Daily Treasury Outlook

25 August 2025

Highlights

Global: US equities closed higher, UST yields lower across the curve with the DXY index trading choppily in Friday's US session. Federal Reserve Chairperson Powell's closely watched remarks at Jackson Hole on Friday were in the spotlight, as he opened the door to rate cuts. Specifically, Fed Chair Powell noted that the goals of the Fed's dual mandate are in tensions, with risks to inflation "tilted to the upside, and risks to employment to the downside." He went on to add that "with policy in restrictive territory, the baseline outlook and the shifting balance of risks may warrant adjusting our policy stance." US Fed funds futures showed an increased probability of a 25bp cut at the September FOMC, with another 25bp cut likely by year end. Looking ahead, we need to take into consideration not just what Fed Chair Powell opines but also the spectrum of views within the FOMC, which are becoming more obvious in their distinctions. Elsewhere, the final print of Germany's 2Q25 GDP growth was worse than the initial estimate at -0.3% QoQ SA from -0.1%.

Market Watch: Asian markets will likely digest the remarks from Fed Chair Powell at Jackson Hole on Monday morning. There is a long list of speakers from the Federal Reserve due to speak this week. The central banks of Korea and the Philippines meet on Thursday, with consensus looking for BoK to remain on hold but BSP to cut by 25bps. Key economic data releases for this week include Singapore's July CPI and industrial production, Thailand's July monthly data, HK's July trade data, the second estimate of US 2Q25 GDP growth and India's GDP growth for the April-June quarter.

Commodities: Crude oil benchmarks were broadly stable on Friday, with WTI and Brent edging up by 0.2% and 0.1%, respectively, to USD63.7/bbl and USD67.7/bbl. Nevertheless, the oil market posted its first weekly gain in three weeks amid uncertainty over the prospects of a Russia-Ukraine peace deal. US President Donald Trump is seeking to arrange a summit between Russian President Vladimir Putin and Ukrainian President Volodymyr Zelensky to work toward ending the war that began in February 2022. However, Russian Foreign Minister Sergei Lavrov stated that there is currently no agenda for such a meeting. Meanwhile, a stronger-than-expected drawdown in US crude oil inventories provided support for higher prices.

Key Market Movements

Equity	Value	% chg
S&P 500	6466.9	1.5%
DJIA	45632	1.9%
Nikkei 225	42633	0.1%
SH Comp	3825.8	1.4%
STI	4253.0	0.5%
Hang Seng	25339	0.9%
KLCI	1597.5	0.3%
	Value	**% chg**
DXY	97.716	-0.9%
USDJPY	146.94	-1.0%
EURUSD	1.1718	1.0%
GBPUSD	1.3525	0.8%
USDIDR	16345	0.4%
USDSGD	1.2814	-0.6%
SGDMYR	3.2784	-0.2%
	Value	**chg (bp)**
2Y UST	3.70	-9.55
10Y UST	4.25	-7.40
2Y SGS	1.55	-1.20
10Y SGS	1.91	-0.80
3M SORA	1.68	-0.65
3M SOFR	4.35	0.07
	Value	**% chg**
Brent	67.73	0.1%
WTI	63.66	0.2%
Gold	3372	1.0%
Silver	38.89	1.9%
Palladium	1129	1.3%
Copper	9797	0.7%
BCOM	101.63	0.6%

Source: Bloomberg

Major Markets

ID: A World Trade Organization (WTO) panel ruled in favour of Indonesia in its 2023 dispute against the European Union's countervailing duties on Indonesian biodiesel imports, finding that the EU measures violated WTO rules. The panel recommended that the EU align its actions with the Subsidies and Countervailing Measures (SCM) Agreement. The ruling can still be appealed despite the WTO's top appeals court being non-operational since 2019, as reported by Reuters.

MY: Headline inflation increased to 1.2% YoY in July from 1.1% in June, while core inflation remained unchanged at 1.8% YoY. The drivers were higher restaurants and hotel CPI (3.1% from 2.8% in June), insurance and financial services inflation (5.5% from 1.5% in June). According to the Department of Statistics Malaysia (DOSM), the significant rise in the inflation rate for the insurance and financial services group was driven by the increase in the premium charges for hospital benefit insurance (14.7%; June 2025: 0.4%) and premium including service charges for motorcycles and scooters insurance (1.8%; June 2025: 1.3%). The outlook for headline CPI remains relatively subdued for the rest of the year. We expect 2025 CPI forecast to average 1.5% YoY, implying modestly higher inflation for the rest of the year. The rationalization mechanism for RON95 subsidies is expected to be announced in September and will provide some clarity on the impact on retail fuel prices.

PH: Government infrastructure and capital spending rose by 1.4% YoY to PHP620.2bn in 1H25, as disbursements picked up following an election-related slowdown in May. In June, expenditures rebounded by 6.5% YoY to PHP148.8bn, driven largely by a recovery in spending by the Department of Public Works and Highways. The Department of Budget and Management (DBM) noted that spending could have been higher "if not for the PHP50.5bn in uncashed checks recorded as of end-June." Budget Secretary Amenah Pangandaman said the country's GDP remains on track to meet the government's full-year growth target of 5.5-6.5%.

TH: Airports of Thailand Plc (AoT) has approved a THB5.7bn plan to build a new passenger terminal at Mae Fah Luang Chiang Rai International Airport in Chiang Rai province. The new terminal will increase handling capacity from the current 1.9mn to 6mn per year and is scheduled for completion in 2032. Airport general manager Sqn Ldr Somchanok Thiemthiabrat stated that the new terminal is essential for the province's growth and requires collaboration from all stakeholders. The airport will also allocate 50 rai of its 753-rai site for a maintenance, repair and overhaul (MRO) centre. The MRO facility, which has passed its environmental review, is expected to support Thailand's aerospace ambitions and help position Chiang Rai as a regional "Air Metropolis."

ESG

ID: The required investment for Indonesia to achieve a comprehensive waste management system by 2029 is estimated to be IDR300 trn, including funds for the transformation of open dumping landfills and the management of plastic waste. It is also projected that Refuse Derived Fuel (RDF) and waste-to-energy power plants (PLTSa) will be built in 33 cities, as well as 250 integrated waste processing facilities (TPST) and 42,000 Reduce, Reuse, and Recycle (TPS3R) facilities. However, funding remains a key challenge for the government, especially amid the lack of agreement at global plastics treaty talks in Geneva.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower last Friday with shorter tenors trading 1-3bps lower while belly tenors traded flat to 1bps lower and 10Y traded flat. As per Bloomberg, Country Garden Holdings Co Ltd warned its first half loss could reach up to USD3bn amidst China's ongoing property crisis. The developer expects a preliminary net loss of RMB18.5bn (USD2.6bn) to RMB21.5bn for 1H2025, due to reduced settlements on low-margin projects and higher asset impairments, compared to a RMB15.1bn in the previous year. In other news by Bloomberg, China Vanke Co Ltd affirmed its commitment to addressing maturing debt and expressed confidence in overcoming challenges with support from its state-owned majority shareholder. The company aims to achieve positive operating cash flow by speeding up sales collections and balancing revenues with expenses while seeking bank support to stabilise financing and boost liquidity. Meanwhile, New World Development Co Ltd said that the guarantor of its perpetual bonds has separately signed a certificate confirming the occurrence and continuation of an optional deferral event. Bloomberg Asia USD Investment Grade spreads widened by 2bps to 62bps and Bloomberg Asia USD High Yield spreads widened by 13bps to 347bps respectively. (Bloomberg, OCBC)

New issues:

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

Mandates:

- There were no notable mandates last Friday.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	97.716	-0.92%	USD-SGD	1.2814
USD-JPY	146.940	-0.96%	EUR-SGD	1.5015
EUR-USD	1.172	0.97%	JPY-SGD	0.8721
AUD-USD	0.649	1.09%	GBP-SGD	1.7332
GBP-USD	1.353	0.84%	AUD-SGD	0.8320
USD-MYR	4.227	0.06%	NZD-SGD	0.7519
USD-CNY	7.168	-0.18%	CHF-SGD	1.5988
USD-IDR	16345	0.37%	SGD-MYR	3.2784
USD-VND	26358	-0.27%	SGD-CNY	5.5929

Equity and Commodity

Index	Value	Net change
DJIA	45,631.74	846.24
S&P	6,466.91	96.74
Nasdaq	21,496.54	396.23
Nikkei 225	42,633.29	23.12
STI	4,253.02	22.12
KLCI	1,597.47	4.60
JCI	7,858.85	-31.86
Baltic Dry	1,944.00	51.00
VIX	14.22	-2.38

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.8890	-0.21%	1M	4.3162
3M	2.0170	-0.44%	2M	4.2594
6M	2.0570	-0.96%	3M	4.1947
12M	2.0840	0.00%	6M	4.0406
			1Y	3.7958

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.55 (-0.01)	3.71(--)
5Y	1.64 (-0.01)	3.76 (-0.1)
10Y	1.91 (-0.01)	4.26 (-0.07)
15Y	1.99 (-0.01)	--
20Y	2 (-0.01)	--
30Y	2.07 (--)	4.88 (-0.04)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/17/2025	-0.862	-86.20%	-0.216	4.113
10/29/2025	-1.385	-52.30%	-0.346	3.983
12/10/2025	-2.174	-78.90%	-0.544	3.785

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.32

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	63.66	0.22%	Corn (per bushel)	3.883	0.3%
Brent (per barrel)	67.73	0.09%	Soybean (per bushel)	10.365	0.2%
Heating Oil (per gallon)	230.81	-0.73%	Wheat (per bushel)	5.048	-0.4%
Gasoline (per gallon)	215.85	-0.06%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	2.70	-4.53%	Rubber (JPY/KG)	309.500	2.8%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9796.50	0.74%	Gold (per oz)	3371.9	1.0%
Nickel (per mt)	15100.00	1.15%	Silver (per oz)	38.9	1.9%

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

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/25/2025 11:30	TH	Car Sales	Jul	--	--	50079	--
8/25/2025 13:00	SI	CPI YoY	Jul	0.80%	--	0.80%	--
8/25/2025 13:00	JN	Leading Index CI	Jun F	--	--	106.1	--
8/25/2025 13:00	SI	CPI NSA MoM	Jul	-0.30%	--	-0.10%	--
8/25/2025 13:00	JN	Coincident Index	Jun F	--	--	116.8	--
8/25/2025 13:00	SI	CPI Core YoY	Jul	0.60%	--	0.60%	--
8/25/2025 14:30	TH	Customs Exports YoY	Jul	9.60%	--	15.50%	--
8/25/2025 14:30	TH	Customs Imports YoY	Jul	3.70%	--	13.10%	--
8/25/2025 14:30	TH	Customs Trade Balance	Jul	$200m	--	$1062m	--
8/25/2025 20:00	CA	Bloomberg Nanos Confidence	22-Aug	--	--	51.2	--
8/25/2025 20:30	US	Chicago Fed Nat Activity Index	Jul	-0.11	--	-0.1	--
8/25/2025 22:00	US	New Home Sales	Jul	630k	--	627k	--
8/25/2025 22:00	US	New Home Sales MoM	Jul	0.50%	--	0.60%	--
8/25/2025 22:30	US	Dallas Fed Manf. Activity	Aug	-1.7	--	0.9	--
8/25/2025-8/26/2025	US	Building Permits	Jul F	--	--	1354k	--
8/25/2025-8/26/2025	US	Building Permits MoM	Jul F	--	--	-2.80%	--

Source: Bloomberg

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