

## Daily Treasury Outlook

19 June 2025

### Highlights

**Global:** The US Federal Reserve kept its policy rate unchanged at 4.25-4.50%, in line with expectations. The FOMC released a new set of economic projections with reduced economic growth forecast for 2025 at 1.4% from 1.7%, and in 2026 by 0.2pp to 1.6%, and unchanged at 1.8% for 2027. Core PCE forecasts were raised to 3.1% from 2.8% YoY in 2025 while the forecasts for 2026 and 2027 were raised by 0.2pp and 0.1pp, respectively. The unemployment rate was revised modestly higher to 4.5% from 4.4% in 2025 and kept at 4.5% in 2026 before nudging lower to 4.4% in 2027. The median dot plot continues to point to two rate cuts in 2025, but the distribution has changed since the March FOMC. Seven instead of four members no longer see any need for rate cuts in 2025, while two instead of four members see two cuts. Ten members, however, see two cuts or more in 2025. The most obvious change in the official statement was that the previous statement regards "uncertainty about the economic outlook has increased further" was modified to "uncertainty about the economic outlook has diminished but remains elevated." Fed fund futures pricing continues to point to two cuts for 2025, with the first most likely in September. Market reaction was mixed depending on the asset class. US equities closed the day mixed (S&P: -0.03%; NASDAQ: +0.13%; Dow: -0.1%), the DXY index traded in a range bound manner with UST yields closing the session higher from the intra-day lows. US 10-year yields closed the session around 4.3928%.

Meanwhile, geopolitical risks remain rife with US President Donald Trump playing his cards on a direct US intervention in Iran close to his chest. He noted he had delivered an "ultimate ultimatum" to Iranian leaders to dismantle their nuclear program but had not made a final decision about whether to strike Iran. On the tax front, the US Senate had unveiled their version of the 'One Big Beautiful Bill' earlier this week. The Senate must debate the bill and then the two houses need to resolve their differences. The plan is for the President to sign in by 4 July.

**Market Watch:** Today is a busy day for central bank meetings. Bangko Sentral ng Pilipinas (BSP) and Swiss National Bank (SNB) are expected to lower policy rates by 25bps. The Norwegian central bank, Bank of England (BoE) and Taiwan CBC are expected to keep its policy rates unchanged. ECB's Villeroy, Nagel and Guindos speak today. The data release today include Australia May labour market data, and Eurozone April construction data.

### Key Market Movements

Equity	Value	% chg
S&P 500	5980.9	0.0%
DJIA	42172	-0.1%
Nikkei 225	38885	0.9%
SH Comp	3388.8	0.0%
STI	3920.8	-0.3%
Hang Seng	23711	-1.1%
KLCI	1512.0	0.0%
	Value	% chg
DX	98.905	0.1%
USDJPY	145.13	-0.1%
EURUSD	1.1480	0.0%
GBPUSD	1.3422	-0.1%
USDIDR	16300	0.1%
USDSGD	1.285	-0.1%
SGDMYR	3.3095	0.0%
	Value	chg (bp)
2Y UST	3.94	-1.04
10Y UST	4.39	0.21
2Y SGS	1.81	-3.90
10Y SGS	2.28	-1.71
3M SORA	2.17	-0.74
3M SOFR	4.34	0.02
	Value	% chg
Brent	76.7	0.3%
WTI	75.14	0.4%
Gold	3369	-0.6%
Silver	36.73	-1.0%
Palladium	1048	-0.3%
Copper	9656	-0.1%
BCOM	107.38	0.6%

Source: Bloomberg

**Commodities:** Crude oil benchmarks edged higher on Wednesday, with WTI and Brent increasing by 0.4% and 0.3%, respectively, to USD75.1/bbl and USD76.7/bbl. Tensions in the Middle East continues to keep the oil complex on edge, amid speculation of potential US involvement in the Israel-Iran conflict. While the US continues to move military assets into the Middle East, President Trump remains vague about plans for joining the offensive campaign. Meanwhile, Iran Supreme Leader Ayatollah Ali Khamenei has rejected calls to surrender. Separately, the US Energy Information Administration reported a larger-than-expected drawdown of US crude inventories, which declined by 11.5mn bbls (consensus: -1.8mn bbls) to 420.9mn bbls, for the week ending 13 June.

## Major Markets

**CH:** Two batches of central government funds—totalling RMB162bn out of a RMB300bn quota—were disbursed in January and April this year to support local governments in implementing the consumer goods trade-in program. According to relevant ministries and commissions, the remaining RMB138bn will be issued in batches during the third and fourth quarters “in an orderly manner.”

**ID:** Bank Indonesia (BI) kept its benchmark rate at 5.50% on 18 June meeting, following a 25bp cut in May, as it gauges the impact of earlier easing amid global uncertainties. Governor Perry Warjiyo maintained a dovish stance, flagging potential for further rate cuts should macro conditions allow, especially if the Fed eases in 2H25. BI kept its 2025 GDP growth (4.6%–5.4%), inflation (1.5%–3.5%) and current account deficit (0.5%–1.3% of GDP) forecasts unchanged, but noted slowing credit growth. Our baseline is for an additional 25bp rate cut for the remainder of the year. The pace of rate cuts will be slow and considered rather than rapid, given BI’s objective of balancing economic growth and macro stability.

**MY:** Deputy Prime Minister Fadillah Yusof reaffirmed Malaysia’s commitment to expanding strategic partnerships, including with Russia, in sectors that promote mutual benefit and sustainable development. During a meeting with Russian Ambassador Naiyl M. Latypov in Putrajaya, Fadillah discussed opportunities for stronger bilateral cooperation, particularly in renewable energy, ahead of his planned visit to Russia. Separately, Communications Minister Fahmi Fadzil said the 13th Malaysia Plan (13MP), covering 2026–2030, is set to be tabled on 28 July. The 13MP aims to address key structural and fiscal challenges under the Madani Economy agenda.

**PH:** President Ferdinand Marcos Jr. announced that the Philippines is prepared to implement fuel subsidies if tensions in the Middle East escalate and disrupt oil supplies. The government is concerned about instability in the Strait of Hormuz, a critical chokepoint for global oil trade, which could drive prices higher. If crude oil prices rise to USD\$80/bbl or more, this would trigger measures for fuel and transport subsidies for fisherfolk and public transport. If the situation worsens, the Department of Energy will appeal to oil firms to ensure that a 30-day fuel inventory is maintained and to adjust their prices in a staggered manner.

**TH:** In the latest World Competitiveness Ranking, Thailand was ranked 30th, a five-position drop from the previous year. The decline in the overall ranking was mainly driven by weaker performance metrics in government efficiency and infrastructure, which fell to 32nd (previous: 24th) and 47th places (previous: 43rd), respectively. In contrast, the economic performance and business efficiency rankings rose to 8th (previous: 11th) and 24th (previous: 29th), respectively. Compared to its ASEAN peers, Singapore, Malaysia, Indonesia, and the Philippines are ranked 2nd, 23rd, 40th, and 51st positions, respectively.

**VN:** The National Assembly has approved a resolution to extend the lower Value-Added Tax (VAT) rate from 8% to 10% until the end of 2026, benefiting most goods and services. However, certain sectors, including telecommunications, banking, and real estate, are excluded from this reduction. The VAT cut, initially introduced in 2022 to support post-COVID economic recovery, is expected to reduce state budget revenue by ~VND39.5trn in the latter half of 2025 and around VND82.2trn as reported by the Government News website.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading 1bps higher, belly tenors trading 0-1bps lower and 10Y trading 2bps lower. Li & Fung Ltd. ("Li & Fung") is exploring a bond offering and has met with Hong Kong investors to assess interest. This could assist the company in managing its debt, including a USD313.3mn bond maturing later this year. S&P Global Ratings has also affirmed Li & Fung's 'BB' long-term issuer credit rating, citing sufficient cash to meet its bond and loan obligations. Bloomberg Asia USD Investment Grade spreads widened by 1 bps to 74bps and Bloomberg Asia USD High Yield spreads tightened by 1bps to 453bps respectively. (Bloomberg, OCBC)

### New Issues:

There were two notable issuances in the Asiadollar market yesterday.

- Guotai Junan Holdings Ltd (guarantor: Guotai Haitong Securities Co Ltd) priced a USD120mn 3Y FRN at SOFR+61bps.
- Sichuan Xinyao Chancheng Integration Ind Investment & Development Group Co. Ltd. (guarantor: Chengdu-Chongqing Bond Insurance Co Ltd) priced a USD103mn 3Y Fixed at 6.9%.

There were no notable issuances in the Singdollar market yesterday.

### Mandates:

Huangshan Tourism Group Co. may issue a USD denominated senior unsecured bond.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.905	0.09%	USD-SGD	1.2850	-0.11%
USD-JPY	145.130	-0.11%	EUR-SGD	1.4756	-0.08%
EUR-USD	1.148	0.00%	JPY-SGD	0.8856	0.01%
AUD-USD	0.651	0.53%	GBP-SGD	1.7249	-0.16%
GBP-USD	1.342	-0.05%	AUD-SGD	0.8366	0.42%
USD-MYR	4.252	0.17%	NZD-SGD	0.7746	0.13%
USD-CNY	7.190	0.04%	CHF-SGD	1.5703	-0.32%
USD-IDR	16300	0.12%	SGD-MYR	3.3095	-0.02%
USD-VND	26097	0.12%	SGD-CNY	5.5949	0.20%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.8970	-0.73%	1M	4.3228	0.02%
3M	2.0230	1.10%	2M	4.3243	-0.05%
6M	2.0710	0.83%	3M	4.3261	0.00%
12M	2.1110	1.30%	6M	4.2415	0.00%
			1Y	4.0489	0.00%

## 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	-0.103	-10.3	-0.026	4.302
09/17/2025	-0.717	-61.3	-0.179	4.149
12/10/2025	-1.94	-69.7	-0.485	3.843

## Equity and Commodity

Index	Value	Net change
DJIA	42,171.66	-44.14
S&P	5,980.87	-1.85
Nasdaq	19,546.27	25.18
Nikkei 225	38,885.15	348.41
STI	3,920.81	-9.83
KLCI	1,511.95	0.31
JCI	7,107.79	-48.06
Baltic Dry	1,952.00	-23.00
VIX	20.14	-1.46

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.81 (-0.04)	3.94(--)
5Y	1.91 (--)	3.99(--)
10Y	2.28 (-0.02)	4.39(--)
15Y	2.4 (-0.03)	--
20Y	2.45 (-0.02)	--
30Y	2.46 (-0.03)	4.89(--)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.31
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	75.14	0.40%	Corn (per bushel)	4.335	0.5%
Brent (per barrel)	76.70	0.33%	Soybean (per bushel)	10.748	0.1%
Heating Oil (per gallon)	253.34	1.13%	Wheat (per bushel)	5.743	4.6%
Gasoline (per gallon)	230.86	1.62%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.99	3.58%	Rubber (JPY/KG)	309.500	2.8%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	9655.50	-0.14%	Gold (per oz)	3369.4	-0.6%
Nickel (per mt)	15053.00	0.86%	Silver (per oz)	36.7	-1.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
6/19/2025 2:00	US	FOMC Rate Decision (Upper Bound)	18-Jun	4.50%	4.50%	4.50%	--
6/19/2025 2:00	US	FOMC Rate Decision (Lower Bound)	18-Jun	4.25%	4.25%	4.25%	--
6/19/2025 2:00	US	Fed Interest on Reserve Balances Rate	19-Jun	4.40%	4.40%	4.40%	--
6/19/2025 2:00	US	FOMC Median Rate Forecast: Current Yr	18-Jun	3.94%	3.88%	3.88%	--
6/19/2025 2:00	US	FOMC Median Rate Forecast: Next Yr	18-Jun	3.38%	3.63%	3.38%	--
6/19/2025 2:00	US	FOMC Median Rate Forecast: +2 Yrs	18-Jun	3.13%	3.38%	3.13%	--
6/19/2025 2:00	US	FOMC Median Rate Forecast: Long-Run	18-Jun	3.13%	3.00%	3.00%	--
6/19/2025 4:00	US	Net Long-term TIC Flows	Apr	--	-\$7.8b	\$161.8b	\$162.4b
6/19/2025 4:00	US	Total Net TIC Flows	Apr	--	-\$14.2b	\$254.3b	\$253.1b
6/19/2025 7:50	JN	Japan Buying Foreign Bonds	13-Jun	--	¥1571.3b	¥458.6b	¥453.6b
6/19/2025 7:50	JN	Japan Buying Foreign Stocks	13-Jun	--	¥84.5b	¥1489.0b	--
6/19/2025 7:50	JN	Foreign Buying Japan Bonds	13-Jun	--	¥434.5b	¥219.8b	¥220.4b
6/19/2025 7:50	JN	Foreign Buying Japan Stocks	13-Jun	--	¥473.4b	¥180.2b	¥179.8b
6/19/2025 17:00	EC	Construction Output YoY	Apr	--	--	-1.10%	--
6/19/2025 19:00	UK	Bank of England Bank Rate	19-Jun	4.25%	--	4.25%	--

Source: Bloomberg

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