

## Daily Treasury Outlook

16 September 2025

### Highlights

**Global:** Risk sentiment stayed supportive as FOMC and other central banks' meetings loomed. S&P 500 and Nasdaq closed at another record high, with tech stocks at the front and centre of rally. In parallel, the VIX pushed higher, suggesting traders are positioning for increased volatility ahead. US treasuries saw some bidding, with yields 2–3bp lower across the curve. The dollar index slipped and was testing last week's lows. Gold set another all-time-high at USD3685.64/oz on Monday, on the back of softer dollar and lower treasury yields. Stephen Miran's nomination was confirmed by the Senate, allowing him to seat as governor at the FOMC meeting this week. US-China trade talks took a large leap forward, reaching a framework agreement to switch TikTok to U.S.-controlled ownership. China showed tactical flexibility in trade talks, and President Trump confirmed that he will talk to China's leader Xi on Friday. On data front, US' September empire manufacturing came in weak-than-expected at -8.7 (vs consensus of 5.0), the first negative reading since June. New orders and shipments indexes fell to the lowest levels since April, employment held steady while pace of input price increases remained elevated.

**Market Watch:** Asian markets are likely to trade with a slightly upbeat tone today, while Japan's market returned after a long weekend. Economic calendar in APAC market comprises of New Zealand's August food prices, Japan's July tertiary industry index and Hong Kong's August unemployment rate. Later today, the market will watch UK's July job data, Eurozone's July industrial production, Canada's August CPI, US' August retail sales, industrial production and September NAHB housing market index.

### Major Markets

**CH:** The back-to-back softness in China's July and August data is concerning. The key story behind that is China's "anti-involution" policies. "Anti-involution" is proving to be a double-edged sword: while it has underpinned equity market gains over the past two months, the impact of "anti-involution" policies on mid- and downstream sectors is becoming more visible. Upstream activity, such as coal mining, remained resilient, but the brunt of policy adjustment fell on mid- and downstream industries, where output growth slowed. While "anti-involution" is reshaping supply-demand dynamics at home, external demand remains a key source of resilience. All in, downside pressures in 2H appear contained, but the burden of stabilization is shifting more squarely onto policy.

#### Key Market Movements

| Equity     | Value  | % chg    |
|------------|--------|----------|
| S&P 500    | 6615.3 | 0.5%     |
| DJIA       | 45883  | 0.1%     |
| Nikkei 225 | 44768  | 0.0%     |
| SH Comp    | 3860.5 | -0.3%    |
| STI        | 4338.4 | -0.1%    |
| Hang Seng  | 26447  | 0.2%     |
| KLCI       | 1600.1 | 0.0%     |
|            | Value  | % chg    |
| DX         | 97.302 | -0.3%    |
| USDJPY     | 147.4  | -0.2%    |
| EURUSD     | 1.1761 | 0.2%     |
| GBPUSD     | 1.3599 | 0.3%     |
| USDIDR     | 16410  | 0.2%     |
| USDSGD     | 1.2805 | -0.2%    |
| SGDMYR     | 3.2792 | 0.1%     |
|            | Value  | chg (bp) |
| 2Y UST     | 3.54   | -1.88    |
| 10Y UST    | 4.04   | -2.68    |
| 2Y SGS     | 1.41   | 0.90     |
| 10Y SGS    | 1.79   | 1.69     |
| 3M SORA    | 1.52   | -1.23    |
| 3M SOFR    | 4.37   | 0.43     |
|            | Value  | % chg    |
| Brent      | 67.44  | 0.7%     |
| WTI        | 63.3   | 1.0%     |
| Gold       | 3679   | 1.0%     |
| Silver     | 42.68  | 1.2%     |
| Palladium  | 1192   | -0.6%    |
| Copper     | 10187  | 1.2%     |
| BCOM       | 104.69 | 0.9%     |

Source: Bloomberg

The impact of “anti-involution” policies on mid- and downstream sectors is becoming more visible. In August, industrial value-added growth eased 0.5ppt to 5.2% YoY. Upstream activity, such as coal mining, remained resilient, but the brunt of policy adjustment fell on mid- and downstream industries, where output growth slowed. Manufacturing investment also weakened (-0.9ppt to -1.2%), dragged mainly by sharp declines in transportation equipment and autos, both likely affected by the policy shift.

“Anti-involution” is proving to be a double-edged sword: while it has underpinned equity market gains over the past two months, the wealth effect has yet to spill over into households. Consumption growth moderated slightly in August, partly due to base effects from last year’s replacement-with-subsidy program. Infrastructure investment also lost momentum, with utilities dragging the headline lower. The slowdown may reflect both delays in project rollout and weather disruptions from extreme heat.

Looking at FAI composition, equipment purchases remain the lone bright spot. In Jan–Aug, equipment-related investment rose 14.4% YoY (vs. 15.2% in Jan–Jul), contributing 2.1ppt to overall FAI growth—well above the headline pace—suggesting that without this support, total FAI would have slipped into contraction. This underscores that large-scale equipment renewal policies are currently the only meaningful anchor for investment.

**ID:** Coordinating Minister for Economic Affairs Airlangga Hartanto announced a IDR16.23trn stimulus package on 15 September to boost growth in 4Q25, with some measures extending into 2026. Key initiatives include food aid for 18.3mn households, tax exemptions for tourism workers, and a “cash for work” scheme employing over 609k people. The package also offers paid internships for 20k fresh graduates, insurance discounts for ride-hailing and truck drivers, and maintains the small business (MSMEs) income tax rate at 0.5% until 2029.

**MY:** Malaysia and China have agreed to strengthen collaboration in smart city development, starting with pilot projects in second-tier cities like Ipoh and Seberang Perai. Housing Minister Nga Kor Ming said these initiatives will serve as a testbed for smart technologies, energy-efficient systems, and inclusive housing models, drawing from China’s platforms such as Hangzhou’s City Brain. The projects will feature AI-driven housing management, IoT-based infrastructure, digital services for residents, and affordable, eco-friendly housing designs.

**VN:** Prime Minister Pham Minh Chinh approved a plan to upgrade Vietnam’s stock market status, aiming to transform it into a key channel for medium- and long-term capital mobilization and achieve FTSE Russell’s secondary emerging market status by 2025, with a long-term goal of meeting MSCI emerging market criteria by 2030. The plan includes removing barriers such as pre-funding for foreign investors, enhancing transparency on foreign ownership limits, streamlining registration, improving transaction systems, and strengthening regulatory supervision. It also aims to develop advanced clearing and settlement infrastructure and introduce new financial products like green bonds and derivatives, among other initiatives, as reported by Vietnamplus.

## ESG

**Rest of the world:** Brazil will propose the creation of a new forum by COP30 in November that allows governments to discuss how climate policy affects trade, especially with developing countries concerned about the EU Deforestation Regulation and the Carbon Border Adjustment Mechanism. Developing countries have made several attempts to put the issue on the agenda at past UN climate summits, but the EU has said trade issues should be discussed at the World Trade Organisation. As the host country of COP30, Brazil plans to create this new forum that can discuss solutions such as new tools to track deforestation that are affordable for producers and acceptable for buyers in Europe. The proposed forum would have at least two working groups, one on climate and trade, and another on energy transition.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded higher yesterday with shorter tenors trading flat to 1bps higher while belly tenors traded 1-2bps higher and 10Y traded 2bps higher. As per Bloomberg, CIFI Holdings Group Co Ltd announced that bondholders have approved the proposed onshore bond restructuring to adjust principal and interest repayments for seven existing onshore bonds and includes restructuring options for bond repurchase, equity income rights, asset-based debt settlement, and general creditor claims. Meanwhile, S&P has affirmed Sun Hung Kai Properties Ltd's long term issuer credit rating and guaranteed senior unsecured notes rating at A+ while revising outlook to stable from negative, citing prudent financial management, disciplined land acquisitions and stable cashflow over the next one to two years. In other developments, Sunac China Holdings Ltd have received approval to hold a creditor vote on its USD9.6bn offshore restructuring plan. Per Bloomberg, as of June 24, about 75% of outstanding debt holders have agreed to the restructuring support agreement, which the company intends to implement via "schemes of arrangement". Bloomberg Asia USD Investment Grade spreads widened by 1bps to 64bps and Bloomberg Asia USD High Yield spreads widened by 6bps to 331bps respectively. (Bloomberg, OCBC)

### New issues:

There were five notable issuances by three issuers in the Asiadollar yesterday.

- Export-Import Bank of Korea priced USD1.5bn of debt in two tranches: a USD1bn 5Y Fixed Bond at T+26bps (Reoffer price 99.486 to yield 3.864%) and a USD500mn 3Y FRN at SOFR+46bps.
- FWD Group Holdings Ltd priced USD1.15bn of debt in two tranches: a USD575mn 5Y Fixed Subordinated Bond at T+165bps (Yield: 5.252%) and a USD575mn 10Y Fixed Subordinated Bond at T+180bps (Yield: 5.836%).
- Petron Corp priced a USD475mn PerpNC3 Fixed Note at T+382.50bps (Par to Yield 7.35%).

There was one notable issuance in the Singdollar market yesterday.

- GLL IHT Pre Ltd (guarantor: GuocoLand Limited) priced a SGD200mn 4Y Fixed Bond at 2.30%.

### Mandates:

- There were no notable mandates yesterday.

## Foreign Exchange

|         | Day Close | % Change |         | Day Close |
|---------|-----------|----------|---------|-----------|
| DXY     | 97.302    | -0.25%   | USD-SGD | 1.2805    |
| USD-JPY | 147.400   | -0.19%   | EUR-SGD | 1.5060    |
| EUR-USD | 1.176     | 0.23%    | JPY-SGD | 0.8687    |
| AUD-USD | 0.667     | 0.32%    | GBP-SGD | 1.7414    |
| GBP-USD | 1.360     | 0.32%    | AUD-SGD | 0.8540    |
| USD-MYR | 4.203     | -0.40%   | NZD-SGD | 0.7646    |
| USD-CNY | 7.119     | -0.09%   | CHF-SGD | 1.6114    |
| USD-IDR | 16410     | 0.20%    | SGD-MYR | 3.2792    |
| USD-VND | 26384     | -0.03%   | SGD-CNY | 5.5608    |

## SOFR

| Tenor | EURIBOR | Change | Tenor | USD SOFR |
|-------|---------|--------|-------|----------|
| 1M    | 1.8790  | 0.11%  | 1M    | 4.1431   |
| 3M    | 2.0000  | -0.70% | 2M    | 4.0880   |
| 6M    | 2.1080  | -0.52% | 3M    | 4.0340   |
| 12M   | 2.1670  | -0.05% | 6M    | 3.8640   |
|       |         |        | 1Y    | 3.6072   |

## Fed Rate Hike Probability

| Meeting    | # of Hikes/Cuts | % of Hikes/Cuts | Implied Rate Change | Expected Effective Fed Funds Rate |
|------------|-----------------|-----------------|---------------------|-----------------------------------|
| 09/17/2025 | -1.053          | -105.30%        | -0.263              | 4.07                              |
| 10/29/2025 | -1.801          | -74.80%         | -0.45               | 3.882                             |
| 12/10/2025 | -2.708          | -90.70%         | -0.677              | 3.656                             |

## Equity and Commodity

| Index      | Value     | Net change |
|------------|-----------|------------|
| DJIA       | 45,883.45 | 49.23      |
| S&P        | 6,615.28  | 30.99      |
| Nasdaq     | 22,348.75 | 207.65     |
| Nikkei 225 | 44,768.12 | 395.62     |
| STI        | 4,338.42  | -5.82      |
| KLCI       | 1,600.13  | 17.28      |
| JCI        | 7,937.12  | 83.06      |
| Baltic Dry | 2,126.00  | 15.00      |
| VIX        | 15.69     | 0.93       |

## Government Bond Yields (%)

| Tenor | SGS (chg)    | UST (chg)    |
|-------|--------------|--------------|
| 2Y    | 1.41 (+0.01) | 3.53(--)     |
| 5Y    | 1.48 (+0.02) | 3.61 (-0.03) |
| 10Y   | 1.79 (+0.02) | 4.04 (-0.03) |
| 15Y   | 1.84 (--)    | --           |
| 20Y   | 1.88 (--)    | --           |
| 30Y   | 1.97 (--)    | 4.65 (-0.02) |

## Financial Spread (bps)

| Value       | Change   |      |
|-------------|----------|------|
| EURIBOR-OIS | #N/A N/A | (--) |
| TED         | 35.36    | --   |

## Secured Overnight Fin. Rate

|      |      |
|------|------|
| SOFR | 4.42 |
|------|------|

## Commodities Futures

| Energy                   | Futures  | % chg | Soft Commodities        | Futures | % chg |
|--------------------------|----------|-------|-------------------------|---------|-------|
| WTI (per barrel)         | 63.30    | 0.97% | Corn (per bushel)       | 4.233   | 6.1%  |
| Brent (per barrel)       | 67.44    | 0.67% | Soybean (per bushel)    | 10.428  | 1.7%  |
| Heating Oil (per gallon) | 233.11   | 1.79% | Wheat (per bushel)      | 5.250   | 4.4%  |
| Gasoline (per gallon)    | 201.34   | 1.41% | Crude Palm Oil (MYR/MT) | 45.090  | 0.5%  |
| Natural Gas (per MMBtu)  | 3.04     | 3.47% | Rubber (JPY/KG)         | 309.500 | 2.8%  |
| Base Metals              | Futures  | % chg | Precious Metals         | Futures | % chg |
| Copper (per mt)          | 10186.50 | 1.18% | Gold (per oz)           | 3679.0  | 1.0%  |
| Nickel (per mt)          | 15436.00 | 0.29% | Silver (per oz)         | 42.7    | 1.2%  |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

| Date Time       | Country Code | Event                          | Period | Survey | Actual | Prior  | Revised |
|-----------------|--------------|--------------------------------|--------|--------|--------|--------|---------|
| 9/16/2025 12:30 | JN           | Tertiary Industry Index MoM    | Jul    | 0.10%  | --     | 0.50%  | --      |
| 9/16/2025 14:00 | UK           | Average Weekly Earnings 3M/YoY | Jul    | 4.70%  | --     | 4.60%  | --      |
| 9/16/2025 14:00 | UK           | ILO Unemployment Rate 3Mths    | Jul    | 4.70%  | --     | 4.70%  | --      |
| 9/16/2025 14:00 | UK           | Jobless Claims Change          | Aug    | --     | --     | -6.2k  | --      |
| 9/16/2025 16:30 | HK           | Unemployment Rate SA           | Aug    | 3.80%  | --     | 3.70%  | --      |
| 9/16/2025 17:00 | GE           | ZEW Survey Expectations        | Sep    | 25     | --     | 34.7   | --      |
| 9/16/2025 17:00 | GE           | ZEW Survey Current Situation   | Sep    | -73.6  | --     | -68.6  | --      |
| 9/16/2025 17:00 | EC           | Labour Costs YoY               | 2Q     | --     | --     | 3.40%  | --      |
| 9/16/2025 17:00 | EC           | Industrial Production SA MoM   | Jul    | 0.40%  | --     | -1.30% | --      |
| 9/16/2025 20:30 | US           | Retail Sales Advance MoM       | Aug    | 0.20%  | --     | 0.50%  | --      |
| 9/16/2025 20:30 | US           | Import Price Index MoM         | Aug    | -0.20% | --     | 0.40%  | --      |
| 9/16/2025 21:15 | US           | Industrial Production MoM      | Aug    | -0.10% | --     | -0.10% | --      |
| 9/16/2025 21:15 | US           | Manufacturing (SIC) Production | Aug    | -0.20% | --     | 0.00%  | --      |
| 9/16/2025 21:15 | US           | Capacity Utilization           | Aug    | 77.40% | --     | 77.50% | --      |
| 9/16/2025 22:00 | US           | Business Inventories           | Jul    | 0.20%  | --     | 0.20%  | --      |

Source: Bloomberg



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