

## Daily Treasury Outlook

30 June 2025

### Highlights

**Global:** U.S. equities extended their gains on Friday, shrugging off geopolitical jitters and the latest trade tensions, as expectations for Federal Reserve rate cuts continued to build. Despite President Trump's abrupt decision to halt trade talks with Canada, investor sentiment was buoyed by growing conviction that monetary easing is on the horizon.

May's economic data painted a mixed picture. U.S. consumer spending unexpectedly declined by 0.1% month-on-month, while personal income also fell by 0.4%. On inflation, the core Personal Consumption Expenditures (PCE) Price Index rose 0.2% MoM, with the YoY reading ticking up to 2.7% from 2.6%, reflecting modest upward pressure. Meanwhile, the final reading of the University of Michigan Consumer Sentiment Index edged higher to 60.7 from 60.5, with one-year inflation expectations easing to 5.0% from 5.1%. Fed funds futures now imply approximately 65bps of rate cuts by year-end. President Trump reiterated that he would only appoint a Federal Reserve chair committed to lowering interest rates.

With a ceasefire between Israel and Iran currently holding, market focus is gradually returning to trade negotiations ahead of the critical 9 July deadline. Treasury Secretary Scott Bessent struck an optimistic tone, highlighting progress in negotiations with China—particularly around the resumption of critical mineral flows essential to the U.S. manufacturing sector. He also suggested that multiple trade agreements could be concluded by September 1. However, Trump's decision to cut off talks with Canada over its digital services tax, which is set to take effect on Monday, adds a fresh layer of uncertainty.

Meanwhile, the Senate on Saturday voted 51-49 to open debate on President Trump's "One Big Beautiful Bill." Two Republican senators broke ranks to join Democrats in opposition. The bill now faces up to 20 hours of debate followed by a flurry of amendments, with a final Senate vote expected on Monday. If passed, it will return to the House for reconciliation before heading to the president's desk.

The Senate version proposes raising the federal debt ceiling by USD5 trillion—USD1 trillion above the House version—bringing the limit to USD41.2 trillion. On energy and tax policy, the legislation would terminate the USD7,500 electric vehicle tax credit by the end of September 2025 and temporarily raise the state and local tax (SALT) deduction cap from USD10,000 to USD40,000 for five years. The Joint Tax Committee estimates that the tax changes would reduce federal revenues by USD4.5 trillion over the next decade, exacerbating the U.S. fiscal deficit.

### Key Market Movements

Equity	Value	% chg
S&P 500	6173.1	0.5%
DJIA	43819	1.0%
Nikkei 225	40151	1.4%
SH Comp	3424.2	-0.7%
STI	3966.2	0.7%
Hang Seng	24284	-0.2%
KLCI	1528.2	0.0%
	Value	% chg
DX	97.401	0.3%
USDJPY	144.65	0.2%
EURUSD	1.1718	0.1%
GBPUSD	1.3716	-0.1%
USDIDR	16205	0.0%
USDSGD	1.2759	0.1%
SGDMYR	3.3188	-0.1%
	Value	chg (bp)
2Y UST	3.75	2.87
10Y UST	4.28	3.52
2Y SGS	1.81	-0.20
10Y SGS	2.22	-2.04
3M SORA	2.08	-1.28
3M SOFR	4.34	0.07
	Value	% chg
Brent	67.77	0.1%
WTI	65.52	0.4%
Gold	3274	-1.6%
Silver	35.99	-1.8%
Palladium	1137	0.1%
Copper	9878	-0.2%
BCOM	102.89	0.3%

Source: Bloomberg

**Market Watch:** Looking ahead, the focus this week will shift to hard data, particularly the U.S. June non-farm payrolls report. In parallel, developments around the U.S. tax and spending bill, as well as progress in global trade negotiations, will remain key market drivers.

**Commodities:** Crude oil benchmarks extended gains on Friday, with WTI and Brent edging higher by 0.4% and 0.1%, respectively, to USD65.5/bbl and USD67.8/bbl. Earlier in the day, oil prices surged more than 1.0% to an intraday high after the Trump administration reaffirmed that sanctions on Iran would remain in place. Nevertheless, media reports that OPEC+ is considering another production hike for August reversed these gains. For the week, the oil market recorded its first loss in three weeks.

## Major Markets

**CH:** In the second quarter monetary policy meeting, China's central bank's official assessment of its domestic economic outlook has shifted from the more cautious "generally stable with steady progress" to a notably more optimistic tone of "showing an improving trend with continuously rising social confidence." This upgrade in sentiment is also reflected in the evolving language around monetary policy. Previously framed as "lowering the RRR and interest rates at an appropriate time," the current guidance emphasizes "flexibly managing the strength and pace of policy implementation," signaling greater discretion and responsiveness.

While the overall tone on growth has become more upbeat, policymakers have concurrently acknowledged the persistence of structural challenges—particularly the ongoing pressure of low inflation. Regarding the property market, the policy stance has moved from "promoting a stabilization and recovery" to "further consolidating the stabilizing trend," in line with the messaging from the April Politburo meeting.

Taken together, the updated language suggests growing confidence in the economy's recovery trajectory but also highlights the need for continued policy support. With price levels still subdued, the central bank retains room to further reduce interest rates if needed.

**ID:** President Prabowo Subianto officiated the groundbreaking of Southeast Asia's largest integrated EV battery ecosystem in Karawang on Sunday (29 June), developed by the ANTAM, IBC, and CBL consortium. The project is expected to generate up to 8,000 direct and 35,000 indirect jobs, strengthening local growth. With a USD5.9bn investment across 3,023 hectares, the eco-friendly initiative includes a Karawang battery factory operated by CATIB, targeting up to 15 GWh capacity by its second phase, and a nickel processing zone in East Halmahera. Energy and Mineral Minister Bahlil Lahadalia noted that the project could substitute Indonesia's fuel imports by up to 300,000 kl per year.

**MY:** Prime Minister Anwar Ibrahim and Indonesian President Prabowo Subianto reaffirmed their shared commitment to fast-track joint development in the Ambalat maritime border, aiming for peaceful, mutually beneficial outcomes despite unresolved legal frameworks, as reported by The Edge. PM Anwar stressed the urgency of beginning economic cooperation through a joint development authority instead of waiting for full legal resolution. Both leaders also agreed to strengthen ties in research, education, trade, and investment amid global uncertainties, and confirmed plans to convene the 13th Malaysia-Indonesia Annual Consultation, scheduled to take place later this year.

**PH:** Exports growth rose by 15.1% YoY (consensus: 4.9%), compared to an upwardly revised 7.6% in April. In contrast, imports growth declined by 4.4% YoY versus -2.5% in April. As a result, the trade deficit narrowed to USD3.3bn, down from USD4.0bn in April. Within exports, growth was broad-based across categories, with higher shipments in 'total agro products' (29.9% YoY vs 13.1% in April), 'mineral products' (8.7% vs -12.1%), 'manufactured goods' (13.1% vs 7.7%). By end-use, import growth in capital and consumer goods remained strong at 5.0% YoY and 13.9% YoY, respectively. However, this was more than offset by declines in raw materials and mineral fuel imports, which fell by 3.6% and 39.6%, respectively. By destination, exports to the US slowed to 3.6% YoY versus 5.9% YoY in April, indicating that the front-loading of orders has cooled.

**TH:** The Board of Investment (BoI) has approved investment applications worth THB28.6bn. These investments primarily cover digital infrastructure, travel-sector projects, and E&E manufacturing. The largest commitment comes from Stratus Technology Co., Ltd, which will invest THB23.7bn to build a Tier 3 data center at the CPGC Industrial estate in Rayong Province. Thailand has seen significant digital-service investments in recent years, and this trend is expected to remain strong. According to BoI Secretary-General Narit Therdsteerasukdi, "The momentum of the demand for digital services should ensure that the data center investments remain a highlight in term of the value of applications this year."

**VN:** VinFast officially inaugurated its second domestic EV manufacturing plant in the central province of Ha Tinh on Sunday (29 June), less than seven months after construction began, marking its fifth global facility with a designed capacity of 200k vehicles per year. The 360,000-square-meter plant features advanced, highly automated production lines from global partners, with an initial focus on producing compact urban EV models. The facility is expected to create 6k direct jobs and attract auxiliary partners.

## ESG

**SG:** A government alliance between Singapore, the UK and Kenya was launched on 24 June at the London Climate Action Week to spur corporates in those countries to voluntarily buy carbon credits as part of their decarbonisation efforts. Other nations are also invited to join the coalition which hopes to raise the standards of the voluntary carbon market globally. The Singapore Government has also published a draft guidance document to support companies in using carbon credits as part of a credible decarbonisation plan, which is open for feedback until 20 July.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded lower last Friday with shorter tenors trading 3-4bps lower while belly tenors and 10Y traded 4bps lower. As per Bloomberg, New World Development Co. (“New World”) secured a record USD11bn refinancing deal, averting a potential crisis in HK SAR’s property market, which has seen four years of price declines and record office vacancies. After months of negotiations, bankers and regulators pressured lenders to approve the deal, warning that failure of the deal could potentially cause local home prices to drop by 7% this year. In other news by Bloomberg, holders of over half of Energy Absolute’s (“Energy”) bonds rejected the company’s request to extend payment terms. The company failed to secure enough votes from investors across 8 bond series, maturing between 2027 and 2033, to approve a 7-year extension. However, holders of 3 other bond series due in 2025 and 2026 approved the extension. Energy will reconvene with investors of the remaining 3 bond series on July 7 after low attendance at Friday’s meeting. Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 74bps and Bloomberg Asia USD High Yield spreads tightened by 11bps to 449bps respectively. (Bloomberg, OCBC)

### New Issues:

There was one notable issuance in the Asiadollar market last Friday.

- Development Bank of Mongolia LLC priced a USD110mn retap of its DBMMN 8.5 ’28 at 9.25%.

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

### Mandates:

There were no notable mandates last Friday.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.401	0.26%	USD-SGD	1.2759	0.14%
USD-JPY	144.650	0.16%	EUR-SGD	1.4954	0.32%
EUR-USD	1.172	0.15%	JPY-SGD	0.8821	-0.02%
AUD-USD	0.653	-0.26%	GBP-SGD	1.7507	0.08%
GBP-USD	1.372	-0.09%	AUD-SGD	0.8330	-0.14%
USD-MYR	4.231	-0.13%	NZD-SGD	0.7729	0.16%
USD-CNY	7.173	0.07%	CHF-SGD	1.5970	0.32%
USD-IDR	16205	-0.52%	SGD-MYR	3.3188	-0.09%
USD-VND	26095	-0.09%	SGD-CNY	5.6168	-0.20%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	1.9160	-0.67%	1M	4.3263	0.07%
3M	1.9390	-2.07%	2M	4.3250	0.13%
6M	2.0360	-0.05%	3M	4.2992	0.05%
12M	2.0620	-0.53%	6M	4.1498	-0.01%
			1Y	3.8810	-0.16%

## 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	-0.191	-19.1	-0.048	4.283
09/17/2025	-1.11	-91.9	-0.278	4.053
12/10/2025	-2.604	-80.3	-0.651	3.679

## Equity and Commodity

Index	Value	Net change
DJIA	43,819.27	432.43
S&P	6,173.07	32.05
Nasdaq	20,273.46	105.55
Nikkei 225	40,150.79	566.21
STI	3,966.20	27.74
KLCI	1,528.16	8.37
JCI	6,897.40	65.26
Baltic Dry	1,521.00	-32.00
VIX	16.32	-0.27

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.81 (--)	3.74 (--)
5Y	1.83 (-0.02)	3.83 (+0.03)
10Y	2.22 (-0.02)	4.28 (+0.04)
15Y	2.33 (-0.01)	--
20Y	2.33 (-0.02)	--
30Y	2.36 (-0.01)	4.84 (+0.03)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.40
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	65.52	0.43%	Corn (per bushel)	4.175	2.0%
Brent (per barrel)	67.77	0.06%	Soybean (per bushel)	10.278	0.5%
Heating Oil (per gallon)	230.72	-2.24%	Wheat (per bushel)	5.248	0.7%
Gasoline (per gallon)	208.98	-0.44%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.74	14.66%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9878.00	-0.22%	Gold (per oz)	3274.3	-1.6%
Nickel (per mt)	15245.00	0.24%	Silver (per oz)	36.0	-1.8%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
6/30/2025 9:30	CH	Composite PMI	Jun	--	--	50.4	--
6/30/2025 10:00	SI	Money Supply M1 YoY	May	--	--	9.40%	--
6/30/2025 10:00	SI	Money Supply M2 YoY	May	--	--	6.40%	--
6/30/2025 10:00	SI	Deposits and Balances of Residents Outside Singapore	May	--	--	629.1b	--
6/30/2025 14:00	UK	GDP QoQ	1Q F	0.70%	--	0.70%	--
6/30/2025 14:00	UK	GDP YoY	1Q F	1.30%	--	1.30%	--
6/30/2025 14:00	UK	Current Account Balance	1Q	-20.3b	--	-21.0b	--
6/30/2025 15:00	TH	BoP Current Account Balance	May	\$340m	--	-\$1545m	--
6/30/2025 15:30	TH	Exports	May	--	--	\$25022m	--
6/30/2025 15:30	TH	Imports	May	--	--	\$26419m	--
6/30/2025 15:30	TH	Trade Balance	May	--	--	-\$1398m	--
6/30/2025 15:30	TH	BoP Overall Balance	May	--	--	\$3411m	--
6/30/2025 16:00	EC	M3 Money Supply YoY	May	4.00%	--	3.90%	--
6/30/2025 21:45	US	MNI Chicago PMI	Jun	42.9	--	40.5	--
6/30/2025 22:30	US	Dallas Fed Manf. Activity	Jun	-12	--	-15.3	--
6/30/2025	IN	Bank Credit YoY	May	--	--	10.30%	--

Source: Bloomberg

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