

Daily Treasury Outlook

27 June 2025

Highlights

Global: Market sentiment remained broadly supported overnight, with no major risk events on the horizon. Expectations for Fed rate cuts continued to rise, further bolstering sentiment. Fed funds futures now price in a 22% probability of a 25bps cut at the next meeting, following dovish signals from several Fed officials and media reports suggesting President Trump's potential pick for a new Fed Chair. That said, most current FOMC members continue to favor a cautious approach. Fed Vice Chair for Supervision Michael Barr stated that "monetary policy is well positioned to allow us to wait and see how economic conditions unfold." Boston Fed President Susan Collins noted she would prefer more than one additional month of data before making a decision in July, while San Francisco Fed President Mary Daly said model-based projections suggest rate adjustments could begin in the fall. Chicago Fed President Austan Goolsbee added that it is important to ensure inflation is sustainably under control before easing.

On the data front, initial jobless claims declined by 10,000 in the latest week. However, continuing claims rose by 37,000 to a seasonally adjusted 1.974 million, the highest level since November 2021, indicating a gradual softening in labor market conditions and raising the likelihood of a marginal increase in the June unemployment rate. Separately, the US 1Q25 GDP was revised downward to an annualized contraction of 0.5% from a prior estimate of -0.2%, driven primarily by a sharp revision to consumer spending. Nevertheless, high-frequency data continues to point to a rebound in growth above 3% in 2Q25, supported by a reversal in import activity.

On the fiscal front, US Treasury Secretary Scott Bessent has reportedly urged House Republicans to remove the proposed retaliatory tax under Section 899 targeting foreign investors from the "One Big Beautiful Bill." The market impact remains uncertain as negotiations with the Senate are still ongoing and the final form of the legislation is yet to be determined.

Market Watch: Looking ahead, with limited event risk today, attention will turn to U.S. hard data releases, including personal income and spending, PCE price index, and the final reading of the June University of Michigan consumer sentiment survey.

Key Market Movements

Equity	Value	% chg
S&P 500	6141.0	0.8%
DJIA	43387	0.9%
Nikkei 225	39585	1.6%
SH Comp	3448.5	-0.2%
STI	3938.5	0.3%
Hang Seng	24325	-0.6%
KLCI	1528.2	0.6%
	Value	% chg
DXY	97.147	-0.5%
USDJPY	144.42	-0.6%
EURUSD	1.1701	0.4%
GBPUSD	1.3728	0.5%
USDIDR	16205	-0.5%
USDSGD	1.2741	-0.3%
SGDMYR	3.3218	0.4%
	Value	chg (bp)
2Y UST	3.72	-6.14
10Y UST	4.24	-4.89
2Y SGS	1.81	-0.90
10Y SGS	2.24	-2.26
3M SORA	2.09	-1.30
3M SOFR	4.34	0.00
	Value	% chg
Brent	67.73	0.1%
WTI	65.24	0.5%
Gold	3328	-0.1%
Silver	36.66	1.1%
Palladium	1136	6.4%
Copper	9900	1.9%
BCOM	102.54	0.3%

Source: Bloomberg

Major Markets

HK: Merchandise exports and imports expanded by faster paces of 15.5% YoY and 18.9% YoY respectively in May, against the lower base a year ago. However, in sequential terms, exports edged down by 0.1% MoM, as decline in exports to Mainland and US more than offset the increase in exports to other major Asian markets. During the period, trade balance deficit widened to HKD27.3 billion, from that of HKD16.0 billion in April. We expect to see revival of export front-loading flows in periods ahead, amid US-China trade truce. Separately, housing market is showing widening signs of stabilization, on the back of increased end-user demand and narrowing buy-rent gap. Housing prices flatlined in May, while rents extended the recent rally. The residential property rental index rose further by 0.7% MoM in May (0.4% MoM in April), enlarging the year-to-date gain to 1.4%.

ID: Online marketplaces will be required to withhold income tax from sellers with annual turnover above IDR500mn, shifting tax payments from sellers directly to e-commerce platforms. The rule change aims to improve tax collection, with the government finalizing the regulation after consultations with stakeholders. Separately, the Supreme Court has ordered the government to revoke regulations permitting sand exports, ruling that they violate higher marine conservation laws, according to a 2 June decision reported by Bloomberg.

MY: The Producer Price Index (PPI) fell further to -3.6% YoY in May from -3.4% in April, driven by a deeper decline in manufacturing (-3.0% from -2.6%) and electricity & gas (-1.1% from -0.6%), while the mining sector PPI remained negative (-15.0% from -17.8%). Meanwhile, the water supply PPI fell by -0.2% from 0.9%, while the agriculture, forestry, and fishing PPI eased to 1.8% from 2.6%. The May print brings the April-May PPI average to -3.5% YoY, deepening compared to -0.3% in 1Q25. Prime Minister Anwar Ibrahim is set to hold a meeting with Indonesia's President Prabowo Subianto in Jakarta on Friday (27 June).

VN: Prime Minister Pham Minh Chinh expects a trade deal with the US before the pause on 46% reciprocal tariffs on Vietnamese exports expires on 9 July, adding that the government is in frequent talks with the US. Among other efforts, the government is working to reduce illegal trans-shipment and expand imports of US goods.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower yesterday with shorter and belly tenors trading 1-2bps lower while 10Y traded 1bps lower. As per Bloomberg, New World Development Co. has obtained written commitments from all banks for an HKD87.5bn loan refinancing, extending its HKD63.4bn of debt that are due this year and next by three years. While this provides short-term relief, challenges remain as focus shifts to raising an additional HKD15.6bn through a loan secured by the first ranking mortgage on Victoria Dockside. In other news by Bloomberg, Chinese builder Seazen Group Ltd. ("Seazen") told Hong Kong investors it plans to use onshore financing to help repay its dollar bonds due in October. Seazen may secure up to RMB9.5bn by pledging its shopping malls, valued at around RMB19bn, and raise about RMB7.6bn by increasing the loan-to-value ratio on existing secured loans from 43% to 50%. Additionally, Seazen aims to raise RMB1.5bn to RMB2bn through onshore debt under a state-guaranteed program as early as October. In defaults and restructuring, defaulted Chinese developer CIFI Holdings has obtained court approval for its offshore debt restructuring plan, advancing its restructuring plans. Meanwhile, China SCE Group has signed a restructuring support agreement with bondholders, per Bloomberg. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 76bps and Bloomberg Asia USD High Yield spreads widened by 1bps to 460bps respectively. (Bloomberg, OCBC)

New Issues:

- There were ten notable issuances by seven issuers in the Asiadollar market yesterday.
- Mizuho Financial Group, Inc. priced USD3bn of debt in three tranches: a USD1.25bn 6NC5 Fixed Bond at T+92bps, a USD1bn 11NC10 Fixed Bond at T+107bps and a USD750mn 6NC5 FRN at SOFR+125bps.
- Takeda U.S. Financing, Inc (guarantor: Takeda Pharmaceutical Company Limited) priced USD2.4bn of debt in two tranches: a USD1.65bn 10Y Fixed Bond at T+100bps and a USD750mn 30Y Fixed Bond at T+110
- ICIL Aero Treasury Limited (keepwell provider: ICBC Financial Leasing Co Ltd) priced a USD400mn 3Y Green FRN at SOFR+63bps.
- Guangzhou Development Zone Investment Group Co. Ltd. priced a USD400mn 3Y Fixed Bond at 4.50%.
- Huangshan Tourism Group Co Ltd. priced a USD100mn 3Y Fixed Bond at 4.70%.
- Yinson Bergevin Production B.V. priced a USD1.168bn 19.5NC17.5 Secured Fixed Bond at 8.50%.
- Development Bank of Kazakhstan priced a USD200mn retap of its DBKAZ 5.625% '30 at 5.562%.

There were no notable issuances in the Singdollar market yesterday.

Mandates:

- SoftBank Corp. may issue USD denominated 5Y and/or 10Y Fixed Bond.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.147	-0.54%	USD-SGD	1.2741	-0.34%
USD-JPY	144.420	-0.56%	EUR-SGD	1.4907	0.00%
EUR-USD	1.170	0.36%	JPY-SGD	0.8823	0.25%
AUD-USD	0.655	0.51%	GBP-SGD	1.7493	0.14%
GBP-USD	1.373	0.47%	AUD-SGD	0.8342	0.18%
USD-MYR	4.231	-0.13%	NZD-SGD	0.7717	-0.04%
USD-CNY	7.168	-0.09%	CHF-SGD	1.5919	0.22%
USD-IDR	16205	-0.52%	SGD-MYR	3.3218	0.37%
USD-VND	26119	-0.13%	SGD-CNY	5.6281	0.23%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.9760	2.17%	1M	4.3220	-0.09%
3M	1.9930	-0.20%	2M	4.3145	-0.04%
6M	2.0360	-0.24%	3M	4.2886	-0.11%
12M	2.0840	-1.23%	6M	4.1428	-0.08%
			1Y	3.8794	0.04%

Fed Rate Hike Probability

Fed Rate Hike Probability				Expected Effective Fed Funds Rate
Meeting	# of Hikes/Cuts	Implied Rate Change		
06/18/2025	-0.001	-0.1	0	4.329
07/30/2025	-0.227	-22.7	-0.057	4.273
09/17/2025	-1.104	-87.7	-0.276	4.053
12/10/2025	-2.529	-76.1	-0.632	3.697

Equity and Commodity

Index	Value	Net change
DJIA	43,386.84	404.41
S&P	6,141.02	48.86
Nasdaq	20,167.91	194.36
Nikkei 225	39,584.58	642.51
STI	3,938.46	12.48
KLCI	1,528.16	8.37
JCI	6,897.40	65.26
Baltic Dry	1,665.00	-16.00
VIX	16.59	-0.17

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.81 (-0.01)	3.72(--)
5Y	1.85 (-0.01)	3.8 (-0.05)
10Y	2.24 (-0.02)	4.24 (-0.05)
15Y	2.35 (-0.02)	--
20Y	2.35 (-0.01)	--
30Y	2.37 (--)	4.8 (-0.03)

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)	65.24	0.49%	Corn (per bushel)	4.095	-0.2%
Brent (per barrel)	67.73	0.07%	Soybean (per bushel)	10.228	-0.2%
Heating Oil (per gallon)	236.01	2.77%	Wheat (per bushel)	5.210	-1.4%
Gasoline (per gallon)	209.90	0.80%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.26	-4.26%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9899.50	1.93%	Gold (per oz)	3327.9	-0.1%
Nickel (per mt)	15209.00	0.90%	Silver (per oz)	36.7	1.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
6/27/2025 9:00	PH	Exports YoY	May	4.90%	--	7.00%	--
6/27/2025 9:00	PH	Imports YoY	May	-3.40%	--	-7.20%	--
6/27/2025 9:00	PH	Trade Balance	May	-\$4050m	--	-\$3495m	--
6/27/2025 9:30	CH	Industrial Profits YTD YoY	May	1.00%	--	1.40%	--
6/27/2025 9:30	CH	Industrial Profits YoY	May	--	--	3.00%	--
6/27/2025 17:00	EC	Consumer Confidence	Jun F	-15.3	--	-15.3	--
6/27/2025 17:00	EC	Economic Confidence	Jun	94.8	--	94.8	--
6/27/2025 20:30	US	Personal Income	May	0.30%	--	0.80%	--
6/27/2025 20:30	US	Personal Spending	May	0.10%	--	0.20%	--
6/27/2025 20:30	US	Real Personal Spending	May	0.00%	--	0.10%	--
6/27/2025 20:30	US	PCE Price Index YoY	May	2.30%	--	2.10%	--
6/27/2025 20:30	US	Core PCE Price Index YoY	May	2.60%	--	2.50%	--
6/27/2025 21:00	US	Bloomberg June United States Economic Survey					
6/27/2025 22:00	US	U. of Mich. Sentiment	Jun F	60.5	--	60.5	--
6/27/2025 22:00	US	U. of Mich. Current Conditions	Jun F	63.2	--	63.7	--
6/27/2025 22:00	US	U. of Mich. Expectations	Jun F	--	--	58.4	--

Source: Bloomberg

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