

Daily Treasury Outlook

Highlights

Global: US equities ended mixed overnight, with the Dow Jones rising 1.7% to a fresh record high and the S&P 500 gaining 0.4%, while the Nasdaq slipped 0.1%. The move reflected a rotation away from AI-related technology stocks after Broadcom's softer AI revenue outlook weighed on semiconductor names. US labour data remained consistent with a stable but gradually cooling labour market. Initial jobless claims rose to 225k, above expectations of 215k, although the level remains low by historical standards. Continuing claims declined to 1.78mn, while attention now turns to tonight's nonfarm payrolls report, where consensus expects 88k job gains and the unemployment rate to remain at 4.3%. Separately, nonfarm business productivity was revised lower to a 0.3% annualised gain in 1Q26 from 0.8% previously. On geopolitics, little progress is seen in US-Iran ceasefire talks after escalating tensions, as Hezbollah rejected a US-backed Lebanon truce. US President Trump says negotiations are near completion, but Iran reports no progress. Cross-border strikes continue, and Tehran demands an end to Israeli attacks, while Hezbollah calls the ceasefire proposal "absurd."

Market Watch: For the day ahead, key releases include CPI from the Philippines, Thailand and Taiwan, Singapore's April retail sales and India's 1Q26 GDP. The RBI rate decision will also be in focus (OCBC: +25bp to 5.50%), alongside remarks from RBA Deputy Governor Andrew Hauser in Sydney. Later tonight, markets will watch US May nonfarm payrolls, with consensus expecting 88k job gains in May (from 115k in April) and unemployment to hold at 4.3%.

SG: Office of the US Trade Representative (USTR) has proposed double-digit tariffs on 60 countries citing "forced labour" on 2 June, using Section 301 of the Trade Act of 1974 as the legal basis. This comprised of 10% tariffs on imports from Canada, EU, UK, Indonesia, Mexico, Pakistan, Argentina, Bangladesh, Cambodia, El Salvador, Guatemala, Malaysia and Taiwan, whilst the remaining 45 countries which includes Singapore, China and India amongst others will face higher tariffs of 12.5%. This tariff is expected to replace the 10% global tariff that is set to expire in late July. The direct impact on Singapore's economy is likely to be manageable as it only covers roughly 1/3 of exports and because many of our key exports to the US, including semiconductors and pharmaceuticals, are exempt from the proposed tariffs. However, the bigger concern is that this adds to growing trade policy uncertainty and signals a further shift towards protectionism. Businesses are likely to focus increasingly on supply-chain diversification and market diversification as a result. The more significant risk may not be this specific measure, but whether it is followed by additional trade actions under the ongoing USTR investigations such as that on excess manufacturing capacity. Companies will be watching closely for signs that tariff measures are becoming broader and more permanent features of the global trading landscape.

Key Market Movements

Equity	Value	% chg
S&P 500	7584.3	0.4%
DJIA	51562	1.7%
Nikkei 225	67471	-1.4%
SH Comp	4057.8	-0.6%
STI	5067.5	-1.4%
Hang Seng	25253	-1.5%
KLCI	1683.3	0.6%
	Value	% chg
DXY	99.413	-0.1%
USDJPY	160.02	0.0%
EURUSD	1.1611	0.1%
GBPUSD	1.3424	0.0%
USDIDR	18033	0.5%
USDSGD	1.2846	0.1%
SGDMYR	3.1260	0.3%
	Value	chg (bp)
2Y UST	4.04	-3.93
10Y UST	4.47	-2.17
2Y SGS	1.60	7.10
10Y SGS	2.09	3.69
3M SORA	1.06	0.16
3M SOFR	3.64	-0.06
	Value	% chg
Brent	95.03	-2.8%
WTI	93.04	-3.1%
Gold	4475	0.9%
Silver	73.88	1.6%
Palladium	1311	0.3%
Copper	13932	0.8%
BCOM	135.58	-1.1%

Source: Bloomberg

Major Markets

ID: Parliament passed financial sector legislation that broadens Bank Indonesia's role in supporting growth and gives lawmakers scope to make binding recommendations to independent financial institutions, including BI, the Financial Services Authority and the Indonesia Deposit Insurance Corporation, as reported by Reuters. Finance Minister Purbaya Yudhi Sadewa said the bill includes a new mechanism related to the removal of BI board of governors members, adds creating an economic environment conducive to real sector growth and job creation to BI's policy goals, and supports financial sector reforms aimed at higher and sustainable growth. The legislation also covers rules on Danantara's bond issuance, the demutualisation of the Indonesia Stock Exchange, a bourse for minerals and strategic commodities, and the proposed creation of an international financial centre.

MY: Prime Minister Anwar Ibrahim renewed his call for the Asean Power Grid, saying surging electricity demand from Strait of Hormuz shipping disruptions and data centre growth requires secure, affordable and sustainable energy. He said AI can improve grid efficiency, renewable generation forecasting and industrial energy use, but its growth must not outpace the sustainability ambitions it is expected to support. Separately, Miti said it is addressing a legal gap identified by the US Trade Representative on screening forced labour content in third-country goods, after the US proposed a 10% tariff on Malaysian goods under Section 301, with a final decision expected in late July 2026.

TH: Thailand has become the first country to sign a memorandum of cooperation with Japan under Tokyo's new skill development and employment programme for foreign workers, which is scheduled to begin in April 2027. This new programme is designed to replace Japan's existing technical intern system, which has faced criticism for worker abuse. The agreement updates a 2019 memorandum related to the technical intern system and outlines responsibilities for both sides: Japan will certify employment plans submitted by participating firms, while Thailand will be responsible for accrediting the recruitment and training agencies that place workers in Japan. Additionally, Japan will have the authority to suspend certification of employment plans if the number of workers exceed sector-specific quotas. As of the end of 2025, there were ~11,600 Thai trainees in Japan. Japan also intends to update similar memorandums with 16 other partner countries, including Vietnam and Indonesia.

ESG

Rest of the world: The European Union will develop minimum energy-efficiency standards for both new and existing data centres, as concerns grow over their rapidly rising power use with the surge in computing in AI. EU data centre capacity is expected to more than double in the coming years, reaching 28 GW by 2030 from 12 GW last year. That expansion will lift their share of EU electricity consumption beyond the current 2.5%. The EU is also working on a sustainability label for data centres, covering criteria including water use and clean energy supply, which large facilities would have to make public. This can set a benchmark for other countries facing similar challenges with rising power use from the AI boom.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading flat to 2bps higher while belly tenors traded 2-3bps higher and 10Y traded 2bps higher.
- US Investment Grade spreads traded flat at 72bps yesterday while US High Yield spreads traded flat at 263bps. Bloomberg Global Contingent Capital Index widened 2bps to 223bps.
- Bloomberg Asia USD Investment Grade widened 1bps to 51bps yesterday, while Asia USD High Yield spreads widened 5bps to 369bps. (Bloomberg, OCBC)

New Issues:

- There were two notable issuances in the Singdollar market yesterday, where Cagamas Global PLC (guarantor: Cagamas Bhd) priced a SGD100mn 1Y fixed bond at 1.75% and Keppel Ltd priced a SGD325mn PerpNC3 subordinated fixed perpetual at 3.3%.
- The total issuance volumes for APAC and DM IG markets yesterday were zero and USD8.5bn respectively (prior day: USD2.15bn and USD1.58bn respectively). The largest issuance in DM IG market came from Mastercard Inc which priced USD5bn of debt in five tranches. (Bloomberg, OCBC)

Recent Coverage Developments:

- Deutsche Bank AG's Chief Financial Officer Raja Akram attended the Goldman Sachs 30th European Financials Conference and shared his insights, including an increase in confidence in hitting its EUR33bn 2026 revenue target with strong FICC-led growth, manageable cost targets and improving credit quality, while maintaining solid capital levels despite near-term risks and a softer German economic outlook.
- Commerzbank AG ("CMZB") responded to UniCredit SpA's statement yesterday that it has achieved a ~34% effective ownership stake in CMZB following the tendering of ~7.6% of CMZB's shares as part of UniCredit's voluntary public takeover offer, calling it misleading and recommending a critical assessment by Germany's Federal Financial Supervisory Authority.

Equity Market Updates

US: US stocks advanced Thursday as a sharp rotation out of technology into financials, healthcare, and other "old economy" sectors drove a divergent session. The DJIA surged 1.7% to a fresh record — its 15th record close of 2026 and largest one-day percentage gain since 17 Apr 2026 — while the S&P 500 rose 0.4%, extending its winning streak to 10 of the last 11 sessions; the Nasdaq edged down 0.1%, with the Nasdaq 100 falling 0.5% as chipmakers bore the brunt of selling. Broadcom tumbled approximately 12% — its steepest single-day drop since January 2025 — after its AI chip revenue guidance, whilst strong in absolute terms, fell short of elevated investor expectations, dragging the broader semiconductor sector down 2.2%. Financials gained 2.7%, their best session since 22 Apr 2026, led by Goldman Sachs, JPMorgan, and American Express, whilst UnitedHealth rose 5.2% following a Bank of America upgrade. A conditional Israel-Lebanon ceasefire, which raised prospects of progress on US-Iran talks, weighed on oil prices and supported a bull-steepening in Treasuries, with yields falling 2–3.5 basis points across the front end; the 10-year yield settled at 4.47%. Markets are positioned cautiously ahead of Friday's US non-farm payrolls release, with bond traders increasingly pricing in the possibility of a Fed rate hike over the next 12 months.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.413	-0.12%	USD-SGD	1.2846
USD-JPY	160.02	-0.03%	EUR-SGD	1.4916
EUR-USD	1.161	0.12%	JPY-SGD	0.8027
AUD-USD	0.713	0.07%	GBP-SGD	1.7246
GBP-USD	1.342	0.04%	AUD-SGD	0.9164
USD-MYR	4.012	0.34%	NZD-SGD	0.7537
USD-CNY	6.775	-0.06%	CHF-SGD	1.6270
USD-IDR	18033	0.46%	SGD-MYR	3.1260
USD-VND	26335	-0.03%	SGD-CNY	5.2721

Equity and Commodity		
Index	Value	Net change
DJIA	51,561.93	874.86
S&P	7,584.31	30.63
Nasdaq	26,830.96	-23.01
Nikkei 225	67,470.69	-931.44
STI	5,067.53	-70.71
KLCI	1,683.26	10.52
JCI	5,839.79	-101.28
Baltic Dry	3,124.00	-81.00
VIX	15.40	-0.66

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.0140	1.16%	1M	3.6143
3M	2.2990	1.01%	2M	3.6340
6M	2.5490	0.35%	3M	3.6496
12M	2.8010	0.54%	6M	3.7057
			1Y	3.8407

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.6 (+0.07)	4.04(-)
5Y	1.74 (+0.03)	4.18 (-0.03)
10Y	2.09 (+0.04)	4.47 (-0.02)
15Y	2.08 (+0.03)	--
20Y	2.05 (+0.03)	--
30Y	2.09 (+0.03)	4.97 (-0.02)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/17/2026	0.017	1.700	0.004	3.621
07/29/2026	0.102	8.600	0.026	3.642
09/16/2026	0.272	16.900	0.068	3.685
10/28/2026	0.402	13.100	0.101	3.717
12/09/2026	0.667	26.500	0.167	3.784

Financial Spread (bps)		
Value	Change	
TED	35.36	--
Secured Overnight Fin. Rate		
SOFR	3.61	

Commodities Futures						
Energy	Futures	% chg	Soft Commodities	Futures	% chg	
WTI (per barrel)	93.04	-3.1%	Corn (per bushel)	4.245	-1.6%	
Brent (per barrel)	95.03	-2.8%	Soybean (per bushel)	11.295	-2.1%	
Heating Oil (per gallon)	367.38	-4.5%	Wheat (per bushel)	5.818	-0.9%	
Gasoline (per gallon)	303.83	-3.0%	Crude Palm Oil (MYR/MT)	45.310	-1.6%	
Natural Gas (per MMBtu)	3.34	3.8%	Rubber (JPY/KG)	4.150	-2.1%	
Base Metals	Futures	% chg	Precious Metals	Futures	% chg	
Copper (per mt)	13932	0.8%	Gold (per oz)	4475	0.9%	
Nickel (per mt)	18689	-1.0%	Silver (per oz)	73.88	1.6%	

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
6/05/2026 7:00	SK	BoP Current Account Balance	Apr	--	\$28292.3m	\$37327.1m	\$37928.4m
6/05/2026 7:00	SK	BoP Goods Balance	Apr	--	\$33884.8m	\$35074.8m	\$35676.5m
6/05/2026 9:00	PH	CPI YoY 2018=100	May	7.80%	--	7.20%	--
6/05/2026 9:00	PH	CPI NSA MoM 2018=100	May	0.60%	--	2.60%	--
6/05/2026 11:00	TH	CPI YoY	May	3.10%	--	2.89%	--
6/05/2026 11:00	TH	CPI NSA MoM	May	0.42%	--	2.75%	--
6/05/2026 11:00	TH	CPI Core YoY	May	0.90%	--	0.83%	--
6/05/2026 12:30	IN	RBI Repurchase Rate	5-Jun	5.25%	--	5.25%	--
6/05/2026 15:30	TH	Gross International Reserves	29-May	--	--	\$285.6b	--
6/05/2026 15:30	TH	Forward Contracts	29-May	--	--	\$22.3b	--
6/05/2026 16:30	HK	Foreign Reserves	May	--	--	\$442.1b	--
6/05/2026 16:30	UK	DMP 3M Output Price Expectations	May	4.00%	--	3.80%	--
6/05/2026 16:30	UK	DMP 1 Year CPI Expectations	May	3.90%	--	4.00%	--
6/05/2026 17:00	EC	Govt Expend QoQ	1Q	0.50%	--	0.50%	--
6/05/2026 17:00	EC	Gross Fix Cap QoQ	1Q	0.20%	--	0.60%	0.70%
6/05/2026 17:00	EC	Household Cons QoQ	1Q	0.20%	--	0.40%	0.40%

Source: Bloomberg

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