

Daily Treasury Outlook

21 May 2025

Highlights

Global: Wall Street took a breather overnight, with all three major indexes closed lower (S&P 500: -0.4%; Nasdaq: -0.4%; and Dow Jones: -0.3%) amid a relatively quiet economic data release. The Philadelphia Fed Nonmanufacturing Business Outlook Survey suggests continued weakness in nonmanufacturing activity in the month of May. Specifically, the indexes reflecting general activity at the firm level, new orders, and sales/revenues all remained in negative territory, with the indicator for current regional activity remaining negative (-41.9, down from -42.7 in April). Interestingly, firms are expecting growth for their individual businesses over the next six months, although they anticipate a decline in overall regional activity. Elsewhere, the Reserve Bank of Australia (RBA) lowered its cash rate by 25bp to 3.85%, in line with consensus. Specifically, the statement noted, "the Board judged that the risks to inflation have become more balanced. Inflation is in the target band, and upside risks appear to have diminished as international developments are expected to weigh on the economy. With inflation expected to remain around target, the Board therefore judged that an easing in monetary policy at this meeting was appropriate. The Board assesses that this move will make monetary policy somewhat less restrictive."

Market Watch: This morning, Japan exports eased by more-than-expected to 2.0% YoY (consensus: 2.5%) in April versus an upwardly revised 4.0% in March. Meanwhile, imports declined by 2.2% YoY (consensus: -4.2%) in April, down from a downwardly revised +1.8% in March. Consequently, the adjusted trade deficit widened to JPY408.9bn in March, up from JPY291.7bn in March. The calendar is relatively light today, with Bank Indonesia is widely expected to cut its policy rate by 25bps to 5.50%. On the data front, the UK will release its April CPI, with consensus expecting headline CPI and core CPI to pick up to 3.3% YoY and 3.6% YoY, respectively, from 2.6% and 3.4% in March.

Commodities: Crude oil benchmarks closed relatively flat, with WTI and Brent declining marginally by 0.2% to USD62.6/bbl and USD65.4/bbl, respectively. This morning, oil prices spiked on reports that Israel may be planning military operations to target Iranian nuclear facilities. WTI and Brent rose as much as 2.6% and 1.7%, respectively, from yesterday's close. Separately, the American Petroleum Institute (API) reported a buildup of 2.5mn bbls in US crude inventories for the week ending on 16 May. The Energy Information Administration (EIA) is scheduled to release its weekly oil inventories status report tonight (21 May), with consensus anticipating a drawdown of 0.7mn bbls in US crude inventories.

Key Market Movements

Equity	Value	% chg
S&P 500	5940.5	-0.4%
DJIA	42677	-0.3%
Nikkei 225	37529	0.1%
SH Comp	3380.5	0.4%
STI	3882.5	0.2%
Hang Seng	23681	1.5%
KLCI	1548.9	-0.5%
	Value	% chg
DXY	100.118	-0.3%
USDJPY	144.51	-0.2%
EURUSD	1.1283	0.4%
GBPUSD	1.3393	0.2%
USDIDR	16415	-0.1%
USDSGD	1.2952	0.0%
SGDMYR	3.3174	0.0%
	Value	chg (bp)
2Y UST	3.97	-0.61
10Y UST	4.49	3.95
2Y SGS	2.10	-6.30
10Y SGS	2.51	-6.90
3M SORA	2.30	-0.33
3M SOFR	4.35	-0.09
	Value	% chg
Brent	65.38	-0.2%
WTI	62.03	-0.2%
Gold	3290	1.9%
Silver	33.08	2.2%
Palladium	1018	4.3%
Copper	9520	0.0%
BCOM	102.20	1.4%

Source: Bloomberg

Major Markets

HK: Labour market weakened across board, as unemployment rate rose mildly in most sectors. The seasonally adjusted unemployment rate went up further by 0.2 percentage point to 3.4% in the three-month ending April 2025, while underemployment rate also increased by 0.2 percentage point to 1.3%. The total unemployed persons reached the highest level since 4Q 2022 (at 129.4k). Comparing with that in the first quarter, the unemployment rate increased the most in the construction sector, accommodation services sector, food and beverage service activities sector, and financing sector.

ID: Speaking in Parliament on Tuesday (20 May), Finance Minister Sri Mulyani revealed that GDP growth is expected to be between 5.2% and 5.8% in 2026, while the budget deficit is expected to be in the range of 2.48% to 2.53%. Elsewhere, we expect Bank Indonesia (BI) to cut its policy rate by 25bp to 5.50% in today's meeting (3 PM SGT), as the need to support growth has become more apparent, while inflationary pressure remains muted (2.0% YoY in April). Meanwhile, the recent pullback in dollar strength has provided room for BI to be more dovish, in our view.

MY: April trade data beat expectations, with exports rising by 16.4% YoY (Mar: 6.8%) and imports also surging 20.0% YoY (Mar: -2.9%), led by front-loaded shipments to the US (+45.6% YoY) and rising capital goods (114.1% YoY) imports. Consequently, the trade surplus narrowed sharply to MYR5.2bn from MYR24.8bn in March, with surplus with the US falling to its lowest since the pandemic. Export growth was driven by E&E, machinery, and scientific equipment. That said, the April trade data does not lend itself to very clear growth implications. We expect Bank Negara Malaysia (BNM) to cut its policy rate by a cumulative 50bp in 2H25.

TH: The Cabinet has approved a new THB157bn economic stimulus plan proposed by the Finance Ministry. According to government spokesperson Jirayu Houngsub, the plan focuses on projects including infrastructure for water management and transportation, tourism development, mitigating export impacts and enhancing productivity, and strengthening the community economy. Funds for the stimulus plan will come from the central contingency fund of the FY2025 annual budget. A subcommittee, chaired by the Deputy Permanent Secretary of the Finance Ministry, will supervise and monitor the implementation of the project and ensure accountability. Elsewhere, the Cabinet has also approved the final draft of the FY2026 budget bill, which will be tabled for discussion in the House of Representatives next week.

VN: The second round of trade negotiations with the US have started on Monday (19 May) in Washington and will run until Wednesday (22 May), according to a statement from the Trade Ministry. Previously, Trade Minister Nguyen Hong Dien, who is leading the delegation, met with his US counterpart Jamieson Greer in South Korea last week following an APEC meeting.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 5-6bps lower, belly tenors trading 7-8bps lower and 10Y trading 9bps lower. According to Bloomberg, the spreads on Asian dollar bonds increased on Monday as trade tensions between China and the US resurfaced. The Chinese government criticized the Trump administration for jeopardizing recent trade discussions by asserting that utilizing Huawei Technologies' artificial intelligence chips "anywhere in the world" would breach US export regulations. In other news by Bloomberg, pension fund managers based in HKSAR are concerned about forced selling of Treasuries after Moody's downgraded US debt. Funds under the Mandatory Provident Fund system can only invest over 10% in Treasuries if the US has a AAA rating. The Hong Kong Investment Funds Association has proposed allowing investments in Treasuries rated one notch below AAA. The State Bank of India has authorized long-term fundraising of up to USD3bn in one or more bond tranches this financial year, as stated in a stock exchange filing. The bond sale may occur in dollars or other major foreign currencies. Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 80bps while Bloomberg Asia USD High Yield spreads widened by 1bps to 479bps respectively. (Bloomberg, OCBC)

New Issues:

There were six notable issuances from five issuers in the Asiadollar market yesterday.

- CDBL Funding 1 (guarantor: CDB Aviation Lease Finance Designated Activity Co) issued USD700mn of debt in two tranches: a USD400mn 5Y Fixed bond at T+75bps and a USD300mn 5Y FRN at SOFR+80bps.
- Kubota Credit Corp USA (guarantor: Kubota Corp.) priced a USD500mn 3Y Fixed bond at T+82bps.
- Korea Land & Housing Corp priced a USD500mn 2Y Fixed bond at T+55bps.
- Huai'an Traffic Holding Group Co., Ltd. priced a USD300mn 3Y Sustainability Fixed bond at 4.78%.
- Chengdu Inland Port Hub Investment & Development Group Co Ltd (SBLC Provider: Bank of Chengdu Co Ltd) priced a USD100mn 3Y Fixed bond at 4.80%.

There were no notable issuances in the Singdollar market yesterday.

Mandates:

There were no notable mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	100.118	-0.31%	USD-SGD	1.2952	0.04%
USD-JPY	144.510	-0.24%	EUR-SGD	1.4615	0.43%
EUR-USD	1.128	0.38%	JPY-SGD	0.8963	0.28%
AUD-USD	0.642	-0.51%	GBP-SGD	1.7345	0.27%
GBP-USD	1.339	0.24%	AUD-SGD	0.8321	-0.48%
USD-MYR	4.298	0.16%	NZD-SGD	0.7674	-0.07%
USD-CNY	7.217	0.04%	CHF-SGD	1.5635	0.79%
USD-IDR	16415	-0.09%	SGD-MYR	3.3174	0.04%
USD-VND	25962	0.05%	SGD-CNY	5.5742	0.05%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.1010	0.57%	1M	4.3203	0.02%
3M	2.0750	-1.24%	2M	4.3291	-0.02%
6M	2.1200	-1.67%	3M	4.3256	-0.03%
12M	2.0940	-2.24%	6M	4.2665	-0.12%
			1Y	4.0530	-0.34%

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	-0.053	-5.3	-0.013	4.314
07/30/2025	-0.301	-24.8	-0.075	4.253
09/17/2025	-0.894	-59.3	-0.224	4.104
12/10/2025	-2.13	-70.8	-0.532	3.795

Equity and Commodity

Index	Value	Net change
DJIA	42,677.24	-114.83
S&P	5,940.46	-23.14
Nasdaq	19,142.71	-72.75
Nikkei 225	37,529.49	30.86
STI	3,882.50	6.30
KLCI	1,548.87	-7.27
JCI	7,094.60	-46.49
Baltic Dry	1,347.00	-41.00
VIX	18.09	-0.05

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.1 (-0.06)	3.96(--)
5Y	2.16 (-0.07)	4.07 (+0.01)
10Y	2.51 (-0.07)	4.48 (+0.04)
15Y	2.58 (-0.08)	--
20Y	2.61 (-0.06)	--
30Y	2.63 (-0.05)	4.96 (+0.07)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.29
------	------

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	62.56	-0.21%	Corn (per bushel)	4.545	1.6%
Brent (per barrel)	65.38	-0.24%	Soybean (per bushel)	10.530	0.2%
Heating Oil (per gallon)	212.89	0.06%	Wheat (per bushel)	5.460	3.2%
Gasoline (per gallon)	215.21	0.62%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.43	10.09%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9519.50	-0.04%	Gold (per oz)	3290.1	1.9%
Nickel (per mt)	15518.00	-0.28%	Silver (per oz)	33.1	2.2%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
5/21/2025 14:00	UK	CPI MoM	Apr	1.00%	--	0.30%	--
5/21/2025 14:00	UK	CPI YoY	Apr	3.30%	--	2.60%	--
5/21/2025 14:00	UK	CPI Core YoY	Apr	3.60%	--	3.40%	--
5/21/2025 14:00	UK	CPIH YoY	Apr	3.90%	--	3.40%	--
5/21/2025 14:00	UK	Retail Price Index	Apr	401.2	--	395.3	--
5/21/2025 14:00	UK	RPI MoM	Apr	1.40%	--	0.30%	--
5/21/2025 14:00	UK	RPI YoY	Apr	4.20%	--	3.20%	--
5/21/2025 14:00	UK	RPI Ex Mort Int. Payments (YoY)	Apr	--	--	2.80%	--
5/21/2025 15:20	ID	BI-Rate	21-May	5.50%	--	5.75%	--
5/21/2025 16:00	SI	Automobile COE Open Bid Cat A	21-May	--	--	103009	--
5/21/2025 16:00	SI	Automobile COE Open Bid Cat E	21-May	--	--	118889	--
5/21/2025 16:00	SI	Automobile COE Open Bid Cat B	21-May	--	--	119890	--
5/21/2025 16:30	UK	House Price Index YoY	Mar	--	--	5.40%	--
5/21/2025 19:00	US	MBA Mortgage Applications	16-May	--	--	1.10%	--
5/21/2025-5/22/2025	CH	FDI YTD YoY CNY	Apr	--	--	-10.80%	--

Source: Bloomberg

Follow our podcasts by searching 'OCBC Research Insights' on Telegram!



Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberhtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathanng4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyiong1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
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