OCBC

GLOBAL MARKETS RESEARCH

Daily Treasury Outlook

25 July 2025

Highlights

Global: Wall Street closed broadly higher, with both the S&P 500 and Nasdaq reaching new record highs, driven primarily by renewed trade negotiations optimism. Following the announcement of the US-Japan trade deal, which reduced the tariff rate from 25% to 15%, reports indicate that a similar agreement may be reached between the US and Korea, where tariffs currently stand at 25%. Although these deals seek to lower tariff rates, it still represents a notable increase in trade costs. Indeed, Vietnam's internal government assessment highlighted that their negotiated tariffs (20% on locally produced goods and 40% on transhipped goods) could reduce exports to the US by up to one-third, underscoring the structural challenges despite avoiding worst-case scenarios. Meanwhile, Malaysia continues negotiations with the US, seeking a sub-20% tariff rate without compromising local industries, with sensitive issues such as halal certification and foreign equity caps under discussion.

Additionally, rising geopolitical tensions along the Thailand-Cambodia border warrant monitoring, as they may affect regional cooperation. Elsewhere, the European Central Bank maintained its benchmark rate unchanged at its July meeting, aligning with market expectations. President Christine Lagarde stated, "We are in a good place because our projections point to inflation stabilizing at target in the medium term," while also emphasizing that "we remain in a wait-and-watch situation."

Market Watch: This morning, Tokyo CPI for July eased to 2.9% YoY versus 3.1% YoY in June, lower than consensus expectations. Likewise, Tokyo core CPI eased to 2.9% YoY, lower than consensus expectations, down from 3.1% in June. Meanwhile, the supercore CPI, which excludes fresh food and energy, stayed at 3.1% YoY in line with consensus expectations, unchanged from 3.1% YoY in June. The Asian calendar is relatively light today, with Singapore's June industrial production to be released in the afternoon. Accompanying this data release, the US will release its June prelim durable goods orders while the UK will release its June retail sales data.

Major Markets

ID: Coordinating Minister for Economic Affairs Airlangga Hartarto revealed that the government is still working with the US to clarify rules of origin as part of a tariff deal, with Minister Hartarto noting that "there's no transshipment on our end." Nonetheless, the government is still seeking to secure a lower tariff rate than the baseline 19% for products not produced in the US, such as palm oil, coffee, cocoa, and some minerals.

Key Market Movements

Equity	Value	% chg
S&P 500	6363.4	0.1%
DJIA	44694	-0.7%
Nikkei 225	41826	1.6%
SH Comp	3605.7	0.7%
STI	4273.1	1.0%
Hang Seng	25667	0.5%
KLCI	1540.3	0.7%
	Value	**% chg**
DXY	97.377	0.2%
USDJPY	147.01	0.3%
EURUSD	1.1749	-0.2%
GBPUSD	1.3510	-0.5%
USDIDR	16287	0.0%
USDSGD	1.2776	0.1%
SGDMYR	3.3026	-0.2%
	Value	**chg (bp)**
2Y UST	3.92	3.62
10Y UST	4.40	1.59
2Y SGS	1.69	-0.30
10Y SGS	2.08	-1.25
3M SORA	1.87	-0.40
3M SOFR	4.34	-0.01
	Value	**% chg**
Brent	69.18	1.0%
WTI	66.03	1.2%
Gold	3369	-0.5%
Silver	39.07	-0.5%
Palladium	1238	-3.5%
Copper	9877	-0.5%
BCOM	104.23	0.1%

Source: Bloomberg

MY: Trade Minister Tengku Zafrul revealed that Malaysia's semiconductor exports surged 15.7% YoY in 1H25, outpacing overall export growth of 3.8%. The sector generated MYR4.9trn in total output in 2024, with benefits spreading across states and supporting nearly 1,000 SMEs. Separately, Prime Minister Anwar Ibrahim revealed that Malaysia secured over MYR63bn in semiconductor investments under the National Semiconductor Strategy (NSS) as of March 2025, MYR58bn from foreign investors and MYR5bn domestically, less than a year since its launch.

VN: An internal assessment documents prepared for Prime Minister Pham Minh Chinh, warned that the negotiated US tariffs rate of 20% to 40%, announced by President Trump, could cut its exports to the US by up to one-third, slashing revenue by USD37bn, and severely impacting key industries like electronics, machinery, and garments. The report was dated on 11 July, a week after US President Trump announced the trade deal, as reported by Bloomberg.

ESG

MY: Bursa Carbon Exchange (BCX) entered into a memorandum of collaboration with UEM Lestra Bhd to pilot Malaysia's first Bilateral Energy Supply Contract auction, tentatively scheduled in Nov 2025, under the Corporate Renewable Energy Supply Scheme (CRESS). CRESS is the government's initiative to direct supply to large energy users under third-party access arrangements, accelerating corporate access to grid-supplied clean electricity. The auction is expected to promote greater liquidity within BCX through the eventual clearing and settlement of renewable energy certificates when UEM Lestra's solar PV projects become operational.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 1-2bps lower while belly tenors traded 2bps lower and 10Y traded 3bps lower. As per Bloomberg, yield premiums on Asian Investment-Grade dollar bonds fell to a record low, driven by easing trade tensions and strong corporate fundamentals, while expectations that the Federal Reserve will cut interest rates also underpins demand for high-grade notes. In other news by Bloomberg, high demand for leveraged loans amid the drought in new loans has allowed junk-rated borrowers to reprice their debt on more favourable terms while 'call protection' is rolling off. Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 65bps and Bloomberg Asia USD High Yield spreads tightened by 11bps to 346bps respectively. (Bloomberg, OCBC)

New issues:

There was one notable issuance in the Asiadollar market yesterday.

- CSCIF Hong Kong Ltd (CSFCO) (guarantor: China Securities International Finance Holding Co Ltd, keepwell provider: CSC Financial Co. Ltd) priced a USD400mn 3Y FRN at SOFR+60bps.

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	97.377	0.17%	**USD-SGD**	1.2776	0.06%
USD-JPY	147.010	0.34%	**EUR-SGD**	1.5011	-0.13%
EUR-USD	1.175	-0.19%	**JPY-SGD**	0.8692	-0.26%
AUD-USD	0.659	-0.18%	**GBP-SGD**	1.7261	-0.46%
GBP-USD	1.351	-0.53%	**AUD-SGD**	0.8421	-0.11%
USD-MYR	4.216	-0.27%	**NZD-SGD**	0.7704	-0.19%
USD-CNY	7.155	0.01%	**CHF-SGD**	1.6067	-0.29%
USD-IDR	16287	-0.04%	**SGD-MYR**	3.3026	-0.19%
USD-VND	26136	-0.03%	**SGD-CNY**	5.6008	-0.13%

Equity and Commodity

Index	Value	Net change
DJIA	44,693.91	-316.38
S&P	6,363.35	4.44
Nasdaq	21,057.96	37.94
Nikkei 225	41,826.34	655.02
STI	4,273.05	41.77
KLCI	1,540.32	10.53
JCI	7,530.90	61.67
Baltic Dry	2,120.00	85.00
VIX	15.39	0.02

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.9120	0.42%	**1M**	4.3578	0.06%
3M	1.9390	-0.26%	**2M**	4.3461	-0.01%
6M	2.0340	0.10%	**3M**	4.3170	-0.01%
12M	2.0380	-0.59%	**6M**	4.2073	-0.03%
			1Y	4.0086	-0.04%

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.69 (--)	3.91(--)
5Y	1.76 (-0.01)	3.96 (+0.03)
10Y	2.08 (-0.01)	4.4 (+0.02)
15Y	2.19 (-0.01)	--
20Y	2.19 (-0.01)	--
30Y	2.23 (-0.01)	4.94(--)

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	-0.654	-62.8	-0.164	4.165
12/10/2025	-1.714	-61.8	-0.428	3.901

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)	66.03	1.20%	Corn (per bushel)	4.018	0.8%
Brent (per barrel)	69.18	0.98%	Soybean (per bushel)	10.043	-0.1%
Heating Oil (per gallon)	241.29	-1.47%	Wheat (per bushel)	5.415	0.2%
Gasoline (per gallon)	210.42	-0.81%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.09	0.55%	Rubber (JPY/KG)	309.500	2.8%

Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	9877.00	-0.54%	Gold (per oz)	3368.7	-0.5%
Nickel (per mt)	15465.00	-0.69%	Silver (per oz)	39.1	-0.5%

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

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/25/2025 13:00	SI	Industrial Production SA MoM	Jun	-1.60%	--	-0.40%	--
7/25/2025 13:00	SI	Industrial Production YoY	Jun	7.10%	--	3.90%	--
7/25/2025 13:00	JN	Leading Index CI	May F	--	--	105.3	--
7/25/2025 13:00	JN	Coincident Index	May F	--	--	115.9	--
7/25/2025 13:30	JN	Nationwide Dept Sales YoY	Jun	--	--	-7.00%	--
7/25/2025 13:30	JN	Tokyo Dept Store Sales YoY	Jun	--	--	-9.10%	--
7/25/2025 14:00	UK	Retail Sales Ex Auto Fuel MoM	Jun	1.20%	--	-2.80%	--
7/25/2025 14:00	UK	Retail Sales Ex Auto Fuel YoY	Jun	1.90%	--	-1.30%	--
7/25/2025 14:00	UK	Retail Sales Inc Auto Fuel MoM	Jun	1.20%	--	-2.70%	--
7/25/2025 14:00	UK	Retail Sales Inc Auto Fuel YoY	Jun	1.80%	--	-1.30%	--
7/25/2025 15:30	TH	Gross International Reserves	18-Jul	--	--	$261.5b	--
7/25/2025 16:00	EC	M3 Money Supply YoY	Jun	3.70%	--	3.90%	--
7/25/2025 20:30	US	Durable Goods Orders	Jun P	-10.70%	--	16.40%	--
7/25/2025 20:30	US	Durables Ex Transportation	Jun P	0.10%	--	0.50%	--
7/25/2025 23:00	US	Kansas City Fed Services Activity	Jul	--	--	3	--

Source: Bloomberg

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Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberthtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathanng4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyiong1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
mengteechin@ocbc.com