

Daily Treasury Outlook

22 August 2025

Highlights

Global: US equities closed mixed (S&P: -0.24%; NASDAQ: -0.67% and Dow Jones: +0.04%), the DXY index edged lower and UST yields were lower across the curve. Fed funds futures pricing for rate cuts this year at 53.2bps was little changed, with the probability of a 25bp cut at the September FOMC remaining high. Fed Governor Lisa Cook was under pressure from President Trump to resign but has resisted and said she does intend to address the issue of her financial history. The minutes of the US Federal Reserve meeting from 29-30 July was released overnight and highlighted that “a majority of participants judged the upside risk to inflation as the greater of these two risks, while several participants viewed the two risks as roughly balanced, and a couple of participants considered downside risk to employment the more salient risk.” The vote breakdown shows Michelle W. Bowman and Christopher J. Waller voted for a 25bp reduction to the Fed funds rate. The other interesting read from the minutes was the FOMC’s discussion on tariff implications on inflation. Specially, the minutes detailed that members suggested that “it could take some time for the full effects of higher tariffs” to be felt on prices because of several reasons including “stockpiling of inventories in anticipation of higher tariffs; slow pass-through of input cost increases into final goods and services prices; gradual updating of contract prices; maintenance of firm–customer relationships; issues related to tariff collection; and still-ongoing trade negotiations.” “As for the magnitude of tariff effects on prices, a few participants observed that evidence so far suggested that foreign exporters were paying at most a modest part of the increased tariffs, implying that domestic businesses and consumers were predominantly bearing the tariff costs.” The minutes also noted that firms were adopting strategies to mitigate the impact of higher costs onto the consumer by “negotiating with or switching suppliers, changing production processes, lowering profit margins, exerting more wage discipline, or exploiting cost-saving efficiency measures such as automation and new technologies.” There seems to be debate within the FOMC on whether the impact to inflation will be one-off or more sustained. Closer home, Bank Indonesia cut its policy rate by 25bp, and we have another 25bp rate cut in our forecast profile from BI for the rest of the year. The risk is for deeper rate cuts as the downside risks to growth become more apparent.

Market Watch: The data releases on tap today include Indonesia’s 2Q25 balance of payments data, India’s August preliminary HSBC PMI, France, Germany and Eurozone preliminary August HCOB PMI, US weekly labour market data on initial jobless claims and continuing jobless claims and US July existing home sales. US Fed’s Bostic is scheduled to speak, with the focus squarely on Fed Chair Powell’s speech at the Jackson Hole Symposium 22 August, 10pm Asia time.

Key Market Movements

Equity	Value	% chg
S&P 500	6370.2	-0.4%
DJIA	44786	-0.3%
Nikkei 225	42610	-0.6%
SH Comp	3771.1	0.1%
STI	4230.9	0.3%
Hang Seng	25105	-0.2%
KLCI	1592.9	0.3%
	Value	% chg
DXY	98.619	0.4%
USDJPY	148.37	0.7%
EURUSD	1.1606	-0.4%
GBPUSD	1.3412	-0.3%
USIDR	16285	0.1%
USDSGD	1.2887	0.3%
SGDMYR	3.2839	-0.1%
	Value	chg (bp)
2Y UST	3.79	4.40
10Y UST	4.33	3.70
2Y SGS	1.56	-0.10
10Y SGS	1.92	-1.91
3M SORA	1.69	-0.46
3M SOFR	4.35	0.06
	Value	% chg
Brent	67.67	1.2%
WTI	63.52	1.3%
Gold	3339	-0.3%
Silver	38.15	0.6%
Palladium	1115	0.0%
Copper	9725	0.0%
BCOM	101.03	0.8%

Source: Bloomberg

Major Markets

ID: BI cut its policy rate by 25bp, taking it to 5.00%. While the direction of the move is consistent with our long-held expectations, we had expected BI to pause at this meeting given the stronger 2Q25 GDP print earlier in the month. BI stressed the move was to support growth, projecting full-year GDP above the mid-point of its 4.6–5.4% range. Still, mixed signals persist, with domestic investment up 25% YoY but FDI down 3.9% in 1H25, and loan growth easing to 7.0% in July from 7.8% in June. While the direction of the move is consistent with our long-held expectations, we had expected BI to pause at this meeting given the stronger 2Q25 GDP print earlier in the month. The risk is for additional rate cuts should further downside risks to growth materialise. That said, BI would likely need to see better transmission of rate cuts onto lending rates.

MY: The Ministry of Finance (MOF) said the mechanism for RON95 petrol subsidy rationalisation, expected to be announced in September, is still being finalised. Eligibility will be determined using multiple data sources, including tax records, household surveys, and the government's Padu database, with ownership of luxury homes or vehicles also factored in, as reported by The Edge. Non-citizens and high-income groups will be excluded, as the government aims to save up to MYR8bn annually from the current MYR19bn blanket subsidy.

ESG

MY: Malaysia's carbon tax, set to be rolled out in 2026, aims to support industrial decarbonisation efforts and safeguard the nation's exports from the impact of the EU's Carbon Border Adjustment Mechanism (CBAM). In its initial phase, the carbon tax will focus on the iron, steel and energy sectors as they are the main drivers of greenhouse gas emissions in the country. The implementation of the carbon tax will be aligned with national climate change policies and the domestic carbon market, while also considering the ongoing fuel subsidy rationalisation. The ministry is studying the international best practices of other countries that have implemented or are in the process of implementing carbon pricing mechanisms, including Norway, the UK, South Korea, Japan and Singapore. A think-tank in Malaysia, called The Institute for Democracy and Economic Affairs (IDEAS), released a policy paper suggesting that a carbon price of RM200/t is the critical threshold to make low-carbon steel production commercially viable in Malaysia. While the carbon tax rate has not been announced yet, Malaysia will likely implement the carbon tax in a phased approach starting next year to allow companies to manage costs and better transition.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 2-3bps lower while belly tenors traded 3bps lower and 10Y traded 4bps lower. Per Bloomberg, Temasek Holdings Pte Ltd is planning one of its biggest organisational restructurings in years, potentially reorganizing the firm into three investment vehicles in a bid to boost returns and efficiencies. The first entity would focus on Temasek's biggest domestic holdings (eg. Singapore Airlines Ltd). The second entity would oversee largely foreign investments. The third entity would manage all fund investments. Bloomberg Asia USD Investment Grade spreads were flat at 61bps yesterday and Bloomberg Asia USD High Yield spreads widened 5bps to 334bps respectively. (Bloomberg, OCBC)

New issues:

There were no notable issuances in the Asiadollar market yesterday.

There was one notable issuance in the Singdollar market yesterday.

- HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of CapitaLand Ascendas REIT) priced a SGD700mn 7Y Green Fixed Note at 2.343%.

Mandates:

- There were no notable mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.619	0.41%	USD-SGD	1.2887
USD-JPY	148.370	0.71%	EUR-SGD	1.4957
EUR-USD	1.161	-0.39%	JPY-SGD	0.8687
AUD-USD	0.642	-0.22%	GBP-SGD	1.7285
GBP-USD	1.341	-0.33%	AUD-SGD	0.8274
USD-MYR	4.224	-0.05%	NZD-SGD	0.7500
USD-CNY	7.181	0.07%	CHF-SGD	1.5936
USD-IDR	16285	0.09%	SGD-MYR	3.2839
USD-VND	26429	0.21%	SGD-CNY	5.5715

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9110	-0.31%	1M	4.3287
3M	2.0340	0.00%	2M	4.2714
6M	2.0930	-0.76%	3M	4.2181
12M	2.0840	0.14%	6M	4.0815
			1Y	3.8603

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/17/2025	-0.752	-75.20%	-0.188	4.141
10/29/2025	-1.225	-47.30%	-0.306	4.023
12/10/2025	-1.968	-74.30%	-0.492	3.837

Equity and Commodity

Index	Value	Net change
DJIA	44,785.50	-152.81
S&P	6,370.17	-25.61
Nasdaq	21,100.31	-72.55
Nikkei 225	42,610.17	-278.38
STI	4,230.90	11.36
KLCI	1,592.87	4.66
JCI	7,890.72	-53.11
Baltic Dry	1,927.00	-37.00
VIX	16.60	0.91

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.56 (--)	3.78 (--)
5Y	1.65 (-0.01)	3.86 (+0.04)
10Y	1.92 (-0.02)	4.32 (+0.04)
15Y	1.99 (-0.02)	--
20Y	2 (-0.02)	--
30Y	2.06 (-0.01)	4.92 (+0.02)

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)	63.52	0.49%	Corn (per bushel)	3.873	1.9%
Brent (per barrel)	67.67	1.24%	Soybean (per bushel)	10.345	1.9%
Heating Oil (per gallon)	232.51	2.00%	Wheat (per bushel)	5.070	0.3%
Gasoline (per gallon)	215.97	1.48%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	2.83	2.69%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9724.50	0.04%	Gold (per oz)	3338.7	-0.3%
Nickel (per mt)	14929.00	-0.53%	Silver (per oz)	38.1	0.6%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/22/2025 10:00	CH	Bloomberg Aug. China Economic Survey					
8/22/2025 10:00	MA	Bloomberg Aug. Malaysia Economic Survey					
8/22/2025 12:00	MA	CPI YoY	Jul	1.20%	--	1.10%	--
8/22/2025 14:00	GE	GDP SA QoQ	2Q F	-0.10%	--	-0.10%	--
8/22/2025 14:00	GE	GDP NSA YoY	2Q F	0.00%	--	0.00%	--
8/22/2025 14:00	GE	Private Consumption QoQ	2Q	0.20%	--	0.50%	--
8/22/2025 14:00	GE	Government Spending QoQ	2Q	0.30%	--	-0.30%	--
8/22/2025 14:00	GE	Capital Investment QoQ	2Q	-0.80%	--	0.90%	--
8/22/2025 14:45	FR	Business Confidence	Aug	97	--	96	--
8/22/2025 14:45	FR	Manufacturing Confidence	Aug	96	--	96	--
8/22/2025 15:00	MA	Foreign Reserves	15-Aug	--	--	\$121.3b	--
8/22/2025 15:30	TH	Gross International Reserves	15-Aug	--	--	\$265.6b	--
8/22/2025 15:30	TH	Forward Contracts	15-Aug	--	--	\$22.6b	--
8/22/2025 20:30	CA	Retail Sales MoM	Jun	1.50%	--	-1.10%	--
8/22/2025 20:30	CA	Retail Sales Ex Auto MoM	Jun	0.80%	--	-0.20%	--
8/22/2025	IN	Foreign Exchange Reserves	15-Aug	--	--	\$693.6b	--

Source: Bloomberg

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