Daily Treasury Outlook

21 October 2025

Highlights

Global: Market started the week with improved risk sentiment, as Trump continues to signal optimism around trade negotiations with China, while White House economic advisor Hassett predicted the government shutdown is "likely to end sometime this week." Investors looked past concerns around US credit and funding markets, and positioned for the upcoming earnings deluge. Major US equity indices closed 1%-2% higher, with solid market breadth and participation. S&P 500 notched its best two-day gain since June. Nikkei 225 closed at fresh highs, as Takaichi is set to be the next PM after the LDP finalised the coalition deal with the Japan Innovation Party on Monday. Treasury yields edged lower across the curve. Dollar index grinded higher, while major FX pairs were in consolidation mode. Separately, 1-year and 5-year LPRs were unchanged at 3% and 3.5% respectively as expected.

On data front, New Zealand's 3Q CPI rose by 3% YoY, hitting the top of inflation target band, mostly due to one-off and seasonal factors, such as hike in land taxes. Meanwhile, core inflation gauge (i.e. CPI excluding food, energy and vehicle fuel) moderated to 2.5% YoY, the lowest since 1Q21. China's Q3 GDP came in marginally above market consensus, expanding by 4.8% YoY. Meanwhile, September economic activities were mixed, with industrial production (6.5% YoY) surprising to the upside, retail sales (3.0% YoY) coming in line, while fixed asset investment missed below consensus (-6.7% YoY).

Market Watch: Today's economic data calendar focuses on Japan's September trade and Canada's September CPI. For the week ahead, the market will keep an eye on US-China trade headlines, China's four-day Fourth Plenum (scheduled from 20-23 October), US government shutdown and APEC Finance Ministers' Meeting. Investor will also watch for the slew of PMIs from Asia, Europe, UK and US, as well as UK's CPI on Wednesday, Canada's retail sales and Eurozone's consumer confidence on Thursday, Japan's CPI, UK's retail sales and US' September CPI on Friday. On the central bank front, comments from ECB's Lagarde and other speakers, will come under spotlight, ahead of its pre-meeting quiet period which starts this Thursday. US earnings season continues with reports from Netflix, Tesla, IBM and Intel.

China: Real GDP growth slowed further to 4.8% YoY in 3Q, while nominal GDP rose 3.7% YoY, down 0.2ppt from 2Q 2025. Although prices showed a mild rebound, the GDP deflator's contraction narrowed only marginally and remained near historical lows, underscoring persistent disinflationary pressures. Overall, the second half of 2025 continues to reveal underlying economic fragility. We expect growth to moderate further to below 4.5% in 4Q, weighed by weak investment and subdued consumption. Nevertheless, we revise our full-year GDP growth forecast upward to 4.9% (from 4.8%), reflecting the stronger-than-expected 3Q performance and the front-loading of policy support.

Key Market Movements

Equity	Value	% chg
S&P 500	6735.1	1.1%
DJIA	46707	1.1%
Nikkei 225	49186	3.4%
SH Comp	3863.9	0.6%
STI	4328.9	0.0%
Hang Seng	25859	2.4%
KLCI	1607.2	0.0%
	Value	**% chg**
DXY	98.586	0.2%
USDJPY	150.75	0.1%
EURUSD	1.1642	-0.1%
GBPUSD	1.3405	-0.2%
USDIDR	16575	-0.1%
USDSGD	1.2943	-0.1%
SGDMYR	3.2635	0.0%
	Value	**chg (bp)**
2Y UST	3.46	-0.21
10Y UST	3.98	-2.88
2Y SGS	1.43	0.00
10Y SGS	1.75	0.00
3M SORA	1.40	0.00
3M SOFR	4.32	-0.38
	Value	**% chg**
Brent	61.01	-0.5%
WTI	57.52	0.0%
Gold	4356	2.5%
Silver	52.45	1.0%
Palladium	1507	2.9%
Copper	10692	0.8%
BCOM	107.56	1.8%

Source: Bloomberg

Commodities: Crude oil benchmarks were little changed on Monday, with WTI and Brent edging marginally lower by 0.03% and 0.5%, respectively, to USD57.5/bbl and USD61.0/bbl. During intraday trading, oil prices traded choppy, dipping to a low during pre-market NY session. Concerns about a looming supply glut weighed on oil prices. The market structure signaled softening, with the backwardation in the Brent crude narrowing sharply, while longer-dated contracts shifted into deeper contango. This effects were partially offset by prospects of easing US-China trade tensions.

Major Markets

HK: Labor market slack continued to build up. The seasonally adjusted unemployment rate rose to 3.9% in the three-month ending September 2025, the highest since Aug-Oct 2022, while underemployment rate was little changed at 1.6%. Increases in unemployment rate were virtually across-the-board, with more notable deterioration in the construction and manufacturing sectors. Given the still-sluggish hiring sentiment, jobless rate is likely to linger at elevated level in periods ahead.

ID: Foreign direct investment (FDI) contraction deepened to -14.6% YoY to USD13.3bn in 3Q25 from -12.8% (USD12.6bn) in 2Q25. The weakness was broad-based across the primary (-31.3% YoY in 3Q25 from 4.0% in 2Q24), secondary (-4.2% from -12.8%), and tertiary (-24.8% from -18.4%) sectors. Nonetheless, FDI into the downstream sector remained robust, with investment in the basic metal and metal goods non-machinery sector growing 15.2% YoY, reaching USD3.5bn in 3Q25 from USD3.6bn in 2Q25. Meanwhile, domestic realized direct investment grew 40.5% YoY to IDR279.4trn in 3Q25 from 30.5% (IDR275.6trn) in 2Q25. Investment Minister Roeslani noted that cumulative January-September realized investment reached IDR1,434.3trn, or 75.3% of the government’s IDR1,905.6trn target.

MY: 3Q25 GDP grew a solid 5.2% YoY from 4.4% in 2Q25, outperforming expectations (Consensus: 4.2%; OCBC: 4.9%) and driven by broad-based sectoral gains, notably in construction (+11.2%) and manufacturing (+4.0%), while agriculture growth softened to 0.4%. Strong September trade data reinforced the upbeat momentum, with exports surging 12.2% YoY and the trade surplus widening to MYR19.9bn. The electronics upcycle, led by 19.5% YoY growth in E&E exports, underpinned the recovery, though commodity exports remained weak. Reflecting the stronger-than-expected performance, we materially revise higher our 2025 GDP growth forecast to 4.6% YoY from 3.9% given that GDP growth averaged 4.7% YoY for the first three quarters of 2025. Our forecasts nonetheless imply a slowdown to 4.3% YoY in 4Q25. For 2026, we maintain our more conservative GDP growth estimate of 3.8%.

PH: The surplus in the balance of payments (BOP) narrowed to USD82mn in September, down from USD359mn in August. According to the Bangko Sentral ng Pilipinas (BSP), the surplus reflected “net income from its investments abroad and national government's (NG) net foreign currency deposits with the BSP." Consequently, the year-to-date BOP deficit narrowed to USD5.3bn (2024: USD0.6bn). Meanwhile, the gross international reserves (GIR) level rose to USD109.1bn (as of end-September) from USD107.1bn (as of end-August). The

BSP noted that “the level of GIR remains an adequate external liquidity buffer, equivalent to 7.3 months' worth of imports of goods and payments of services and primary income. Moreover, it covers about 3.8 times the country's short-term external debt based on residual maturity.”

CH: China’s real GDP growth slowed further to 4.8% YoY in 3Q, while nominal GDP rose 3.7% YoY, down 0.2ppt from 2Q 2025. Although prices showed a mild rebound, the GDP deflator’s contraction narrowed only marginally and remained near historical lows, underscoring persistent disinflationary pressures.

External demand held up, but both consumption and investment softened. Retail sales rose 3.0% YoY in September, extending the downtrend that began in June. Categories previously buoyed by government “national replacement” programs—such as household appliances, furniture, and cultural and office supplies—saw sharp YoY slowdowns, suggesting that earlier subsidy-driven demand is fading.

The property sector weakened further, with real estate investment contracting 21.2% YoY in September (vs. -19.3% in August)—the first time the decline has exceeded 20%. This underscores that the property market recovery remains shallow and will likely require stronger policy intervention. Meanwhile, infrastructure investment turned into a drag. After maintaining double-digit growth for more than 18 months, water conservancy investment decelerated sharply, pulling down overall fixed-asset investment (FAI). The slowdown points to emerging demand-side contractionary forces. In response, policymakers have accelerated the deployment of policy-based financial instruments, and the central government has reallocated RMB 500bn from unused local debt quotas to resolve arrears and support qualified projects in key provinces. The effectiveness of these measures will be closely watched in the coming quarters.

On a positive note, industrial capacity utilization improved modestly to 74.6% in Q3, up 0.6ppt QoQ, led by gains in electrical machinery and automobile manufacturing. These sectors benefited from the “anti-involution” policy, which continues to enhance production efficiency and sectoral coordination.

Overall, the second half of 2025 continues to reveal underlying economic fragility. We expect growth to moderate further to below 4.5% in 4Q, weighed by weak investment and subdued consumption. Nevertheless, we revise our full-year GDP growth forecast upward to 4.9% (from 4.8%), reflecting the stronger-than-expected 3Q performance and the front-loading of policy support.

Rest of the world: ASEAN has endorsed an action plan to increase the share of renewable electricity to 45% of total capacity over the next five years, as well as cut energy intensity by 32% from 2005 levels, as part of its energy transition efforts. ASEAN's renewable energy capacity currently stands at around 33-34% of total power capacity. The 2026–2030 ASEAN Plan of Action for Energy Cooperation was endorsed by member states during a meeting of energy ministers. The plan marks a significant step up from previous targets under the 2016-2025 roadmap, which aimed for renewables to make up 23% of total primary energy and 35% of power generation capacity by next year. The new targets are expected to drive greater investments in renewable energy while driving regional collaboration in strengthening cross-border grid interconnections.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower last Friday with shorter and belly tenors trading 3-4bps lower while 10Y traded 3bps lower. As per Bloomberg, Moody's downgraded China Vanke Co Ltd's long-term corporate family rating to Caa2 from Caa1 while outlook remains negative, attributing to the firm's deteriorating liquidity and sizable near-term debt maturities. Meanwhile, Moody's affirmed New Oriental Education & Technology Group Inc's long-term corporate family rating at Ba1, upgrading the outlook to positive from stable. In other news by Bloomberg, Mandarin Oriental International announced that Alibaba Group Holdings Ltd and Ant Group Co Ltd have agreed to acquire the top 13 floors of One Causeway Bay as their headquarters in Hong Kong for USD925mn. Bloomberg Asia USD Investment Grade spreads traded flat at 64bps and Bloomberg Asia USD High Yield spreads widened by 2bps to 357bps respectively yesterday. (Bloomberg, OCBC)

New issues:
There were no notable issuances in the Asiadollar & Singdollar market last Friday and yesterday.

Mandates:
- Korea East-West Power Co, Ltd. may issue a USD-denominated 3Y to 5.5Y bond.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.586	0.16%	USD-SGD	1.2943
USD-JPY	150.750	0.09%	EUR-SGD	1.5065
EUR-USD	1.164	-0.11%	JPY-SGD	0.8584
AUD-USD	0.651	0.22%	GBP-SGD	1.7343
GBP-USD	1.341	-0.16%	AUD-SGD	0.8428
USD-MYR	4.227	-0.05%	NZD-SGD	0.7431
USD-CNY	7.122	712.70%	CHF-SGD	1.6328
USD-IDR	16575	-0.06%	SGD-MYR	3.2635
USD-VND	26342	0.00%	SGD-CNY	5.5045

Equity and Commodity

Index	Value	Net change
DJIA	46,706.58	515.97
S&P	6,735.13	71.12
Nasdaq	22,990.54	310.57
Nikkei 225	49,185.50	1603.35
STI	4,328.93	-27.27
KLCI	1,607.18	-5.11
JCI	8,088.98	173.32
Baltic Dry	2,069.00	23.00
VIX	18.23	-2.55

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9190	-0.16%	1M	3.9994
3M	2.0100	0.30%	2M	3.9339
6M	2.1130	0.14%	3M	3.8654
12M	2.1640	-0.09%	6M	3.7023
			1Y	3.4719

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.43 (-0.02)	3.46(--)
5Y	1.58 (-0.02)	3.57 (-0.02)
10Y	1.75 (-0.02)	3.98 (-0.03)
15Y	1.84 (-0.02)	--
20Y	1.84 (-0.01)	--
30Y	1.95 (-0.01)	4.57 (-0.04)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/29/2025	-1.032	-103.20%	-0.258	3.847
12/10/2025	-2.174	-114.20%	-0.543	3.562

Financial Spread (bps)

	Value	Change
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	4.18

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	57.52	-0.03%	Corn (per bushel)	4.233	0.2%
Brent (per barrel)	61.01	-0.46%	Soybean (per bushel)	10.318	1.2%
Heating Oil (per gallon)	219.21	0.56%	Wheat (per bushel)	5.048	0.2%
Gasoline (per gallon)	183.02	-0.41%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.40	12.93%	Rubber (JPY/KG)	309.500	2.8%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	10691.50	0.82%	Gold (per oz)	4356.3	2.5%
Nickel (per mt)	15222.00	0.63%	Silver (per oz)	52.4	1.0%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
10/21/2025 5:45	NZ	Trade Balance NZD	Sep	--	-1355m	-1185m	-1235m
10/21/2025 5:45	NZ	Exports NZD	Sep	--	5.82b	5.94b	5.85b
10/21/2025 5:45	NZ	Imports NZD	Sep	--	7.18b	7.12b	7.08b
10/21/2025 8:00	SK	Exports 20 Days YoY	Oct	--	-7.80%	13.50%	--
10/21/2025 13:00	JN	Tokyo Condominiums for Sale YoY	Sep	--	--	78.70%	--
10/21/2025 14:00	JN	Machine Tool Orders YoY	Sep F	--	--	9.90%	--
10/21/2025 14:00	UK	PSNB ex Banking Groups	Sep	--	--	17.7b	--
10/21/2025 14:00	UK	Public Sector Net Borrowing	Sep	20.8b	--	17.7b	--
10/21/2025 14:00	UK	Public Finances (PSNCR)	Sep	--	--	10.2b	--
10/21/2025 16:00	TA	Export Orders YoY	Sep	18.70%	--	19.50%	--
10/21/2025 17:00	EC	Govt Debt/GDP Ratio	2024 F	--	--	87.40%	--
10/21/2025 20:30	CA	CPI YoY	Sep	2.20%	--	1.90%	--
10/21/2025 20:30	CA	CPI NSA MoM	Sep	-0.10%	--	-0.10%	--

Source: Bloomberg

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