

Daily Treasury Outlook

18 August 2025

Highlights

Global: The Jackson Hole symposium, aptly titled "Labor markets in transition", will be the main market focus this week, with Fed chair Powell likely to navigate market hopes of a rate cut at the upcoming September FOMC meeting. This followed strong signals from the producer price index (which jumped 0.9% in July) and retail sales data last week, even as Treasury Secretary Bessent suggested the Fed should cut 50bps. On Friday, the S&P 500 slipped 0.3% on Friday in a pullback from record highs, still registered its fourth weekly gain in five, whilst the 10-year U.S. Treasury yield rose to 4.32% and the 5–30-year Treasury yield gap widened to its highest level since 2021. Meanwhile, foreign holdings of Treasuries hit a record high of USD9.13tn in June, up USD80.2bn from May, led by UK, Japan, Belgium and even China (+USD100mn to USD756.4bn) whereas India and Ireland posted declines.

Market Watch: Asian markets may range trade while waiting the outcome from US president Trump's meeting with Ukraine president Zelenskiiy at the White House following the inconclusive meeting with Russian president Putin. Today's economic data calendar is relatively light with Thailand's 2Q25 GDP growth estimates. Fed's Bowman is also speaking later. For the week ahead, key economic indicators due include Asian manufacturing PMIs, inflation data from Japan, Hong Kong and Malaysia, as well as UK's inflation and retail sales. On the central bank front, key to watch would be RNBZ and BI's policy decisions on Wednesday with the former likely to cut 25bps to 3% amid a softening labour market conditions, whereas the latter may stay on hold at 5.25%, as well as China's 1- and 5-year LPR fixings (also likely static). Apart from Fed chair Powell's Jackson Hole speech titled "Economic outlook and framework review" on Friday, also on tap are ECB chief Lagarde at the World Economic Forum and the FOMC July minutes (which saw the two dissenters for the first time since 1993) on Wednesday. On the earnings side, AIA, Baidu, BHP, Home Depot, Lowe's, Target and Walmart are amongst those announcing results.

Singapore: The NODX exports grew -4.6% YoY in July, down from (downwardly revised) 12.9% growth in June, and were below consensus expectations of -1.0%. Electronic NODX growth eased to 2.8% YoY in July, following 8.0% growth in June, while non-electronic NODX fell by 6.6%, compared to 14.4% growth in the previous month. The July print brings NODX growth to 3.6% in the first seven months of 2025.

Key Market Movements

Equity	Value	% chg
S&P 500	6449.8	-0.3%
DJIA	44946	0.1%
Nikkei 225	43378	1.7%
SH Comp	3696.8	0.8%
STI	4230.5	-0.6%
Hang Seng	25270	-1.0%
KLCI	1576.3	-0.3%
	Value	% chg
DX	97.852	-0.4%
USDJPY	147.19	-0.4%
EURUSD	1.1703	0.5%
GBPUSD	1.3554	0.2%
USDI	16160	0.3%
USDSGD	1.283	-0.1%
SGDMYR	3.2849	-0.1%
	Value	chg (bp)
2Y UST	3.75	1.81
10Y UST	4.32	3.11
2Y SGS	1.54	-0.20
10Y SGS	1.88	-1.01
3M SORA	1.74	-0.96
3M SOFR	4.35	0.05
	Value	% chg
Brent	65.85	-1.5%
WTI	62.8	-1.8%
Gold	3336	0.0%
Silver	38.00	0.0%
Palladium	1116	-2.8%
Copper	9774	0.1%
BCOM	100.38	0.4%

Source: Bloomberg

Major Markets

ID: President Prabowo Subianto set the 2026 budget deficit at IDR638.8trn, or 2.48% of GDP, narrowing from 2.53% this year (though Finance Minister Sri Mulyani had previously highlighted the risk of the deficit potentially widening to 2.8% in 2025) and staying below the 3% budget rule. Revenue is targeted at IDR3,147.7trn and spending at IDR3,786.5trn, including IDR335trn for the administration's flagship free meals programme, up from IDR171trn this year. The programme aims to reach 82.9mn students, children, and pregnant women in 2026. The budget is based on GDP growth of 5.4% in 2026, versus 5.2% this year, though this is notably above our forecast of 4.7% and 4.8% growth in 2025 and 2026, respectively.

MY: The economy grew 4.4% YoY in 2Q25, similar to 1Q25, but was below the advanced estimate of 4.5%. On the supply side, the services sector remained the key driver with 5.1% YoY growth in 2Q25, up from 5.0% in 1Q25, while agriculture rebounded (2.1% from 0.7%). Meanwhile, construction (12.1% from 14.2%) and manufacturing (3.7% from 4.1%) growth eased, while growth in the mining & quarrying sector remained negative (-5.2% from -2.7%). On the demand side, private consumption climbed 5.3% in 2Q25 from 5.0% in 1Q25. Similarly, government spending (6.4% from 4.3%) and investment (12.1% from 9.7%) growth were robust, supported by stronger machinery & equipment and structure spending. Meanwhile, export growth eased to 2.6% YoY in 2Q25 from 4.1% in 1Q25, but imports grew faster at 6.6% from 3.1%. Looking ahead, we maintain our 2025 GDP growth forecast of 3.9%.

VN: The State Bank of Vietnam will halve dong-denominated reserve ratios for banks taking over weaker lenders, effective 1 October 2025, freeing up an estimated VND8.25trn for lending. The move supports consolidation in the banking sector, following mandatory transfers of several distressed banks, as reported by Bloomberg. Separately, the government is set to inaugurate 250 projects worth VND1,280trn on 19 August to celebrate the country's 80th Independence Day.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded mostly higher last Friday with shorter tenors trading 0-1bps lower while belly tenors traded 1bps higher and 10Y traded 2bps higher. According to Bloomberg, Fitch Ratings warned that Vietnam's push for rapid economic growth could lead to policy decisions such as easing bank lending controls that could result in more bad loans and worsen already high debt levels projected at 135% of GDP by the end of 2024, a level well above the 53% median for "BB" rated countries. In other news by Bloomberg, China Shenhua Energy Co Ltd's board have approved the plan to acquire 100% stake in 12 firms, mostly in the coal mining business, from its controlling shareholder China Energy Investment. Meanwhile in 1H2025 earnings, Longfor Group Holdings Ltd expects a 70% drop in core profit while Vanke Overseas Investment Holding Co Ltd estimated a net loss of ~HKD101mn. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 61bps and Bloomberg Asia USD High Yield spreads tightened by 7bps to 334bps respectively. (Bloomberg, OCBC)

New issues:

There were two notable issuances in the Asiadollar market last Friday.

- Oriental Capital Company Limited (guarantor: Yancheng Oriental Investment & Development Group Co Ltd) priced a USD394mn 3Y Sustainability Fixed Bond at 5.20%.
- Sichuan Kaizhou Development Holding Group Co., Ltd. (guarantor: Chengdu-Chongqing Bond Insurance Co Ltd) priced a USD100mn 3Y Fixed Bond at 6.50%

There were no notable issuances in the Singdollar market last Friday.

Mandates:

- There were no notable mandates last Friday.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	97.852	-0.41%	USD-SGD	1.2830
USD-JPY	147.190	-0.39%	EUR-SGD	1.5015
EUR-USD	1.170	0.47%	JPY-SGD	0.8715
AUD-USD	0.651	0.18%	GBP-SGD	1.7388
GBP-USD	1.355	0.16%	AUD-SGD	0.8346
USD-MYR	4.213	0.03%	NZD-SGD	0.7597
USD-CNY	7.185	0.04%	CHF-SGD	1.5898
USD-IDR	16160	0.31%	SGD-MYR	3.2849
USD-VND	26272	0.01%	SGD-CNY	5.5995

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9010	1.44%	1M	4.3425
3M	2.0260	-0.39%	2M	4.2718
6M	2.1110	-0.05%	3M	4.2145
12M	2.0920	-1.13%	6M	4.0644
			1Y	3.8425

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/17/2025	-0.84	-84	-0.21	4.119
10/29/2025	-1.405	-56.5	-0.351	3.977
12/10/2025	-2.173	-76.8	-0.543	3.786

Equity and Commodity

Index	Value	Net change
DJIA	44,946.12	34.86
S&P	6,449.80	-18.74
Nasdaq	21,622.98	-87.69
Nikkei 225	43,378.31	729.05
STI	4,230.53	-25.99
KLCI	1,576.34	-4.71
JCI	7,898.38	-32.88
Baltic Dry	2,044.00	5.00
VIX	15.09	0.26

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.54 (--)	3.75(--)
5Y	1.62 (-0.01)	3.84 (+0.02)
10Y	1.88 (-0.01)	4.32 (+0.03)
15Y	1.96 (-0.01)	--
20Y	1.97 (-0.02)	--
30Y	2.04 (-0.02)	4.92 (+0.05)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.34
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	62.80	-1.81%	Corn (per bushel)	3.838	2.3%
Brent (per barrel)	65.85	-1.48%	Soybean (per bushel)	10.223	1.4%
Heating Oil (per gallon)	222.50	-0.43%	Wheat (per bushel)	5.065	0.6%
Gasoline (per gallon)	207.25	-1.74%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	2.92	2.64%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9773.50	0.08%	Gold (per oz)	3336.2	0.0%
Nickel (per mt)	15161.00	0.86%	Silver (per oz)	38.0	0.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/18/2025 10:30	TH	GDP YoY	2Q	2.70%	--	3.10%	--
8/18/2025 10:30	TH	GDP SA QoQ	2Q	0.50%	--	0.70%	--
8/18/2025 11:30	PH	Bloomberg Aug. Philippines Economic Survey					
8/18/2025 12:30	JN	Tertiary Industry Index MoM	Jun	0.20%	--	0.60%	--
8/18/2025 17:00	EC	Trade Balance SA	Jun	--	--	16.2b	--
8/18/2025 17:00	EC	Trade Balance NSA	Jun	14.5b	--	16.2b	--
8/18/2025 22:00	US	NAHB Housing Market Index	Aug	34	--	33	--
8/18/2025	IN	Unemployment Rate	Jul	--	--	5.60%	--
8/18/2025-8/22/2025	CH	FDI YTD YoY CNY	Jul	--	--	-15.20%	--
8/18/2025-8/24/2025	TH	Car Sales	Jul	--	--	50079	--
8/18/2025-8/26/2025	TH	Customs Exports YoY	Jul	10.20%	--	15.50%	--
8/18/2025-8/26/2025	TH	Customs Imports YoY	Jul	5.20%	--	13.10%	--
8/18/2025-8/26/2025	TH	Customs Trade Balance	Jul	\$100m	--	\$1062m	--

Source: Bloomberg



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