

Daily Treasury Outlook

26 August 2025

Highlights

Global: The post-Jackson Hole euphoria faded and some of the earlier trades have been reversed. Major US stock indexes ended the day in red. US treasury yields saw some upticks. Dollar jumped by 0.8%, recovering much of Friday's slump. Meanwhile, President Trump removed Lisa Cook from the position of Fed governor. On Fedspeak, Williams commented that a reasonable estimate is that r-star has risen by a relatively modest 0.25-0.50 percentage point from its 2018 level, though his comments should not have much implication on near-term Fed policy.

On the data front, US' July new home sales beat expectations at 652k in annualised term (consensus: 630k), due to price cuts and higher builder incentives. Nonetheless, the still elevated inventories and falling prices pointed to increasing slack in the market. Japan's nationwide department store sales fell further by 6.2% YoY in July. Germany's IFO current assessment index edged down slightly to 86.4 (consensus: 86.7) in August, while expectation index rose more than expected to 91.6 (consensus: 90.5). On the geopolitical front, Japanese LDP is due to finalise the review on who should take responsibility for the latest election setback, while polls showed a surge in PM Ishiba's approval rating.

Market Watch: Asian markets are likely to trade with a cautious tone today. Economic calendar in APAC market comprises Japan's July services PPI, RBA's August minutes, Singapore and Taiwan's July industrial production, and Hong Kong's July trade data. Later today, the market will watch France's August consumer confidence, US' July durable goods orders and August Conference Board consumer confidence.

Major Markets

ID: The government has repealed regulations requiring miners to sell coal and minerals at government-set prices following opposition from buyers, particularly in the coal sector, according to Bloomberg. The new decree permits sales below these benchmarks, reversing a March regulation that contributed to a significant decline in coal exports amid a global price slump. Although miners may now set lower prices, they remain obligated to pay royalties and taxes based on the government's established benchmarks.

Key Market Movements

Equity	Value	% chg
S&P 500	6439.3	-0.4%
DJIA	45282	-0.8%
Nikkei 225	42808	0.4%
SH Comp	3883.6	1.5%
STI	4256.5	0.1%
Hang Seng	25830	1.9%
KLCI	1602.5	0.3%
	Value	% chg
DX	98.430	0.7%
USDJPY	147.8	0.6%
EURUSD	1.1618	-0.9%
GBPUSD	1.3455	-0.5%
USDIDR	16253	-0.6%
USDSGD	1.2856	0.3%
SGDMYR	3.2786	0.0%
	Value	chg (bp)
2Y UST	3.72	2.72
10Y UST	4.28	2.14
2Y SGS	1.52	-3.50
10Y SGS	1.86	-5.26
3M SORA	1.65	-3.11
3M SOFR	4.35	0.34
	Value	% chg
Brent	68.8	1.6%
WTI	64.8	1.8%
Gold	3366	-0.2%
Silver	38.57	-0.8%
Palladium	1097	-2.8%
Copper	9797	0.0%
BCOM	101.71	0.1%

Source: Bloomberg

MY: Finance Minister II Amir Hamzah Azizan said the government will introduce a capped quota system under the upcoming RON95 fuel subsidy rationalisation. Ordinary users will receive a set quota, while p-hailing and e-hailing drivers will be allocated higher quotas. He added that eligibility will consider income levels and vehicle ownership, with full details expected by end-September. To ensure smooth execution, the government has tested delivery methods including MyKad, e-wallets, and petrol retailers' apps, aiming to make the transition efficient and minimally disruptive for the public.

ESG

SG: Paper recycling firms in Singapore are scaling down operations as prices for materials like wastepaper and cardboard fall, coupled with the rising costs of collecting and exporting paper waste to other countries for recycling. Shipping costs have also increased over time, especially after the Russia-Ukraine war. These cost pressures are driving the decline of paper recycling in the country, affecting waste management firms such as KL Enviro. Singapore's recycling rate fell to 32% last year, down from 52% a decade ago. The market is looking to the government for assistance in sustaining recycling operations in Singapore, with stakeholders highlighting that labour subsidies would be useful.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded significantly lower yesterday with shorter tenors trading 4-7bps lower while belly tenors and 10Y traded 7bps lower. In China property, Shanghai, China's financial hub, eased home-buying rules to address the ongoing property crisis. Eligible residents, including non-locals, can now buy unlimited homes in outer suburbs, while non-residents with three years of pension payments can purchase new homes in urban areas. In news on Chinese builders, Logan Group Co. and KWG Group Holdings Ltd. are sounding out investor interest to refinance a USD1.05bn private loan on a Hong Kong luxury residential project. The current facility has a 13% annual yield, with a 30-month term and two six-month extensions, with the companies aiming to reduce borrowing costs through the new deal. Meanwhile, Jingrui Holdings Ltd is actively reviewing its debt structure to improve liquidity and Hopson Development Holding Ltd expects to record a loss of more than HKD1.6bn for 1H2025, a reversal from its previous profit recording year. In Thailand, Bangkok Bank PCL announced it will fully redeem its 2020 USD750mn Additional Tier 1 Subordinated Notes on 23 September 2025. Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 60bps and Bloomberg Asia USD High Yield spreads tightened by 9bps to 338bps respectively. (Bloomberg, OCBC)

New issues:

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

Mandates:

- Fukoku Mutual Life Insurance Co may issue a USD-denominated 30NC10 step-up callable dated subordinated bond.
- Jera Co. Inc. may issue a USD-denominated 5Y fixed bond.
- Mitsui & Co Ltd may issue a USD-denominated 5Y fixed bond.
- Muthoot Finance Limited may issue a USD-denominated 4.5Y senior secured bond.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.430	0.73%	USD-SGD	1.2856
USD-JPY	147.800	0.59%	EUR-SGD	1.4936
EUR-USD	1.162	-0.85%	JPY-SGD	0.8698
AUD-USD	0.648	-0.12%	GBP-SGD	1.7295
GBP-USD	1.346	-0.52%	AUD-SGD	0.8333
USD-MYR	4.207	-0.47%	NZD-SGD	0.7519
USD-CNY	7.154	-0.19%	CHF-SGD	1.5951
USD-IDR	16253	-0.56%	SGD-MYR	3.2786
USD-VND	26306	-0.20%	SGD-CNY	5.5640

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.8890	-0.21%	1M	4.3180
3M	2.0170	-0.44%	2M	4.2604
6M	2.0570	-0.96%	3M	4.2010
12M	2.0840	0.00%	6M	4.0398
			1Y	3.7865

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/17/2025	-0.841	-84.10%	-0.21	4.121
10/29/2025	-1.375	-53.40%	-0.344	3.988
12/10/2025	-2.204	-82.90%	-0.551	3.78

Equity and Commodity

Index	Value	Net change
DJIA	45,282.47	-349.27
S&P	6,439.32	-27.59
Nasdaq	21,449.29	-47.25
Nikkei 225	42,807.82	174.53
STI	4,256.49	3.47
KLCI	1,602.45	4.98
JCI	7,926.91	68.06
Baltic Dry	1,944.00	51.00
VIX	14.79	0.57

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.52 (-0.04)	3.69(--)
5Y	1.58 (-0.05)	3.79 (+0.03)
10Y	1.86 (-0.05)	4.27 (+0.02)
15Y	1.94 (-0.05)	--
20Y	1.95 (-0.04)	--
30Y	2.03 (-0.04)	4.9 (+0.01)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.36
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	64.80	1.79%	Corn (per bushel)	3.893	0.3%
Brent (per barrel)	68.80	1.58%	Soybean (per bushel)	10.255	-1.1%
Heating Oil (per gallon)	234.75	1.71%	Wheat (per bushel)	5.068	0.4%
Gasoline (per gallon)	214.83	-0.47%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	2.70	-0.07%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9796.50	#DIV/0!	Gold (per oz)	3365.9	-0.2%
Nickel (per mt)	15100.00	#DIV/0!	Silver (per oz)	38.6	-0.8%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/26/2025 9:30	AU	RBA Minutes of Aug. Policy Meeting					
8/26/2025 13:00	SI	Industrial Production SA MoM	Jul	1.10%	--	0.00%	--
8/26/2025 13:00	SI	Industrial Production YoY	Jul	0.90%	--	8.00%	--
8/26/2025 16:30	HK	Trade Balance HKD	Jul	-26.0b	--	-58.9b	--
8/26/2025 20:30	US	Philadelphia Fed Non-Manufacturing Activity	Aug	--	--	-10.3	--
8/26/2025 20:30	US	Durable Goods Orders	Jul P	-3.80%	--	-9.40%	--
8/26/2025 20:30	US	Durables Ex Transportation	Jul P	0.20%	--	0.20%	--
8/26/2025 20:30	US	Cap Goods Orders Nondef Ex Air	Jul P	0.20%	--	-0.80%	--
8/26/2025 20:30	US	Cap Goods Ship Nondef Ex Air	Jul P	0.20%	--	0.30%	--
8/26/2025 21:00	US	FHFA House Price Index MoM	Jun	-0.10%	--	-0.20%	--
8/26/2025 21:00	US	House Price Purchase Index QoQ	2Q	--	--	0.70%	--
8/26/2025 22:00	US	Richmond Fed Manufact. Index	Aug	-11	--	-20	--
8/26/2025 22:00	US	Conf. Board Consumer Confidence	Aug	96.5	--	97.2	--
8/26/2025 22:00	US	Conf. Board Present Situation	Aug	--	--	131.5	--
8/26/2025 22:00	US	Conf. Board Expectations	Aug	--	--	74.4	--
8/26/2025 22:30	US	Dallas Fed Services Activity	Aug	--	--	2	--

Source: Bloomberg



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