

Daily Treasury Outlook

17 June 2025

Highlights

Global: Israel-Iran conflict entered the fourth day, and situation remained extremely fluid. Iran has called for U.S. President Trump to influence Israel to agree to an immediate ceasefire, raising hope that a truce will be reached. However, Israeli Prime Minister Netanyahu showed no signs of readiness to stop the military campaign, while Trump later said Tehran should “immediately evacuate”, suggesting that chance of ceasefire may remain distant. Three major US indexes staged a sharp rebound on Monday, with the S&P 500 back above the psychological level of 6000 points. U.S. Treasury yields curve bear steepened despite a solid 20-year bond auction. Dollar index ended the day marginally lower, after erasing most of the intraday losses. Both oil and gold prices gave back Friday’s gains.

On data front, the US Empire State Manufacturing Index for June fell to -16.0, below the consensus of -6.0, dragged by new orders and shipments sub-indices. However, the employment sub-index improved somewhat to 4.7, the highest since December 2022, while firms turned positive about the outlook. China's retail sales grew 6.4% in May, due to an early 618 annual shopping festival and government-sponsored trade-in program. That contrasted with a mild slowdown in industrial output (5.8% YoY in May) and fixed-asset investment (3.7% YoY in the first five months of 2025). Jobless rate improved slightly to 5% from 5.1% in April. Separately, China’s May new home and used home prices fell by 0.22% MoM and 0.5% MoM respectively, faster pace of declines compared to that in April.

Market Watch: The BoJ is expected to keep its policy rate unchanged at 0.5% today, with focus on its JGB purchase program (currently at a 400 billion-reduction per quarter), and Governor Ueda’s post-meeting press conference. Asian market is likely to open with a slightly upbeat tone today. Economic calendar in Asia comprises of New Zealand’s May food prices (0.5% MoM), Singapore’s May NODX and Hong Kong’s May unemployment rate. Later today, the market will watch Germany’s June ZEW expectations, US’ May retail sales, May industrial production.

Commodities: Crude benchmarks edged lower on Monday, partly driven by media reports highlighting Iran's intention to de-escalate hostilities with Israel and restart bilateral nuclear talks with the US. Nevertheless, crude oil prices are expected to advance during the Asian trading session due to concerns about escalating geopolitical tensions in the Middle East, with the Israel-Iran conflict entering its fifth day. This follows a call from US President Donald Trump for the evacuation of the Iranian capital, Tehran. WTI and Brent rose by 0.9% to USD72.4/bbl and USD73.9/bbl during Asian open.

Key Market Movements

Equity	Value	% chg
S&P 500	6033.1	0.9%
DJIA	42515	0.8%
Nikkei 225	38311	1.3%
SH Comp	3388.7	0.3%
STI	3908.5	-0.1%
Hang Seng	24061	0.7%
KLCI	1520.0	0.1%
	Value	% chg
DX	97.998	-0.2%
USDJPY	144.75	0.5%
EURUSD	1.1561	0.1%
GBPUSD	1.3578	0.1%
USDIDR	16265	-0.2%
USDSGD	1.2801	-0.2%
SGDMYR	3.3135	0.1%
	Value	chg (bp)
2Y UST	3.97	1.89
10Y UST	4.45	4.75
2Y SGS	1.87	4.80
10Y SGS	2.32	5.16
3M SORA	2.18	-1.88
3M SOFR	4.34	-0.09
	Value	% chg
Brent	73.23	-1.3%
WTI	71.77	-1.7%
Gold	3385	-1.4%
Silver	36.31	0.0%
Palladium	1035	0.2%
Copper	9703	0.6%
BCOM	105.70	0.4%

Source: Bloomberg

Major Markets

CH: China's industrial output growth moderated slightly in May, with the value-added of the manufacturing sector—the largest component of industry—easing by 0.4 percentage points from the previous month to 6.2%. This slowdown dragged down the overall pace of industrial production, primarily due to the continued impact of sharp changes in the external trade environment on export-related activities. Nevertheless, cumulative industrial output growth for January to May reached 6.3%, well above the 5.8% recorded in 2024, suggesting that the broader industrial sector remains resilient. Growth-supportive policies, including the “Two New” (new productive forces and new consumption) and “Two Heavy” (heavy manufacturing and heavy equipment) initiatives, continue to cushion the economy against external volatility.

In addition, the government's “trade-in” program for consumer goods significantly lifted demand in related categories. Among enterprises above the designated size, retail sales of home appliances and audiovisual equipment, communication devices, cultural and office supplies, and furniture rose sharply in May—recording year-on-year growth of between 25.6% and 53%. These categories collectively contributed 1.9 percentage points to total retail sales growth. Although some local governments suspended subsidies from June onward, potentially creating short-term pressure on consumption, we expect the central government to sustain such policies to support household demand.

Meanwhile, momentum in equipment upgrade investment has strengthened further. Investment in machinery and tools rose by 17.3% year-on-year in the first five months of the year, contributing 2.3 percentage points to overall fixed asset investment growth and accounting for 63.6% of the total increase. This underscores the growing role of capital expenditure in supporting the recovery.

Overall, the combination of resilient industrial production, strong consumer goods sales, and robust equipment investment suggests that China's second-quarter GDP is likely to remain above 5% year-on-year.

ID: Singapore and Indonesia reaffirmed their strong bilateral ties during President Prabowo Subianto's state visit and Leaders' Retreat with Prime Minister Lawrence Wong on 15-16 June. Both leaders pledged to deepen cooperation in areas such as green energy, defense, airspace management, and food security, building on three landmark pacts that took effect in 2024. On 13 June, the two countries also signed new agreements on cross-border electricity trade, carbon capture, and sustainable industrial zones.

MY: Malaysia climbed 11 spots to 23rd in the 2025 World Competitiveness Ranking, its best position since 2020. The improvement was driven by gains in economic performance (from 8th to 4th), government efficiency (from 33rd to 25th), and business efficiency (from 40th to 32nd), while the infrastructure rank remained steady at 35th globally. The Investment, Trade and Industry Minister (MITI), Zafrul Aziz, credits reforms under the MADANI framework, especially efforts to cut bureaucracy, for enhancing Malaysia's investment appeal. With coordinated strategies led by JKDSN and over 1,000 public sector reform initiatives, MITI expressed confidence that Malaysia remains on track to become one of the world's top 12 most competitive economies by 2033.

ESG

SG: Singapore and Indonesia have signed three agreements to strengthen cooperation in clean energy and sustainable development, focusing on cross-border trade in low-carbon electricity trade, carbon capture and storage (CCS), and the development of sustainable industrial zones on several Indonesian islands near Singapore e.g. Batam, Bintan and Karimun. The deals reaffirm an earlier agreement to export solar power from Indonesia to Singapore and plans to advance cross-border CCS projects in efforts to achieve both countries' climate goals.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 2-4bps higher, belly tenors trading 4-5bps higher and 10Y trading 4bps higher. As reported by Bloomberg, sources familiar with the situation have stated that Hong Kong builder Far East Consortium International Ltd. is contemplating a potential offshore bond issuance. If the company moves forward with the sale, it would mark its first offshore bond offering since it issued a 7.7% RMB note in November 2024. Australian energy producer Santos Limited ("Santos") received a final non-binding indicative takeover proposal from a consortium led by a subsidiary of Abu Dhabi National Oil Company ("Adnoc"). The deal for all the issued shares of Santos is reportedly worth ~USD19bn and allows Adnoc to expand its global gas and liquified natural gas operations. The announced offer follows two confidential, non-binding and indicative proposals from earlier this year and is condition on receiving necessary approvals from Australia's Foreign Investment Review Board, Australian Securities and Investments Commission and various other regulatory bodies in Papua New Guinea and the United States. Bloomberg Asia USD Investment Grade spreads tightened by 1 bps to 72bps and Bloomberg Asia USD High Yield spreads tightened by 2bps to 473bps respectively. (Bloomberg, OCBC)

New Issues:

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

- MTR Corp CI Ltd (guarantor: MTR Corporation) issued USD3bn of debt in two tranches: a USD1.5bn Senior Subordinated PerpNC5.5 at T+86bps and a USD1.5bn Senior Subordinated PerpNC10.5 at T+120.70bps.
- Industrial Bank of Korea issued USD1bn of debt in two tranches: a USD500mn 3Y FRN Social at SOFR+58bps and a USD500mn 5Y Fixed Social at T+47bps.
- Hanwha Life Insurance Co Ltd priced a USD1bn 30NC5 Subordinated Tier 2 at 6.30%.

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
DXY	97.998	-0.19%	USD-SGD	1.2801	-0.17%
USD-JPY	144.750	0.47%	EUR-SGD	1.4799	-0.09%
EUR-USD	1.156	0.10%	JPY-SGD	0.8844	-0.63%
AUD-USD	0.652	0.57%	GBP-SGD	1.7382	-0.14%
GBP-USD	1.358	0.05%	AUD-SGD	0.8353	0.34%
USD-MYR	4.242	-0.08%	NZD-SGD	0.7759	0.57%
USD-CNY	7.180	-0.04%	CHF-SGD	1.5731	-0.46%
USD-IDR	16265	-0.18%	SGD-MYR	3.3135	0.11%
USD-VND	26075	0.00%	SGD-CNY	5.6110	0.17%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.9170	1.32%	1M	4.3229	0.07%
3M	2.0040	1.47%	2M	4.3250	0.02%
6M	2.0560	0.19%	3M	4.3270	-0.10%
12M	2.0840	-0.29%	6M	4.2400	-0.29%
			1Y	4.0450	-0.49%

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	-0.145	-14.5	-0.036	4.293
09/17/2025	-0.79	-64.5	-0.198	4.131
12/10/2025	-1.993	-64.8	-0.498	3.831

Equity and Commodity

Index	Value	Net change
DJIA	42,515.09	317.30
S&P	6,033.11	56.14
Nasdaq	19,701.21	294.38
Nikkei 225	38,311.33	477.08
STI	3,908.46	-2.96
KLCI	1,519.99	1.88
JCI	7,117.59	-48.47
Baltic Dry	1,968.00	64.00
VIX	19.11	-1.71

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.87 (+0.05)	3.97(--)
5Y	1.93 (+0.05)	4.03 (+0.03)
10Y	2.32 (+0.05)	4.45 (+0.05)
15Y	2.44 (+0.05)	--
20Y	2.48 (+0.04)	--
30Y	2.5 (+0.03)	4.96 (+0.06)

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)	71.77	-1.66%	Corn (per bushel)	4.348	-2.2%
Brent (per barrel)	73.23	-1.35%	Soybean (per bushel)	10.698	0.0%
Heating Oil (per gallon)	239.33	1.47%	Wheat (per bushel)	5.365	-1.3%
Gasoline (per gallon)	221.99	-0.35%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.75	4.66%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9703.00	0.60%	Gold (per oz)	3385.2	-1.4%
Nickel (per mt)	15069.00	-0.39%	Silver (per oz)	36.3	0.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
6/17/2025 5:00	SK	Export Price Index YoY	May	--	-2.40%	0.70%	0.40%
6/17/2025 8:30	SI	Electronic Exports YoY	May	--	--	23.50%	--
6/17/2025 8:30	SI	Non-oil Domestic Exports YoY	May	7.80%	--	12.40%	--
6/17/2025 16:30	HK	Unemployment Rate SA	May	3.50%	--	3.40%	--
6/17/2025 17:00	EC	ZEW Survey Expectations	Jun	--	--	11.6	--
6/17/2025 20:30	US	Retail Sales Advance MoM	May	-0.60%	--	0.10%	--
6/17/2025 20:30	US	Retail Sales Ex Auto and Gas	May	0.30%	--	0.20%	--
6/17/2025 20:30	US	Retail Sales Ex Auto MoM	May	0.20%	--	0.10%	--
6/17/2025 20:30	US	Retail Sales Control Group	May	0.30%	--	-0.20%	--
6/17/2025 20:30	US	New York Fed Services Business Activity	Jun	--	--	-16.2	--
6/17/2025 21:15	US	Industrial Production MoM	May	0.00%	--	0.00%	--
6/17/2025 21:15	US	Capacity Utilization	May	77.70%	--	77.70%	--
6/17/2025 21:15	US	Manufacturing (SIC) Production	May	0.10%	--	-0.40%	--
6/17/2025 22:00	US	Business Inventories	Apr	0.00%	--	0.10%	--
6/17/2025 22:00	US	NAHB Housing Market Index	Jun	36	--	34	--
6/17/2025	JN	BOJ Target Rate	17-Jun	0.50%	--	0.50%	--

Source: Bloomberg



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