

Daily Treasury Outlook

23 June 2025

Highlights

Global: U.S. stocks ended lower on Friday as geopolitical uncertainty remained. Markets are now closely watching for a potential knee-jerk reaction in the oil market in the wake of the U.S. strike on Iran over the weekend. While President Trump described the attack as a “one-off” only targeting Iran's nuclear program and urged Iran to seek peace, we believe this intervention may lead to a calibrated escalation. The near-term impact on oil prices will hinge on Iran’s response. If regime survival remains Iran’s overriding priority, the leadership may opt to escalate tensions—using the U.S. strike as a rallying point for domestic unity—even at the expense of its nuclear ambitions. From a regime survival standpoint, appearing strong may be more sustainable than appearing weak, particularly for an already unpopular government.

For global oil markets, the key variable is whether Iran chooses to close the Strait of Hormuz. According to our commodity analysts, while the Middle East's spare capacity can offset disruptions to Iranian output, it would be ineffective if the Strait is blocked. Iranian leaders likely view the Strait as their most potent asymmetric tool—especially if other means such as missiles, drones, and proxy forces fail to deter the U.S. and Israel. Iran may resort to blocking the Strait if it loses the ability to export oil. This calculus could explain why Israel has so far refrained from targeting Iran’s oil export infrastructure.

Meanwhile, the Federal Reserve remains divided on the future path of monetary policy. In its latest Monetary Policy Report to Congress released Friday, the Fed noted that while inflation remains somewhat elevated and the labour market is stable, it is still too early to gauge the full impact of recent tariffs on consumer and business behaviour. Ahead of Fed Chair Jerome Powell’s upcoming testimony, Governor Christopher Waller expressed support for considering rate cuts as early as July 2025. He argued that recent inflation data has been subdued, and that tariff-induced inflation is likely transitory. With the Fed’s policy rate currently above the estimated neutral level, Waller believes there is room for monetary easing without risking an overheating of the economy.

Market Watch: There are lots of moving parts currently in the Middle East. Market will watch for the actions from both Iran and Israel this week as well as flash PMIs data in the advanced economies. Fed President Powell will deliver his semi-annual policy testimony to Congress this week.

Key Market Movements

Equity	Value	% chg
S&P 500	5967.8	-0.2%
DJIA	42207	0.1%
Nikkei 225	38403	-0.2%
SH Comp	3359.9	-0.1%
STI	3883.4	-0.3%
Hang Seng	23530	1.3%
KLCI	1502.7	0.1%
	Value	% chg
DXY	98.707	-0.2%
USDJPY	146.09	0.4%
EURUSD	1.1523	0.2%
GBPUSD	1.3451	-0.1%
USDIDR	16385	-0.1%
USDSGD	1.287	0.0%
SGDMYR	3.3112	0.1%
	Value	chg (bp)
2Y UST	3.91	-3.37
10Y UST	4.38	-1.58
2Y SGS	1.84	-0.20
10Y SGS	2.29	-1.03
3M SORA	2.15	-0.74
3M SOFR	4.34	-0.03
	Value	% chg
Brent	77.01	-2.3%
WTI	73.84	0.5%
Gold	3368	-0.1%
Silver	36.01	-1.0%
Palladium	1049	0.4%
Copper	9634	0.2%
BCOM	106.75	-0.6%

Source: Bloomberg

Commodities: Crude oil prices surged during the Asian trading session following an escalation in geopolitical tensions over the weekend. The US struck three Iranian nuclear sites in Fordo, Natanz and Isfahan, with all three sites sustaining "extremely severe damage". Iranian retaliatory strikes could take place. Ali Akbar Velayati, an advisor to Iran's supreme leader Ayatollah Ali Khamenei stated in a message carried by the official IRNA news agency that "any country in the region or elsewhere that is used by American forces to strike Iran will be considered a legitimate target for our armed forces." During Asian open, WTI and Brent surged 4.6% and 5.7%, respectively, to an intraday high of USD78.4/bbl and USD81.4/bbl.

Major Markets

ID: Coordinating Minister of Economic Affairs, Airlangga Hartarto, revealed that the government plans to sign a free trade agreement with the Russian-led Eurasian Economic Union (EAEU) this year, which is expected to enhance demand for its commodity exports like palm oil, coffee, and natural rubber. The agreement follows the completion of substantive talks, and both parties aim to finalize the necessary steps for signing soon. Trade between Indonesia and the EAEU rose by 85% YoY reaching USD1.6bn as of March 2025, with the EAEU also being a major buyer of Indonesian palm oil. The EAEU has five members, including Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia.

MY: May trade data came in below expectations as export growth fell by -1.1% YoY from 16.4% in April, while import growth slowed to 6.6% from 20.0%. Consequently, the trade surplus narrowed sharply to MYR0.8bn from MYR5.1bn, reflecting weaker external demand and a slowdown in shipments to key markets like the US, China, and ASEAN. Although April-May trade growth still exceeded 1Q25 averages, risks to the 2025 GDP forecast of 4.3% are now tilted to the downside amid ongoing US tariff negotiations. In terms of monetary policy, we continue to expect a cumulative 50bps in rate cuts from BNM in 2H25.

PH: According to the Philippine Statistics Authority, the tourism sector generated PHP2.4trn in direct gross value added in 2024, marking an 11.2% increase compared to 2023. As a result, the contribution to the national GDP rose to 8.9% versus 8.7% in 2023. This marks a five-year high. The tourism industry's growth also contributed to job creation, with employment in the tourism sector rising by 6.1% to 6.8mn versus 6.4mn in 2023. Majority of the tourism-related jobs came from miscellaneous activities, employing 1.8mn (27.1% of share).

TH: Bilateral trade negotiations with the US will continue despite the ongoing political situation in Thailand. Commerce Minister Pichai Naripthaphan underscored the importance of these discussions and will proceed professionally under clearly defined principles and guidelines. He also reassured that any potential cabinet reshuffles will not disrupt the operations of the Commerce Ministry due to its skilled and professional officials. On the disruption of fruit and vegetable exports caused by the closure of checkpoints with Cambodia, the ministry said that it has partnered with modern trade operators to purchase and distribute these products.

VN: Deputy Prime Minister Nguyen Hoa Binh noted that the economy is expected to have grown by 7.6% year-on-year in 2Q25, which would mark an uptick from 6.9% in 1Q25, but still below the government's 8.0% target. Indeed, DPM Binh noted that it would be a "big challenge" to reach this year's growth target, as reported by Reuters. Separately, Industry and Trade Minister Nguyen Hong Dien held an online discussion with US Secretary of Commerce Howard Lutnick and US Trade Representative Jamieson Greer on 19 June, with the discussion focusing on tackling key outstanding issues in the bilateral trade negotiations.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower last Friday with shorter tenors trading 2-3bps lower, belly tenors and 10Y trading 2bps lower. As per Bloomberg, New World Development Co. Ltd.'s bonds are poised for their highest levels this month as the company approaches a key loan refinancing deal. Bonds rose by 2 to 3 cents across maturities, with a senior note maturing in 2027 increasing nearly 3 cents to 71 cents on the dollar. This price surge follows reports of preliminary consent from all lenders for its HKD87.5bn refinancing deal, providing the company with some breathing room to support its liquidity. Bloomberg Asia USD Investment Grade spreads traded flat at 74bps, and Bloomberg Asia USD High Yield spreads widened by 9bps to 462bps respectively. (Bloomberg, OCBC)

New Issues:

There was one notable issuance in the Asiadollar market last Friday.

- Bank of China Ltd priced a USD260mn 3Y FRN at SOFR+53bps.

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

Mandates:

There were no notable mandates last Friday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.707	-0.20%	USD-SGD	1.2870	-0.01%
USD-JPY	146.090	0.44%	EUR-SGD	1.4830	0.23%
EUR-USD	1.152	0.24%	JPY-SGD	0.8809	-0.45%
AUD-USD	0.645	-0.46%	GBP-SGD	1.7308	-0.14%
GBP-USD	1.345	-0.10%	AUD-SGD	0.8300	-0.52%
USD-MYR	4.254	-0.16%	NZD-SGD	0.7681	-0.43%
USD-CNY	7.182	-0.09%	CHF-SGD	1.5731	-0.15%
USD-IDR	16385	-0.06%	SGD-MYR	3.3112	0.07%
USD-VND	26131	0.02%	SGD-CNY	5.5812	-0.06%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.8710	-1.47%	1M	4.3223	0.01%
3M	2.0340	-0.10%	2M	4.3210	0.05%
6M	2.0350	-0.73%	3M	4.3166	0.00%
12M	2.1010	-0.38%	6M	4.2245	0.03%
			1Y	4.0275	0.15%

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	-0.165	-16.5	-0.041	4.288
09/17/2025	-0.768	-60.3	-0.192	4.137
12/10/2025	-1.983	-67.8	-0.496	3.833

Equity and Commodity

Index	Value	Net change
DJIA	42,206.82	35.16
S&P	5,967.84	-13.03
Nasdaq	19,447.41	-98.86
Nikkei 225	38,403.23	-85.11
STI	3,883.43	-10.75
KLCI	1,502.74	1.30
JCI	6,907.14	-61.50
Baltic Dry	1,689.00	-62.00
VIX	20.62	-1.55

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.84 (--)	3.91(--)
5Y	1.93 (-0.01)	3.96 (-0.03)
10Y	2.29 (-0.01)	4.37 (-0.02)
15Y	2.39 (-0.03)	--
20Y	2.42 (-0.04)	--
30Y	2.42 (-0.03)	4.88(--)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.28
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	74.93	#DIV/0!	Corn (per bushel)	4.288	#DIV/0!
Brent (per barrel)	77.01	-2.33%	Soybean (per bushel)	10.680	#DIV/0!
Heating Oil (per gallon)	254.18	#DIV/0!	Wheat (per bushel)	5.678	#DIV/0!
Gasoline (per gallon)	232.95	#DIV/0!	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.85	#DIV/0!	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9633.50	0.19%	Gold (per oz)	3368.4	-0.1%
Nickel (per mt)	15011.00	-0.30%	Silver (per oz)	36.0	-1.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
6/23/2025 8:30	JN	Jibun Bank Japan PMI Composite	Jun P	--	--	50.2	--
6/23/2025 8:30	JN	Jibun Bank Japan PMI Mfg	Jun P	--	--	49.4	--
6/23/2025 8:30	JN	Jibun Bank Japan PMI Services	Jun P	--	--	51	--
6/23/2025 13:00	IN	HSBC India PMI Composite	Jun P	--	--	59.3	--
6/23/2025 13:00	IN	HSBC India PMI Mfg	Jun P	--	--	57.6	--
6/23/2025 13:00	IN	HSBC India PMI Services	Jun P	--	--	58.8	--
6/23/2025 13:00	JN	Tokyo Condominiums for Sale YoY	May	--	--	3.50%	--
6/23/2025 13:00	SI	CPI YoY	May	0.80%	--	0.90%	--
6/23/2025 13:00	SI	CPI NSA MoM	May	--	--	-0.30%	--
6/23/2025 13:00	SI	CPI Core YoY	May	0.60%	--	0.70%	--
6/23/2025 16:30	UK	S&P Global UK Manufacturing PMI	Jun P	46.9	--	46.4	--
6/23/2025 16:30	UK	S&P Global UK Services PMI	Jun P	51.3	--	50.9	--
6/23/2025 16:30	UK	S&P Global UK Composite PMI	Jun P	50.5	--	50.3	--
6/23/2025 21:45	US	S&P Global US Manufacturing PMI	Jun P	51	--	52	--
6/23/2025 21:45	US	S&P Global US Services PMI	Jun P	52.9	--	53.7	--
6/23/2025 21:45	US	S&P Global US Composite PMI	Jun P	52.1	--	53	--

Source: Bloomberg



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