

Daily Treasury Outlook

Highlights

Global: US equities edged higher overnight, although market performance was dominated by a sharp sector rotation as investors continued to take profits in mega-cap technology stocks. Bitcoin plunged below the US\$70,000 mark, triggering the largest crypto liquidation event of 2026. Meanwhile, oil prices extended their gains for a second consecutive session as diplomatic efforts between the United States and Iran showed little tangible progress. Geopolitical tensions in the Middle East remained elevated. The United States said it had fired upon a tanker allegedly heading toward Iran, while Iranian media reported explosions near Qeshm Island. Kuwait also reported a fresh wave of missile and drone attacks. Although Iranian media indicated that Tehran has not communicated with Washington for several days, US President Donald Trump stated that negotiations remain ongoing.

On the data front, Eurozone inflation accelerated further in May. Headline CPI rose to 3.2% YoY from 3.0% in April, while core CPI accelerated to 2.5% YoY from 2.2%, driven by stronger services inflation and a modest pickup in industrial goods prices. The continued rise in both headline and core inflation, particularly in the services sector, strengthens the case for the ECB to deliver one rate hike at next week's meeting.

The US labour market remained resilient, although underlying details continued to point to a "slow hire, slow fire" environment. Job openings increased by 731,000 to 7.62 million in April, the highest level in nearly two years and well above market expectations of 6.88 million. Notably, almost all of the private hire increase came from businesses employing between one and nine workers. However, hiring activity softened. Total hires fell by 419,000 to 5.12 million, with the hires rate declining to 3.2% from 3.5%. Meanwhile, resignations dropped by 183,000 to 2.98 million, the lowest level since August 2020, while the quits rate eased to 1.9% from 2.0%. The decline in voluntary job switching suggests wage pressures remain contained, offering some reassurance to the Federal Reserve on the inflation front.

Fed officials continued to sound hawkish. Cleveland Fed President Beth Hammack, a voting FOMC member this year, stated that she is increasingly concerned about persistently elevated inflation and warned that monetary policy may not be sufficiently restrictive to return inflation to the Fed's 2% target. She added "Based on the data, I'm more concerned about the growing risks of persistently elevated inflation than the risks to full employment". Separately, Bank of England policymaker Megan Greene noted that the ongoing Iran conflict is increasing the risk of broader inflationary pressures and strengthening the case for higher interest rates in the UK.

Market Watch: Market attention will focus on the final PMI readings for the Eurozone and the US, alongside the US ISM Services Index and factory orders data. The Federal Reserve's Beige Book will also be released tonight, while Fed

Key Market Movements		
Equity	Value	% chg
S&P 500	7609.8	0.1%
DJIA	51308	0.4%
Nikkei 225	66734	-0.3%
SH Comp	4075.1	0.4%
STI	5097.4	1.2%
Hang Seng	26038	2.5%
KLCI	1683.1	0.0%
	Value	% chg
DXY	99.219	0.0%
USDJPY	159.91	0.2%
EURUSD	1.1631	0.0%
GBPUSD	1.3466	0.1%
USDIDR	17838	-0.2%
USDSGD	1.2796	0.1%
SGDMYR	3.1012	-0.1%
	Value	chg (bp)
2Y UST	4.04	1.03
10Y UST	4.44	-0.99
2Y SGS	1.51	-1.70
10Y SGS	2.02	-1.21
3M SORA	1.06	-0.81
3M SOFR	3.64	-0.06
	Value	% chg
Brent	96.00	1.1%
WTI	93.76	1.7%
Gold	4489	0.1%
Silver	75.10	0.3%
Palladium	1374	0.9%
Copper	14041	1.5%
BCOM	137.22	0.4%

Source: Bloomberg

speakers including Austan Goolsbee and Michael Barr are scheduled to speak. In addition, investors are likely to shift their attention back to trade developments after the Trump administration proposed a new 25% punitive tariff on a broad range of imports from Brazil.

Major Markets

ID: Headline inflation rose to 3.1% YoY in May from 2.4% in April, exceeding expectations for a more measured increase (OCBC: 2.8%; Consensus: 3.0%). The higher reading reflects a broad-based increase across key components, led by food, beverages & tobacco (4.9% YoY in May from 3.1% in April). Other categories also recorded moderate increases, including utilities (1.0% from 0.7%), transportation (2.3% from 1.6%), and health (1.7% from 1.5%). This was partially offset by a slight moderation in personal care & other services, which eased to 10.3% from 11.4%. Meanwhile, core CPI edged higher to 2.6% YoY in May, up from 2.4% in March. The May print brings average Apr–May headline inflation to 2.7% YoY, easing from 3.9% in 1Q26. Elsewhere, the trade data improved notably in April, with both exports and imports exceeding expectations. Exports grew by 22.0% YoY, rebounding from a 3.1% contraction in March, while imports rose 22.5% YoY from 1.5%. As a result, the trade surplus narrowed sharply to USD89.1mn in April from USD3.3bn in March.

MY: The S&P Global Malaysia manufacturing PMI fell to 49.9 in May from 51.6 in April, signalling a deterioration in operating conditions. The decline reflected weaker new orders and softer production, with firms noting that recent price hikes had dampened sales growth. Elsewhere, Prime Minister Anwar Ibrahim said the government has tightened spending controls across ministries, with savings redirected to public programmes while protecting allocations for education, healthcare and basic infrastructure. The measures include reducing ministers' overseas travel, limiting delegation sizes, cancelling federal-level study visits and holding government training programmes at government-owned facilities instead of luxury hotels, as reported by The Edge. He said savings from cost-cutting measures and recovered funds have enabled the government to channel MYR15.5bn to initiatives such as STR and Sara, school facility repairs and MYR100 book vouchers for students nationwide.

PH: Ukraine is seeking to expand bilateral trade with the Philippines, highlighting potential opportunities in agriculture, IT, creative industries and pharmaceuticals sectors. According to Ukrainian Ambassador Yuliia Fediv, bilateral trade was valued at ~USD60mn in 2025, remaining broadly unchanged from the previous year, with Philippine exports accounting for about 70% of the total trade volume. By product category, processed food and electronic products were the top exports from the Philippines to Ukraine. Conversely, Ukraine's exports to the Philippines mainly consists of agricultural goods such as wheat, flour, soybean, sunflower oil and pharmaceutical products. Ambassador Yuliia noted that bilateral trade with the Philippines is lower compared to other Southeast Asian countries, and emphasised that both sides require more information to effectively enter each other's markets. To strengthen trade and economic ties, the Philippine and Ukrainian chambers of commerce are working on a memorandum of agreement aimed at helping businesses understand regulations and identify market entry points. Additionally, Ukraine plans to send a business mission to the Philippines in July to explore business opportunities.

ESG

Rest of the world: The European Union will ask its member countries to waive penalties for three years (2027 – 2029) for oil and gas companies that breach its methane emissions law, except for large-scale fraudulent breaches, in response to the Iran war's disruption to energy supplies. This aims to bolster energy security and tackle the exposure of European consumers and businesses to potential energy supply shortages that are leading to price spikes. This follows pressure from the US government and oil and gas industry groups who have warned that the methane law could hamper Europe's ability to secure fuel supplies.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded mostly lower yesterday (compared to 29 May 2026) with shorter tenors trading mixed at -2 to +1bps while belly tenors traded 3-4bps lower and 10Y traded 4bps lower.
- US Investment Grade spreads traded flat yesterday and remain at 72bps while US High Yield spreads tightened 1bps to 258bps. Bloomberg Global Contingent Capital Index tightened 1bps to 223bps.
- Bloomberg Asia USD Investment Grade traded flat yesterday at 50bps while Asia USD High Yield spreads tightened 1bps to 367bps. (Bloomberg, OCBC)

New Issues:

- There were no notable issuances in the Singdollar market last Friday.
- The total issuance volumes for APAC and DM IG markets yesterday were USD1.75bn and USD14.8bn respectively (prior day: USD1.45bn and USD14.5bn respectively). A key issuance in DM IG market came from Arch Capital Group Ltd. which priced USD2.0bn of debt in two tranches, while the only issuance in APAC market came from Export Finance & Insurance Corp (guarantor: Commonwealth of Australia) which priced USD1.75bn in two tranches. (Bloomberg, OCBC)

Recent Coverage Developments:

- Lendlease Group ("LLCAU") is selling its development rights to the Milano Santa Giulia mixed-use development in Milan, Italy for AUD250mn. Separately, LLCAU will be reviewing its audit contract with KPMG following the completion of FY2026 reporting
- Bank of Nova Scotia ("BNS") announced a definitive agreement to acquire Maple Financial Holdings, the parent company of MapleMark Bank. The is not expected to have a material impact on BNS' earnings profile or capital position.

Equity Market Updates

US: US stocks edged higher on Tuesday, 2 Jun 2026, as the AI-driven rally extended to a ninth consecutive session, matching the S&P 500's longest winning streak since 1995, with semiconductor stocks reversing an early decline to keep the advance alive. The S&P 500 rose 0.1%, the Dow added 0.4%, and the Nasdaq was broadly flat, with both the S&P 500 and Nasdaq 100 notching fresh record closing highs. Marvell Technology surged to its biggest single-day gain on record after Nvidia's CEO Jensen Huang predicted it would be the next company to reach a USD1t market capitalisation, lifting the broader chip complex. Hewlett Packard Enterprise jumped approximately 19.5% after issuing a full-year sales outlook that beat analyst estimates. Alphabet fell around 2.3% after announcing it would raise USD80b through a package of equity offerings, including an investment deal with Berkshire Hathaway, to fund AI spending. Apple gained 2.9%, providing the largest contribution to S&P 500 gains. Market breadth remained narrow, with fewer than half of S&P 500 members advancing. Treasury yields were little changed to slightly lower, with the 10-year yield closing at approximately 4.45%, as the curve bear-flattened modestly; front-end yields edged up on a stronger-than-expected JOLTS report, with job openings rising 731,000 to 7.6 million in April, which traders interpreted as hawkish for the Fed's rate path. In Singapore, the manufacturing PMI rose to 51.0 in May, the highest since December 2024 and a tenth consecutive month of expansion, supported by AI-related demand despite Middle East supply chain headwinds. The yuan strengthened to its highest level against a basket of trading peers since September 2022.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.219	0.02%	USD-SGD	1.2796
USD-JPY	159.91	0.16%	EUR-SGD	1.4881
EUR-USD	1.163	0.00%	JPY-SGD	0.8001
AUD-USD	0.718	0.29%	GBP-SGD	1.7230
GBP-USD	1.347	0.09%	AUD-SGD	0.9188
USD-MYR	3.965	-0.37%	NZD-SGD	0.7581
USD-CNY	6.764	-0.05%	CHF-SGD	1.6253
USD-IDR	17838	-0.20%	SGD-MYR	3.1012
USD-VND	26331	0.05%	SGD-CNY	5.2847

Equity and Commodity		
Index	Value	Net change
DJIA	51,307.79	228.91
S&P	7,609.78	9.82
Nasdaq	27,093.90	7.09
Nikkei 225	66,734.24	-200.09
STI	5,097.42	59.56
KLCI	1,683.07	-1.86
JCI	6,195.43	68.05
Baltic Dry	3,222.00	-2.00
VIX	15.77	-0.28

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9640	-0.96%	1M	3.6137
3M	2.2450	-1.01%	2M	3.6319
6M	2.5190	-1.10%	3M	3.6507
12M	2.7610	-1.53%	6M	3.7119
			1Y	3.8567

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.51 (-0.02)	4.05(--)
5Y	1.68 (-0.01)	4.17(--)
10Y	2.02 (-0.01)	4.46 (-0.01)
15Y	2.02 (-0.02)	--
20Y	2 (-0.01)	--
30Y	2.04 (-0.01)	4.97 (-0.01)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/17/2026	0.037	3.700	0.009	3.626
07/29/2026	0.101	6.400	0.025	3.642
09/16/2026	0.302	20.100	0.075	3.693
10/28/2026	0.421	11.900	0.105	3.723
12/09/2026	0.709	28.800	0.177	3.794

Financial Spread (bps)		
Value	Change	
TED	35.36	--
Secured Overnight Fin. Rate		
SOFR	3.65	

Commodities Futures					
Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	93.76	1.7%	Corn (per bushel)	4.405	-0.8%
Brent (per barrel)	96.00	1.1%	Soybean (per bushel)	11.653	-1.3%
Heating Oil (per gallon)	369.87	1.6%	Wheat (per bushel)	6.030	-0.9%
Gasoline (per gallon)	314.43	1.9%	Crude Palm Oil (MYR/MT)	#VALUE!	#VALUE!
Natural Gas (per MMBtu)	3.17	-0.4%	Rubber (JPY/KG)	4.135	1.7%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14041	1.5%	Gold (per oz)	4489	0.1%
Nickel (per mt)	19248	0.0%	Silver (per oz)	75.10	0.3%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
6/03/2026 4:55	US	Omdia Total Vehicle Sales	May	16.00m	16.08m	15.92m	--
6/03/2026 7:00	AU	S&P Global Australia PMI Composite	May F	--	48.7	47.8	--
6/03/2026 7:00	AU	S&P Global Australia PMI Services	May F	--	48.7	47.7	--
6/03/2026 9:30	AU	GDP SA QoQ	1Q	0.40%	--	0.80%	--
6/03/2026 9:30	AU	GDP YoY	1Q	2.60%	--	2.60%	--
6/03/2026 9:45	CH	RatingDog China PMI Composite	May	--	--	53.1	--
6/03/2026 9:45	CH	RatingDog China PMI Services	May	52.3	--	52.6	--
6/03/2026 13:00	IN	HSBC India PMI Composite	May F	--	--	58.1	--
6/03/2026 13:00	IN	HSBC India PMI Services	May F	--	--	58.9	--
6/03/2026 16:00	EC	S&P Global Eurozone Services PMI	May F	46.4	--	46.4	--
6/03/2026 16:00	EC	S&P Global Eurozone Composite PMI	May F	47.5	--	47.5	--
6/03/2026 16:30	UK	S&P Global UK Services PMI	May F	47.9	--	47.9	--
6/03/2026 16:30	UK	Official Reserves Changes	May	--	--	\$1263m	--
6/03/2026 16:30	UK	S&P Global UK Composite PMI	May F	48.5	--	48.5	--
6/03/2026 17:00	EC	PPI MoM	Apr	0.60%	--	3.40%	--
6/03/2026 17:00	EC	PPI YoY	Apr	4.90%	--	2.10%	--

Source: Bloomberg

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