

Daily Treasury Outlook

24 April 2025

Highlights

Global: The flip-flopping on the tariff rhetoric continues. President Trump is planning to exempt car parts from tariffs imposed on imports from China to counter fentanyl production, as well as from those imposed on steel and aluminum. The exemptions would leave in place a 25% tariff Trump imposed on all imports of foreign-made cars. A separate 25% tariff on parts would also remain, due to take effect from 3 May 2025. Also, one day after saying President Trump will be “very nice” to China and intra-day reports the US would be willing to phase in lighter tariffs on Beijing over five years, Treasury Secretary Scott Bessent noted that a full trade deal could take two to three years. The DXY index edged higher during the US trading session, while equity indices gave up some intra-day gains but still closed higher (S&P: +1.7%; NASDAQ: +2.5%; Dow: +1.1%), while USTs had a choppy session, with yields rebounding from session lows led by the front-end. In terms of Fed speak, US Fed Hammack spoke on the balance sheet. She noted that the balance sheet reduction could allow the Fed to continue the wind down of the balance sheet for longer. She added that while it is “extremely difficult” to know when reserves are become scarce, there are downsides to holding a larger balance sheet. On the policy rate, she added that “this is not a good time to be preemptive. This is a good time to sit and wait and watch.” She added that there is very high bar for the Fed to step into the financial markets. Meanwhile, US economic data remained mixed. On the one hand, building permits growth slowed to 0.5% MoM in March from 1.6% in February but on the other hand, new home sales picked up by 7.4% MoM from 3.1% in February. The S&P US manufacturing PMI edged higher to 50.7 in April (preliminary reading) from 50.2 in March but the services PMI dipped to 51.4 from 54.4 in March. In Europe, German and French preliminary services and manufacturing PMI reading for April dropped to below 50. Finally, in Asia, inflationary pressures are showing few signs of increasing. Singapore’s headline and core inflation for March fell below expectations, similarly for Malaysia March CPI came in at 1.4% YoY compared to 1.5% in February. Bank Indonesia’s decision to remain on hold showed its bias towards IDR stability, even as risks to growth rise but are not fully reflected onto the data.

Market Watch: This morning South Korea’s advance 1Q25 GDP estimate showed that the economy contracted by 0.2% QoQ sa after growing 0.1% in 4Q24. Other data releases today include Thailand March customs trade data, German April Ifo, US durable goods orders and initial jobless claims. The Spring meetings of the WB and IMF continue in DC, with a few ECB speakers lined up for today.

Key Market Movements

Equity	Value	% chg
S&P 500	5375.9	1.7%
DJIA	39607	1.1%
Nikkei 225	34869	1.9%
SH Comp	3296.4	-0.1%
STI	3832.3	1.0%
Hang Seng	22073	2.4%
KLCI	1501.2	1.0%
	Value	% chg
DXY	99.844	0.9%
USDJPY	143.45	1.3%
EURUSD	1.1316	-0.9%
GBPUSD	1.3254	-0.6%
USDIDR	16865	0.1%
USDSGD	1.316	0.4%
SGDMYR	3.3486	-0.3%
	Value	chg (bp)
2Y UST	3.87	5.19
10Y UST	4.38	-1.96
2Y SGS	2.17	-1.20
10Y SGS	2.53	-5.03
3M SORA	2.45	-0.50
3M SOFR	4.36	0.00
	Value	% chg
Brent	66.12	-2.0%
WTI	62.27	-2.2%
Gold	3288	-2.7%
Silver	33.58	3.3%
Palladium	941	0.9%
Copper	9383	0.1%
BCOM	102.13	-0.6%

Source: Bloomberg

Commodities: Crude oil benchmarks declined on Wednesday, with WTI and Brent falling by 3.2% and 2.0%, respectively, to USD62.3/bbl and USD66.1/bbl. The drop in oil prices was due to reports that OPEC+ is considering plans to accelerate its output increases in June. The prospects of higher supply exerted downward pressure on oil prices. However, losses were limited by reports that the Trump administration may ease tariffs on imported Chinese goods. Additionally, a stronger-than-expected drawdown in US fuel inventories also helped to limit losses. According to the Energy Information Administration (EIA), gasoline and distillate inventories declined by 4.5mn bbls and 2.4mn bbls, respectively, reaching 229.5mn bbls and 106.9mn bbls for the week ending 18 April. In contrast, US crude inventories experienced a minor buildup of 0.2mn bbls (consensus: 1.7mn bbls) to 443.1mn bbls.

Major Markets

ID: Bank Indonesia (BI) maintained its policy rate at 5.75% in its April 2025 meeting, in line with market expectations, while also indicating the potential for further monetary easing. We expect a cumulative 50bp in rate cuts from BI in 2025. BI emphasized its commitment to currency stability amid global uncertainties, particularly highlighting depreciation pressures on the rupiah during the Idulfitri market closure, which led to significant interventions in offshore NDF markets. BI downgraded its global growth forecast for 2025 from 3.2% to 2.9% due to increased trade fragmentation and noted that domestic growth is expected to be slightly below the midpoint of the 4.7–5.5% range, reflecting a weaker export forecast to the US and China. The current account deficit is projected to remain manageable at 0.5% to 1.3% of GDP in 2025.

MY: The headline inflation eased slightly to 1.4% YoY in March 2025, versus 1.5% in February (Consensus: 1.6%). Looking at the drivers, lower inflation in housing, water, electricity, gas, and other fuels (1.9% from 2.3% in February), restaurants and accommodation (2.9% from 3.5%), alcoholic beverages and tobacco (0.8% from 0.9%), and personal care (3.6% from 3.7%) more than offset the higher inflation in education (2.2% from 1.9%) and recreation, sport, and culture (1.7% from 1.5%). Meanwhile, CPI in clothing and footwear (-0.2% YoY) and information and communication (-5.4%) remained negative. That March print brings the CPI average to 1.5% YoY in 1Q25, easing from 1.8% in 4Q24.

TH: The parliament will hold a special session from 28-30 May to discuss the THB3.78trn budget for FY2026. The session aims to address the economic impact of US reciprocal tariffs. The proposed budget is 0.8% higher than that of the current fiscal year, with the deficit expected to narrow to THB860bn. Some opposition lawmakers have urged revisions to the budget to mitigate the effects of the US reciprocal tariff, which could reduce the economic growth by at least one percentage point. The parliament will also review two draft laws on cybercrime prevention and call-centre scams. If time permits, other legislative items (i.e., a casino bill) may also be discussed.

VN: The government has officially initiated trade talks with the US, beginning with a phone call between Vietnamese Trade Minister Nguyen Hong Dien and US Trade Representative Jamieson Greer. The discussions focused on the principles, scope, and roadmap for negotiations, with Minister Dien expressing Vietnam's readiness to address US concerns based on mutual interests, as reported by Bloomberg.

ESG

SG: Electric vehicle (EV) adoption in Singapore hit a new high in the first quarter of 2025 with 4,383 EV units, making up 40.2% of total car registrations. In 2024, EVs made up 33.6% of total car registrations, which was up from 18.1% in 2023. BYD dominated both the EV market and total carbon market, representing one in five new car registrations. The share of EV adoption is expected to continue increasing as incentives spur adoption, alongside the development of a more robust EV ecosystem in Singapore.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading 1-2bps higher, belly tenors trading 2-5bps lower and 10Y trading 7bps lower. According to Bloomberg, Asian junk dollar bonds have returned to positive territory this year, though they have not fully recovered from their losses this month. This recent rally was fuelled by President Trump's remarks that final tariffs on China "will come down substantially," suggesting a potential de-escalation. Additionally, Hanwha Futureproof Corp.'s USD400mn bond has ended a lull in USD debt offerings from emerging Asia, excluding China. Following this deal, other issuers, including KT&G Corp. and Hana Securities Co., plan to price their deals soon. Bloomberg Asia USD Investment Grade and Bloomberg Asia USD High Yield spreads traded flat at 96bps and 557bps respectively. (Bloomberg, OCBC)

New Issues:

There were two notable issuances in the Asiadollar market yesterday.

- Hanwha Futureproof Corp. (guarantor: The Korea Development Bank) priced a USD400mn 3Y Fixed bond at T+95bps.
- Hebei Shunde Investment Group Co Ltd priced a USD150mn 3Y Fixed bond at 6.30%.

There were no notable issuances in the Singdollar market yesterday.

Mandates:

- There were no notable mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	99.844	0.94%	USD-SGD	1.3160	0.37%
USD-JPY	143.450	1.33%	EUR-SGD	1.4890	-0.52%
EUR-USD	1.132	-0.92%	JPY-SGD	0.9173	-0.95%
AUD-USD	0.636	-0.11%	GBP-SGD	1.7440	-0.24%
GBP-USD	1.325	-0.59%	AUD-SGD	0.8366	0.23%
USD-MYR	4.389	-0.07%	NZD-SGD	0.7822	0.00%
USD-CNY	7.287	-0.28%	CHF-SGD	1.5838	-1.07%
USD-IDR	16865	0.06%	SGD-MYR	3.3486	-0.32%
USD-VND	25981	0.09%	SGD-CNY	5.5378	-0.68%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.1010	-1.55%	1M	4.3198	-0.02%
3M	2.1910	0.37%	2M	4.3078	-0.20%
6M	2.1730	0.88%	3M	4.2871	-0.12%
12M	2.1280	1.14%	6M	4.1529	-0.32%
			1Y	3.8937	-0.68%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
05/07/2025	-0.084	-8.4	-0.021
06/18/2025	-0.626	-54.2	-0.157
07/30/2025	-1.385	-75.9	-0.346
09/17/2025	-2.131	-74.6	-0.533
12/10/2025	-3.319	-61.4	-0.83

Equity and Commodity

Index	Value	Net change
DJIA	39,606.57	419.59
S&P	5,375.86	88.10
Nasdaq	16,708.05	407.63
Nikkei 225	34,868.63	648.03
STI	3,832.32	36.91
KLCI	1,501.19	14.94
JCI	6,634.38	96.11
Baltic Dry	1,261.00	0.00
VIX	28.45	-2.12

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.17 (-0.01)	3.85(--)
5Y	2.23 (-0.03)	4.02 (+0.03)
10Y	2.53 (-0.05)	4.36 (-0.02)
15Y	2.61 (-0.05)	--
20Y	2.64 (-0.05)	--
30Y	2.65 (-0.05)	4.8 (-0.06)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.30
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	62.27	-3.17%	Corn (per bushel)	4.720	-0.8%
Brent (per barrel)	66.12	-1.96%	Soybean (per bushel)	10.403	0.5%
Heating Oil (per gallon)	212.69	-1.01%	Wheat (per bushel)	5.283	-1.4%
Gasoline (per gallon)	208.39	-0.75%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.02	0.50%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9382.50	0.14%	Gold (per oz)	3288.3	-2.7%
Nickel (per mt)	15662.00	-0.13%	Silver (per oz)	33.6	3.3%

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

Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
4/24/2025 2:00	US	Fed Releases Beige Book					
4/24/2025 5:00	SK	Composite Business Survey Manufacturing	Apr	--	93.1	91.9	--
4/24/2025 5:00	SK	Composite Business Survey Non-Manu	Apr	--	84.5	82.9	--
4/24/2025 7:00	SK	GDP YoY	1Q A	0.00%	-0.10%	1.20%	--
4/24/2025 7:00	SK	GDP SA QoQ	1Q A	0.10%	-0.20%	0.10%	--
4/24/2025 7:50	JN	PPI Services YoY	Mar	3.00%	3.10%	3.00%	3.20%
4/24/2025 18:00	UK	CBI Business Optimism	Apr	--	--	-47	--
4/24/2025 20:30	US	Chicago Fed Nat Activity Index	Mar	0.12	--	0.18	--
4/24/2025 20:30	US	Durable Goods Orders	Mar P	2.00%	--	1.00%	--
4/24/2025 20:30	US	Durables Ex Transportation	Mar P	0.30%	--	0.70%	--
4/24/2025 20:30	US	Initial Jobless Claims	19-Apr	222k	--	215k	--
4/24/2025 20:30	US	Initial Claims 4-Wk Moving Avg	19-Apr	--	--	221k	--
4/24/2025 20:30	US	Continuing Claims	12-Apr	1869k	--	1885k	--
4/24/2025 22:00	US	Existing Home Sales	Mar	4.13m	--	4.26m	--
4/24/2025 22:00	US	Existing Home Sales MoM	Mar	-3.10%	--	4.20%	--
4/24/2025 23:00	US	Kansas City Fed Manf. Activity	Apr	-6	--	-2	--

Source: Bloomberg

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