

## Daily Treasury Outlook

17 July 2025

### Highlights

**Global:** US equities closed higher (S&P: +0.32%; NASDAQ: +0.25%; Dow: +0.53%) but it was a volatile trading session. This was mirrored in the DXY index and to a lesser extent UST yields, with front-end yields ending the US session around 5-6bps lower from early trading. June PPI data released overnight showed a flat MoM increase compared to expectation of 0.2%, but the increase for May was revised higher to 0.3% from 0.1%. Similarly, core PPI was also flat on the month, but the May increase was revised higher to 0.4% from 0.1%. In year-on-year terms, the headline increase slowed to 2.3% from 2.7% while core PPI moderated to 2.6% YoY from 3.2%. Industrial production growth rose by 0.3% MoM from 0.0% in May while capacity utilisation improved modestly to 77.6%. President Trump continued to punch at Fed Chair Powell, although he did state that he will not remove him. Former Federal Reserve Vice Chair Lael Brainard opined that the focus on the removal of the Fed Chair could hurt policy credibility. Amongst the other speakers, John Williams said that he sees the effect of tariffs on inflation reflecting in the data in the coming months, while Bostic said everything is on the table and the Fed will be guided by data.

The Beige book released overnight noted that “economic activity increased slightly from late May through early July” and this was an improvement from the previous report. On prices, the report stated that “in all twelve Districts, businesses reported experiencing modest to pronounced input cost pressures related to tariffs, especially for raw materials used in manufacturing and construction.” It added that “many firms passed on at least a portion of cost increases to consumers..., although some held off raising prices..., resulting in compressed profit margins.” On employment, it noted that “employment increased very slightly overall” and that “hiring remained generally cautious”. US fed fund futures are pricing in 45.7bps in rate cuts by year-end.

Closer home, the focus remains on tariff announcements. Indian officials noted that they hope for a better deal on tariffs than 19% that was negotiated by Indonesia. Bank Indonesia cut its policy rate by 25bps in line with our expectations, but against consensus. We have added to our rate cut expectations from BI and now expect another cumulative 50bps in rate cuts by end-2025, taking the policy rate to 4.75%.

**Market Watch:** The data releases today focus on Singapore’s June NODX, Australia’s June employment data, UK May labour market data, Euro Area final June CPI and in the US, June retail sales and the weekly initial jobless claims data.

### Key Market Movements

Equity	Value	% chg
S&P 500	6263.7	0.3%
DJIA	44255	0.5%
Nikkei 225	39663	0.0%
SH Comp	3503.8	0.0%
STI	4132.3	0.3%
Hang Seng	24518	-0.3%
KLCI	1511.5	-0.9%
	Value	% chg
DXY	98.392	-0.2%
USDJPY	147.88	-0.7%
EURUSD	1.1641	0.3%
GBPUSD	1.3422	0.3%
USDIDR	16278	0.1%
USDSGD	1.2826	-0.2%
SGDMYR	3.3035	-0.2%
	Value	chg (bp)
2Y UST	3.89	-4.81
10Y UST	4.46	-2.60
2Y SGS	1.75	0.30
10Y SGS	2.15	0.21
3M SORA	1.94	-0.83
3M SOFR	4.34	0.07
	Value	% chg
Brent	68.52	-0.3%
WTI	66.38	-0.2%
Gold	3347	0.7%
Silver	37.91	0.5%
Palladium	1237	3.5%
Copper	9635	-0.1%
BCOM	104.04	0.4%

Source: Bloomberg

**SG:** NODX accelerated by 13.0% YoY in June (consensus: 5.0%, OCBC: 5.2%), up from a downwardly revised -3.9% in May. NODX growth was broad-based across categories, with electronics and non-electronics exports expanding by 8.0% YoY and 14.5%, respectively, up from 1.6% and -5.8% in May. By top 10 NODX markets, June saw growth led by HK, South Korea, Taiwan, and China, while the other six key markets fell with EU seeing the largest decline of 23.6% YoY.

**Commodities:** Crude oil benchmarks extended their decline for the third consecutive session, with WTI and Brent edging lower by 0.2% and 0.3%, respectively, to USD66.4/bbl and USD68.5/bbl. A surprise buildup in US fuel inventories exerted downward pressure on oil prices, raising concerns about waning demand during the summer driving season. According to the Energy Information Administration (EIA), gasoline and distillate inventories rose by 3.4mn bbls (consensus: -1.5mn bbls) and 4.2mn bbls (consensus: -1.2mn bbls), respectively, reaching 232.9mn bbls and 107.0mn bbls, for the week ending 11 July. However, a larger-than-expected drawdown in US crude oil inventories (consensus: -0.7mn bbls, actual: -3.9mn bbls) may have limited losses.

## Major Markets

**ID:** Bank Indonesia (BI) cut its policy rate by 25bps, in line with our expectations but against consensus expectations of no change, taking the policy rate to 5.25%. BI left the door open for further rate cuts as it buttresses economic and credit growth prospects. Interestingly, the Governor's change in assessment was for core inflation. He noted that core inflation could be lower than expected. Core inflation was stable at 2.4% YoY in May and June 2025, compared to 2.3% in end-2024. Our baseline forecast is for headline inflation to remain well contained, averaging 2.0% YoY in 2025 from 2.3% in 2024. This implies higher inflation in the coming months, but still within BI's target range of 1.5-3.5%. Looking ahead, we add another 50bps in rate cut expectations for the remainder of the year. The timing of these forthcoming rate cuts will be done keeping in mind IDR stability, in our view. As such, our revised forecast is for the BI policy to be 4.75% by end-2025.

**MY:** The Ministry of Investment, Trade and Industry announced that it is considering a new national blueprint for the healthcare sector, aiming to drive investments and create jobs in the industry. At the ceremony for International Healthcare Week, Minister of Investment, Trade and Industry Tengku Datuk Seri Zafrul Abdul Aziz noted that Malaysia aims to "speed up (its) industrial reform agenda", with the healthcare industry is strategically positioned to lead this agenda. Last year, the pharmaceutical industry attracted MYR2.1bn in investments and created 2,700 jobs across manufacturing, R&D, and regulatory services, highlighting the sector's importance to Malaysia's economy.

**TH:** The Constitutional Court will consider former PM Paetongtarn Shinawatra's request for an extension to file her defence today. This follows the leaked audio conversation with former Cambodian Premier Hun Sen, which led to her suspension from the Prime Minister position. If granted, the new deadline would shift to 31 July, followed by a rebuttal period (until 16 August) for the petitioners, with the possibility of further clarification from Ms. Shinawatra. The court is then required to wait an additional 15 days before delivering a verdict, which is expected in September.

## ESG

**MY:** Tenaga Nasional Berhad (TNB), in collaboration with PETRONAS and Terengganu Inc, has announced the launch of the Hybrid Hydro Floating Solar (HHFS) and Green Hydrogen Hub in Terengganu. The project supports the National Energy Transition Roadmap (NETR) and the Hydrogen Economy and Technology Roadmap (HETR), aiming to advance Malaysia's green hydrogen ambitions. The green hydrogen hub in Terengganu will be part of an integrated value chain generating renewable energy that can support the development of the ASEAN power grid, advance sustainable solution and promote greater clean energy collaborations with the region.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded higher yesterday with shorter tenors trading flat to 1bps higher while belly tenors and 10Y traded 2bps higher. As per Bloomberg, New World Development Co. (“New World”) is in early-stage discussions with the Hong Kong airport authority on its plan to sell its “11 Skies” mall to address liquidity pressures. The mall has been valued at a price range of HKD15bn to HKD17bn, a loss from the initial investment of HKD20bn. New World is accelerating assetsales, including in mainland China, as it rushes to strengthen its balance sheet. In other news by Bloomberg, China Vanke Co. (“Vanke”) has sought to extend some domestic bank loans by up to 10 years to ease liquidity risk and gain breathing room on its repayment obligations. This move comes as the company faces significant financial pressure, including a projected first-half loss of up to USD1.67bn. While some banks are currently evaluating the proposals, others remain hesitant to proceed without further regulatory guidance, amid the deteriorating profitability and rising concerns over bad debt, with total non-performing loans in the banking system reaching a record RMB3.4tn as of March 2025. Bloomberg Asia USD Investment Grade spreads traded flat at 68bps and Bloomberg Asia USD High Yield spreads widened by 5bps to 365bps respectively. (Bloomberg, OCBC)

### New Issues:

There was one notable issuance in the Asiadollar market yesterday.

- Korea Hydro & Nuclear Power Co., Ltd. priced a USD500mn 5Y Green FRN at SOFR+79bps.

There was one notable issuance in the Singdollar market yesterday.

- Shangri-La Hotel Limited (guarantor: Shangri-La Asia Ltd) priced a SGD300mn 7Y Fixed Bond at 3.48%.

### Mandates:

- There were no notable mandates yesterday.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	98.392	-0.23%	USD-SGD	1.2826	-0.21%
USD-JPY	147.880	-0.67%	EUR-SGD	1.4932	0.15%
EUR-USD	1.164	0.34%	JPY-SGD	0.8674	0.46%
AUD-USD	0.653	0.21%	GBP-SGD	1.7214	0.08%
GBP-USD	1.342	0.28%	AUD-SGD	0.8374	0.04%
USD-MYR	4.246	0.11%	NZD-SGD	0.7629	-0.14%
USD-CNY	7.179	-0.06%	CHF-SGD	1.6017	-0.10%
USD-IDR	16278	0.11%	SGD-MYR	3.3035	-0.25%
USD-VND	26158	0.09%	SGD-CNY	5.5934	0.21%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.8460	-1.49%	1M	4.3473	0.05%
3M	2.0420	0.05%	2M	4.3543	-0.18%
6M	2.0790	-0.38%	3M	4.3297	-0.03%
12M	2.1080	-0.28%	6M	4.2161	-0.04%
			1Y	3.9900	-0.06%

## 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	-0.609	-58.3	-0.152	4.177
12/10/2025	-1.829	-70.3	-0.457	3.872

## Equity and Commodity

Index	Value	Net change
DJIA	44,254.78	231.49
S&P	6,263.70	19.94
Nasdaq	20,730.49	52.69
Nikkei 225	39,663.40	-14.62
STI	4,132.25	12.43
KLCI	1,511.50	-13.90
JCI	7,192.02	51.54
Baltic Dry	1,866.00	83.00
VIX	17.16	-0.22

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.75 (--)	3.89 (--)
5Y	1.81 (+0.02)	3.99 (-0.05)
10Y	2.15 (--)	4.46 (-0.03)
15Y	2.25 (+0.01)	--
20Y	2.24 (+0.01)	--
30Y	2.26 (+0.02)	5.02 (-0.01)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.37
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	66.38	-0.21%	Corn (per bushel)	4.053	1.0%
Brent (per barrel)	68.52	-0.28%	Soybean (per bushel)	10.135	1.9%
Heating Oil (per gallon)	239.15	-0.57%	Wheat (per bushel)	5.413	0.6%
Gasoline (per gallon)	214.40	-1.18%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.55	0.79%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9635.00	-0.11%	Gold (per oz)	3347.1	0.7%
Nickel (per mt)	15026.00	-0.79%	Silver (per oz)	37.9	0.5%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/17/2025 14:00	UK	Average Weekly Earnings 3M/YoY	May	5.00%	--	5.30%	--
7/17/2025 14:00	UK	Weekly Earnings ex Bonus 3M/YoY	May	4.90%	--	5.20%	--
7/17/2025 14:00	UK	ILO Unemployment Rate 3Mths	May	4.60%	--	4.60%	--
7/17/2025 14:00	UK	Jobless Claims Change	Jun	--	--	33.1k	--
7/17/2025 16:30	HK	Unemployment Rate SA	Jun	3.60%	--	3.50%	--
7/17/2025 17:00	EC	CPI YoY	Jun F	2.00%	--	2.00%	--
7/17/2025 17:00	EC	CPI MoM	Jun F	0.30%	--	0.30%	--
7/17/2025 17:00	EC	CPI Core YoY	Jun F	2.30%	--	2.30%	--
7/17/2025 20:30	US	Retail Sales Advance MoM	Jun	0.10%	--	-0.90%	--
7/17/2025 20:30	US	Retail Sales Ex Auto MoM	Jun	0.30%	--	-0.30%	--
7/17/2025 20:30	US	Import Price Index MoM	Jun	0.30%	--	0.00%	--
7/17/2025 20:30	US	Import Price Index YoY	Jun	0.40%	--	0.20%	--
7/17/2025 20:30	US	Initial Jobless Claims	12-Jul	233k	--	227k	--
7/17/2025 20:30	US	Initial Claims 4-Wk Moving Avg	12-Jul	--	--	235.50k	--
7/17/2025 20:30	US	Continuing Claims	5-Jul	1965k	--	1965k	--
7/17/2025 20:30	US	Philadelphia Fed Business Outlook	Jul	-1	--	-4	--

Source: Bloomberg

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