

Daily Treasury Outlook

20 June 2025

Highlights

Global: The US was on holiday in observance of Juneteenth, also known as America's Second Independence Day. Geopolitical tensions in the Middle East are showing limited signs of abating, with the Israel-Iran conflict entering its eighth day. According to White House Press Secretary Karoline Leavitt, US President Donald Trump will make a decision regarding US involvement in the conflict within the next two weeks. Brent crude prices extended gains for the third straight session.

Central bank meetings remain the key focus. The Bank of England (BoE) kept its policy rate unchanged at 4.25%, as widely expected. The emphasis was on the voting results, as the Monetary Policy Committee (MPC) voted by a majority 6-3 in favour of the hold. Interestingly, three members (Dhingra, Ramsden and Taylor) preferred to reduce the bank rate by 25bps to 4.00%. The six policymakers who preferred to maintain the policy rate recognised that the "disinflationary progress had continued, but there was not a strong case for a further easing of monetary policy at this meeting." Maintaining the Bank Rate in restrictive territory would allow the BoE "to continue squeezing out existing or emerging persistent inflationary pressures." Regarding its inflation forecast, the BoE kept its projections broadly unchanged from its May report, with CPI inflation expecting to remain "just under 3.5% for the remainder of the year, with a brief increase to 3.7% in September." In contrast to the BoE's decision, the Swiss National Bank (SNB) and the Norges Bank lowered their policy rates by 25bps to 0.00% and 4.25%, respectively. This was a surprising move by the Norges Bank, as consensus had expected it to maintain its policy rate at 4.50%. Closer to home, the Bhumjaithai party officially withdrew from the ruling Thai coalition government. Thai assets reacted negatively to the news, with USD/THB moving higher and testing 33 levels at one point, while the index of the Stock Exchange of Thailand (SET) dropping more than 2% but recouping some losses into early afternoon.

Market Watch: This morning, Japan CPI for May eased to 3.5% YoY (April: 3.6%), in line with consensus expectations. In contrast, core CPI rose more-than-expected to 3.7% YoY (April: 3.5%). Similarly, supercore CPI, which excludes fresh food and energy, rose to 3.3% YoY, up from 3.0% in April. During Asian trading session, Hong Kong will release its May CPI, with consensus expecting inflation to remain broadly stable at 2.0%. Meanwhile, Malaysia will release its May trade data. Elsewhere, the Philadelphia Fed will release its June Manufacturing Business Outlook Survey.

Key Market Movements

Equity	Value	% chg
S&P 500	5980.9	0.0%
DJIA	42172	0.0%
Nikkei 225	38488	-1.0%
SH Comp	3362.1	-0.8%
STI	3894.2	-0.7%
Hang Seng	23238	-2.0%
KLCI	1501.4	-0.7%
	Value	% chg
DX	98.905	0.0%
USDJPY	145.45	0.2%
EURUSD	1.1495	0.1%
GBPUSD	1.3465	0.3%
USDIDR	16395	0.6%
USDSGD	1.2871	0.2%
SGDMYR	3.3088	0.0%
	Value	chg (bp)
2Y UST	3.94	0.00
10Y UST	4.39	0.00
2Y SGS	1.84	3.20
10Y SGS	2.30	2.14
3M SORA	2.16	-0.69
3M SOFR	4.34	0.00
	Value	% chg
Brent	78.85	2.8%
WTI	75.14	0.0%
Gold	3371	0.0%
Silver	36.38	-1.0%
Palladium	1044	-0.4%
Copper	9615	-0.4%
BCOM	107.38	0.0%

Source: Bloomberg

Commodities: Brent crude oil prices extended gains for the third straight session, increasing by 2.8% to USD78.9/bbl. Trading volumes were light due to federal holidays in the US. Tensions in the Middle East show no signs of easing, with the Israel-Iran conflict entering its eighth day. Following an Iranian strike on an Israeli hospital, PM Benjamin Netanyahu has ordered the military to intensify strikes on "strategic targets" across Iran and "government targets" in Tehran, the capital of Iran. Meanwhile, White House Press Secretary Karoline Leavitt announced that President Donald Trump will make a decision regarding US involvement in the Israel-Iran conflict within the next two weeks.

Major Markets

ID: President Prabowo Subianto met Russian President Vladimir Putin in St. Petersburg and pledged to deepen bilateral ties. Both leaders noted expanding cooperation in sectors including energy, agriculture, space, and defense. Several agreements were signed, with Russia offering to boost energy exports to Indonesia. President Prabowo's visit, which coincides with the St. Petersburg Economic Forum, marks his first official trip to Russia, and comes as he did not attend the G7 summit in Canada.

MY: Prime Minister Anwar Ibrahim said talks between Malaysia and the US on tariffs have progressed positively. Trade Minister Zafrul and Finance Minister II Amir Hamzah, currently in the US, met with the US Commerce Secretary to push for better market access and resolve supply chain issues. PM Anwar emphasised the need for transparent, rules-based trade practices and cautioned against unilateral measures that disrupt global supply chains. He also highlighted Malaysia's interest in deeper engagement with BRICS, framing it as a strategy to diversify partnerships while maintaining a non-aligned foreign policy stance.

PH: Bangko Sentral ng Pilipinas (BSP) cut its policy rate by 25bp to 5.25%, in line with consensus expectations. The BSP significantly revised lower its risk-adjusted inflation forecasts for 2025 to 1.6% YoY versus 2.4% previously. Meanwhile, the 2026 and 2027 inflation forecasts were revised marginally higher to 3.4% and 3.3%. We expect BSP to deliver another 25bp in rate cuts this year, taking the policy rate to 5.00% by end-2025.

TH: The Bhumjaithai party officially withdrew from the ruling coalition on 19 June 2025. Local media reported rising tensions between the PM Paetongtarn Shinawatra and the leader of the Bhumjaithai party Anutin Charnvirakul on account of few issues including an impending cabinet reshuffle as well as the border tensions between Thailand and Cambodia. The departure of the Bhumjaithai party leaves the political math for the Pheu Thai led coalition somewhat more precarious. The Bhumjaithai party holds 69 seats in parliament, and its withdrawal from the coalition leaves the government with a relatively slim majority of less than 10 seats in the lower house. There are currently 495 MPs in the lower house. At least 248 votes (a majority) are required to pass a legislation.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday with shorter tenors, belly tenors and 10Y trading 3bps higher. As per Bloomberg, New World Development Co. Ltd. (“New World”) is close to securing a HKD87.5bn loan refinancing deal that would defer HKD63.4bn in borrowings due this year and next to 2028. Success depends on obtaining full consent from over 50 existing bank lenders by June 30 and the company will need to provide credit enhancements and additional collateral for its HKD24.1bn loans due in 2027 and later. Additionally, New World aims to raise HKD15.6bn secured by Victoria Dockside, partly to repay the nearly completed refinancing. Zhongrong International Capital Management, a subsidiary of Chinese shadow bank Zhongzhi Enterprise Group Co. (“Zhongzhi”), has received a winding-up petition in Hong Kong from creditor Andon Holdings, filed on June 13 and the first hearing is set for August 20. Zhongzhi previously filed for bankruptcy in January 2024 with criminal investigations opened by Chinese authorities after the company revealed a shortfall of USD36.4bn in its balance sheet following the failure of one of its trust-company affiliates to make payments to customers on high-yield investment products. In India, Vadhvan Port Project Ltd. aims to secure up to INR300bn in debt for construction of potentially the largest port in India, starting with a minimum of INR220bn in the initial funding round. Bloomberg Asia USD Investment Grade spreads remained at 74bps and Bloomberg Asia USD High Yield spreads remained at 453bps respectively, as the U.S. Bond Market was closed in observance of Juneteenth. (Bloomberg, OCBC)

New Issues:

There were no notable issuances in the Asiadollar market yesterday.

There was one notable issuances in the Singdollar market on Wednesday.

- Cagamas Global P.L.C (guarantor: Cagamas Berhad) priced a SGD125mn 1Y Fixed at 2.25%.

Mandates:

There were no notable mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.905	0.00%	USD-SGD	1.2871	0.16%
USD-JPY	145.450	0.22%	EUR-SGD	1.4796	0.27%
EUR-USD	1.150	0.13%	JPY-SGD	0.8849	-0.08%
AUD-USD	0.648	-0.41%	GBP-SGD	1.7333	0.49%
GBP-USD	1.347	0.32%	AUD-SGD	0.8343	-0.27%
USD-MYR	4.260	0.21%	NZD-SGD	0.7714	-0.41%
USD-CNY	7.188	-0.02%	CHF-SGD	1.5754	0.32%
USD-IDR	16395	0.58%	SGD-MYR	3.3088	-0.02%
USD-VND	26127	0.11%	SGD-CNY	5.5847	-0.18%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.8760	-1.11%	1M	4.3208	0.00%
3M	2.0140	-0.44%	2M	4.3266	0.04%
6M	2.0610	-0.48%	3M	4.3267	-0.04%
12M	2.0990	-0.57%	6M	4.2439	-0.06%
			1Y	4.0486	-0.05%

Fed Rate Hike Probability

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate	
06/18/2025	-0.001	-0.1	0	4.329
07/30/2025	-0.083	-8.3	-0.021	4.307
09/17/2025	-0.685	-60.3	-0.171	4.157
12/10/2025	-1.919	-69.6	-0.48	3.848

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	38,488.34	-396.81
STI	3,894.18	-26.63
KLCI	1,501.44	-10.51
JCI	6,968.64	-139.15
Baltic Dry	1,751.00	-123.00
VIX	22.17	2.03

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.84 (+0.03)	3.93(--)
5Y	1.94 (+0.03)	3.99(--)
10Y	2.3 (+0.02)	4.39(--)
15Y	2.42 (+0.02)	--
20Y	2.45 (+0.01)	--
30Y	2.46 (--)	4.9(--)

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	#DIV/0!	Corn (per bushel)	4.335	#DIV/0!
Brent (per barrel)	78.85	2.80%	Soybean (per bushel)	10.748	#DIV/0!
Heating Oil (per gallon)	253.34	#DIV/0!	Wheat (per bushel)	5.743	#DIV/0!
Gasoline (per gallon)	230.86	#DIV/0!	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.99	#DIV/0!	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9615.00	-0.42%	Gold (per oz)	3370.9	0.0%
Nickel (per mt)	15056.00	0.02%	Silver (per oz)	36.4	-1.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
6/20/2025 7:30	JN	Natl CPI YoY	May	3.50%	3.50%	3.60%	--
6/20/2025 7:30	JN	Natl CPI Ex Fresh Food YoY	May	3.60%	3.70%	3.50%	--
6/20/2025 7:30	JN	Natl CPI Ex Fresh Food, Energy YoY	May	3.20%	3.30%	3.00%	--
6/20/2025 9:00	CH	1-Year Loan Prime Rate	20-Jun	3.00%	3.00%	3.00%	--
6/20/2025 9:00	CH	5-Year Loan Prime Rate	20-Jun	3.50%	3.50%	3.50%	--
6/20/2025 12:00	MA	Exports YoY	May	7.50%	--	16.40%	--
6/20/2025 12:00	MA	Trade Balance MYR	May	9.98b	--	5.19b	--
6/20/2025 12:00	MA	Imports YoY	May	9.00%	--	20.00%	--
6/20/2025 14:00	UK	Retail Sales Inc Auto Fuel MoM	May	-0.50%	--	1.20%	--
6/20/2025 14:00	UK	Retail Sales Inc Auto Fuel YoY	May	1.70%	--	5.00%	--
6/20/2025 14:00	UK	Retail Sales Ex Auto Fuel MoM	May	-0.70%	--	1.30%	--
6/20/2025 14:00	UK	Retail Sales Ex Auto Fuel YoY	May	1.80%	--	5.30%	--
6/20/2025 16:30	HK	CPI Composite YoY	May	2.00%	--	2.00%	--
6/20/2025 16:30	HK	BoP Current Account Balance	1Q	--	--	\$96.34b	\$95.90b
6/20/2025 16:30	HK	BoP Overall	1Q	--	--	\$31.44b	--
6/20/2025 20:30	US	Philadelphia Fed Business Outlook	Jun	-1.5	--	-4	--

Source: Bloomberg



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