

Daily Treasury Outlook

16 June 2025

Highlights

Global: Global equity markets declined last Friday as an unprecedented attack by Israel on Iran reignited concerns about a broader escalation in Middle East tensions. Oil prices responded sharply, surging as much as 14% intraday and closing the day 7% higher, the largest intraday increase since the outbreak of the Ukraine war in 2022. The spike in geopolitical risks overshadowed otherwise encouraging macro data out of the United States. Notably, the University of Michigan's Consumer Sentiment Index rose more than expected to 60.5 in June, up from a final reading of 52.2 in May. Additionally, consumers' 12-month inflation expectations declined to 5.1% from 6.6%, signalling a moderation in inflation fears.

Meanwhile, Japan and the United States are reportedly exploring potential trade agreement. Japan's top tariff negotiator, Ryosei Akazawa, confirmed ongoing discussions but refrained from offering any specific timeline or details on the progress of the negotiations.

China's State Council stepped up its support for the property market, calling for "stronger efforts to stabilize and recover the real estate market." Notably, the meeting proposed integrating "high-quality housing" development into the broader urban renewal strategy, supported by a comprehensive suite of measures spanning urban planning, land supply, fiscal incentives, and financial tools. The emphasis on "good housing" aims to reorient competition among developers away from price-based rivalry toward product quality, thereby fostering the emergence of high-standard residential developments and supporting long-term sectoral transformation.

Market Watch: Looking ahead, investor focus will shift to central bank decisions across major economies this week. The Bank of Japan (BoJ) is expected to keep its policy rate unchanged at 0.50% when it meets on Tuesday. Markets will be closely watching for the BoJ's bond purchase guidance through the first quarter of 2027. Despite a recent rise in long-dated yields, some BoJ board members have downplayed the move and signalled no urgency to slow the current pace of tapering. On Wednesday, the U.S. Federal Reserve is widely expected to hold rates steady for a fourth consecutive meeting. The main focus will be the Fed's updated view on inflation. The tone of Chair Powell's press conference and the updated dot plot will be critical in shaping near-term market expectations. The Bank of England is set to meet on Thursday and is also expected to leave rates unchanged, maintaining a cautious approach after initiating its first rate cut in May. The gradual pace of easing suggests policymakers remain vigilant about inflation persistence. Closer to home, Bank Indonesia is likewise expected to keep its policy rate at 5.5% following its 25bps cut last month. But it is a close call.

Key Market Movements

Equity	Value	% chg
S&P 500	5977.0	-1.1%
DJIA	42198	-1.8%
Nikkei 225	37834	-0.9%
SH Comp	3377.0	-0.8%
STI	3911.4	-0.3%
Hang Seng	23893	-0.6%
KLCI	1518.1	-0.6%
	Value	% chg
DXY	98.184	0.3%
USDJPY	144.07	0.4%
EURUSD	1.1549	-0.3%
GBPUSD	1.3571	-0.3%
USDIDR	16295	0.4%
USDSGD	1.2823	0.3%
SGDMYR	3.3098	0.4%
	Value	chg (bp)
2Y UST	3.95	3.98
10Y UST	4.40	3.95
2Y SGS	1.82	-2.10
10Y SGS	2.27	-2.04
3M SORA	2.20	-0.37
3M SOFR	4.34	-0.02
	Value	% chg
Brent	74.23	7.0%
WTI	72.98	7.3%
Gold	3432	1.4%
Silver	36.30	-0.1%
Palladium	1032	-3.0%
Copper	9645	-0.6%
BCOM	105.31	2.0%

Source: Bloomberg

Commodities: Crude oil benchmarks surged over 7% on Friday following an escalation in geopolitical tensions in the Middle East. In response to Israeli military airstrikes, Iran launched its own drone and missile strikes. This dramatic escalation rattled the oil complex, with markets concerned about a broader conflict that could threaten oil supplies from the region. Meanwhile, Iran announced the indefinite suspension of its bilateral nuclear talks with the US. For the week, the oil market recorded a second consecutive gain, with WTI and Brent closing at USD73.0/bbl and USD74.2/bbl, respectively.

Major Markets

ID: Bank Indonesia's retail sales survey estimates that sales will increase by 2.6% YoY in May 2025, following a 0.3% drop in April. Higher sales are expected in the food, drinks, and tobacco, as well as household appliances and apparel, which have more than offset lower sales in the fuels component. The survey also indicates that respondents anticipate lower inflationary pressures over the next three months (July) and six months (October). Separately, President Prabowo will make a state visit to Singapore on Monday (16 June), where he will meet with Singapore's President Tharman Shanmugaratnam and Prime Minister Lawrence Wong. Prior to President Prabowo's visit, the two countries signed three key agreements on 13 June to strengthen cooperation in clean energy and sustainable development.

MY: Prime Minister Anwar Ibrahim announced that the country is not yet ready to reintroduce the Goods and Services Tax (GST), citing concerns over its broad impact on low-income groups. While acknowledging GST's efficiency, PM Anwar stressed it would burden the poor equally with the wealthy. Instead, the government will maintain the more targeted Sales and Services Tax (SST), focusing on luxury imports products.

PH: According to the Bureau of Plant Industry, the Philippines imported ~1.9mn metric tons of rice from Jan-May 2025, marking a 12.6% decline compared to the same period last year. This decline can be attributed to high carry-over stocks and expectations of a better harvest in 2025 due to the absence of extreme weather conditions. Additionally, the government's measures to impose a maximum suggested retail price on imported premium rice have also contributed to lower import volumes. The Department of Economy, Planning and Development forecast rice imports at 3.5mn metric tons in 2025.

TH: According to Chotima Iemsawasdikul, Director-General of the Department of Trade Negotiations, Thailand is working to finalise its trade tariff negotiations with the US before the 90-day deadline. While preparations for the negotiations are in progress, a specific date has not yet been determined. She added that both parties have been in constant communication as the deadline approaches.

VN: The US and the Vietnamese government will soon hold trade talks in the "coming days" between US Commerce Secretary Howard Lutnick and Industry and Trade Minister Nguyen Hong Dien, according to Vietnam's Ministry of Industry and Trade website. During their recent discussions in Washington, D.C., 9-12 June, "significant progress" was made, with both sides narrowing gaps and engaging in constructive exchanges on mutual concerns.

ESG

Rest of the world: The World Bank's board has agreed to end a longstanding ban on funding nuclear energy projects in developing countries as part of a broader push to meet rising electricity needs. There has been renewed interest in nuclear energy because of more advanced nuclear technologies such as Small Modular Reactors. More Southeast Asian countries are also relooking at including nuclear energy in their clean energy plans to achieve their climate goals.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower last Friday with shorter tenors trading 2-3bps lower, belly tenors and 10Y trading 2bps lower. New World Development Co. Ltd. ("New World") must pay USD5.05mn in interest on a dollar bond by Monday, facing a potential default if not paid within 14 days. With HKD210.9bn in liabilities, the company has delayed coupon payments on four perpetual notes, raising investor concerns. It is seeking to refinance a HKD87.5bn loan and has secured commitments for 87% of its target while exploring additional financing options to alleviate liquidity issues. This followed New World and its partners selling 138 apartments within a few hours at a discounted price last week in Hong Kong's sluggish real estate market. Bloomberg Asia USD Investment Grade spreads traded flat at 73bps and Bloomberg Asia USD High Yield spreads widened by 3bps to 475bps respectively. (Bloomberg, OCBC)

New Issues:

There were no notable issuances in the Asiadollar and Singdollar market last Friday.

Mandates:

There were no notable mandates last Friday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	98.184	0.27%	USD-SGD	1.2823	0.27%
USD-JPY	144.070	0.41%	EUR-SGD	1.4812	-0.02%
EUR-USD	1.155	-0.30%	JPY-SGD	0.8900	-0.15%
AUD-USD	0.649	-0.70%	GBP-SGD	1.7407	-0.02%
GBP-USD	1.357	-0.31%	AUD-SGD	0.8325	-0.36%
USD-MYR	4.246	0.56%	NZD-SGD	0.7715	-0.61%
USD-CNY	7.183	0.15%	CHF-SGD	1.5803	0.12%
USD-IDR	16295	0.37%	SGD-MYR	3.3098	0.38%
USD-VND	26074	0.17%	SGD-CNY	5.6017	-0.13%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.9170	1.32%	1M	4.3182	0.04%
3M	2.0040	1.47%	2M	4.3152	0.06%
6M	2.0560	0.19%	3M	4.3149	0.06%
12M	2.0840	-0.29%	6M	4.2314	0.11%
			1Y	4.0450	0.29%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/18/2025	-0.032	-3.2	-0.008
07/30/2025	-0.218	-18.6	-0.054
09/17/2025	-0.831	-61.3	-0.208
12/10/2025	-1.988	-63.1	-0.497
			3.835

Equity and Commodity

Index	Value	Net change
DJIA	42,197.79	-769.83
S&P	5,976.97	-68.29
Nasdaq	19,406.83	-255.65
Nikkei 225	37,834.25	-338.84
STI	3,911.42	-10.78
KLCI	1,518.11	-8.51
JCI	7,166.07	-38.31
Baltic Dry	1,968.00	64.00
VIX	20.82	2.80

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.82 (-0.02)	3.95(--)
5Y	1.89 (-0.04)	4 (+0.03)
10Y	2.27 (-0.02)	4.4 (+0.04)
15Y	2.39 (-0.02)	--
20Y	2.44 (-0.02)	--
30Y	2.46 (-0.02)	4.89 (+0.05)

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)	72.98	7.26%	Corn (per bushel)	4.445	1.4%
Brent (per barrel)	74.23	7.02%	Soybean (per bushel)	10.698	2.6%
Heating Oil (per gallon)	235.87	7.77%	Wheat (per bushel)	5.438	3.3%
Gasoline (per gallon)	222.76	3.95%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.58	2.55%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9645.00	-0.59%	Gold (per oz)	3432.3	1.4%
Nickel (per mt)	15128.00	-0.09%	Silver (per oz)	36.3	-0.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
6/16/2025 9:30	CH	New Home Prices MoM	May	--	--	-0.12%	--
6/16/2025 9:30	CH	Used Home Prices MoM	May	--	--	-0.41%	--
6/16/2025 10:00	CH	Retail Sales YoY	May	4.90%	--	5.10%	--
6/16/2025 10:00	CH	Retail Sales YTD YoY	May	4.80%	--	4.70%	--
6/16/2025 10:00	CH	Industrial Production YTD YoY	May	6.40%	--	6.40%	--
6/16/2025 10:00	CH	Industrial Production YoY	May	6.00%	--	6.10%	--
6/16/2025 11:00	SK	Money Supply L SA MoM	Apr	--	--	0.30%	--
6/16/2025 11:00	SK	Money Supply M2 SA MoM	Apr	--	--	-0.10%	--
6/16/2025 14:30	IN	Wholesale Prices YoY	May	0.70%	--	0.85%	--
6/16/2025 17:00	EC	Labour Costs YoY	1Q	--	--	3.70%	--
6/16/2025 20:30	US	Empire Manufacturing	Jun	-6.3	--	-9.2	--
6/16/2025	IN	Exports YoY	May	--	--	9.00%	--
6/16/2025	IN	Imports YoY	May	--	--	19.10%	--
6/16/2025	IN	Trade Balance	May	-\$25050m	--	-\$26420m	--
6/16/2025-6/18/2025	CH	FDI YTD YoY CNY	May	--	--	-10.90%	--

Source: Bloomberg



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