

Daily Treasury Outlook

24 July 2025

Highlights

Global: US equities closed the session on Wednesday at record highs (S&P: +0.8%; NASDAQ: +0.6%; Dow: 1.1%), the DXY index closed lower while UST yields edged higher across the curve. There were few data released overnight apart from MBA mortgage applications for the week of 18 July, which picked up to 0.8% from -10.0%, and existing home sales, which dropped by 2.7% MoM in June after rising 1% in May. The focus remained squarely on US trade negotiations with key trading partners ahead of the 1 August reciprocal tariff deadline. After the trade deal with Japan, Commerce Secretary Howard Lutnick said to *Bloomberg* on Wednesday that the US is also asking South Korea and Europe to make concessions or risk automakers being at a disadvantage. There are reports that the US and EU are progressing towards a deal with 15% tariff rates. However, the EU is also prepared to impose counter measures if a deal is not reached including tariffs on more than EUR90bn worth of American imports, at a 30% tariff rate. The EU is also reportedly discussing using its anti-coercion instrument, a tool that gives it wide-ranging powers to restrict US companies' access to European markets. Similarly, talks with China are also reportedly progressing well.

Market Watch: Markets will continue to watch trade negotiation related headlines, as the calendar is quite light. The EU-China summit in Beijing will be in the spotlight. South Korea's economy recorded 0.6% QoQ sa growth in 2Q25 from -0.6% in 1Q25, marginally above expectations of 0.5%. Data on tap today include Thailand's June trade data, India's HSBC July PMI, Germany's August Gfk consumer confidence, July PMI readings across Europe including for Germany, France and UK and US Chicago Fed Nat Activity Index, US June new home sales and US June building permits. The ECB meets today and is widely expected to keep its policy rate unchanged.

Singapore: Headline and core inflation were unchanged at 0.8% YoY and 0.6% YoY, respectively, in June. This is below consensus and our expectations. As a result, this brought the 1H25 headline and core inflation to 0.9% and 0.6% YoY, respectively. There was no change to the official full-year 2025 inflation forecasts of 0.5-1.5% YoY. MAS noted that imported inflation should remain moderate with global crude prices having eased recently while food commodity prices also should remain contained. On monetary policy, we still lean towards the view that there is no rush for MAS to ease monetary policy again at its 30 July MPS. While the core inflation risks appear more subdued in 1H25 than earlier anticipated, the lower base in 2H24 (especially 4Q24) still implies core inflation may print higher than the 0.6% YoY seen in the first half of the year. Our 2025 headline CPI forecast remains at 0.9% YoY, but core inflation could average 0.9% YoY as well.

Key Market Movements

| Equity | Value | % chg |
|------------|--------|----------|
| S&P 500 | 6358.9 | 0.8% |
| DJIA | 45010 | 1.1% |
| Nikkei 225 | 41171 | 3.5% |
| SH Comp | 3582.3 | 0.0% |
| STI | 4231.3 | 0.5% |
| Hang Seng | 25538 | 1.6% |
| KLCI | 1529.8 | 0.7% |
| | Value | % chg |
| DXY | 97.214 | -0.2% |
| USDJPY | 146.51 | -0.1% |
| EURUSD | 1.1771 | 0.1% |
| GBPUSD | 1.3582 | 0.4% |
| USDIDR | 16293 | -0.1% |
| USDSGD | 1.2768 | -0.1% |
| SGDMYR | 3.3090 | 0.1% |
| | Value | chg (bp) |
| 2Y UST | 3.88 | 4.66 |
| 10Y UST | 4.38 | 3.58 |
| 2Y SGS | 1.69 | 1.60 |
| 10Y SGS | 2.09 | 0.43 |
| 3M SORA | 1.87 | -0.76 |
| 3M SOFR | 4.34 | 0.00 |
| | Value | % chg |
| Brent | 68.51 | -0.1% |
| WTI | 65.25 | -0.1% |
| Gold | 3387 | -1.3% |
| Silver | 39.27 | -0.1% |
| Palladium | 1283 | 0.4% |
| Copper | 9931 | 0.1% |
| BCOM | 104.17 | -0.5% |

Source: Bloomberg

Commodities: Crude oil benchmarks rebounded on Wednesday, buoyed by prospects of a US-EU trade deal. Market sentiment remained supported after EU officials indicated that bilateral trade negotiations with the US are progressing towards a trade deal that would set a 15% tariff rate for EU goods export to the US, similar to the tariff rate in the US trade agreement with Japan. Meanwhile, a stronger-than-expected drawdown in US crude oil inventories may have further supported higher oil prices. The US Energy Information Administration reported a significant decline in US crude inventories, which fell by 3.2mn bbls (consensus: -1.4mn bbls) to 419.0mn bbls, for the week ending 18 July.

Major Markets

ID: President Prabowo Subianto urged his ministers, including Finance Minister Sri Mulyani, to accelerate fiscal reform and maintain budget discipline during a meeting on the State Budget (APBN), as reported by Antara. The discussion, which took place in Jakarta on Tuesday, also covered preparations for the 2026 APBN draft, which President Prabowo plans to present to parliament in August. Finance Minister Sri Mulyani confirmed the president's focus on boosting revenue and channelling spending toward priority programs such as free school meals, rural cooperatives, and education infrastructure.

MY: Prime Minister Anwar Ibrahim announced that the RON95 retail price will be lowered to MYR1.99/litre from MYR2.05 for eligible motorists, as part of a retargeted fuel subsidy plan. While details and implementation timeline will be revealed by end-September, the measure is expected to benefit 18mn motorists, with foreigners and higher-income groups required to pay market prices. Separately, PM Anwar also unveiled a MYR100 one-off cash aid for every Malaysian adult via the Sumbangan Asas Rahmah programme, involving MYR2bn and is expected to benefit 22mn recipients. The aid, valid from Aug 31 to Dec 31, must be spent on basic goods at 4,100 partner stores, with unused funds to be reallocated for vulnerable groups in 2026, as reported by The Edge.

PH: Based on preliminary Bureau of Customs data, the government's rice tariff collections dropped by ~58% YoY to PHP9.7bn in 1H25. This was due to the continued implementation of the reduced 15% tariff on rice import. This reduced rate was intended to curb rice inflation, which has subsequently declined by 14.3% YoY in June 2025, down from +22.5% during the same period last year. Based on the current collection rate, full-year collection may fall short of the PHP30bn target for the Rice Competitiveness Enhancement Fund (RCEF), which the government will need to cover. The Department of Agriculture has previously indicated that it is considering a return of the rice import tariff rate to the higher 35% level, but at a gradual pace to prevent market shocks.

VN: The Asian Development Bank (ADB) has made downward revisions to its GDP growth forecast for Vietnam to 6.3% YoY in 2025, compared to the previous estimate of 6.6% made in April. Growth is expected to ease further to 6.0% in 2026, down from the earlier forecast of 6.5%. The downward revision reflects expectations of higher US tariffs, despite recent trade deals announced in July, which are anticipated to “dampen export demand for the remainder of 2025 and into 2026.” Meanwhile, the ADB also expects inflation to remain broadly stable at 3.9% in 2025 and 3.8% in 2026.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 2-3bps higher while belly tenors and 10Y traded 1bps higher. Lai Sun Development Co. ("Lai Sun") is seeking bank's support for a HKD3.5bn loan refinancing deal, backed by its Cheung Sha Wan Plaza Office Tower and shopping center in Kowloon district. Lai Sun have obtained commitments from nine out of the original 19 lenders for the five-year refinancing while the others are still not on board. Even without all approvals from the bank, Lai Sun could still opt to partially repay the loan and refinance the remainder. Separately, Lai Sun is in talk to refinance a HKD3.97bn loan backed by onshore assets, including Hong Kong Plaza in Shanghai, due in early 2026. In other news by Bloomberg, Road King Infrastructure Ltd. has engaged Sodali & Co. to identify holders of three perpetual dollar notes with distribution rate of 7.75%, 7.95% and 7% to facilitate effective communication. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 67bps and Bloomberg Asia USD High Yield spreads tightened by 8bps to 357bps respectively. (Bloomberg, OCBC)

New Issues:

There were two notable issuances in the Asiadollar market yesterday.

- Guotai Junan International Holdings Ltd priced a USD300mn 3Y FRN at SOFR+60bps.
- Jiaozuo State-Owned Capital Operation Holding Group Co. Ltd. priced a USD150mn 3Y Fixed Bond at 6.50%.

There were no notable issuances in the Singdollar market yesterday.

Mandates:

- Li & Fund Ltd. may issue a USD-denominated 3.5Y Fixed Bond.

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|---------|-----------|----------|---------|-----------|----------|
| DXY | 97.214 | -0.18% | USD-SGD | 1.2768 | -0.12% |
| USD-JPY | 146.510 | -0.08% | EUR-SGD | 1.5030 | 0.03% |
| EUR-USD | 1.177 | 0.14% | JPY-SGD | 0.8715 | -0.03% |
| AUD-USD | 0.660 | 0.70% | GBP-SGD | 1.7340 | 0.24% |
| GBP-USD | 1.358 | 0.36% | AUD-SGD | 0.8430 | 0.57% |
| USD-MYR | 4.228 | -0.11% | NZD-SGD | 0.7719 | 0.60% |
| USD-CNY | 7.154 | -0.21% | CHF-SGD | 1.6114 | -0.15% |
| USD-IDR | 16293 | -0.10% | SGD-MYR | 3.3090 | 0.15% |
| USD-VND | 26144 | 0.00% | SGD-CNY | 5.6081 | -0.06% |

SOFR

| Tenor | EURIBOR | Change | Tenor | USD SOFR | Change |
|-------|---------|--------|-------|----------|--------|
| 1M | 1.9040 | 1.01% | 1M | 4.3500 | 0.01% |
| 3M | 1.9440 | -1.37% | 2M | 4.3406 | -0.16% |
| 6M | 2.0320 | -0.93% | 3M | 4.3128 | -0.08% |
| 12M | 2.0500 | -1.35% | 6M | 4.1976 | -0.15% |
| | | | 1Y | 3.9823 | -0.14% |

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 | -0.026 | -2.6 | -0.006 | 4.323 |
| 09/17/2025 | -0.663 | -63.7 | -0.166 | 4.163 |
| 12/10/2025 | -1.791 | -64.5 | -0.448 | 3.881 |

Equity and Commodity

| Index | Value | Net change |
|------------|-----------|------------|
| DJIA | 45,010.29 | 507.85 |
| S&P | 6,358.91 | 49.29 |
| Nasdaq | 21,020.02 | 127.33 |
| Nikkei 225 | 41,171.32 | 1396.40 |
| STI | 4,231.28 | 23.02 |
| KLCI | 1,529.79 | 10.39 |
| JCI | 7,469.23 | 124.49 |
| Baltic Dry | 2,035.00 | 19.00 |
| VIX | 15.37 | -1.13 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|-------|--------------|--------------|
| 2Y | 1.69 (+0.02) | 3.88(--) |
| 5Y | 1.77 (--) | 3.93 (+0.05) |
| 10Y | 2.09 (--) | 4.38 (+0.04) |
| 15Y | 2.21 (--) | -- |
| 20Y | 2.2 (--) | -- |
| 30Y | 2.24 (--) | 4.94 (+0.02) |

Financial Spread (bps)

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

Secured Overnight Fin. Rate

| | |
|------|------|
| SOFR | 4.28 |
|------|------|

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|----------|--------|-------------------------|---------|-------|
| WTI (per barrel) | 65.25 | -1.45% | Corn (per bushel) | 3.985 | -0.2% |
| Brent (per barrel) | 68.51 | -0.12% | Soybean (per bushel) | 10.058 | -0.4% |
| Heating Oil (per gallon) | 244.90 | -0.11% | Wheat (per bushel) | 5.405 | -1.6% |
| Gasoline (per gallon) | 212.13 | 0.92% | Crude Palm Oil (MYR/MT) | 45.090 | 0.5% |
| Natural Gas (per MMBtu) | 3.08 | -5.38% | Rubber (JPY/KG) | 309.500 | 2.8% |
| Base Metals | Futures | % chg | Precious Metals | Futures | % chg |
| Copper (per mt) | 9930.50 | 0.11% | Gold (per oz) | 3387.3 | -1.3% |
| Nickel (per mt) | 15572.00 | 0.28% | Silver (per oz) | 39.3 | -0.1% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

| Date Time | Country Code | Event | Period | Survey | Actual | Prior | Revised |
|-----------------|--------------|--------------------------------|--------|--------|--------|---------|---------|
| 7/24/2025 11:00 | TH | Customs Trade Balance | Jun | \$604m | -- | \$1116m | -- |
| 7/24/2025 11:30 | TH | Car Sales | Jun | -- | -- | 52229 | -- |
| 7/24/2025 13:00 | IN | HSBC India PMI Composite | Jul P | -- | -- | 61 | -- |
| 7/24/2025 13:00 | IN | HSBC India PMI Mfg | Jul P | -- | -- | 58.4 | -- |
| 7/24/2025 16:00 | EC | HCOB Eurozone Composite PMI | Jul P | 50.7 | -- | 50.6 | -- |
| 7/24/2025 16:30 | UK | S&P Global UK Composite PMI | Jul P | 51.8 | -- | 52 | -- |
| 7/24/2025 20:15 | EC | ECB Marginal Lending Facility | 24-Jul | 2.40% | -- | 2.40% | -- |
| 7/24/2025 20:15 | EC | ECB Deposit Facility Rate | 24-Jul | 2.00% | -- | 2.00% | -- |
| 7/24/2025 20:15 | EC | ECB Main Refinancing Rate | 24-Jul | 2.15% | -- | 2.15% | -- |
| 7/24/2025 20:30 | US | Initial Claims 4-Wk Moving Avg | 19-Jul | -- | -- | 229.50k | -- |
| 7/24/2025 20:30 | US | Chicago Fed Nat Activity Index | Jun | -0.15 | -- | -0.28 | -- |
| 7/24/2025 20:30 | US | Initial Jobless Claims | 19-Jul | 226k | -- | 221k | -- |
| 7/24/2025 21:45 | US | S&P Global US Composite PMI | Jul P | 52.8 | -- | 52.9 | -- |
| 7/24/2025 22:00 | US | New Home Sales | Jun | 650k | -- | 623k | -- |
| 7/24/2025 23:00 | US | Kansas City Fed Manf. Activity | Jul | 0 | -- | -2 | -- |
| 7/24/2025 | PH | Budget Balance PHP | Jun | -- | -- | -145.2b | -- |

Source: Bloomberg



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