

## Daily Treasury Outlook

12 June 2025

### Highlights

**Global:** May US CPI was in focus overnight and it came in softer than expected. On a month-on-month seasonally adjusted basis, headline and core CPI rose by 0.1% versus expectations of 0.2% and 0.3%, respectively. This led to increases of 2.4% YoY from 2.3% in April for headline inflation and a steady 2.8% YoY reading for core inflation. The details paint an interesting picture as CPI across all key aggregates including services (0.2% MoM from 0.4% in April), housing (0.3% from 0.5%) and commodities (-0.1% from 0.0%) eased in May compared to April while food and beverages (0.3% from -0.1%) and personal care (0.5% from 0.1%) were higher on the month. The fourth consecutive month of downward surprises on US CPI puts into question whether tariffs will prove to be inflationary. Anecdotal evidence, however, suggests that we cannot throw caution to the wind. For one, tariff uncertainties persist and some businesses have still warned of higher costs in the coming months. Two, the reciprocal tariff issue – which will be a key factor for ‘China +1’ strategies – are still being negotiated with the US. The Fed fund futures are now pricing in 50.4bps in rate cuts this year. UST yields fell across the curve; US equities were down (S&P: -0.27%; NASDAQ: -0.5%; Dow: 0.0%) while the DXY index also edged lower.

President Trump announced that China and the US had reached ‘a deal’, subject to both presidents’ approval. US will impose 55% tariffs on China’s imports. According to a White House source (as quoted by the media), this represents the sum of a baseline 10% "reciprocal" tariff; 20% associated with the fentanyl into the U.S.; and pre-existing 25% levies on imports from China that were put in place during President Trump's first term in the White House. China will continue to impose 10% tariffs on US imports. These details are unchanged from the agreement made last month in Geneva. The agreement in London does include exports of “full magnets, and any necessary rare earths, will be supplied, upfront, by China”.

**Market Watch:** Data releases today include UK April monthly GDP, industrial production, HK 1Q25 IP and PPI, India May CPI, US May PPI and weekly labour market data. Central bank speakers today are mainly from the ECB and the US Fed external communication blackout remains in effective.

### Key Market Movements

Equity	Value	% chg
S&P 500	6022.2	-0.3%
DJIA	42866	0.0%
Nikkei 225	38421	0.5%
SH Comp	3402.3	0.5%
STI	3919.1	-0.4%
Hang Seng	24367	0.8%
KLCI	1523.8	0.5%
	Value	% chg
DXY	98.631	-0.5%
USDJPY	144.56	-0.2%
EURUSD	1.1487	0.5%
GBPUSD	1.3547	0.3%
USDIDR	16260	-0.1%
USDSGD	1.2847	-0.2%
SGDMYR	3.2934	-0.1%
	Value	chg (bp)
2Y UST	3.95	-6.66
10Y UST	4.42	-4.95
2Y SGS	1.87	2.30
10Y SGS	2.32	1.34
3M SORA	2.21	-0.37
3M SOFR	4.34	-0.03
	Value	% chg
Brent	69.77	4.3%
WTI	68.15	4.9%
Gold	3355	0.9%
Silver	36.25	-0.8%
Palladium	1072	1.0%
Copper	9648	-1.1%
BCOM	103.19	0.4%

Source: Bloomberg

**Commodities:** Escalating geopolitical tensions have lifted the oil complex, with WTI and Brent surging by 4.9% and 4.3%, respectively, to USD68.2/bbl and USD69.8/bbl. The US government has ordered some of its staff to depart from its embassy in Iraq. Similarly, it has also authorised families of its military service members to leave the Middle East region. This follows threats from Iranian defence minister Aziz Nasirzadeh that US military bases in the region will be targeted if bilateral nuclear talks fail and conflict breaks out. Additionally, optimism regarding the impact of a US-China trade deal on energy demand, as well as a stronger-than-expected drawdown in crude oil inventories, has exerted further upward pressure on oil prices. According to the Energy Information Administration (EIA) reported a drawdown of US crude inventories, which declined by 3.6mn bbls (consensus: -2.3mn bbls) to 432.4mn bbls, for the week ending 6 June.

## Major Markets

**ID:** The Ministry of Defense signed 27 cooperation agreements totalling IDR33trn as part of efforts to modernize the armed forces, including the renovation of 20 military hospitals, as reported by the Jakarta Globe. The agreements were made during the Indo Defense 2025 Expo & Forum in Jakarta and were endorsed by President Prabowo Subianto. Separately, the government has also signed a memorandum of understanding (MoU) with Turkey for the procurement of fifth-generation fighter jets.

**MY:** The industrial production index growth slowed to 2.7% YoY in April from 3.2% in March, and was below the consensus expectation of 4.0% growth. Lower mining IPI (-6.3% from -1.9%) and muted electricity IPI (-1.6% from -2.2%) more than offset the higher manufacturing sector IPI growth (5.6% from 4.0%). By orientation, both the export-oriented (6.4% YoY in April, up from 4.8% in March) and domestic-oriented (3.9% from 2.3%) industries saw improvement.

**PH:** Philippine lawmakers have agreed to remove the proposed raw ore export ban provision from the mining fiscal reform bill, ending the legislative impasse. Mining groups, including the Chamber of Mines of the Philippines (COMP) and the Philippine Nickel Industry Association (PNIA), welcomed the decision. Michael Toledo, Chairman of Chamber of Mines of the Philippines, added that the tax increase is inevitable. Nevertheless, this progressive and responsive approach would allow the government to benefit significantly during periods of rising global commodity prices, without placing an undue burden on miners during market downturns. The revised bill is now headed to President Ferdinand Marcos Jr. for his signature.

**ESG**

**SG:** The revenue collected from Singapore's carbon tax for 2024 is projected to be about S\$642 mn, lower than the expected revenue of S\$1 bn assuming emissions remained at similar levels to previous years. This is likely due to the transitory allowances given to some companies to support them in staying competitive in the region. However, the higher revenue compared to 2023 reflects the higher carbon tax rate of S\$25/t. None of the large emitters have used carbon credits to offset their taxable emissions, due to the lack of supply of eligible international carbon credits. Governments are working on operationalising carbon credit collaborations to achieve both countries' climate targets.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 2-3bps higher, belly tenors trading 3bps higher and 10Y trading 2bps higher. In June, Japanese borrowers issued JPY1.26 trillion in corporate bonds, the highest amount for that month in four years, as demand rebounds amid easing trade concerns and fading BOJ rate hike expectations. This marks a reversal from April, with credit spreads stabilizing since late April, remaining above March levels and presenting attractive investment opportunities that support a recovery in funding activity. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 73bps and Bloomberg Asia USD High Yield spreads widened by 6bps to 471bps respectively. (Bloomberg, OCBC)

### New Issues:

There were two notable issuances in the Asiadollar market yesterday.

- Qingdao Jimo District Urban Development Investment Co. Ltd. priced a USD136mn retap of its existing JMUDIV 6.9 '27s at 99.995 + accrued.

There were no notable issuances in the Singdollar market yesterday.

### Mandates:

- Hengjian International Investment Ltd (guarantor: Guangdong Hengjian Investment Holding Co.) may issue USD denominated Fixed bonds, with a series of fixed income investor calls commencing on 11 June 2025.
- MTR Corp. CI Ltd. (guarantor: MTR Corp.) may issue USD denominated Subordinated perpetuals, with a series of fixed income investor meetings in Hong Kong and Singapore starting 11 June 2025.
- Shin Kong Life Singapore Pte (guarantor: Shin Kong Life Insurance Co.) is planning to issue USD denominated Tier 2 Subordinated bonds.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.631	-0.47%	USD-SGD	1.2847	-0.18%
USD-JPY	144.560	-0.21%	EUR-SGD	1.4758	0.37%
EUR-USD	1.149	0.54%	JPY-SGD	0.8885	0.06%
AUD-USD	0.650	-0.32%	GBP-SGD	1.7405	0.17%
GBP-USD	1.355	0.35%	AUD-SGD	0.8352	-0.48%
USD-MYR	4.237	-0.05%	NZD-SGD	0.7744	-0.55%
USD-CNY	7.190	0.03%	CHF-SGD	1.5658	0.13%
USD-IDR	16260	-0.08%	SGD-MYR	3.2934	-0.06%
USD-VND	26028	0.06%	SGD-CNY	5.5990	0.27%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.9610	-0.05%	1M	4.3123	0.03%
3M	1.9540	-0.05%	2M	4.3125	-0.01%
6M	2.0440	-0.44%	3M	4.3130	-0.03%
12M	2.0860	-0.10%	6M	4.2316	-0.18%
			1Y	4.0300	-0.31%

## Fed Rate Hike Probability

Fed Rate Hike Probability				Expected Effective Fed Funds Rate
Meeting	# of Hikes/Cuts	Implied Rate Change		
06/18/2025	0.002	0.2	0	4.329
07/30/2025	-0.184	-18.6	-0.046	4.283
09/17/2025	-0.873	-68.9	-0.218	4.11
12/10/2025	-2.072	-66.7	-0.518	3.811

## Equity and Commodity

Index	Value	Net change
DJIA	42,865.77	-1.10
S&P	6,022.24	-16.57
Nasdaq	19,615.88	-99.11
Nikkei 225	38,421.19	209.68
STI	3,919.05	-14.75
KLCI	1,523.84	6.89
JCI	7,222.46	-8.29
Baltic Dry	1,680.00	-11.00
VIX	17.26	0.31

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.87 (+0.02)	3.95(--)
5Y	1.95 (+0.01)	4.02 (-0.06)
10Y	2.32 (+0.01)	4.42 (-0.05)
15Y	2.44 (+0.02)	--
20Y	2.47 (+0.02)	--
30Y	2.5 (+0.01)	4.92 (-0.01)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.28
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	68.15	4.88%	Corn (per bushel)	4.370	-0.4%
Brent (per barrel)	69.77	4.34%	Soybean (per bushel)	10.505	-0.7%
Heating Oil (per gallon)	220.53	2.97%	Wheat (per bushel)	5.343	0.0%
Gasoline (per gallon)	216.68	3.77%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.51	-0.74%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9648.00	-1.11%	Gold (per oz)	3355.1	0.9%
Nickel (per mt)	15177.00	-0.92%	Silver (per oz)	36.3	-0.8%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
6/12/2025 2:00	US	Federal Budget Balance	May	-\$314.0b	-\$316.0b	-\$347.1b	--
6/12/2025 11:00	ID	Consumer Confidence Index	May	--	--	121.7	--
6/12/2025 11:45	TH	Consumer Confidence	May	--	--	55.4	--
6/12/2025 11:45	TH	Consumer Confidence Economic	May	--	--	49.3	--
6/12/2025 14:00	UK	Monthly GDP (MoM)	Apr	-0.10%	--	0.20%	--
6/12/2025 14:00	UK	Monthly GDP (3M/3M)	Apr	0.70%	--	0.70%	--
6/12/2025 14:00	UK	Industrial Production MoM	Apr	-0.50%	--	-0.70%	--
6/12/2025 14:00	UK	Industrial Production YoY	Apr	-0.20%	--	-0.70%	--
6/12/2025 16:30	HK	PPI YoY	1Q	--	--	4.20%	4.10%
6/12/2025 16:30	HK	Industrial Production YoY	1Q	--	--	1.00%	--
6/12/2025 18:30	IN	CPI YoY	May	2.98%	--	3.16%	--
6/12/2025 20:30	US	PPI Final Demand YoY	May	2.60%	--	2.40%	--
6/12/2025 20:30	US	PPI Ex Food and Energy YoY	May	3.10%	--	3.10%	--
6/12/2025 20:30	US	PPI Ex Food, Energy, Trade YoY	May	3.00%	--	2.90%	--
6/12/2025 20:30	US	Initial Jobless Claims	7-Jun	242k	--	247k	--
6/12/2025 20:30	US	Initial Claims 4-Wk Moving Avg	7-Jun	--	--	235.00k	--

Source: Bloomberg



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