

Daily Treasury Outlook

Highlights

Global: US equities closed modestly lower on Wednesday to start the third quarter (S&P500: -0.2%; Dow: -0.03%; NASDAQ: -0.7%). Importantly, Brent crude settled at USD71.1/bbl, its lowest close since the start of the US-Iran conflict, underscoring how quickly the energy shock has reversed since the peace deal. On the data front, US releases pointed to slowing momentum. The June ADP report showed private payrolls rose by 98k (consensus: 120k), compared to 122k in the previous month. Job creation was uneven: education and health services added 48k, while leisure and hospitality recorded a sixth straight month of weak hiring, adding 2k. Meanwhile, the final S&P Global US manufacturing PMI was revised down sharply to 53.9 from the flash estimate of 55.7. Nonetheless, it remains the eleventh month of expansion. Concerningly, job cuts accelerated to the fastest pace since May 2020, and business optimism, regarding the year ahead, fell to its lowest since October 2025. Similarly, the ISM manufacturing PMI eased to 53.3 in June from 54.0, on slower output and new orders. Importantly, the ISM prices index fell sharply to 73.0 from 82.1, mirroring the softer cost pressures in the S&P survey as energy prices normalise — though both remain elevated. On the policy front, Federal Reserve Chair Kevin Warsh did not provide guidance on the July policy meeting during remarks at the ECB Forum in Sintra. On inflation, he said “prices are too high” and reiterated that the Fed is not prepared to accept an inflation objective above 2%, adding, “We’re going to deliver price stability in the U.S.” Over in Europe, the eurozone June Prelim CPI eased to 2.8% YoY from 3.2% in May, while core inflation moderated to 2.4% from 2.6%. The moderation was broad-based, with energy, services and food inflation all easing. This may ease the pressure for the ECB to hike further.

Market Watch: Asia calendar is pretty light today, with primarily Singapore’s June PMI data. Later today, market attention will remain squarely on the June US nonfarm payrolls report, with consensus expecting 113k jobs and the unemployment rate remaining stable at 4.3%. Accompanying this, the US will also release its May factory orders.

Key Market Movements

Equity	Value	% chg
S&P 500	7483.2	-0.2%
DJIA	52305	0.0%
Nikkei 225	70475	0.6%
SH Comp	4112.4	0.4%
STI	5161.5	-0.2%
Hang Seng	22881	0.0%
KLCI	1656.8	-0.4%
	Value	% chg
DXY	101.392	0.2%
USDJPY	162.58	0.0%
EURUSD	1.1377	-0.4%
GBPUSD	1.3275	0.1%
USDIDR	17948	0.4%
USDSGD	1.2956	0.1%
SGDMYR	3.1572	0.1%
	Value	chg (bp)
2Y UST	4.17	0.21
10Y UST	4.48	1.39
2Y SGS	1.59	0.80
10Y SGS	2.07	3.49
3M SORA	1.08	0.12
3M SOFR	3.63	0.03
	Value	% chg
Brent	71.57	-1.9%
WTI	68.58	-1.3%
Gold	4031	0.6%
Silver	59.15	0.9%
Palladium	1216	0.3%
Copper	13299	-0.6%
BCOM	123.21	0.0%

Source: Bloomberg

Major Markets

CN: According to data from the China Index Academy, new home prices across China's 100 major cities continued to register modest gains in June. The average price of newly built homes rose 0.16% MoM and 2.0% YoY to RMB17,184 per square metre, supported primarily by premium projects in higher-tier cities. In contrast, the average price of existing homes declined 0.42% MoM to RMB12,639 per square metre. Transaction activity in major cities, however, remained relatively resilient. Beijing recorded 16,618 existing-home transactions in June, up 9.8% YoY and marking the strongest June performance in the past five years. For 1H26, cumulative existing-home transactions reached 93,583 units, an increase of 5.7% YoY, also the highest first-half level over the same period. Shenzhen also showed encouraging signs of demand resilience. Combined primary and secondary home transactions totalled 8,878 units in June, up 14.2% YoY, representing the strongest June sales performance since 2021.

ID: The incoming data mix pointed to a worsening trade balance amid still sticky inflationary pressures. The trade balance shifted to a deficit of USD1.6bn in May, the first monthly deficit since April 2020, from a surplus of USD0.1bn in April driven by worsening export growth amid still strong import growth. Exports dropped to 5.7% YoY from 22.0% in April while imports grew 22.2% YoY in May from 22.5% in April. Headline CPI edged higher to 3.3% YoY in June from 3.1% in May, broadly within expectations (Consensus: 3.2%; OCBC: 3.4%). Core inflation rose to 2.8% YoY in June from 2.6% in May, but remained contained. We maintain our forecast for headline CPI to average 3.0% in 2026, up from 1.9% in 2025. The data mix supports our call for further policy rate hikes by Bank Indonesia (BI). We expect BI to extend its tightening cycle, with a further cumulative 75bp of rate hikes by end-2026, taking the BI Rate to 6.50%.

MY: Economy Minister Akmal Nasrullah Mohd Nasir said Malaysia has completed and secured Cabinet approval for the Johor Singapore Special Economic Zone (JS-SEZ) master plan and investment blueprint, with a joint launch by Prime Minister Anwar Ibrahim and Singapore Prime Minister Lawrence Wong targeted for 4Q26 after the Johor state elections, as reported by The Edge. Akmal said initiatives outlined in the documents are already being implemented despite the delayed launch, with the government's priority now focused on execution and delivery. He added that 57% of the MYR77.0bn in approved investments recorded under the JS-SEZ last year have already been realised, while the Invest Malaysia Facilitation Centre Johor will continue to attract new investments and facilitate the implementation of existing commitments.

TH: The Business Sentiment Index (BSI) rose significantly to 46.1 in June, up from 42.5 in May. Nonetheless, it remained below the 50-point threshold. The increase in the BSI was led by the sub-components of 'production', 'performance', and 'total order books'. By sector, "the manufacturing index increased across all industries, led by the automotive sector, which saw improvements in all components, particularly among motorcycle and parts manufacturers such as motorcycle cylinder sleeves." Similarly, "the non-manufacturing index improved, led by the trade sector," according to the Bank of Thailand. The 3-month expected BSI rose to 48.0, up from 46.9 the previous month. The increase is led by improvements in the sub-components of cost, production, and performance. Elsewhere, the Joint Standing Committee on Commerce, Industry and Banking maintained its GDP growth forecast for Thailand at 1.6-2.0% in 2026, with exports expected to increase by 8-10%.

AU: RBA Meeting Minutes showed policymakers had kept rates unchanged due to inflation remaining above the 2% target. They also noted that, despite progress in resolving the conflict, commodity supply disruptions are likely to take time to normalise, reinforcing the case for a cautious policy stance. On the economy, public demand and labour market conditions were weaker than expected, while private business investment surprised to the upside, driven by data center investment. Domestic risks highlighted by policymakers included weak productivity growth, which could limit the economy's supply capacity and delay inflation returning to target, alongside potential weakening in the housing market.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 1-3bps higher, belly tenors trading 4bps higher and the 10Y tenor also trading 4bps higher.
- US Investment Grade spreads traded flat at 74bps, and US High Yield spreads tightened by 3bps to 267bps. Bloomberg Global Contingent Capital Index widened by 1bps to 215bps.
- Bloomberg Asia USD Investment Grade traded flat at 55bps, and Asia USD High Yield spreads tightened by 13bps to 341bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the Singdollar market yesterday.
- There were no issuances in the APAC and DM IG markets yesterday (prior day: USD500mn and USD550mn). (Bloomberg, OCBC)

Recent Coverage Developments:

- **Singapore Residential Property:** Singapore residential price growth slowed in 2Q2026, with private home prices rising just 0.5% q/q. Demand remained strongest in higher-end segments such as CCR and landed properties. Mass-market and mid-tier segments weakened, while HDB resale prices fell for a second straight quarter. Strong government land supply is expected to continue moderating price growth.
- **Lenovo Group:** Lenovo secured long-term memory supply agreements with Micron, Samsung and SK Hynix, strengthening its supply chain position amid tightening global memory supply. The company also won cloud server contracts worth RMB200bn for next year, exceeding its original revenue target by more than double.
- **Lendlease Group:** Lendlease launched a UK development JV with The Crown Estate to accelerate planning and entitlement of key assets. The deal unlocks about AUD165mn in capital and is expected to generate additional profits and capital recycling opportunities in FY2027.
- **Frasers Centrepoint Trust:** FCT is divesting White Sands for SGD467mn, an 8.4% premium to valuation, and expects a net gain of SGD32.4mn. Sale proceeds will be used to repay debt, reducing leverage from 40.0% to 36.5% while maintaining a strong suburban retail portfolio.
- **HSBC Holdings:** Emirates NBD is reportedly in talks to acquire HSBC's Turkish banking unit. The potential sale aligns with HSBC's long-term strategy to exit non-core markets and focus on Asia, Hong Kong and UK wealth businesses.

Equity Market Updates

US: US stocks edged lower on Wednesday, 1 Jul 2026, as a sharp sell-off in semiconductors overshadowed broad gains elsewhere, leaving the market sharply divided. The S&P 500 fell 0.2%, the Nasdaq dropped 0.7%, and the Dow was essentially flat, slipping less than 0.1%. Micron tumbled 10.6%, its largest single-day decline in recent months, and was the biggest drag on the S&P 500, whilst Corning fell 13.6%; Financials bucked the trend, surging 2.1% as traders rotated out of chipmakers, with around USD18b in capital potentially being returned to the largest US banks following stress-test-related proposals. Meta soared approximately 9.7% after Bloomberg News reported the company is developing plans to sell excess AI computing capacity as a cloud-infrastructure service. US manufacturing expanded for a sixth consecutive month in June as war-driven input cost pressures eased, whilst Fed Chair Kevin Warsh, speaking at the ECB's forum in Sintra, said inflationary risks have eased but reiterated the 2% inflation target, with markets currently pricing roughly one-and-a-half 25bp rate hikes. Treasury yields ended marginally higher after early gains unwound; the 2-year yield stood at 4.18%, the 10-year at 4.48%, and the 30-year at 4.97%. Separately, the US decided against renewing the USMCA trade agreement with Canada and Mexico, opting instead for annual reviews, adding uncertainty for North American supply chains, whilst Alibaba and its US payment processor agreed to pay USD600m to resolve a federal probe into illegal pharmaceutical sales.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	101.392	0.20%	USD-SGD	1.2956
USD-JPY	162.58	0.02%	EUR-SGD	1.4737
EUR-USD	1.138	-0.39%	JPY-SGD	0.7968
AUD-USD	0.689	-0.38%	GBP-SGD	1.7197
GBP-USD	1.328	0.10%	AUD-SGD	0.8931
USD-MYR	4.094	0.24%	NZD-SGD	0.7349
USD-CNY	6.791	0.06%	CHF-SGD	1.6003
USD-IDR	17948	0.37%	SGD-MYR	3.1572
USD-VND	26302	-0.03%	SGD-CNY	5.2414

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2010	-0.72%	1M	3.6657
3M	2.3240	0.30%	2M	3.7040
6M	2.5680	-1.04%	3M	3.7472
12M	2.7280	-0.15%	6M	3.8681
			1Y	4.0287

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
07/29/2026	0.273	27.300	0.068	3.697
09/16/2026	0.788	51.500	0.197	3.826
10/28/2026	1.033	24.500	0.258	3.888
12/09/2026	1.449	41.700	0.362	3.992

Equity and Commodity

Index	Value	Net change
DJIA	52,305.24	-13.96
S&P	7,483.23	-16.13
Nasdaq	26,040.03	-173.69
Nikkei 225	70,474.96	412.64
STI	5,161.50	-9.15
KLCI	1,656.83	-7.23
JCI	5,695.12	51.92
Baltic Dry	2,501.00	11.00
VIX	16.59	0.14

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.59 (+0.01)	4.17(--)
5Y	1.72 (+0.03)	4.24 (+0.01)
10Y	2.07 (+0.03)	4.48 (+0.01)
15Y	2.11 (+0.04)	--
20Y	2.13 (+0.04)	--
30Y	2.17 (+0.04)	4.97 (+0.02)

Financial Spread (bps)

Value	Change
TED	35.36 --

Secured Overnight Fin. Rate	
SOFR	3.68

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	68.58	-1.3%	Corn (per bushel)	4.210	2.0%
Brent (per barrel)	71.57	-1.9%	Soybean (per bushel)	11.263	0.9%
Heating Oil (per gallon)	321.79	-3.0%	Wheat (per bushel)	5.920	1.9%
Gasoline (per gallon)	294.52	-2.3%	Crude Palm Oil (MYR/MT)	44.850	0.2%
Natural Gas (per MMBtu)	3.22	-1.7%	Rubber (JPY/KG)	4.068	0.2%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13299	-0.6%	Gold (per oz)	4031	0.6%
Nickel (per mt)	16355	0.4%	Silver (per oz)	59.15	0.9%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/02/2026 4:52	US	Omdia Total Vehicle Sales	Jun	16.10m	16.52m	16.08m	--
7/02/2026 7:00	SK	CPI YoY	Jun	3.20%	3.20%	3.10%	--
7/02/2026 7:00	SK	CPI MoM	Jun	0.10%	0.10%	0.50%	--
7/02/2026 16:30	HK	Retail Sales Value YoY	May	6.70%	--	8.60%	--
7/02/2026 16:30	HK	Retail Sales Volume YoY	May	4.30%	--	6.40%	--
7/02/2026 17:00	EC	Unemployment Rate	May	6.30%	--	6.30%	--
7/02/2026 20:30	US	Change in Nonfarm Payrolls	Jun	113k	--	172k	--
7/02/2026 20:30	US	Initial Jobless Claims	27-Jun	218k	--	215k	--
7/02/2026 20:30	US	Unemployment Rate	Jun	4.30%	--	4.30%	--
7/02/2026 20:30	US	Change in Manufact. Payrolls	Jun	3k	--	7k	--
7/02/2026 20:30	US	Continuing Claims	20-Jun	1820k	--	1821k	--
7/02/2026 20:30	US	Average Hourly Earnings MoM	Jun	0.30%	--	0.30%	--
7/02/2026 20:30	US	Average Hourly Earnings YoY	Jun	3.50%	--	3.40%	--
7/02/2026 20:30	US	Change in Private Payrolls	Jun	107k	--	120k	--
7/02/2026 21:00	SI	Purchasing Managers Index	Jun	--	--	51	--
7/02/2026 22:00	US	Durable Goods Orders	May F	-4.50%	--	-4.50%	--

Source: Bloomberg

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