Daily Treasury Outlook

16 October 2025

Highlights

Global: US Federal Reserve Chairperson Powell's perceived dovish comments on 15 October, a building sense of downside risks to growth from the prolonged US government shutdown and mixed rhetoric on US-China trade tensions pushed Fed fund futures to price in 47.8bp in rate cuts for 2025. This is consistent with our house call for a cumulative 50bps in rate cuts this year. The Beige book was released overnight, and it showed that consumer spending was softer while prices had risen in many districts, "but the extent of those higher costs passing through to final prices varied". It added that "employment levels were largely stable in recent weeks, and demand for labor was generally muted across Districts and sectors. In most Districts, more employers reported lowering head counts through layoffs and attrition, with contacts citing weaker demand, elevated economic uncertainty, and, in some cases, increased investment in artificial intelligence technologies." The US has suggested a longer trade truce with China if it reconsiders its stance on the export of rare earth minerals. It added that joint action with the EU could be taken to counter these measures. Indeed, ECB's Muller noted that "shortages of some critical inputs could certainly lead to higher prices for certain products, even if it hurts the economy." US equities ended the session on Wednesday mixed (S&P: +0.4%; NASDAQ: +0.7%; Dow: -0.04%), while UST yields traded mixed and the DXY index closed lower.

Market Watch: The data today includes Australia's September employment, UK August activity data, US September retail sales, PPI, and weekly labour market data. Sentiment data includes October Philadelphia Fed Business Outlook, New York Fed Services Business Activity. Central bank speakers include Fed's Miran, Barr, Bowman, Schmid and Waller; BoJ's Tamura; ECB's Lane and Wunsch and RBA's Bullock.

Commodities: Crude oil benchmarks extended losses for the second consecutive trading session, with WTI and Brent declining by 0.7% and 0.8%, respectively, closing at USD58.3/bbl and USD61.9/bbl. Bearish sentiment in the oil complex remains driven by concerns over the impact of escalating US-China trade tensions on global economic growth, as well as fears of a looming supply glut. Elsewhere, the American Petroleum Institute (API) reported a buildup of 7.4mn bbls in US crude inventories for the week ending 10 October. If realised, this would mark a third consecutive weekly increase in US crude oil inventories. The US Energy Information Administration (EIA) Weekly Petroleum Status Report will be released tonight (17 October).

Key Market Movements

Equity	Value	% chg
S&P 500	6671.1	0.4%
DJIA	46253	0.0%
Nikkei 225	47673	1.8%
SH Comp	3912.2	1.2%
STI	4368.4	0.3%
Hang Seng	25911	1.8%
KLCI	1611.6	0.0%
	Value	**% chg**
DXY	98.793	-0.3%
USDJPY	151.05	-0.5%
EURUSD	1.1647	0.3%
GBPUSD	1.3403	0.6%
USDIDR	16565	-0.1%
USDSGD	1.2963	-0.2%
SGDMYR	3.2668	0.4%
	Value	**chg (bp)**
2Y UST	3.50	1.66
10Y UST	4.03	-0.39
2Y SGS	1.44	0.40
10Y SGS	1.77	1.63
3M SORA	1.40	-0.41
3M SOFR	4.32	-0.17
	Value	**% chg**
Brent	61.91	-0.8%
WTI	58.27	-0.7%
Gold	4207	1.6%
Silver	53.03	3.1%
Palladium	1536	0.6%
Copper	10641	0.6%
BCOM	105.59	0.1%

Source: Bloomberg

Major Markets

ID: Danantara CEO, Rosan Roeslani, said the sovereign wealth fund expects to collect up to USD10bn in dividends annually over the next five years, supported by reforms aimed at streamlining state-owned enterprises (SOEs). The government plans to reduce the number of SOEs from about 1,000 to just over 200 to boost efficiency and returns, according to The Business Times. The sovereign wealth fund is also planning to expand its equity investments to USD40bn over five years, potentially increasing its total investment capacity to as much as USD250bn through leverage. The fund is also deepening its global ties through joint ventures with the Qatar Investment Authority, China Investment Corporation, and Saudi Arabia's Public Investment Fund.

MY: The IMF kept Malaysia's GDP growth forecast unchanged at 4.5% for 2025 and 4.0% for 2026, following a 5.1% expansion in 2024, according to its October 2025 World Economic Outlook. Meanwhile, inflation is expected to ease to 1.6% in 2025 from 1.8% in 2024, before rising slightly to 2.2% in 2026. Separately, Prime Minister Anwar Ibrahim noted that the Johor–Singapore Special Economic Zone (JS-SEZ) has attracted strong investor interest, with 104 potential investors eyeing projects worth MYR29.5bn as of mid-September. Approved investments in the zone reached MYR37bn in 1H25, accounting for about two-thirds of Johor's total MYR56bn in approvals, according to The Edge.

TH: The parliament debated three constitutional amendment drafts submitted by the Bhumjaithai Party, the People's Party, and the Pheu Thai Party. These bills specifically aim to amend Section 256 of the 2017 military-drafted constitution to establish a Constitution Drafting Assembly tasked with writing a new charter. After two hours of voting, the drafts submitted by the Bhumjaithai Party and the People's Party were approved in principle. The Pheu Thai Party draft, though supported by a majority of MPs, failed because only 60 senators voted in favour. This was short of the one-third requirement of 67 senators. House Speaker Wan Muhamad Noor Matha concluded that the two approved drafts would be consolidated by a special committee into a single proposal, which will advance further to second and third readings of parliament.

VN: Vietnam and Pakistan have begun negotiations for a bilateral preferential trade agreement (VPPTA) to strengthen and diversify economic cooperation. During a visit to Islamabad, Industry and Trade Minister Nguyen Hong Dien met with Pakistani Minister of Commerce, Jam Kamal Khan, to discuss boosting trade and investment. Bilateral trade reached USD85mn in 2024 and nearly USD600mn in the first nine months of 2025, according to VietnamPlus. Minister Dien urged both sides to reduce tariffs, ease technical barriers, and enhance cooperation in textiles, halal food, agro-processing, energy, and digital sectors, describing the launch of the VPPTA as a key step toward elevating bilateral ties.

ESG

CH: China and Iceland plan to enhance intergovernmental and industry-level cooperation on geothermal and green energy. Both sides will collaborate to reduce greenhouse gas emissions, promote energy transition initiatives and create green jobs. Iceland is a global leader in geothermal management and technologies where geothermal supplies close to 30% of its energy mix, while China has vast untapped geothermal potential. Cooperation between the two countries can accelerate advancements in geothermal technologies, which can support China's net-zero ambitions. However, limitations due to grid infrastructure constraints persist and China plans to address these issues through grid upgrades and implementing energy storage systems.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded flat to higher yesterday with shorter tenors trading flat to 1bps higher while belly tenors and 10Y traded ~1bps higher. As per Bloomberg, Country Garden Holdings Co has obtained support from nearly all holders of its RMB-denominated notes for a local bond restructuring proposal. However, it still needs approval from holders of a 4.5% RMB note due next year, with RMB442mn outstanding as of the end of June. The restructuring plan, covering RMB13.8bn in principal, offers options such as bond buybacks, debt conversions, and note extensions with reduced interest. Meanwhile, CIFI Holdings Group Co Ltd will issue mandatory convertible bonds ("MCB") under its offshore restructuring, which comprises USD4.1bn of new instruments to be issued while the offshore debt obligations will continue to reduce as the MCB are converted into company shares. The remaining USD2.6bn will be new instruments in the form of short, medium and long term notes to be issued and lending facilities which will reduce the offshore debt obligations. Lastly, China Vanke Co ("Vanke") has made delayed interest payments on previously skipped onshore debt. Vanke also obtained approval to reduce interest on debt from some creditors, including banks and insurance firms. Vanke is still set to face a looming maturity wall, with ~RMB24bn of onshore public bonds and loans due next year. Bloomberg Asia USD Investment Grade spreads tightened by ~1bps to ~64bps and Bloomberg Asia USD High Yield spreads tightened by 4bps to 353bps respectively. (Bloomberg, OCBC)

New issues:

There were two notable issuances in the Asiadollar market yesterday.

- China Water Affairs Group Ltd (Subsidiary guarantors: Certain non-PRC incorporated restricted subsidiaries) priced a USD150mn 5NC3 Blue Fixed Bond at 98.937 to yield 6.125%.
- Chengdu Sino French Ecological Park Investment Development Co Ltd (SBLC Provider: Bank of Chengdu Co Ltd) priced a USD100mn 3Y Fixed Bond at 4.30%.

There were no notable issuances in the Singdollar market yesterday.

Mandates:

- The Republic of Korea may issue a USD-denominated 5Y Fixed Bond.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.793	-0.26%	**USD-SGD**	1.2963
USD-JPY	151.050	-0.52%	**EUR-SGD**	1.5095
EUR-USD	1.165	0.34%	**JPY-SGD**	0.8580
AUD-USD	0.651	0.42%	**GBP-SGD**	1.7373
GBP-USD	1.340	0.62%	**AUD-SGD**	0.8442
USD-MYR	4.232	0.01%	**NZD-SGD**	0.7420
USD-CNY	7.127	0.00%	**CHF-SGD**	1.6264
USD-IDR	16565	-0.06%	**SGD-MYR**	3.2668
USD-VND	26342	-0.05%	**SGD-CNY**	5.4970

Equity and Commodity

Index	Value	Net change
DJIA	46,253.31	-17.15
S&P	6,671.06	26.75
Nasdaq	22,670.08	148.38
Nikkei 225	47,672.67	825.35
STI	4,368.42	13.90
KLCI	1,611.55	0.09
JCI	8,051.18	-15.35
Baltic Dry	1,997.00	-25.00
VIX	20.64	-0.17

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.8970	0.32%	**1M**	4.0322
3M	2.0210	-0.25%	**2M**	3.9572
6M	2.1060	0.14%	**3M**	3.8897
12M	2.1820	-0.86%	**6M**	3.7295
			1Y	3.5010

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.44 (--)	3.49(--)
5Y	1.58 (+0.01)	3.62 (+0.01)
10Y	1.77 (+0.02)	4.02 (0)
15Y	1.83 (+0.01)	--
20Y	1.85 (--)	--
30Y	1.95 (+0.01)	4.62 (-0.01)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/29/2025	-0.978	-97.80%	-0.245	3.863
12/10/2025	-1.935	-95.70%	-0.484	3.623

Financial Spread (bps)

	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	4.19

Commodities Futures

Energy	**Futures**	**% chg**	**Soft Commodities**	**Futures**	**% chg**
WTI (per barrel)	58.27	-0.73%	Corn (per bushel)	4.168	0.9%
Brent (per barrel)	61.91	-0.77%	Soybean (per bushel)	10.065	0.0%
Heating Oil (per gallon)	217.48	-1.04%	Wheat (per bushel)	4.988	-0.3%
Gasoline (per gallon)	183.44	0.32%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.02	-0.40%	Rubber (JPY/KG)	309.500	2.8%

Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	10641.00	0.60%	Gold (per oz)	4207.5	1.6%
Nickel (per mt)	15194.00	0.39%	Silver (per oz)	53.0	3.1%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
10/16/2025 14:00	UK	Industrial Production YoY	Aug	-0.80%	--	0.10%	--
10/16/2025 14:00	UK	Manufacturing Production YoY	Aug	-1.00%	--	0.20%	--
10/16/2025 14:00	UK	Trade Balance GBP/Mn	Aug	-£4805m	--	-£5260m	--
10/16/2025 17:00	EC	Trade Balance SA	Aug	7.0b	--	5.3b	--
10/16/2025 20:30	US	Retail Sales Advance MoM	Sep	0.40%	--	0.60%	--
10/16/2025 20:30	US	PPI Final Demand YoY	Sep	2.60%	--	2.60%	--
10/16/2025 20:30	US	PPI Ex Food and Energy YoY	Sep	2.70%	--	2.80%	--
10/16/2025 20:30	US	Initial Jobless Claims	11-Oct	230k	--	--	--
10/16/2025 20:30	US	Continuing Claims	4-Oct	1930k	--	1926k	--
10/16/2025 20:30	US	Philadelphia Fed Business Outlook	Oct	10	--	23.2	--
10/16/2025 20:30	US	New York Fed Services Business Activity	Oct	--	--	-19.4	--
10/16/2025 22:00	US	Business Inventories	Aug	0.00%	--	0.20%	--
10/16/2025 22:00	US	NAHB Housing Market Index	Oct	33	--	32	--
10/16/2025-10/18/2025	CH	FDI YTD YoY CNY	Sep	--	--	-12.70%	--

Source: Bloomberg

GLOBAL MARKETS RESEARCH

Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberthtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathanng4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyiong1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
mengteechin@ocbc.com