

Daily Treasury Outlook

21 July 2025

Highlights

Global: Cautiously optimistic- that is the prevailing tone from clients. The S&P 500 closed marginally lower on Friday by 0.01% after hitting a record high on Thursday on the back of healthy corporate earnings releases and US economic data. Strong US bank performances coupled with TSMC's record earnings suggested that the US economy had not succumbed to market concerns about tariffs or Fed chair Powell just yet. However, the threat of EU retaliation to the US' possible 30% tariffs gave a reason for the equity market rally to pause. The 10-year US Treasury bond yield fell 4bps to 4.41%. Elsewhere, Japanese exit polls indicate that the ruling coalition lost its majority in the upper house election, but PM Ishiba is resolved to stay on. Without a majority, the Liberal Democratic Party is expected to work with other parties to form a new majority. Separately, China had trimmed its UST bond holdings for the third straight month to US\$756.3 bn in April, the lowest since March 2009.

Market Watch: Asian markets are likely to range trade today, while awaiting China's LPR fixings (likely static at 3% and 3.5% respectively for the 1- and 5-year for the second month). Today's economic data calendar comprises of HK' June CPI, Bank of Canada's 2Q business outlook and US' leading index. For the week ahead, watch for the ECB bank lending survey, Taiwan's export orders, RBA July minutes, Malaysia's June CPI, UK's public finance data tomorrow, the slew of July PMIs from Asia, Europe and UK, as well as South Korea's 2Q25 GDP growth estimates and US' new home sales on Thursday, and last but not least, Germany's IFO business confidence, Tokyo CPI and ECB survey of professional forecasters and US' June durable goods orders on Friday. Fed chair Powell is also speaking tomorrow.

On the central bank front, the ECB is likely to keep its 2% deposit facility rate on Thursday as officials await the US tariff impact and factor into the revised quarterly forecasts for its September 10-11th meeting. The Fed policymakers are in the blackout period before their July 29-30 FOMC meeting, while BOE governor will testify on financial stability tomorrow. On the US corporate earnings front, the Mag7 will kick off with Alphabet and Tesla later this week.

Singapore: Our forecasts are for June headline and core CPI due on Wednesday to print at 0.9% YoY and 0.8% YoY respectively (May: 0.8% YoY/0.7% MoM nsa for headline and 0.6% YoY for core CPI). This will be followed by final 2Q25 URA private home prices and June industrial production which we forecast at 5.6% YoY (-2.8% MoM sa) versus May's reading of 3.9% YoY (-0.4% MoM sa) due on Friday. MAS is also likely to announce the date for its quarterly MPS meeting which is due before end-July.

Key Market Movements

Equity	Value	% chg
S&P 500	6296.8	0.0%
DJIA	44342	-0.3%
Nikkei 225	39819	-0.2%
SH Comp	3534.5	0.5%
STI	4189.5	0.7%
Hang Seng	24826	1.3%
KLCI	1525.9	0.3%
	Value	% chg
DXY	98.482	-0.3%
USDJPY	148.81	0.2%
EURUSD	1.1626	0.3%
GBPUSD	1.3416	0.0%
USDIDR	16290	-0.3%
USDSGD	1.2854	0.0%
SGDMYR	3.3047	0.0%
	Value	chg (bp)
2Y UST	3.87	-3.54
10Y UST	4.42	-3.58
2Y SGS	1.69	-4.00
10Y SGS	2.09	-4.94
3M SORA	1.92	-0.98
3M SOFR	4.34	0.02
	Value	% chg
Brent	69.28	-0.3%
WTI	67.34	-0.3%
Gold	3350	0.3%
Silver	38.18	0.1%
Palladium	1244	-2.7%
Copper	9779	1.2%
BCOM	105.12	0.6%

Source: Bloomberg

Commodities: Crude oil benchmarks were little changed on Friday, with WTI and Brent having edged marginally lower by 0.3% to USD67.3/bbl and USD69.3/bbl, respectively. The EU announced the adoption of its 18th sanctions package on Russia, which includes lower price caps for Russian crude oil. Importantly, the sanctions package also imposes curbs on refined oil products derived from Russian crude, bans an oil refinery in India, as well as introduces additional restrictions on Russian banking system. Consequently, these latest sanctions have raised concerns over potential supply disruption amid ongoing tightness in the global fuel inventories.

Major Markets

CH: China's Ministry of Commerce said during the 14th Five-Year Plan period, China's service consumption has entered a phase of rapid expansion. From 2020 to 2024, the average annual growth rate of household service consumption expenditure reached 9.6%, outpacing the growth of goods consumption. At this stage, the primary challenge lies on the supply side—specifically, a shortage of high-quality services. To address this, China will work closely with relevant departments to implement targeted measures, including further opening-up and easing of domestic restrictions, to improve the supply of premium services.

Meanwhile, the "Shopping in China" campaign has delivered encouraging results. In 2024, total spending by inbound tourists reached US\$94.2 billion, representing a strong year-on-year increase of 77.8%. The momentum generated by the "Tourism in China" initiative has successfully translated into increased spending under the "Shopping in China" drive.

ID: The government is finalizing details of a new trade deal with the US, which cuts the proposed tariff rate from 32% to 19%. Secretary of the Coordinating Ministry of Economic Affairs, Susiwiwono Moegiarso, noted that the government is still negotiating, seeking tariff exemptions for key exports such as crude palm oil, nickel, cocoa, and rubber. In return, the country will eliminate most tariffs on US imports, excluding alcohol and pork, and ease import quotas, while committing to Boeing aircraft purchases and US energy imports.

MY: The advance estimate of 2Q25 GDP growth showed that the economy expanded by a better than expected 4.5% YoY from 4.4% in 1Q25 (Consensus: 4.2%; OCBC: 3.9%). Growth was led by services and agriculture, while manufacturing and construction softened. The 1H25 growth average stood at 4.4%, but momentum is expected to ease to 3.5% in 2H25 as frontloading fades and external demand weakens. Domestic reforms, infrastructure spending, and projects like JS-SEZ could provide some support. However, unresolved US tariff talks, especially on semiconductors, remain a key risk. Looking ahead in terms of monetary policy, with inflation still benign, Bank Negara Malaysia is likely to deliver another 25bp of rate cuts for the remainder of this year.

PH: The balance of payments (BOP) shifted to a surplus of USD0.2bn in June, up from a deficit of USD0.3bn in May. According to the Bangko Sentral ng Pilipinas (BSP), the surplus reflected “foreign currency deposits by the national government (NG) with the BSP and income from BSP investments.” Consequently, the year-to-date BOP deficit narrowed to USD5.6bn, down from a surplus of USD0.6bn in 2024. Meanwhile, the final gross international reserves (GIR) level rose to USD106bn (as of end-June) from USD105.2bn (as of end-May). The BSP noted that “the latest GIR level provides a robust external liquidity buffer, equivalent to 7.2 months' worth of imports of goods and payments of services and primary income. Moreover, it covers about 3.4 times the country's short-term external debt based on residual maturity.”

TH: Deputy Prime Minister and Finance Minister Pichai Chunhavajira confirmed that bilateral trade negotiations with the US Trade Representative have remained inconclusive, despite Thailand's submission of a revised proposal aimed at reducing the reciprocal tariff rate of 36%. The revised offer was developed through extensive consultations across domestic industries and is believed to strike a balance between national and sectoral interests. He added that previous discussions and “stress tests” with business and agricultural groups have provided strategic insights, and he extended his gratitude to their contributions. The Thailand team based in Washington continues to monitor developments closely.

VN: Prime Minister Pham Minh Chinh announced an ambitious 8.3–8.5% GDP growth target for 2025, up from 7.1% in 2024, to lay the groundwork for double-digit growth in 2026–2030. PM Chinch emphasized the need to revitalize key drivers like consumption, exports, and investment, while accelerating green and digital transitions. The economy grew by 7.5% YoY in 1H25, similar to 2H24. On policies, the PM noted that “Monetary policy and fiscal policy must be combined and complement each other, promoting harmony, rationality and effectiveness.”

ESG

SG: Singapore is in advanced talks for its first carbon trading agreement with an ASEAN country as part of its strategy to meet net-zero targets. Thus far, Singapore has signed Article 6 implementation agreements with seven countries, namely Papua New Guinea, Ghana, Bhutan, Peru, Chile, Rwanda and Paraguay. Negotiations with Thailand and Malaysia are progressing, aiming to finalise implementation agreements by the end of 2025. These agreements will establish bilateral frameworks for the transfer of carbon credits, supporting each country's Nationally Determined Contributions (NDCs).

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower last Friday with shorter tenors trading 5bps lower while belly tenors traded 5-6bps lower and 10Y traded 7bps lower. As per Bloomberg, the People's Bank of China proposed to remove regulations on the freezing of pledged bonds in repurchase agreements to facilitate open market operations, including government bond trading. It also sought to clarify the Shanghai Clearing House's legal status as the official bond registration, custody, and settlement institution, and to revise financial bond information disclosure rules. In other news by Bloomberg, Emperor International Holdings Ltd. ("Emperor") has submitted a revised debt restructuring proposal to some lenders, seeking to extend its bank loan maturities to 31 Dec 2027. This follows the rejection of its March proposal for a three-year extension and a second-lien mortgage on some HKSAR commercial properties as credit enhancement. The company has HKD16.6bn in overdue loans, has breached certain facility terms, and missed interest payments on some loans since last year. Emperor maintains it has a healthy balance sheet and is engaged in constructive negotiations with banks to amend terms amid industry pressures. Bloomberg Asia USD Investment Grade spreads tightened by 1bps at 67bps and Bloomberg Asia USD High Yield spreads widened by 2bps to 364bps respectively. (Bloomberg, OCBC)

New Issues:

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

There were two notable issuances by one issuer in the Singdollar market last Friday.

- Singapore Management University priced SGD250mn of debt in two tranches: a SGD100mn 7Y Fixed Bond at 2.027% and a SGD150mn 7Y Sustainability Fixed Bond at 2.022%.

Mandates:

- There were no notable mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	98.482	-0.26%	USD-SGD	1.2854	-0.04%
USD-JPY	148.810	0.15%	EUR-SGD	1.4942	0.20%
EUR-USD	1.163	0.26%	JPY-SGD	0.8636	-0.18%
AUD-USD	0.651	0.32%	GBP-SGD	1.7235	-0.11%
GBP-USD	1.342	0.00%	AUD-SGD	0.8366	0.26%
USD-MYR	4.244	-0.13%	NZD-SGD	0.7662	0.46%
USD-CNY	7.175	-0.10%	CHF-SGD	1.6032	0.29%
USD-IDR	16290	-0.25%	SGD-MYR	3.3047	0.05%
USD-VND	26155	0.00%	SGD-CNY	5.5842	0.00%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.8830	-0.63%	1M	4.3429	-0.17%
3M	1.9950	-1.43%	2M	4.3472	-0.23%
6M	2.0490	-0.97%	3M	4.3191	-0.35%
12M	2.0650	-1.05%	6M	4.2063	-0.54%
			1Y	3.9866	-0.65%

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	-0.047	-4.7	-0.012	4.318
09/17/2025	-0.629	-58.3	-0.157	4.172
12/10/2025	-1.815	-66.8	-0.454	3.875

Equity and Commodity

Index	Value	Net change
DJIA	44,342.19	-142.30
S&P	6,296.79	-0.57
Nasdaq	20,895.66	10.01
Nikkei 225	39,819.11	-82.08
STI	4,189.50	28.07
KLCI	1,525.86	4.92
JCI	7,311.92	24.89
Baltic Dry	2,052.00	22.00
VIX	16.41	-0.11

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.69 (-0.04)	3.87(--)
5Y	1.75 (-0.05)	3.95 (-0.04)
10Y	2.09 (-0.05)	4.42 (-0.04)
15Y	2.2 (-0.05)	--
20Y	2.19 (-0.04)	--
30Y	2.23 (-0.04)	4.99 (-0.02)

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)	67.34	-0.30%	Corn (per bushel)	4.085	1.6%
Brent (per barrel)	69.28	-0.35%	Soybean (per bushel)	10.278	0.6%
Heating Oil (per gallon)	245.30	-0.47%	Wheat (per bushel)	5.463	2.4%
Gasoline (per gallon)	215.34	-0.78%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.57	0.65%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9778.50	1.16%	Gold (per oz)	3349.9	0.3%
Nickel (per mt)	15218.00	0.81%	Silver (per oz)	38.2	0.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/21/2025 6:45	NZ	CPI QoQ	2Q	0.60%	0.50%	0.90%	--
7/21/2025 6:45	NZ	CPI YoY	2Q	2.80%	2.70%	2.50%	--
7/21/2025 7:41	CH	FDI YTD YoY CNY	Jun	--	-15.20%	-13.20%	--
7/21/2025 8:00	SK	Exports 20 Days YoY	Jul	--	-2.20%	8.30%	--
7/21/2025 8:00	SK	Imports 20 Days YoY	Jul	--	-4.30%	5.30%	--
7/21/2025 9:00	CH	1-Year Loan Prime Rate	21-Jul	3.00%	--	3.00%	--
7/21/2025 9:00	CH	5-Year Loan Prime Rate	21-Jul	3.50%	--	3.50%	--
7/21/2025 16:30	HK	CPI Composite YoY	Jun	1.70%	--	1.90%	--
7/21/2025 19:30	IN	Eight Infrastructure Industries	Jun	--	--	0.70%	--
7/21/2025 20:30	CA	Industrial Product Price MoM	Jun	0.10%	--	-0.50%	--
7/21/2025 20:30	CA	Raw Materials Price Index MoM	Jun	0.00%	--	-0.40%	--
7/21/2025 22:00	US	Leading Index	Jun	-0.30%	--	-0.10%	--
7/21/2025 22:30	CA	BoC Business Outlook Future Sales	2Q	--	--	13	--
7/17/2025 20:30	US	Initial Claims 4-Wk Moving Avg	12-Jul	--	--	235.50k	--
7/17/2025 20:30	US	Continuing Claims	5-Jul	1965k	--	1965k	--
7/17/2025 20:30	US	Philadelphia Fed Business Outlook	Jul	-1	--	-4	--

Source: Bloomberg

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