

Daily Treasury Outlook

Highlights

Global: Risk sentiment remained under pressure overnight, as US equities closed lower (S&P: -0.74%; NASDAQ: -0.89%; Dow: -1.21%). The DXY index edged higher and 10 yr UST yields rose by more than 4bp. The broadly resilient data releases from the US were undermined by continued geopolitical tensions between US and Iran, with both sides reportedly engaging in conflict escalation. Nonetheless, Israel, Lebanon, and the US released a joint statement noting that “the ceasefire is contingent on a complete cessation of Hizbollah fire and the evacuation of all Hizbollah operatives from the South Litani Sector.”

On the data, the ADP employment change data released overnight showed that the economy added 122k jobs in May from a downwardly revised 105k in April, broadly in line with expectations of 120k. The gains were more broad-based compared to past months but were still led by the education and health services. According to ADP chief economist “hiring was more broad-based in May than we’ve seen in the last few years,” and “the labor market continues to show sustained momentum going into the summer hiring season.” The ISM services were resilient at 54.5 in May, while the prices paid subcomponent was higher still at 71.3 from 70.7 in April, with the employment subcomponent down to 47.9 from 48 in April. Factory orders for April rose by 4.8% MoM sa from 1.8% in March, while durable goods orders were also up 8% MoM sa in April.

The Beige Book for May was interesting as it noted that “consumer spending remained mixed across Districts and increasingly bifurcated across income groups amid affordability pressures. Higher-income households remained resilient and less sensitive to price increase, while middle-income households were described as squeezing more life out of every dollar before deciding to spend it, and low-income consumers showed greater financial strain. Overall, there were reports of increased credit card usage, fewer retail visits, and stronger demand for necessities.” This was juxtaposed against resilient manufacturing activity across nine out of ten districts. On the labour market, the release noted that “most Districts described a low-hire, low-fire environment, with workers increasingly reluctant to change jobs because of economic uncertainty” while “prices increased at a moderate to strong pace overall, with most Districts reporting higher inflation than the previous report.” The release added that “Districts noted that energy-related costs tied to the conflict in the Middle East were the primary driver of inflationary pressures, with spillovers into shipping, packaging, groceries, and fertilizer.”

Market Watch: Markets will likely continue to remain headline driven on geopolitics, data and domestic idiosyncratic factors. The data releases for today include Australia’s April trade, Eurozone April retail sales, US Challenger job cuts and US weekly jobless and continuing claims. In terms of central bank action, BoE’s Bailey, RBA’s Bullock, ECB’s Lagarde, Fed’ Barkin, Bowman and Daly are expected to speak at various events through the day.

Key Market Movements

Equity	Value	% chg
S&P 500	7553.7	-0.7%
DJIA	50687	-1.2%
Nikkei 225	68402	2.5%
SH Comp	4084.0	0.2%
STI	5138.2	0.8%
Hang Seng	25633	-1.6%
KLCI	1672.7	-0.6%
	Value	% chg
DXY	99.529	0.3%
USDJPY	160.07	0.1%
EURUSD	1.1597	-0.3%
GBPUSD	1.3418	-0.4%
USDIDR	17950	0.6%
USDSGD	1.2834	0.3%
SGDMYR	3.1178	0.5%
	Value	chg (bp)
2Y UST	4.08	3.93
10Y UST	4.49	5.13
2Y SGS	1.53	2.50
10Y SGS	2.05	3.45
3M SORA	1.05	-0.15
3M SOFR	3.64	-0.04
	Value	% chg
Brent	97.81	1.9%
WTI	96.02	2.4%
Gold	4435	-1.2%
Silver	72.71	-3.2%
Palladium	1307	-4.8%
Copper	13825	-1.5%
BCOM	137.15	0.0%

Source: Bloomberg

Major Markets

CH: Passenger vehicle market remained soft in May. Retail sales totaled 1.545 million units, declining 20% YoY, although sales rebounded 12% MoM from the seasonal weakness in April. Within the overall market, NEV sales continued to outperform. Retail sales of NEVs reached 974,000 units, down a more modest 5% YoY but rising 15% MoM, suggesting that the ongoing electrification trend remains intact despite broader weakness in consumer demand. Separately, PBoC Deputy Governor Lu Lei announced that Macau has officially joined the mBridge (Multiple CBDC Bridge) project and is progressing with sandbox testing of the digital Macau pataca. The Monetary Authority of Macau has completed system connectivity with existing mBridge participants and, from 2 June, officially opened the platform to local banks for cross-border transaction settlement. The development marks another step forward in the expansion of mBridge and underscores the growing role of central bank digital currencies (CBDCs) in facilitating cross-border payments within the region.

ID: Danantara Investment Management (DIM) hired banks to arrange fixed-income investor meetings across Asia, Europe and the US as part of preparations for a potential USD bond issuance, as reported by Bloomberg. The offering memorandum said the notes would not carry a government guarantee, while proceeds would be used for general corporate purposes, including investments and refinancing of outstanding borrowings. Separately, S&P Global Ratings assigned DIM a BBB rating, the same as Indonesia's sovereign rating, citing "an almost certain likelihood that the Indonesian government would provide timely and sufficient extraordinary support to the company in times of need."

MY: Plantation and Commodities Minister Noraini Ahmad said the implementation of B15 biodiesel from 1 Jun is aimed at strengthening Malaysia's energy security, reducing reliance on fossil fuels and providing an alternative fuel source during potential diesel supply disruptions. She said B15 is expected to utilise around 0.8mn tonnes of crude palm oil annually without affecting exports, while Malaysia has the infrastructure and logistics capacity to support a gradual increase in biodiesel blending rates. Separately, Science, Technology and Innovation Minister Chang Lih Kang said Malaysia's gas supply remains adequate for now, with around 80% of electricity generation supported by domestic sources. He said authorities continue to monitor industry developments, but there is currently no major concern over supply adequacy.

PH & VN: The Philippines and Vietnam are targeting an expansion of bilateral trade to USD20bn from the current USD15bn, while aiming to narrow a trade imbalance that largely favours Vietnam. Agriculture Secretary Francisco Tiu Laurel Jr. said that Manila is exploring opportunities to increase exports to Vietnam and address implementation issues in agricultural trade agreements, particularly in the rice sector, where Vietnam remains the Philippines' largest supplier. Beyond raising trade volumes, Manila is pushing for stronger contract enforcement mechanisms in agricultural transactions. Agriculture Secretary Tiu Laurel highlighted the recurring issue of Vietnamese suppliers rescinding contracts when global prices rise. Vietnam's Industry and Trade Minister Le Manh Hung acknowledged the problem and assured that it would be raised with the relevant authorities for further discussions. Beyond agriculture, the two countries are also seeking deeper cooperation in tourism, including more direct flights under the Tourism Cooperation Program 2026–2029.

ESG

Rest of the world: The Philippines saw a 36% increase in electric vehicle (EV) sales in 1Q 2026 as high fuel prices are driving the shift to EVs. However, the surge in EV demand has exposed challenges, including limited supply and inadequate charging infrastructure. Most of the EV brands have long waiting lists for consumers due to the unexpected demand. Dealers are actively seeking additional vehicle allocations from overseas manufacturers to address supply shortages. As EV adoption accelerates, there is increasing pressure for governments and industry stakeholders to expand infrastructure with reliable charging technologies, as well as secure adequate EV supply to meet the rising demand. Under the government's EV roadmap, more than 7,000 charging stations are expected to be installed nationwide by 2028. Currently, only about 900 are operational.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 3-4bps higher while belly tenors traded 4-5bps higher and 10Y traded 5bps higher.
- US Investment Grade spreads widened 1bp to 73bps yesterday while US High Yield spreads widened 5bps to 263bps. Bloomberg Global Contingent Capital Index tightened 2bps to 221bps.
- Bloomberg Asia USD Investment Grade traded flat at 50bps yesterday, which is around all-time lows, while Asia USD High Yield spreads tightened 3bps to 364bps. (Bloomberg, OCBC)

New Issues:

- There were no notable issuances in the Singdollar market yesterday.
- The total issuance volumes for APAC and DM IG markets yesterday were USD2.15bn and USD1.58bn respectively (prior day: USD1.75bn and USD14.8bn respectively). The largest issuance in DM IG market came from Dominion Energy Inc which priced a USD825mn 10Y fixed bond at T+90bps, while in the APAC market Bank of New Zealand priced USD1.0bn of debt in two tranches. (Bloomberg, OCBC)

Recent Coverage Developments:

- Industry Outlook – Singapore Property: The government will be launching 4,745 private residential units via the 2H2026 Confirmed List (1H2026: 4,575 units). While this is similar or slightly lower than levels since 2H2023, the total units (9,320) for the full year supply is more than 50% higher than the past 10Y average.
- Mapletree Investments Pte Ltd (“MAPLSP”) reported revenue of ~SGD2.2bn in FY2026, stable y/y while profit after tax and minority interest (“PATMI”) was SGD285.6mn, increasing by 25.7% y/y due to lower asset revaluation losses. Recurring PATMI increased to SGD622.8mn in FY2026 versus SGD606.6mn in FY2025.
- UniCredit SpA (“UniCredit”) has achieved a ~34% effective ownership stake in Commerzbank AG (“CMZB”) following the tendering of ~7.6% of CMZB’s shares as part of UniCredit’s voluntary public takeover offer. This is despite the board of managing directors and supervisory board of CMZB earlier recommending that shareholders reject UniCredit’s voluntary public takeover offer.

Equity Market Updates

US: US stocks declined Wednesday as fresh clashes between the United States and Iran stalled ceasefire negotiations and extended the timeline for reopening the Strait of Hormuz, sending oil prices roughly 2% higher towards USD98 a barrel and reviving rate-hike concerns. The S&P 500 fell 0.7%, snapping a nine-session winning streak and posting its largest single-day decline since 15 May 2026; the Dow dropped 1.2%, shedding over 620 points; and the Nasdaq lost 0.9%, though it still registered its fifth-highest close on record. Technology led declines, with Nvidia falling approximately 3.6% as the index's largest drag, while Microsoft and Amazon also sold off sharply; energy was the sole sector to gain. Stronger-than-expected private-sector employment data from ADP reinforced expectations that the Federal Reserve may raise rates, a view echoed by Fed's Williams who noted no obvious argument to change rates currently. Treasury yields rose sharply across the curve, their largest single-day move since 19 May 2026, with the 10-year yield climbing approximately 4.6 basis points to 4.49% and the 30-year approaching 5.00%, as rising oil prices added to inflationary pressures globally.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	99.529	0.31%	USD-SGD	1.2834
USD-JPY	160.07	0.10%	EUR-SGD	1.4880
EUR-USD	1.160	-0.29%	JPY-SGD	0.8015
AUD-USD	0.713	-0.71%	GBP-SGD	1.7218
GBP-USD	1.342	-0.36%	AUD-SGD	0.9146
USD-MYR	3.999	0.86%	NZD-SGD	0.7519
USD-CNY	6.779	0.22%	CHF-SGD	1.6198
USD-IDR	17950	0.63%	SGD-MYR	3.1178
USD-VND	26343	0.05%	SGD-CNY	5.2769

Equity and Commodity

Index	Value	Net change
DJIA	50,687.07	-620.72
S&P	7,553.68	-56.10
Nasdaq	26,853.97	-239.93
Nikkei 225	68,402.13	1667.89
STI	5,138.24	40.82
KLCI	1,672.74	-10.33
JCI	5,941.07	-254.36
Baltic Dry	3,205.00	-17.00
VIX	16.06	0.29

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	1.9910	1.37%	1M	3.6130
3M	2.2760	1.38%	2M	3.6339
6M	2.5400	0.83%	3M	3.6513
12M	2.7860	0.91%	6M	3.7144
			1Y	3.8647

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.53 (+0.03)	4.07(--)
5Y	1.72 (+0.04)	4.22 (+0.05)
10Y	2.05 (+0.03)	4.48 (+0.05)
15Y	2.05 (+0.03)	--
20Y	2.01 (+0.02)	--
30Y	2.06 (+0.02)	4.98 (+0.04)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/17/2026	0.034	3.400	0.009	3.626
07/29/2026	0.120	8.600	0.030	3.648
09/16/2026	0.328	20.900	0.082	3.700
10/28/2026	0.500	17.100	0.125	3.743
12/09/2026	0.809	30.900	0.202	3.820

Financial Spread (bps)

Value	Change	
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.63
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	96.02	2.4%	Corn (per bushel)	4.315	-2.0%
Brent (per barrel)	97.81	1.9%	Soybean (per bushel)	11.540	-1.0%
Heating Oil (per gallon)	384.81	4.0%	Wheat (per bushel)	5.873	-2.6%
Gasoline (per gallon)	313.16	-0.4%	Crude Palm Oil (MYR/MT)	46.050	#DIV/0!
Natural Gas (per MMBtu)	3.21	1.5%	Rubber (JPY/KG)	4.238	2.5%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13825	-1.5%	Gold (per oz)	4435	-1.2%
Nickel (per mt)	18871	-2.0%	Silver (per oz)	72.71	-3.2%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
6/04/2026 2:00	US	Fed Releases Beige Book					
6/04/2026 5:00	SK	Foreign Reserves	May	--	\$426.99b	\$427.88b	--
6/04/2026 9:30	AU	Trade Balance	Apr	A\$1600m	--	-A\$1841m	--
6/04/2026 9:30	AU	Exports MoM	Apr	--	--	-2.70%	--
6/04/2026 9:30	AU	Imports MoM	Apr	--	--	14.10%	--
6/04/2026 17:00	EC	Retail Sales MoM	Apr	-0.30%	--	-0.10%	--
6/04/2026 17:00	EC	Retail Sales YoY	Apr	0.30%	--	1.20%	--
6/04/2026 17:30	US	Challenger Job Cuts YoY	May	--	--	-20.90%	--
6/04/2026 17:30	US	Challenger Job Cuts Total	May	--	--	83387	--
6/04/2026 20:30	US	Nonfarm Productivity	1Q F	0.40%	--	0.80%	--
6/04/2026 20:30	US	Unit Labor Costs	1Q F	2.40%	--	2.30%	--
6/04/2026 20:30	US	Initial Jobless Claims	30-May	215k	--	215k	--
6/04/2026 20:30	US	Initial Claims 4-Wk Moving Avg	30-May	--	--	209.00k	--
6/04/2026 20:30	US	Continuing Claims	23-May	1780k	--	1786k	--

Source: Bloomberg

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