

Daily Treasury Outlook

Highlights

Global: US equities closed mixed overnight, with the Dow rising to a fresh record close, while the S&P500 was broadly flat and the Nasdaq declined. Market sentiment was shaped by a softer US labour market report, while technology stocks remained under pressure amid weakness in semiconductor names. On US data, June nonfarm payrolls rose by 57k, below market expectations (+113k), while the unemployment rate edged down to 4.2% from 4.3% in May. Employment continued to trend higher in professional and business services, social assistance and health care, while leisure and hospitality lost jobs. Average hourly earnings rose 3.5% YoY (0.3% MoM) in June, up from 3.4% in May. April and May payrolls were revised lower by a combined 74k, suggesting that labour market conditions have softened further. San Francisco Fed President Mary Daly said policy remains "slightly restrictive" but noted that the next policy move remains uncertain given mixed signals from inflation, growth and investment. On geopolitics, the Middle East backdrop has improved, although it remains vulnerable to renewed flare-ups. US-Iran technical talks in Doha have concluded, with discussions focused on securing the Strait of Hormuz and supporting a broader peace framework. Separately, India and Japan signed pacts on 2 July to strengthen cooperation in artificial intelligence, metals and energy, while preparing a joint roadmap for economic security. The two countries also signed an agreement on their first co-development project in the defence sector.

Market Watch: For the day ahead, US markets will be closed for the Independence Day holiday, with no major US economic data releases scheduled. In Asia, attention will turn to Vietnam's 2Q26 GDP growth, with consensus expecting growth to ease to 7.0% YoY from 7.8% in 1Q26. Services PMI data will also be released across several major economies, including China, Japan, India and the Eurozone.

Major Markets

CN: Investor participation in China's A-share market continued to strengthen. According to the Shanghai Stock Exchange, 2.8646 million new A-share trading accounts were opened in June, up 3.6% MoM and 74.0% YoY. In 1H26, total new account openings reached 20.1614 million, representing a robust 60.0% YoY increase, underscoring sustained improvement in retail investor participation and market sentiment.

ID: The House of Representatives plenary meeting approved the preliminary agreement between the government and the House Budget Committee on the 2027 draft state budget, which will guide the preparation of the 2027 State Budget draft. The government will use the agreed initial ranges to prepare the proposed State Budget Bill and Financial Note on 16 August 2026, before Commission XI holds detailed discussions and the House finalises the law by end October 2026. The agreed assumptions include 5.8–6.5% economic growth, 1.5–3.5% inflation, an IDR16,800–17,500/USD exchange rate, a 6.5–7.3% 10-year government bond yield, and a fiscal deficit of 1.8–2.4% of GDP.

Key Market Movements

Equity	Value	% chg
S&P 500	7483.2	0.0%
DJIA	52900	1.1%
Nikkei 225	68733	-2.5%
SH Comp	4028.9	-2.0%
STI	5217.2	1.1%
Hang Seng	23055	0.8%
KLCI	1661.8	0.3%
	Value	% chg
DXY	100.857	-0.5%
USDJPY	161.11	-0.9%
EURUSD	1.1432	0.5%
GBPUSD	1.3346	0.5%
USDIDR	17994	0.3%
USDSGD	1.2927	-0.2%
SGDMYR	3.1537	-0.1%
	Value	chg (bp)
2Y UST	4.14	-3.73
10Y UST	4.48	0.41
2Y SGS	1.60	0.40
10Y SGS	2.09	2.19
3M SORA	1.09	0.46
3M SOFR	3.63	0.00
	Value	% chg
Brent	71.80	0.3%
WTI	68.69	0.2%
Gold	4122	2.3%
Silver	60.91	3.0%
Palladium	1264	4.0%
Copper	13326	0.2%
BCOM	123.07	-0.1%

Source: Bloomberg

MY: Prime Minister Anwar Ibrahim called for a sovereign cloud to protect critical security and personal data while keeping Malaysia open to global digital investments, as reported by Bernama. The system would include firewalls for sensitive information, although Anwar acknowledged limits to full protection in a globalised and democratic environment, while stressing the need for legitimate safeguards against abuses of social media and digital platforms. Separately, Deputy Prime Minister Fadillah Yusof said retiring coal-fired power plant sites could be repurposed into renewable energy hubs and battery energy storage facilities under a proposed National Coal Site Repurposing Framework. He reaffirmed Malaysia's commitment to avoid new coal-fired power plants, phase out coal-fired electricity generation by 2044 and achieve 70% renewable energy installed capacity by 2050.

VN: The World Bank upgraded Vietnam to upper middle-income status after years of strong economic growth, moving it out of the lower middle-income group where it had been since 2009. The World Bank cited Vietnam's export led growth model and 2025 gross national income per capita of USD4,970, above the USD4,636 threshold. Vietnam is targeting annual double-digit growth in 2026, supported in part by business-friendly reforms and major infrastructure investment.

AU: S&P Global Manufacturing PMI increased to 51.5 in June versus 50.7 in May, marking its highest reading since January. The sector improved modestly, supported by stronger employment, inventory growth and supplier delivery times, while business sentiment reached a four-month high amid expectations of easing geopolitical tensions and stronger demand. While both output and new orders continued to decline due to client uncertainty and rising prices, the decline in new orders was the mildest in the current four-month downturn, suggesting that conditions may be beginning to stabilise. Australia's goods trade balance surprised significantly to the downside in May, recording its largest deficit in more than a decade. The balance posted a AUD 3 bn deficit, versus expectations for a AUD 2.2 bn surplus and April's 1.4 bn surplus. Exports fell 6.9%, driven by weaker shipments of non-monetary gold and metal ores, while imports rose on stronger demand for consumption goods and capital goods, particularly non-industrial transport equipment and civil aircraft.

ESG

CH: China plans to support green power direct connection projects in emerging industries including data centers, energy-intensive industries subject to green electricity consumption requirements and export-oriented companies that need traceability for green power use, according to a document released by the National Development and Reform Commission and the National Energy Administration. It will encourage industrial parks, zero-carbon parks and distribution networks to expand multi-user green power direct-connection models. China also plans to accelerate the development of smart grids, build intelligent dispatch systems and improve the grid integration and consumption of renewable energy. By 2030, China's power grid is expected to have the capacity to integrate 900 mn kW of new energy.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 3bps higher, belly tenors trading 3bps higher and the 10Y tenor trading 2bps higher.
- US Investment Grade and US High Yield spreads both traded flat at 74bps, and 267bps respectively. Bloomberg Global Contingent Capital Index also traded flat at 215bps.
- Bloomberg Asia USD Investment Grade traded flat at 55bps, and Asia USD High Yield spreads widened by 1bps to 342bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the Singdollar market yesterday.
- The total issuances in the APAC and DM IG markets yesterday were USD400mn and zero (prior day: zero and zero respectively). (Bloomberg, OCBC)

Equity Market Updates

US: US stocks ended mixed on Thursday as a sharply weaker-than-expected June nonfarm payrolls print of 57,000, versus the 113,000 consensus estimate, eased fears of a near-term Federal Reserve rate hike, though a brutal two-day selloff in semiconductor stocks kept the broader market in check. The Dow Jones Industrial Average surged 1.1% to a record closing high, its 20th such record finish of 2026, while the S&P 500 closed virtually flat and the Nasdaq fell 0.8%. The Philadelphia Semiconductor Index tumbled approximately 5.4%, extending a two-session decline of roughly 12%, its steepest since early June, as Meta Platforms' plans to sell AI computing power raised concerns over capacity oversupply. Apple bucked the tech weakness, rising 4.8% after reports it is in negotiations to source chips from Chinese semiconductor makers to address a global memory shortage. Health care and financials outperformed, with Vertex Pharmaceuticals hitting a record high. Treasury yields were mixed, with the 2-year yield falling around 5 basis points to 4.13% as rate-hike expectations were pared back, while the 10-year yield ended little changed at approximately 4.49%. Separately, Trump allies are reportedly exploring ways to remove Federal Reserve Board governors to install the president's own picks, following a Supreme Court ruling this week blocking the removal of Governor Lisa Cook.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	100.857	-0.53%	USD-SGD	1.2927
USD-JPY	161.11	-0.90%	EUR-SGD	1.4776
EUR-USD	1.143	0.48%	JPY-SGD	0.8019
AUD-USD	0.692	0.42%	GBP-SGD	1.7243
GBP-USD	1.335	0.53%	AUD-SGD	0.8943
USD-MYR	4.081	-0.32%	NZD-SGD	0.7363
USD-CNY	6.785	-0.09%	CHF-SGD	1.6079
USD-IDR	17994	0.26%	SGD-MYR	3.1537
USD-VND	26291	-0.04%	SGD-CNY	5.2536

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.1920	-0.41%	1M	3.6600
3M	2.3120	-0.52%	2M	3.6881
6M	2.5540	-0.55%	3M	3.7211
12M	2.7270	-0.04%	6M	3.8274
			1Y	3.9770

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
07/29/2026	0.176	17.600	0.044	3.672
09/16/2026	0.611	43.500	0.153	3.781
10/28/2026	0.816	20.500	0.204	3.832
12/09/2026	1.206	39.000	0.302	3.930

Equity and Commodity

Index	Value	Net change
DJIA	52,900.07	594.83
S&P	7,483.24	0.01
Nasdaq	25,832.67	-207.36
Nikkei 225	68,733.15	-1741.81
STI	5,217.15	55.65
KLCI	1,661.83	5.00
JCI	5,744.56	49.44
Baltic Dry	2,562.00	61.00
VIX	16.15	-0.44

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.6 (-)	4.14(-)
5Y	1.74 (+0.02)	4.23 (-0.01)
10Y	2.09 (+0.02)	4.48(-)
15Y	2.13 (+0.02)	--
20Y	2.16 (+0.03)	--
30Y	2.19 (+0.03)	4.99 (+0.02)

Financial Spread (bps)

Value	Change	
TED	35.36	--
Secured Overnight Fin. Rate		
SOFR	3.66	

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	68.69	0.2%	Corn (per bushel)	4.250	1.0%
Brent (per barrel)	71.80	0.3%	Soybean (per bushel)	11.318	0.5%
Heating Oil (per gallon)	318.22	-1.1%	Wheat (per bushel)	5.905	-0.3%
Gasoline (per gallon)	291.73	-0.9%	Crude Palm Oil (MYR/MT)	44.450	-0.9%
Natural Gas (per MMBtu)	3.20	-0.7%	Rubber (JPY/KG)	3.980	-2.2%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13326	0.2%	Gold (per oz)	4122	2.3%
Nickel (per mt)	16250	-0.6%	Silver (per oz)	60.91	3.0%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/03/2026 5:00	SK	Foreign Reserves	Jun	--	\$427.36b	\$426.99b	--
7/03/2026 7:00	AU	S&P Global Australia PMI Composite	Jun F	--	50.4	49.8	--
7/03/2026 7:00	AU	S&P Global Australia PMI Services	Jun F	--	50.5	49.9	--
7/03/2026 8:30	SI	S&P Global Singapore PMI	Jun	--	--	56.7	--
7/03/2026 9:45	CH	RatingDog China PMI Services	Jun	53	--	54.4	--
7/03/2026 9:45	CH	RatingDog China PMI Composite	Jun	--	--	54	--
7/03/2026 13:00	IN	HSBC India PMI Composite	Jun F	--	--	57.4	--
7/03/2026 13:00	IN	HSBC India PMI Services	Jun F	--	--	57.3	--
7/03/2026 15:30	TH	Gross International Reserves	26-Jun	--	--	\$282.6b	--
7/03/2026 15:30	TH	Forward Contracts	26-Jun	--	--	\$22.8b	--
7/03/2026 16:00	EC	S&P Global Eurozone Composite PMI	Jun F	49.5	--	49.5	--
7/03/2026 16:00	EC	S&P Global Eurozone Services PMI	Jun F	48.9	--	48.9	--
7/03/2026 16:30	UK	S&P Global UK Services PMI	Jun F	48.8	--	48.7	--
7/03/2026 16:30	UK	S&P Global UK Composite PMI	Jun F	49.4	--	49.4	--
7/03/2026 16:30	UK	Official Reserves Changes	Jun	--	--	-\$537m	--
7/03/2026 16:30	UK	DMP 1 Year CPI Expectations	Jun	3.60%	--	3.70%	--

Source: Bloomberg

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