

## Daily Treasury Outlook

19 May 2025

### Highlights

**Global:** US credit rating downgrade by Moody's. Moody's cut the US' credit rating from Aaa to Aa1, citing concerns over rising debt and deficits, and this move followed earlier similar steps by S&P and Fitch. The University of Michigan sentiment index also slipped to 50.8 from 52.2 in April, as inflation expectations rose to 7.3% over the coming year. On Friday, the S&P 500 rose 0.7% to breach its 200-day moving average while the Nasdaq 100 reverted to a bull market. This rally was fuelled by investor optimism following a 90-day pause in U.S.-China tariffs and encouraging inflation data (April CPI eased to 2.3% YoY, the slowest since 2021). US president Trump's tour through the Gulf saw a touted pledge of \$1 trillion of commercial deals with Saudi Arabia Crown Prince Mohammed bin Salman.

**Market Watch:** Asian markets are likely to trade with a soft tone this morning. Today's economic data calendar comprises of China's April retail sales, industrial production, jobless claims, residential property sales and fixed asset investments, as well as Thailand's 1Q25 GDP growth estimate, European Commission's Spring economic forecasts. Fed's Bostic, Jefferson and Williams, as well as ECB's Muller are also speaking today.

For the week ahead, investors will be keeping an eye on China's 1- and 5-year loan prime rate, Malaysia's April trade data and Taiwan's export orders tomorrow, UK's April CPI on Wednesday, manufacturing/services/composite PMIs and Germany's IFO business climate on Thursday, and Singapore's CPI on Friday. On the central bank front, RBA's cash rate decision (likely 25bps cut to 3.85%) tomorrow, BI's policy decision (likely 25bps trim to 5.5%) on Wednesday, and ECB minutes on Thursday.

**Commodities:** Crude oil benchmarks rebounded on Friday, with WTI and Brent increasing by 1.4% to USD62.5/bbl and USD65.4/bbl, respectively. Higher oil prices followed Iranian Foreign Minister Abbas Araghchi's downplaying of prospects for a breakthrough in talks with the US, while positive sentiment, supported by easing US-China trade tensions, contributed to the upward pressure on oil prices. For the week, the oil market recorded a second consecutive week of gains.

### Key Market Movements

Equity	Value	% chg
S&P 500	5958.4	0.7%
DJIA	42655	0.8%
Nikkei 225	37754	0.0%
SH Comp	3367.5	-0.4%
STI	3897.9	0.2%
Hang Seng	23345	-0.5%
KLCI	1571.8	-0.1%
	Value	% chg
DXY	101.092	0.2%
USDJPY	145.7	0.0%
EURUSD	1.1163	-0.2%
GBPUSD	1.3283	-0.2%
USDIDR	16440	-0.5%
USDSGD	1.3004	0.2%
SGDMYR	3.3071	0.3%
	Value	chg (bp)
2Y UST	4.00	3.87
10Y UST	4.48	4.55
2Y SGS	2.16	-4.00
10Y SGS	2.52	-6.90
3M SORA	2.32	-0.29
3M SOFR	4.36	-0.02
	Value	% chg
Brent	65.41	1.4%
WTI	62.49	1.4%
Gold	3204	-1.1%
Silver	32.29	-1.1%
Palladium	965	0.0%
Copper	9448	-1.4%
BCOM	100.96	-0.7%

Source: Bloomberg

## Major Markets

**CN:** According to data from container tracking software provider Vizion, the seven-day average booking volume as of May 14 surged by 277% compared to the average for the week ending May 5, rising from 5,709 TEUs (twenty-foot equivalent units). Multiple sources also point to a sharp rebound in China–U.S. shipping rates. On the spot market, Maersk’s sailing from Shanghai to Los Angeles scheduled for May 26 is quoted at USD 3,705 per FEU (forty-foot equivalent unit), nearly double the May 12 rate, representing a 96% increase. These developments suggest that frontloading activity is likely to dominate shipping flows over the next 2–3 months. This dynamic may help mitigate downside risks to China’s near-term growth outlook. We now expect China’s Q2 GDP to remain above 5% YoY.

**SG:** The advance 1Q25 GDP growth estimates due on is likely to be revised down from 3.8% YoY to 3.6% to account for the March industrial production data.

**ID:** Chinese Premier Li Qiang is set to visit Indonesia later this month for talks with President Prabowo Subianto, ahead of French President Emmanuel Macron’s scheduled trip on May 27-29. The visit is expected to occur before the ASEAN-China-GCC Summit in Kuala Lumpur on May 26-27, underscoring China’s intent to deepen regional ties. Separately, Trade Minister Budi Santoso expressed confidence that the Indonesia-EU Comprehensive Economic Partnership Agreement (IEU-CEPA) will be finalized soon, with negotiations showing steady progress, as reported by Antara news.

**MY:** The final estimate of 1Q25 GDP growth was unchanged from the advance estimate at 4.4% YoY and slower compared to the downwardly revised growth of 4.9% in 4Q24. The underlying trends of slower export growth ahead of the imposition of tariffs, easing household and investment spending in 1Q25 point to a more modest growth trajectory in the coming quarters. Moreover, the extent to which Malaysian authorities can negotiate down reciprocal tariffs with the US and the outcome of US investigations related to sector specific tariffs on semiconductor and pharmaceuticals will be critical for the economic outlook. We now bring forward our call for BNM to cut its policy rate by a cumulative 50bps in 2H25 from 1H26, allowing space for BNM to be pre-emptive. We will determine the exact timing of the rate cuts in terms of 9 July, 4 September and 6 November meetings based on incoming economic data and tariff negotiation outcomes with the US.

**PH:** According to the Department of Trade and Industry, the Philippines is preparing to formally apply for membership in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) within 1H25. Trade Secretary Cristina Roque discussed this plan with Chilean Vice Minister of Trade Claudia Sanhueza during the recent Asia-Pacific Economic Cooperation Ministers Responsible for Trade Meeting in Jeju, Republic of Korea. The CPTPP comprises 12 member countries, including Australia, Japan, and the UK, and it would help the Philippines expand trade opportunities and strengthen economic partnerships. In addition, both parties discussed advancing negotiations for a Comprehensive Economic Partnership Agreement (CEPA) to enhance trade, digital commerce, labour and sustainability.

**TH:** During the 4th Thailand-Vietnam Joint Cabinet Retreat, both countries committed to strengthening their economic ties, aiming to boost bilateral trade from USD20bn per year to USD25bn per year in the near future. Bilateral discussions also touched upon areas such as security, trade and investment, tourism, connectivity, sustainable development and people-to-people relations. Both leaders also agreed to enhance trade in agricultural products, improve transportation links, and support investments between their countries. Additionally, they pledged to collaborate on security issues such as drug trafficking and cybercrime while advancing digital economy initiatives like cross-border QR payments. The retreat also marked the upgrading of the bilateral relationship to a comprehensive strategic partnership

**VN:** The first direct ministerial-level negotiations with the US took place last Friday (16 May) in Jeju, South Korea. The meeting saw Minister of Industry and Trade Nguyen Hong Dien hold direct discussions with US Trade Representative Jamieson Greer, who welcomed Vietnam's proactive approach and was reported to be largely supportive of its proposal. Technical discussions are expected to continue in the coming days. Separately, the government has approved a plan by the Trump Organization and its partner to invest up to USD1.5bn in real estate, hotels, and golf courses, as reported by Tuoi Tre news.

## ESG

**CN:** China's carbon emissions fell by 1.6% year-on-year in Q1 2025, even as power demand rose by 2.5%. The reduction was driven by an increase in new wind, solar and nuclear capacity, as clean energy growth is outpacing the rise in electricity demand. This may provide optimism for an earlier-than-expected peak in China's emissions, as well as establish the foundation for an ambitious target for China's 2035 nationally determined contributions expected to be announced later this year.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded lower last Friday with shorter tenors trading 6-7bps lower, belly tenors trading 7-8bps lower and 10Y trading 9bps lower. Moody's Ratings has downgraded the US credit rating from Aaa to Aa1, citing worries about rising debt and deficits that could harm America's reputation as a global capital hub and lead to higher borrowing costs. Sustainable debt issuance in Asia has reached USD121.3bn this year, reflecting a 14% decline compared to the same period last year. This figure was bolstered by USD10.9bn raised in the past two weeks, according to Bloomberg data. In other news by Bloomberg, Evergrande's liquidators are authorized to gather information from creditors and solicit expressions of interest from individuals wishing to join the committee of inspection for the liquidation case. They have issued a notice requesting proof of debt from those claiming to be creditors, as well as expressions of interest from non-contingent creditors, according to a filing with HKEX. Trading in shares will remain suspended until further notice. Bloomberg Asia USD Investment Grade spreads traded flat at 81bps while Bloomberg Asia USD High Yield spreads tightened by 1bps to 484bps respectively. (Bloomberg, OCBC)

### New Issues:

There was one notable issuance in the Asiadollar market last Friday.

- CLP Power Hong Kong Financing Limited (guarantor: CLP Power Hong Kong Ltd) priced a USD100mn 3Y Fixed bond at 4.095%.

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	% Change
DXY	101.092	0.21%	USD-SGD	1.3004	0.21%
USD-JPY	145.700	0.02%	EUR-SGD	1.4512	-0.03%
EUR-USD	1.116	-0.21%	JPY-SGD	0.8927	0.21%
AUD-USD	0.641	0.00%	GBP-SGD	1.7265	-0.01%
GBP-USD	1.328	-0.17%	AUD-SGD	0.8331	0.22%
USD-MYR	4.294	0.25%	NZD-SGD	0.7643	0.21%
USD-CNY	7.214	0.09%	CHF-SGD	1.5514	-0.06%
USD-IDR	16440	-0.45%	SGD-MYR	3.3071	0.29%
USD-VND	25922	-0.06%	SGD-CNY	5.5476	-0.17%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.0890	-1.46%	1M	4.3225	0.03%
3M	2.1010	-1.22%	2M	4.3275	0.01%
6M	2.1560	-0.23%	3M	4.3227	0.04%
12M	2.1420	-0.88%	6M	4.2659	-0.14%
			1Y	4.0738	-0.27%

## Fed Rate Hike Probability

Fed Rate Hike Probability				Expected Effective Fed Funds Rate
Meeting	# of Hikes/Cuts	Implied Rate Change		Funds Rate
06/18/2025	-0.118	-11.8	-0.029	4.305
07/30/2025	-0.407	-28.9	-0.102	4.233
09/17/2025	-0.967	-56	-0.242	4.092
12/10/2025	-2.156	-66.9	-0.539	3.795

## Equity and Commodity

Index	Value	Net change
DJIA	42,654.74	331.99
S&P	5,958.38	41.45
Nasdaq	19,211.10	98.78
Nikkei 225	37,753.72	-1.79
STI	3,897.87	5.93
KLCI	1,571.75	-1.27
JCI	7,106.53	66.36
Baltic Dry	1,388.00	83.00
VIX	17.24	-0.59

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.16 (-0.04)	4(--)
5Y	2.19 (-0.07)	4.09 (+0.04)
10Y	2.52 (-0.07)	4.48 (+0.05)
15Y	2.6 (-0.06)	--
20Y	2.62 (-0.04)	--
30Y	2.62 (-0.04)	4.94 (+0.06)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.31
------	------

## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	62.49	1.41%	Corn (per bushel)	4.435	-1.1%
Brent (per barrel)	65.41	1.36%	Soybean (per bushel)	10.500	-0.1%
Heating Oil (per gallon)	214.06	-1.17%	Wheat (per bushel)	5.250	-1.5%
Gasoline (per gallon)	214.18	0.35%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.33	-0.83%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9447.50	-1.35%	Gold (per oz)	3203.7	-1.1%
Nickel (per mt)	15648.00	-0.96%	Silver (per oz)	32.3	-1.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
5/19/2025 7:01	UK	Rightmove House Prices MoM	May	--	0.60%	1.40%	--
5/19/2025 7:01	UK	Rightmove House Prices YoY	May	--	1.20%	1.30%	--
5/19/2025 9:30	CH	New Home Prices MoM	Apr	--	--	-0.08%	--
5/19/2025 9:30	CH	Used Home Prices MoM	Apr	--	--	-0.23%	--
5/19/2025 10:00	CH	Retail Sales YoY	Apr	5.80%	--	5.90%	--
5/19/2025 10:00	CH	Retail Sales YTD YoY	Apr	5.00%	--	4.60%	--
5/19/2025 10:00	CH	Industrial Production YTD YoY	Apr	6.40%	--	6.50%	--
5/19/2025 10:00	CH	Industrial Production YoY	Apr	5.70%	--	7.70%	--
5/19/2025 17:00	EC	European Commission Publishes Spring Economic Forecasts					
5/19/2025 17:00	EC	CPI YoY	Apr F	2.20%	--	2.20%	--
5/19/2025 17:00	EC	CPI MoM	Apr F	0.60%	--	0.60%	--
5/19/2025 17:00	EC	CPI Core YoY	Apr F	2.70%	--	2.70%	--
5/19/2025 22:00	US	Leading Index	Apr	-0.90%	--	-0.70%	--

Source: Bloomberg



## Macro Research

**Selena Ling**  
Head of Research & Strategy  
[lingssselena@ocbc.com](mailto:lingssselena@ocbc.com)

**Tommy Xie Dongming**  
Head of Asia Macro Research  
[xied@ocbc.com](mailto:xied@ocbc.com)

**Keung Ching (Cindy)**  
Hong Kong & Macau Economist  
[cindyckeung@ocbc.com](mailto:cindyckeung@ocbc.com)

**Herbert Wong**  
Hong Kong & Taiwan Economist  
[herberthwong@ocbc.com](mailto:herberthwong@ocbc.com)

**Lavanya Venkateswaran**  
Senior ASEAN Economist  
[lavanyavenkateswaran@ocbc.com](mailto:lavanyavenkateswaran@ocbc.com)

**Ahmad A Enver**  
ASEAN Economist  
[ahmad.enver@ocbc.com](mailto:ahmad.enver@ocbc.com)

**Jonathan Ng**  
ASEAN Economist  
[jonathanng4@ocbc.com](mailto:jonathanng4@ocbc.com)

**Ong Shu Yi**  
ESG Analyst  
[shuyiong1@ocbc.com](mailto:shuyiong1@ocbc.com)

## FX/Rates Strategy

**Frances Cheung, CFA**  
Head of FX & Rates Strategy  
[francescheung@ocbc.com](mailto:francescheung@ocbc.com)

**Christopher Wong**  
FX Strategist  
[christopherwong@ocbc.com](mailto:christopherwong@ocbc.com)

## Credit Research

**Andrew Wong**  
Head of Credit Research  
[wongvkam@ocbc.com](mailto:wongvkam@ocbc.com)

**Ezien Hoo, CFA**  
Credit Research Analyst  
[ezienhoo@ocbc.com](mailto:ezienhoo@ocbc.com)

**Wong Hong Wei, CFA**  
Credit Research Analyst  
[wonghongwei@ocbc.com](mailto:wonghongwei@ocbc.com)

**Chin Meng Tee, CFA**  
Credit Research Analyst  
[mengteechin@ocbc.com](mailto:mengteechin@ocbc.com)

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Investment Research Private Limited ("OIR"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OIR, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message endorsing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OIR, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W