinh highlighted the centre's significance for US-Vietnam technology cooperation and its potential to enhance Vietnam's AI research capabilities and workforce development. In April, Qualcomm acquired MovianAI, a Vietnamese developer of AI.

ESG

Rest of the World: Britain plans to invest £14.2 bn to build the Sizewell C nuclear plant in Southeast England, as part of its wider spending review that will define its priorities over the next four years. It is seeking to build new nuclear plants to replace its ageing fleet to help boost its energy security and achieve its climate targets. The Sizewell C plant is also expected to create around 10,000 jobs during the construction phase. This project reflects a renewed interest in nuclear energy globally as governments strive to achieve their climate goals.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve bear flattened mildly with short end yields trading higher by 2-4bps while the belly and longer tenors rose 1-2 bps. The 10Y traded ~1bps higher. China Vanke Co Ltd sold treasury A shares for the first time on Tuesday per a statement to the Shenzhen stock exchange as reported in Bloomberg. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 72bps and Bloomberg Asia USD High Yield spreads tightened by 21bps to 465bps respectively. (Bloomberg, OCBC)

New Issues:

There was one notable issuance in the Asiadollar market yesterday.

- Fujian Jinshang Holding Group Co Ltd priced a USD180mn 3Y Sustainability Fixed at 5.6%.

There were two notable issuances in the Singdollar market yesterday.

- Shangri-La Hotel Limited (Guarantor: Shangri-La Asia Limited) priced a SGD125mn 7Y bond at 3.54%.
- HSBC Institutional Trust Services (Singapore) Ltd. (in its capacity as trustee of Suntec Real Estate Investment Trust ("Suntec REIT")) priced a SGD250mn Perpetual NC5 at 4.48%.

Mandates:

- KT Corporation may issue USD denominated 6-month and 3Y FXD/FRN Senior Unsecured bonds.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	99.098	0.16%	USD-SGD	1.2870	0.05%
USD-JPY	144.870	0.21%	EUR-SGD	1.4703	0.08%
EUR-USD	1.143	0.03%	JPY-SGD	0.8880	-0.17%
AUD-USD	0.652	0.09%	GBP-SGD	1.7375	-0.30%
GBP-USD	1.350	-0.38%	AUD-SGD	0.8392	0.12%
USD-MYR	4.239	0.17%	NZD-SGD	0.7787	0.12%
USD-CNY	7.188	0.12%	CHF-SGD	1.5638	-0.10%
USD-IDR	16273	-0.01%	SGD-MYR	3.2955	0.08%
USD-VND	26013	-0.11%	SGD-CNY	5.5840	-0.04%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.9620	-0.51%	1M	4.3125	-0.01%
3M	1.9550	-0.20%	2M	4.3184	0.02%
6M	2.0530	0.83%	3M	4.3227	-0.01%
12M	2.0880	2.30%	6M	4.2670	-0.12%
			1Y	4.0906	-0.13%

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	-0.665	-51.9	-0.166	4.163
12/10/2025	-1.748	-62.3	-0.437	3.892

Equity and Commodity

Index	Value	Net change
DJIA	42,866.87	105.11
S&P	6,038.81	32.93
Nasdaq	19,714.99	123.75
Nikkei 225	38,211.51	122.94
STI	3,933.80	-2.52
KLCI	1,516.95	-2.46
JCI	7,230.75	117.32
Baltic Dry	1,691.00	58.00
VIX	16.95	-0.21

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.84 (+0.02)	4.02(--)
5Y	1.94 (--)	4.09(--)
10Y	2.3 (+0.01)	4.47 (0)
15Y	2.42 (--)	--
20Y	2.46 (+0.01)	--
30Y	2.49 (--)	4.93 (-0.01)

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)	64.98	-0.47%	Corn (per bushel)	4.388	1.2%
Brent (per barrel)	66.87	-0.25%	Soybean (per bushel)	10.578	0.2%
Heating Oil (per gallon)	214.16	-0.22%	Wheat (per bushel)	5.345	-1.4%
Gasoline (per gallon)	208.80	-0.34%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.53	-2.81%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9756.50	-0.37%	Gold (per oz)	3323.7	-0.1%
Nickel (per mt)	15318.00	-0.67%	Silver (per oz)	36.5	-0.6%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
6/11/2025 7:00	SK	Unemployment rate SA	May	2.70%	2.70%	2.70%	--
6/11/2025 7:50	JN	PPI YoY	May	3.50%	3.20%	4.00%	4.10%
6/11/2025 7:50	JN	PPI MoM	May	0.20%	-0.20%	0.20%	0.30%
6/11/2025 11:00	SK	Bank Lending To Household Total	May	--	--	KR1150.1t	--
6/11/2025 12:00	MA	Industrial Production YoY	Apr	4.00%	--	3.20%	--
6/11/2025 12:00	MA	Manufacturing Sales Value YoY	Apr	--	--	3.70%	--
6/11/2025 12:00	SK	Bloomberg June South Korea Economic Survey					
6/11/2025 19:00	US	MBA Mortgage Applications	6-Jun	--	--	-3.90%	--
6/11/2025 20:30	US	CPI MoM	May	0.20%	--	0.20%	--
6/11/2025 20:30	US	CPI Ex Food and Energy MoM	May	0.30%	--	0.20%	--
6/11/2025 20:30	US	CPI YoY	May	2.40%	--	2.30%	--
6/11/2025 20:30	US	CPI Ex Food and Energy YoY	May	2.90%	--	2.80%	--
6/11/2025 20:30	US	CPI Index NSA	May	321.732	--	320.795	--
6/11/2025 20:30	US	CPI Core Index SA	May	327.319	--	326.43	--
6/11/2025 20:30	US	Real Avg Hourly Earning YoY	May	--	--	1.40%	1.50%
6/11/2025 20:30	US	Real Avg Weekly Earnings YoY	May	--	--	1.70%	1.80%

Source: Bloomberg

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