

## Daily Treasury Outlook

23 July 2025

### Highlights

**Global:** US equities ended mixed on Tuesday. General Motors' share price fell 8% after the company disclosed a US\$1.1 billion hit from tariffs. GM expects the impact to worsen in the third quarter but maintained its full-year estimate of a US\$4–5 billion drag on earnings.

President Trump announced a trade agreement with Japan that will impose a 15% tariff on Japanese imports—lower than the previously threatened 25% outlined in a letter sent earlier this month. As part of the deal, Japan agreed to open its markets further to US automobile and agricultural imports. Trump also stated that Japan will invest US\$550 billion into the US economy. US Treasury Secretary Scott Bessent confirmed plans to meet his Chinese counterparts in Stockholm for the third round of trade talks aimed at extending the current tariff truce.

The European Central Bank's latest quarterly survey of 155 lenders indicated rising loan demand from Eurozone firms in the second quarter, supported by lower interest rates despite ongoing global uncertainties. While credit standards were broadly unchanged, they tightened in commercial real estate, manufacturing, and wholesale and retail trade, but eased across most service sectors. Demand for housing loans continued to increase and is expected to rise further in the coming quarters.

**Market Watch:** Today's data calendar is light, with market attention likely to focus on further developments related to global tariffs.

**Commodities:** Crude oil benchmarks extended their decline for the third consecutive session, with WTI and Brent falling by 1.5% and 0.9%, respectively, to USD66.2/bbl and USD68.6/bbl. Lingering concerns over ongoing tariff uncertainties and their impact on global demand remained the key driver behind the lower oil prices. A trade deal with Japan was announced, stipulating 15% reciprocal tariffs on Japanese goods exported to the US. However, the US and EU remained locked in tariff negotiations ahead of the 1 August deadline. Elsewhere, the American Petroleum Institute (API) reported a drawdown of 0.6mn bbls in US crude inventories for the week ending 18 July. The US Energy Information Administration (EIA) crude oil inventories data will be released tonight (23 July), with consensus expectations pointing to steeper drawdown in US crude inventories (consensus: -1.4mn bbls).

### Key Market Movements

Equity	Value	% chg
S&P 500	6309.6	0.1%
DJIA	44502	0.4%
Nikkei 225	39775	-0.1%
SH Comp	3581.9	0.6%
STI	4208.3	0.0%
Hang Seng	25130	0.5%
KLCI	1519.4	-0.3%
	Value	% chg
DX	97.392	-0.5%
USDJPY	146.63	-0.5%
EURUSD	1.1754	0.5%
GBPUSD	1.3533	0.3%
USIDR	16310	0.0%
USDSGD	1.2783	-0.2%
SGDMYR	3.3041	0.1%
	Value	chg (bp)
2Y UST	3.83	-2.74
10Y UST	4.34	-3.37
2Y SGS	1.67	0.30
10Y SGS	2.09	1.55
3M SORA	1.88	-0.94
3M SOFR	4.34	-0.02
	Value	% chg
Brent	68.59	-0.9%
WTI	65.31	-1.0%
Gold	3431	1.0%
Silver	39.29	0.9%
Palladium	1278	1.3%
Copper	9920	0.6%
BCOM	104.69	0.0%

Source: Bloomberg

## Major Markets

**CH:** The People's Bank of China released the first-half loan data for 2025. Total outstanding property-related loans rose by 0.4% YoY to CNY53.33 trillion, marking the second consecutive quarterly gain. However, outstanding mortgage loans fell by 0.1% YoY to CNY37.74 trillion, extending their decline for a ninth straight quarter. On a positive note, the pace of contraction has moderated significantly from the 0.8% decline in Q1.

**ID:** In a joint statement on the framework for the US-Indonesia agreement on reciprocal trade published on 22 July, it was noted that Indonesia has agreed to eliminate approximately 99% of US goods tariffs and remove key non-tariff barriers. In return, the US will reduce the reciprocal tariff to 19% from 32%, as previously announced on 2 April 2025. The statement also noted that both governments will negotiate facilitative rules of origin, with Indonesia also pledging to adopt US vehicle safety standards, remove restrictions on exports to the US of industrial minerals, and support the WTO e-commerce duty moratorium. Negotiators will finalize the agreement "in the coming weeks."

**MY:** Headline inflation eased more than expected to 1.1% YoY in June from 1.2% in May (Consensus and OCBC: 1.2%). Core inflation remained unchanged at 1.8% YoY. The main drivers of the June inflation print was the transportation subcomponent, along with communication and furnishing. Food, utilities and services inflation on education and insurance remained unchanged from May. Looking ahead, the outlook for headline CPI remains relatively subdued for the remainder of the year. We are reducing our 2025 CPI forecast to 1.5% YoY from 2.0% previously. Subdued headline inflation of 1.4% YoY in 1H25 and reduced prospects of RON95 rationalisation, following the government's need for a more detailed review of the mechanism, have led us to reduce our full year forecast. Given weaker growth prospects and benign inflation, we have pencilled in another 25bp rate cut from BNM for the remainder of the year.

**PH:** US President Donald Trump announced a trade deal with the Philippines following a visit by Philippine President Ferdinand Marcos Jr. to the White House. President Trump revealed that the US would impose a 19% tariff on Philippine goods exported to the US while US goods exported to the Philippines would face zero tariffs. The revised tariff rate is slightly below the 20% tariff announced earlier in July but remains higher than the 17% announced in April. According to data from the Office of the US Trade Representative, the US has a goods trade deficit with the Philippines at USD4.9bn in 2024, "a 21.8 percent increase (USD0.9bn) over 2023." President Marcos Jr. arrived in the US on 20 July for a three-day official visit, during which he met with Secretary of State Marco Rubio, Defense Secretary Pete Hegseth, as well as US business leaders investing in the Philippines.

**TH:** According to government spokesman Jirayu Houngsub, the cabinet has approved the nomination of Vitai Ratanakorn as the next governor of the Bank of Thailand (BoT). He added that the appointment was based on Mr Ratanakorn's "knowledge, expertise, and experience in economics and banking, and that he meets the qualifications prescribed by law." Mr Ratanakorn's appointment is subject to royal endorsement. Following this, he will succeed the current BoT governor, Sethaput Suthiwartnarueput, whose five-year term will end on 30 September 2025.

## ESG

**Rest of the world:** Britain's Contracts for Difference scheme is its main mechanism for securing clean energy projects, conducting annual auctions for subsidies that provided a guaranteed minimum price for the power produced to help spur investment in new projects. The British government has made changes to this scheme in efforts to accelerate the renewable energy deployment, including extending the contracts for offshore wind, onshore wind and solar projects from 15 years to 20 years. The longer terms would spread cost over a longer time period for consumers and provide greater certainty for investors. In the reformed scheme, the energy minister will be able to view developer bids before setting the final budget, which allows for more accurate capacity procurement to ensure better value for money for consumers.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 1bps higher while belly tenors traded 1-2bps higher and 10Y traded 2bps higher. As per Bloomberg, Deep Water Pavilia II, a residential project jointly developed by New World Development ("New World"), Empire Group, CSI Properties, Lai Sun Development and MTR Corporation was more than 10 times oversubscribed, with more than 1,000 applications for 88 units in the first batch offering. Bloomberg Asia USD Investment Grade spreads traded flat at 68bps and Bloomberg Asia USD High Yield spreads tightened by 1bps to 365bps 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.

- Housing & Development Board priced a SGD700mn 7Y Fixed Bond at 1.976%.

### Mandates:

- Astrea 9 Pte Ltd may issue debt in three tranches: an SGD-denominated "Class A-1 Bonds", a USD-denominated "Class A-2 Bonds" and a USD-denominated "Class B PIK Bonds".

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.392	-0.47%	USD-SGD	1.2783	-0.18%
USD-JPY	146.630	-0.51%	EUR-SGD	1.5026	0.33%
EUR-USD	1.175	0.51%	JPY-SGD	0.8718	0.32%
AUD-USD	0.656	0.48%	GBP-SGD	1.7299	0.13%
GBP-USD	1.353	0.30%	AUD-SGD	0.8382	0.31%
USD-MYR	4.233	-0.05%	NZD-SGD	0.7673	0.39%
USD-CNY	7.169	-0.01%	CHF-SGD	1.6139	0.56%
USD-IDR	16310	-0.01%	SGD-MYR	3.3041	0.10%
USD-VND	26144	-0.04%	SGD-CNY	5.6115	0.21%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.8850	0.11%	1M	4.3483	-0.02%
3M	1.9710	-1.20%	2M	4.3480	-0.06%
6M	2.0510	0.10%	3M	4.3191	-0.03%
12M	2.0780	0.63%	6M	4.2047	0.05%
			1Y	3.9695	0.02%

## Fed Rate Hike Probability

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	Implied Rate Change		Expected Effective Fed Funds Rate
06/18/2025	-0.001	-0.1	0	4.329
07/30/2025	-0.047	-4.7	-0.012	4.318
09/17/2025	-0.63	-58.3	-0.157	4.172
12/10/2025	-1.811	-68.5	-0.453	3.876

## Equity and Commodity

Index	Value	Net change
DJIA	44,502.44	179.37
S&P	6,309.62	4.02
Nasdaq	20,892.69	-81.48
Nikkei 225	39,774.92	-44.19
STI	4,208.26	1.13
KLCI	1,519.40	-5.19
JCI	7,344.74	-53.46
Baltic Dry	2,016.00	-36.00
VIX	16.50	-0.15

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.67 (--)	3.84(--)
5Y	1.76 (+0.01)	3.89 (-0.03)
10Y	2.09 (+0.02)	4.36 (-0.03)
15Y	2.21 (+0.01)	--
20Y	2.2 (+0.02)	--
30Y	2.24 (+0.01)	4.93 (-0.03)

## 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)	66.21	-1.47%	Corn (per bushel)	3.993	-1.1%
Brent (per barrel)	68.59	-0.90%	Soybean (per bushel)	10.103	-0.5%
Heating Oil (per gallon)	245.18	-2.29%	Wheat (per bushel)	5.495	1.3%
Gasoline (per gallon)	210.19	-1.41%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.25	-2.20%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9919.50	0.60%	Gold (per oz)	3431.5	1.0%
Nickel (per mt)	15528.00	0.03%	Silver (per oz)	39.3	0.9%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/23/2025 13:00	SI	CPI YoY	Jun	0.90%	--	0.80%	--
7/23/2025 13:00	SI	CPI NSA MoM	Jun	0.00%	--	0.70%	--
7/23/2025 13:00	SI	CPI Core YoY	Jun	0.70%	--	0.60%	--
7/23/2025 14:00	JN	Machine Tool Orders YoY	Jun F	--	--	-0.50%	--
7/23/2025 16:00	SI	Automobile COE Open Bid Cat E	23-Jul	--	--	118500	--
7/23/2025 16:00	SI	Automobile COE Open Bid Cat A	23-Jul	--	--	101102	--
7/23/2025 16:00	SI	Automobile COE Open Bid Cat B	23-Jul	--	--	119600	--
7/23/2025 19:00	US	MBA Mortgage Applications	18-Jul	--	--	-10.00%	--
7/23/2025 22:00	EC	Consumer Confidence	Jul P	-15	--	-15.3	--
7/23/2025 22:00	US	Existing Home Sales	Jun	4.00m	--	4.03m	--
7/23/2025 22:00	US	Existing Home Sales MoM	Jun	-0.70%	--	0.80%	--

Source: Bloomberg



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