

Daily Treasury Outlook

16 July 2025

Highlights

Global: US equities closed lower while Treasury yields climbed to six-week highs after June CPI data showed a reacceleration in headline inflation. On a month-on-month basis, CPI rose 0.3% in June, up from 0.1% in May. Year-on-year, CPI climbed to 2.7%, slightly above market expectations. The increase was largely driven by tariff-sensitive goods, with notable gains in household furnishings (+1.0% MoM), appliances (+1.9%), audio-visual equipment (+1.1%), and apparel (+0.4%).

Despite the uptick in goods prices, a softening labour market helped keep services inflation contained. Hotel and motel prices declined 3.6%, and airline fares fell by 0.1%, though healthcare costs rose 0.5% due to higher dental service charges. Core CPI rose 0.1% MoM and 0.2% excluding food and energy, reflecting the Fed's ongoing balancing act. The reacceleration in goods inflation linked to tariffs supports the Fed's cautious stance, while subdued services inflation keeps the door open for a potential rate cut in September.

White House Press Secretary Karoline claimed that the smaller-than-expected increase in core inflation validates President Trump's efforts in stabilizing prices. However, market participants may hold differing views. Boston Fed President Susan Collins reiterated that rising import tariffs could exert upward pressure on inflation while dampening growth and employment. All eyes are now on the August 1 deadline—if the recent tariffs are implemented, their inflationary impact could materialize in the months ahead.

In trade news, President Trump announced a new tariff agreement with Indonesia, under which Indonesian exports to the U.S. will be subject to a 19% tariff. A senior Indonesian official confirmed that preparations are underway for a joint US–Indonesia statement covering tariffs, non-tariff measures, and broader commercial arrangements.

China's economy grew by 5.2% YoY in the second quarter, bringing first-half 2025 GDP growth to 5.3%, above the government's annual target. The stronger-than-expected performance was underpinned by three key drivers: robust external demand, continued upgrade in high-tech industries, and policy support from the consumer trade-in program. Given the still-uncertain trade outlook and the sluggish recovery in the property sector, we think hurdle for China to reach its "around 5%" GDP target remains high. Nevertheless, we upgrade our full year GDP forecast to 4.8% from 4.6% to reflect the stronger than expected external demand.

Market Watch: Looking ahead, today's focus will shift to the US Producer Price Index (PPI) data and the Fed's Beige Book. Market participants will also be watching the Bank Indonesia policy meeting, especially in light of the recent US–Indonesia trade developments.

Key Market Movements

Equity	Value	% chg
S&P 500	6243.8	-0.4%
DJIA	44023	-1.0%
Nikkei 225	39678	0.6%
SH Comp	3505.0	-0.4%
STI	4119.8	0.3%
Hang Seng	24590	1.6%
KLCI	1525.4	-0.8%
	Value	% chg
DXY	98.616	0.5%
USDJPY	148.88	0.8%
EURUSD	1.1601	-0.5%
GBPUSD	1.3384	-0.3%
USIDR	16260	0.1%
USDSGD	1.2853	0.2%
SGDMYR	3.3117	-0.3%
	Value	chg (bp)
2Y UST	3.94	4.00
10Y UST	4.48	4.80
2Y SGS	1.75	-3.90
10Y SGS	2.14	-3.27
3M SORA	1.94	-0.68
3M SOFR	4.34	-0.03
	Value	% chg
Brent	68.71	-0.7%
WTI	66.52	-0.7%
Gold	3325	-0.6%
Silver	37.71	-1.1%
Palladium	1195	0.0%
Copper	9646	0.3%
BCOM	103.66	-0.1%

Source: Bloomberg

Commodities: Crude oil benchmarks extended their decline for the second consecutive trading session, with WTI and Brent falling by 0.7% to USD66.5/bbl and USD68.7/bbl, respectively. Lower oil prices were driven by easing concerns over near-term supply disruption. This followed US President Donald Trump's 50-day deadline for Russia to agree to a ceasefire with Ukraine. Additionally, a stronger DXY profile also exerted downward pressure on oil prices. Meanwhile, the American Petroleum Institute (API) reported a buildup of 0.8mn bbls in US crude inventories for the week ending 11 July. The US Energy Information Administration (EIA) crude oil inventories data will be released tonight (16 July).

Major Markets

ID: US President Donald Trump announced that a trade deal has been reached with Indonesia. The reciprocal tariff rate has been revised downward to 19%, down from 32% as announced on 2 April 'Liberation Day'. In a social media post, US President Trump revealed that Indonesia has agreed to purchase 50 Boeing jets, USD15bn worth of US energy products, and USD4.5bn worth of US agricultural products. Mr Susi wijono Moegiarso, a senior official with Indonesia's Coordinating Ministry for Economic Affairs, said that a US-Indonesia joint statement is being prepared, with more details to be provided. This will be the second trade deal concluded in the ASEAN region, following Vietnam on 2 July. Meanwhile, Bank Indonesia (BI) will meet today. Our view is for a 25bp cut in the policy rate at its 16 July meeting, bringing it to 5.25%. The consensus expectation is for no change.

MY: Minister of Investment, Trade and Industry Tengku Datuk Seri Zafrul Abdul Aziz affirmed that Malaysia remains on track to attain 4-5% of trade growth this year, despite the uncertain trade environment. Exports in May declined to -1.1% YoY, from 16.4% YoY in April. This is the first time since September 2024 that exports have contracted. Following the latest revision of tariff rates, Malaysia currently faces a 25% levy on US bound exports, marginally higher than the initial 24% set in April. With tariffs paused since 9 April, Malaysian officials expect front-loading of exports to continue, acting as a driver for stronger trade until tariffs take effect on 1 August. Minister Zafrul noted that tariff negotiations are ongoing, as Malaysia navigates the US's latest request to liberalise equity ownership on all Malaysian industries.

TH: Finance Minister Pichai Chunhavajira announced that the candidate to succeed the current Bank of Thailand Governor, Sethaput Suthiwartnarueput, will be presented to the cabinet next week. Given the importance of the appointment, he shared that the cabinet needs to review the appointment "a little more carefully", and denied any issues regarding the candidate's selection. Earlier in the day, local media reported that Vitai Ratanakorn, President of the Government Savings Bank, was expected to be nominated. The candidate would be subject to cabinet approval and royal endorsement before his appointment.

ESG

CH: Australia and China plan to cooperate more closely on green steel, which refers to metal produced using renewable energy sources to reduce or eliminate the use of coal. As China relies on Australia for about two-thirds of its iron ore needs, both countries are seeking ways to enhance this relationship through the development of green steel as global decarbonisation accelerates. Encouraging Chinese investments in green iron and steel processing facilities in Australia can create a shared value chain and secure long-term supply for China's steel industry.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 2-3bps lower while belly tenors and 10Y traded 3bps lower. As per Bloomberg, MindWorks Property Ltd., a Hong Kong real estate firm linked to venture capital MindWorks Capital, has been sued to be wound up by creditor Withers, a law firm based in Hong Kong, on 11 July, per a court document. In other news by Bloomberg, Seatrium Ltd's subsidiary, Seatrium Financial Services, obtained a USD400mn sustainability-linked credit facility to support its ESG goals. Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 68bps and Bloomberg Asia USD High Yield spreads tightened by 4bps to 360bps respectively. (Bloomberg, OCBC)

New Issues:

There was one notable issuance in the Asiadollar market yesterday.

- Weifang Urban Construction & Development Investment Group Co. Ltd. priced a USD100mn 3Y Fixed Bond at 6.50%.

There were no notable issuances in the Singdollar market yesterday.

Mandates:

- There were no notable mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	98.616	0.55%	USD-SGD	1.2853	0.25%
USD-JPY	148.880	0.79%	EUR-SGD	1.4910	-0.31%
EUR-USD	1.160	-0.54%	JPY-SGD	0.8634	-0.52%
AUD-USD	0.651	-0.47%	GBP-SGD	1.7201	-0.08%
GBP-USD	1.338	-0.32%	AUD-SGD	0.8371	-0.25%
USD-MYR	4.242	-0.28%	NZD-SGD	0.7640	-0.22%
USD-CNY	7.183	0.15%	CHF-SGD	1.6033	-0.21%
USD-IDR	16260	0.09%	SGD-MYR	3.3117	-0.27%
USD-VND	26135	0.05%	SGD-CNY	5.5814	-0.17%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.8740	-2.04%	1M	4.3474	-0.03%
3M	2.0410	0.74%	2M	4.3620	-0.05%
6M	2.0870	0.72%	3M	4.3356	-0.04%
12M	2.1140	1.20%	6M	4.2302	0.03%
			1Y	4.0248	-0.02%

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	-0.026	-2.6	-0.006	4.323
09/17/2025	-0.566	-54	-0.141	4.188
12/10/2025	-1.75	-66.4	-0.437	3.892

Equity and Commodity

Index	Value	Net change
DJIA	44,023.29	-436.36
S&P	6,243.76	-24.80
Nasdaq	20,677.80	37.47
Nikkei 225	39,678.02	218.40
STI	4,119.82	10.61
KLCI	1,525.40	-12.11
JCI	7,140.47	43.32
Baltic Dry	1,783.00	120.00
VIX	17.38	0.18

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.75 (-0.04)	3.94(--)
5Y	1.79 (-0.04)	4.04 (+0.05)
10Y	2.14 (-0.03)	4.48 (+0.05)
15Y	2.23 (-0.03)	--
20Y	2.23 (-0.03)	--
30Y	2.24 (-0.03)	5.02 (+0.04)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.33
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	66.52	-0.69%	Corn (per bushel)	4.013	-2.8%
Brent (per barrel)	68.71	-0.72%	Soybean (per bushel)	9.950	-0.2%
Heating Oil (per gallon)	240.52	0.64%	Wheat (per bushel)	5.380	0.7%
Gasoline (per gallon)	216.96	0.19%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.52	1.64%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9645.50	0.28%	Gold (per oz)	3324.6	-0.6%
Nickel (per mt)	15146.00	0.54%	Silver (per oz)	37.7	-1.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/16/2025 14:00	UK	CPI MoM	Jun	0.10%	--	0.20%	--
7/16/2025 14:00	UK	CPI YoY	Jun	3.40%	--	3.40%	--
7/16/2025 14:00	UK	CPI Core YoY	Jun	3.50%	--	3.50%	--
7/16/2025 14:00	UK	Retail Price Index	Jun	404	--	402.9	--
7/16/2025 14:00	UK	RPI MoM	Jun	0.30%	--	0.20%	--
7/16/2025 14:00	UK	RPI YoY	Jun	4.30%	--	4.30%	--
7/16/2025 15:20	ID	BI-Rate	16-Jul	5.50%	--	5.50%	--
7/16/2025 17:00	EC	Trade Balance SA	May	14.0b	--	14.0b	--
7/16/2025 17:00	EC	Trade Balance NSA	May	--	--	9.9b	--
7/16/2025 19:00	US	MBA Mortgage Applications	11-Jul	--	--	9.40%	--
7/16/2025 20:30	US	PPI Final Demand MoM	Jun	0.20%	--	0.10%	--
7/16/2025 20:30	US	PPI Ex Food and Energy MoM	Jun	0.20%	--	0.10%	--
7/16/2025 20:30	US	PPI Final Demand YoY	Jun	2.50%	--	2.60%	--
7/16/2025 20:30	US	PPI Ex Food and Energy YoY	Jun	2.70%	--	3.00%	--
7/16/2025 20:30	US	New York Fed Services Business Activity	Jul	--	--	-13.2	--
7/16/2025 21:15	US	Industrial Production MoM	Jun	0.10%	--	-0.20%	--

Source: Bloomberg

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