

Daily Treasury Outlook

16 May 2025

Highlights

Global: Wall Street closed mixed overnight (S&P 500: +0.4%; Nasdaq: +0.2%; Dow Jones: +0.7%) as markets digested a couple of key data releases pointing to softer producer inflation, slowing consumer momentum, and weakening manufacturing activities. Specifically, the Producer Price Index (PPI) fell by 0.5% MoM (2.4% YoY) in April, down from 0.0% (3.4% YoY) in March, marking the sharpest decline in five years. While Trump-era tariffs have yet to be seen feeding into higher inflation, Walmart warned that shelf prices could rise soon as pre-tariff inventory runs out. In other data, retail sales also came in softer at 0.1% MoM in April, a notable slowdown from March's 1.7% gain. Stripping out autos, gas, and building materials, the control group sales fell 0.2%, missing expectations for an increase of 0.3%. On the manufacturing side, the Empire State Manufacturing survey suggests that manufacturing activity remained weak in May, with the general business conditions index falling to -9.2 in May from -8.1 in April. Notably, the survey revealed that companies still anticipate deteriorating conditions in the coming months. Furthermore, new orders and shipments are expected to decline, and firms expect to cut back on capital spending over the next six months. Elsewhere, President Trump signalled that the US and Iran are nearing a nuclear deal, sending oil prices lower.

Market Watch: The Japanese economy fell by 0.7% annualised SA QoQ in 1Q25 (preliminary) from a revised 2.4% growth in 4Q24. Meanwhile, Singapore's non-oil domestic exports growth accelerated to 12.4% YoY in April from 5.4% in March. For the day ahead, Malaysia and Hong Kong will report their 1Q25 data, while investors will also keep a lookout for the University of Michigan sentiment data from the US.

Key Market Movements

Equity	Value	% chg
S&P 500	5916.9	0.4%
DJIA	42323	0.6%
Nikkei 225	37756	-1.0%
SH Comp	3380.8	-0.7%
STI	3891.9	0.5%
Hang Seng	23453	-0.8%
KLCI	1573.0	-0.7%
	Value	% chg
DXY	100.879	-0.2%
USDJPY	145.67	-0.7%
EURUSD	1.1187	0.1%
GBPUSD	1.3305	0.3%
USDIDR	16515	-0.2%
USDSGD	1.2977	-0.4%
SGDMYR	3.2975	-0.3%
	Value	chg (bp)
2Y UST	3.96	-9.00
10Y UST	4.43	-10.48
2Y SGS	2.20	0.10
10Y SGS	2.59	1.84
3M SORA	2.32	-0.25
3M SOFR	4.36	-0.05
	Value	% chg
Brent	64.53	-2.4%
WTI	61.62	-2.4%
Gold	3240	2.0%
Silver	32.64	1.3%
Palladium	964	1.0%
Copper	9577	-0.3%
BCOM	101.65	-0.7%

Source: Bloomberg

ID: The crude palm oil export levy is set to increase from 7.5% to 10% starting 17 May to boost funding for the biodiesel program and replanting initiatives. Levies on other palm products were also increased, aiming to raise revenue for Plantation Fund Management Board (BPDP), the state agency managing biofuel subsidies.

MY: Trade talks with the US on reciprocal tariffs are progressing well, according to Investment Minister Zafrul Aziz, with many issues already resolved, with key discussions have focused on strategic sectors like semiconductors. Negotiations will resume in Washington on May 28–30, led by Deputy Secretary General Mastura Ahmad Mustafa, ahead of Minister Zafrul's follow-up visit in June. Separately, the EU is seeking deeper ties with Malaysia in green and digital sectors, praising its ambitious climate targets and policy roadmap.

ESG

Rest of the world: The European Commission is drafting EU standards for the types of hydrogen that will be designated as low-carbon fuels. A draft of the rules revealed that the Commission will assess a classification for hydrogen produced using nuclear energy by July 2028 and begin consultation on nuclear rules by June 2026. This timeline may hinder the development of nuclear-based hydrogen compared to other types of fuel, likely favouring hydrogen produced from renewable energy.

Market Commentary: The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading 1bps lower to 1bps higher and belly tenors and 10Y trading 2bps higher. China Vanke has finalized the redemption of its 3.45% RMB bonds set to mature in 2027, as stated in a filing with the Shenzhen Stock Exchange. The total redemption amount is RMB1.5bn, with an interest payment of RMB51.75mn. According to a regulatory filing reported by Bloomberg, LG Chem plans to issue USD1bn in bonds that can be exchanged for shares of LG Energy Solution. In other news by Bloomberg, Reliance Industries has secured a USD2.98bn loan, marking the largest deal for an Indian borrower in over a year. The loan, which consists of a USD2.5bn tranche and a JPY67.7bn portion, was finalized on May 9 and will be used to refinance existing debt. Bloomberg Asia USD Investment Grade spreads widened by 2bps to 81bps while Bloomberg Asia USD High Yield spreads widened by 9bps to 485bps respectively. (Bloomberg, OCBC).

New Issues:

There were two notable issuances in the Asiadollar market yesterday.

- China Everbright Bank Co Ltd/Hong Kong priced a USD600mn 3Y FRN at SOFR+54bps.
- SDG Finance Ltd (guarantor: Shandong Gold Group Co Ltd) priced a USD300mn 3Y Green Fixed bond at 4.60%.

There were two notable issuances in the Singdollar market yesterday.

- Prudential Funding (Asia) PLC (guarantor: Prudential PLC) priced a SGD600mn 10Y Tier 2 Subordinated bond at 3.80%.
- BNP Paribas priced a SGD150mn 7NC6 Senior Non-Preferred bond at 3.31%.

Mandates:

There were no notable mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	100.879	-0.16%	USD-SGD	1.2977	-0.36%
USD-JPY	145.670	-0.74%	EUR-SGD	1.4516	-0.25%
EUR-USD	1.119	0.11%	JPY-SGD	0.8908	0.42%
AUD-USD	0.641	-0.34%	GBP-SGD	1.7266	-0.03%
GBP-USD	1.331	0.32%	AUD-SGD	0.8313	-0.67%
USD-MYR	4.283	-0.12%	NZD-SGD	0.7627	-0.66%
USD-CNY	7.207	-0.01%	CHF-SGD	1.5524	0.47%
USD-IDR	16515	-0.21%	SGD-MYR	3.2975	-0.31%
USD-VND	25937	0.02%	SGD-CNY	5.5569	0.31%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.1320	0.28%	1M	4.3237	-0.01%
3M	2.1420	-0.05%	2M	4.3291	0.00%
6M	2.1560	1.17%	3M	4.3212	0.01%
12M	2.1600	2.52%	6M	4.2540	-0.06%
			1Y	4.0395	-0.19%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/18/2025	-0.082	-8.2	-0.021
07/30/2025	-0.413	-33.1	-0.103
09/17/2025	-1.014	-60.1	-0.254
12/10/2025	-2.273	-68	-0.568

Equity and Commodity

Index	Value	Net change
DJIA	42,322.75	271.69
S&P	5,916.93	24.35
Nasdaq	19,112.32	-34.49
Nikkei 225	37,755.51	-372.62
STI	3,891.94	20.89
KLCI	1,573.02	-10.49
JCI	7,040.16	60.28
Baltic Dry	1,305.00	38.00
VIX	17.83	-0.79

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.2 (--)	3.95(--)
5Y	2.26 (--)	4.05 (-0.11)
10Y	2.59 (+0.02)	4.42 (-0.1)
15Y	2.65 (--)	--
20Y	2.66 (-0.01)	--
30Y	2.67 (-0.01)	4.88 (-0.08)

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)	61.62	-2.42%	Corn (per bushel)	4.485	2.3%
Brent (per barrel)	64.53	-2.36%	Soybean (per bushel)	10.513	-1.5%
Heating Oil (per gallon)	216.60	-1.82%	Wheat (per bushel)	5.328	4.7%
Gasoline (per gallon)	213.44	-1.64%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.36	-3.72%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9577.00	-0.31%	Gold (per oz)	3240.1	2.0%
Nickel (per mt)	15799.00	-0.45%	Silver (per oz)	32.6	1.3%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
5/16/2025 6:30	NZ	BusinessNZ Manufacturing PMI	Apr	--	53.9	53.2	--
5/16/2025 7:50	JN	GDP SA QoQ	1Q P	-0.10%	-0.20%	0.60%	--
5/16/2025 7:50	JN	GDP Annualized SA QoQ	1Q P	-0.30%	-0.70%	2.20%	2.40%
5/16/2025 7:50	JN	GDP Deflator YoY	1Q P	3.20%	3.30%	2.90%	--
5/16/2025 8:30	SI	Non-oil Domestic Exports YoY	Apr	4.30%	12.40%	5.40%	--
5/16/2025 11:00	NZ	2Yr Inflation Expectation	2Q	--	--	2.06%	--
5/16/2025 12:00	MA	GDP YoY	1Q F	4.50%	--	4.40%	--
5/16/2025 12:30	JN	Industrial Production MoM	Mar F	--	--	-1.10%	--
5/16/2025 12:30	JN	Industrial Production YoY	Mar F	--	--	-0.30%	--
5/16/2025 12:30	JN	Capacity Utilization MoM	Mar	--	--	-1.10%	--
5/16/2025 15:30	TH	Gross International Reserves	9-May	--	--	\$256.1b	--
5/16/2025 16:00	IT	CPI EU Harmonized YoY	Apr F	2.10%	--	2.10%	--
5/16/2025 16:00	IT	CPI EU Harmonized MoM	Apr F	0.50%	--	0.50%	--
5/16/2025 16:00	IT	CPI NIC incl. tobacco MoM	Apr F	0.20%	--	0.20%	--
5/16/2025 16:30	HK	GDP YoY	1Q F	3.10%	--	3.10%	--
5/16/2025 20:30	US	Housing Starts	Apr	1364k	--	1324k	--

Source: Bloomberg

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