

Daily Treasury Outlook

27 August 2025

Highlights

Global: US equities ended Tuesday's session modestly higher (S&P:0.41%; NASDAQ: +0.44%; Dow: +0.3%), while the DXY index traded choppily. Moves UST yields were modest. The apparent intensifying of the battle between President Trump and Fed Governor Lisa Cook kept sentiment skittish. The data was mixed with the preliminary reading for capital goods orders (nondef ex air) rising by 1.1% MoM in July, versus expectations of 0.2%. By contrast, the Conference Board reading of consumer confidence was lower at 97.4 in August from 98.7 in July. Closer home, India's tariff rate on most exports to the US will be raised to 50% effective today. The 2Q25 GDP print will be released on Friday; we and consensus are looking for a slowdown to 6.7% YoY from 7.4%. These tariffs exert additional downside risks to FY26 (i.e., year ending March 2026) GDP growth – our baseline forecast is 6%.

Market Watch: In a light data day ahead, the focus today will be on Nvidia's earnings, Australia's July CPI, China's July industrial profits and US MBA weekly mortgage applications. There is not much lined up in terms of central bank action expect for the ongoing kerfuffle between US President Trump and Fed Governor Lisa Cook.

Commodities: Crude oil benchmarks fell after four consecutive sessions of gains, with WTI and Brent declining by 2.4% and 2.3%, respectively, to USD63.3/bbl and USD67.2/bbl. Prices retreated amid risk-off sentiment in the broader markets. Still, the oil complex remains on edge and watchful regarding developments in US tariffs. On Monday, the Department of Homeland Security issued a draft notice proposing a 50% tariff on all Indian imports. The 50% tariff rate doubles the adjusted reciprocal tariff rate announced in late-July, which was part of the Trump administration's efforts to end the Russia-Ukraine War. Separately, the American Petroleum Institute (API) reported a decline of 1.0mn bbls in US crude inventories for the week ending on 22 August. The Energy Information Administration (EIA) is scheduled to release its weekly oil inventories status report tonight (27 August), with consensus anticipating a larger drawdown of 1.4mn bbls in US crude inventories.

Key Market Movements

Equity	Value	% chg
S&P 500	6465.9	0.4%
DJIA	45418	0.3%
Nikkei 225	42394	-1.0%
SH Comp	3868.4	-0.4%
STI	4243.7	-0.3%
Hang Seng	25525	-1.2%
KLCI	1581.6	-1.3%
	Value	% chg
DXY	98.225	-0.2%
USDJPY	147.4	-0.3%
EURUSD	1.1642	0.2%
GBPUSD	1.3480	0.2%
USDIDR	16295	0.3%
USDSGD	1.2853	0.0%
SGDMYR	3.2807	0.1%
	Value	chg (bp)
2Y UST	3.68	-4.46
10Y UST	4.26	-1.36
2Y SGS	1.47	-4.60
10Y SGS	1.84	-1.78
3M SORA	1.64	-1.22
3M SOFR	4.35	0.07
	Value	% chg
Brent	67.22	-2.3%
WTI	63.25	-2.4%
Gold	3394	0.8%
Silver	38.61	0.1%
Palladium	1102	0.5%
Copper	9837	0.4%
BCOM	101.22	-0.5%

Source: Bloomberg

Major Markets

HK: Exports performance continued to hold up in July, with growth of merchandise exports and imports picking up again to 14.3% YoY and 16.5% YoY respectively in July (June: 11.9% YoY and 11.1% YoY). Total merchandise exports to Asia as a whole grew by 19.3% YoY in July, while exports to Netherlands and US plummeted by 42.1% YoY and 7.6% YoY respectively. In sequential terms, exports rebounded by 6.8% MoM, snapping the three-month losing streak. During the period, trade balance deficit narrowed to HKD3.41bn in July, from that of HKD58.9bn in June.

ID: Danantara Indonesia is planning to raise IDR50trn through the issuance of “patriot bonds” on 1 October, as reported by Bloomberg. The bonds will be split into two tranches of IDR25trn each, with maturities of five and seven years, and carry a 2% coupon. Proceeds will finance waste-to-energy projects, which Danantara described as vital in tackling Indonesia’s mounting garbage crisis of 20.7mn tons last year. Promoted as a legacy-driven initiative, the bonds will be privately placed with leading Indonesian business figures willing to accept lower returns in support of national development.

MY: The Ministry of Investment, Trade and Industry (MITI) said the US has yet to clarify how it will enforce rules on transshipment under President Trump’s new executive order. While transshipment itself is legal, the ministry stressed that misuse of Certificates of Origin (COO) to evade duties violates regulations. Since May 2025, Miti has taken over issuance of Non-Preferential Certificates of Origin (NPCO) with stricter criteria, including 25% minimum local content, as reported by The Edge. The ministry is also increasing audits and cooperation with US authorities.

PH: The Department of Transportation (DOTr) has gained initial congressional support for its proposed PHP196.3bn budget for 2026, with the majority earmarked for major railway projects. Transportation Secretary Vince Dizon warned that any budget cuts would delay flagship projects, many of which are funded by foreign partners, including the North–South Commuter Railway (PHP873.6bn) and the Metro Manila Subway (PHP488.5bn). According to the National Expenditure Program for 2026, the DOTr will allocate PHP124.1bn to railways — its highest funding — while also assigning budgets to the maritime, aviation, land public transport, motor vehicle regulation, and active transport infrastructure. The DOTr is also working to resolve delays in projects, with the subway’s completion now targeted as late as 2032.

ESG

MY: Malaysia Forest Fund (MFF), supported by the Ministry of Natural Resources and Environmental Sustainability, will launch a national standard in 1Q2026 to issue carbon credits and manage local forest projects. Host countries of carbon projects have adopted different pathways to implement their projects and regulate carbon markets. Some leverage independent international standards, such as Verra and Gold Standard, to issue nature-based carbon credits, while others like Thailand are developing tailored methodologies based on local conditions. MFF is supporting Malaysia in implementing a system similar to Thailand's and may adopt some of the Thailand Voluntary Emission Reduction Program (T-VER) methodologies in the future. There are plans for projects to have specific labelling for their intended purpose, including Article 6 labelling, E-labelling which ensures no net harm to the environment, and S-labelling which ensures no net harm to the social community. MFF is in the process of finalising the first four methodologies, including afforestation, reforestation and restoration; improved forest management practices; wetland methodology; and REDD+ (reducing emissions from deforestation and forest degradation). While the methodologies appear to overlap with existing methodologies under international standards, MFF emphasised the importance of establishing a national system that is most suitable for Malaysia's local context.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded significantly lower yesterday with shorter tenors trading 3-6bps lower while belly tenors traded 3bps lower and 10Y traded 2bps lower. As per Bloomberg, Prudential Plc's new business profit rose 12% y/y to USD1.26bn in the first half of the year, driven by strong demand across key markets from Hong Kong to Indonesia, prompting an increased in its interim dividend by 13%. In other earnings reported by Bloomberg, Ping An Insurance Group Co of China Ltd's first half profit fell 8.8% y/y, as investment returns was impacted by stock market volatility and lower interest rates amid China's economic slowdown. Meanwhile, Times China Holdings Ltd announced a profit warning where it expects to record a first half loss of approximately ~RMB3.3bn to ~RMB3.6bn, due to lower revenue and gross margins, reduced interest capitalization, and higher impairment provisions. In other developments, PetroChina Co Ltd proposes to acquire the entire equity interests of Xinjiang gas storage, Xinagguosi gas storage and Liaohu gas storage for a combined RMB40bn. In Southeast Asia, Danantara, Indonesia's sovereign wealth fund is reportedly planning to raise IDR50 trillion by selling patriot bonds at below market yields. Bloomberg Asia USD Investment Grade spreads widened by 2bps to 62bps and Bloomberg Asia USD High Yield spreads widened by 4bps to 342bps respectively. (Bloomberg, OCBC)

New issues:

There were seven notable issuances in the Asiadollar market yesterday.

- Oversea-Chinese Banking Corp Ltd priced a USD1bn 10NC5 Fixed Subordinated Bond at T+80bps (Par to Yield: 4.55%).
- Muthoot Finance Ltd priced a USD600mn 4.5Y Senior Secured Fixed Bond at 6.375%.
- BOC Aviation Ltd priced a USD500mn 5.5Y Fixed Bond at T+58bps (Reoffer price of 99.544 to Yield 4.344%).
- Boxinyuan International Co. Ltd (guarantor: Nanjing Pukou Economic Development Co Ltd) priced a USD180mn Fixed Bond at 4.88%.
- Fukoku Mutual Life Insurance Co priced a USD700mn 30NC10 Fixed Subordinated Note (100bps coupon step up at year 10) at T+147bps (Par to Yield: 5.75%).
- Mitsui & Co Ltd priced a USD500mn 5Y Fixed Bond at T+63bps (Par to Yield: 4.398%).
- JERA Co Inc priced a USD500mn 5Y Fixed Bond at T+78bps (Par to Yield: 4.544%).

There was one notable issuances in the Singdollar market yesterday

- Netlink Treasury Pte. Ltd. (guarantor: NetLink NBN Management Pte Ltd (in its capacity as Trustee-Manager of NetLink NBN Trust)) priced a SGD300mn Fixed Bond at 2.65%.

Mandates:

There were no notable mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	98.225	-0.21%	USD-SGD	1.2853
USD-JPY	147.400	-0.27%	EUR-SGD	1.4965
EUR-USD	1.164	0.21%	JPY-SGD	0.8718
AUD-USD	0.650	0.20%	GBP-SGD	1.7325
GBP-USD	1.348	0.19%	AUD-SGD	0.8348
USD-MYR	4.219	0.27%	NZD-SGD	0.7532
USD-CNY	7.153	-0.01%	CHF-SGD	1.5999
USD-IDR	16295	0.26%	SGD-MYR	3.2807
USD-VND	26353	0.18%	SGD-CNY	5.5652

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.8810	-0.42%	1M	4.3110
3M	2.0210	0.20%	2M	4.2522
6M	2.0700	0.63%	3M	4.1944
12M	2.1130	1.39%	6M	4.0394
			1Y	3.7814

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/17/2025	-0.858	-85.80%	-0.214	4.114
10/29/2025	-1.365	-50.70%	-0.341	3.988
12/10/2025	-2.153	-78.80%	-0.538	3.791

Equity and Commodity

Index	Value	Net change
DJIA	45,418.07	135.60
S&P	6,465.94	26.62
Nasdaq	21,544.27	94.98
Nikkei 225	42,394.40	-413.42
STI	4,243.71	-12.78
KLCI	1,581.59	-20.86
JCI	7,905.76	-21.15
Baltic Dry	1,944.00	51.00
VIX	14.62	-0.17

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.47 (-0.05)	3.65(--)
5Y	1.54 (-0.04)	3.74 (-0.04)
10Y	1.84 (-0.02)	4.27 (-0.01)
15Y	1.94 (--)	--
20Y	1.94 (-0.01)	--
30Y	2.02 (-0.01)	4.92 (+0.03)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.37
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	63.25	-2.39%	Corn (per bushel)	3.875	-0.4%
Brent (per barrel)	67.22	-2.30%	Soybean (per bushel)	10.288	0.3%
Heating Oil (per gallon)	228.05	-2.85%	Wheat (per bushel)	5.095	0.5%
Gasoline (per gallon)	212.23	-1.21%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	2.72	0.78%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9837.00	#DIV/0!	Gold (per oz)	3393.6	0.8%
Nickel (per mt)	15285.00	#DIV/0!	Silver (per oz)	38.6	0.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
8/27/2025 9:30	CH	Industrial Profits YTD YoY	Jul	--	--	-1.80%	--
8/27/2025 9:30	AU	CPI YoY	Jul	2.30%	--	1.90%	--
8/27/2025 9:30	CH	Industrial Profits YoY	Jul	--	--	-4.30%	--
8/27/2025 9:30	AU	CPI Trimmed Mean YoY	Jul	--	--	2.10%	--
8/27/2025 9:30	AU	Construction Work Done	2Q	1.00%	--	0.00%	--
8/27/2025 10:00	SK	Retail Sales YoY	Jul	--	--	7.30%	--
8/27/2025 10:00	SK	Department Store Sales YoY	Jul	--	--	-0.90%	--
8/27/2025 10:00	SK	Discount Store Sales YoY	Jul	--	--	-2.80%	--
8/27/2025 13:00	IN	Bloomberg Aug. India Economic Survey					
8/27/2025 18:00	UK	CBI Total Dist. Reported Sales	Aug	--	--	-39	--
8/27/2025 18:00	UK	CBI Retailing Reported Sales	Aug	--	--	-34	--
8/27/2025 19:00	US	MBA Mortgage Applications	22-Aug	--	--	-1.40%	--

Source: Bloomberg



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