

Daily Treasury Outlook

Highlights

Global: Sharp repricing of US rates outlook: US' May nonfarm payrolls (NFP) surprised on the upside at 172k (forecast: 88k) with the April NFP also revised higher from 115k to 179k to bring the net 2-month revision to +93k and the 3-month moving average NFP to 188k. Key sectors contributing to the robust hiring conditions were leisure and hospitality, healthcare and local government, while the manufacturing sector also reverted to adding 7k jobs whereas financial activities (-22k, bringing job losses to 107k since May 2025 peak), information (-2k) softened. The US' employment rate held steady at 4.3%, but the average hourly earnings eased from 3.6% YoY to 3.4% YoY (0.3% MoM). Market expectations for a potential Fed rate hike has increased post-NFP, with a 25bp hike priced in by end-year, driving the S&P500 down 2.64% and Nasdaq seeing the worst session (-4.2%) since the April 2025 "Liberation day" tariff rout, the 2- and 10-year UST bond yields up to 4.16% (highest close in 16 months) and 4.53% (+6bps) respectively as investor see good US' labour market data as a prelude to Fed rate tightening.

Market Watch: Asian markets are likely to consolidate today amid the growing headwinds of a hawkish repricing of the Fed rate trajectory, elevated energy prices with the US-Iran war stalemate and the AI stock swoon. Today's economic data calendar comprises of Indonesia's May foreign reserves (which will be of interest given the IDR pressure and intervention), Japan's Eco Watchers survey, and Germany's April factory orders. For the week ahead, watch for South Korea's preliminary 1Q26 GDP growth, China and Taiwan's May trade data, and US' ADP employment data tomorrow; China and US' inflation data ND bank of Canada's policy decision (likely static at 2.25%) on Wednesday; ECB' policy decision (a 25bp rate hike to 2.25%/for the deposit facility rate, 2.4% for the main refinancing rate and 2.65% for the marginal lending facility rate, while ECb president Lagarde's rhetoric for future intentions will be key) on Thursday; and Malaysia and UK's April industrial production on Friday. China's monetary aggregates data is also due this week.

SG: April retail sales accelerated to 5.4% YoY (0.3% MoM sa), up from a revised 4.6% YoY (3.4% MoM sa) in March, boosted by motor vehicles (10.7% YoY) and petrol service stations (14.4% YoY amid higher pump prices). Retail sales excluding autos also improved from 3.0% YoY to 4.5% YoY. Notably, sales of food and alcohol picked up speed sequentially at 7.1% MoM sa, which more than offset weaker sales of computer & telecom equipment (-5.1% MoM as).

Key Market Movements

Equity	Value	% chg
S&P 500	7383.7	-2.6%
DJIA	50867	-1.3%
Nikkei 225	66588	-1.3%
SH Comp	4027.7	-0.7%
STI	5050.0	-0.3%
Hang Seng	24962	-1.2%
KLCI	1693.4	0.6%
	Value	% chg
DXY	100.069	0.7%
USDJPY	160.29	0.2%
EURUSD	1.1522	-0.8%
GBPUSD	1.3342	-0.6%
USDIDR	18020	-0.1%
USDSGD	1.2907	0.5%
SGDMYR	3.1407	0.5%
	Value	chg (bp)
2Y UST	4.15	10.39
10Y UST	4.53	5.74
2Y SGS	1.60	-0.20
10Y SGS	2.09	0.00
3M SORA	1.06	0.14
3M SOFR	3.64	-0.03
	Value	% chg
Brent	93.09	-2.0%
WTI	90.54	-2.7%
Gold	4328	-3.3%
Silver	67.83	-8.2%
Palladium	1226	-6.5%
Copper	13520	-3.0%
BCOM	132.63	-2.2%

Source: Bloomberg

Major Markets

ID: The Coordinating Ministry for Economic Affairs said the USTR plans to grant 18 tariff exclusion requests submitted by Indonesia under the Section 301 investigation. Coordinating Minister Airlangga Hartarto noted that the exclusions showed Indonesia's efforts to resolve trade bottlenecks, while USTR acknowledged Indonesia's commitment to enforcing labour laws and placed Indonesia alongside Canada, Ecuador, the EU, Mexico and Pakistan. The exemptions are expected to take effect after 24 Jul 2026 or upon completion of global tariff implementation, while remaining issues include US concerns over the import licensing system and Indonesia's push for copper cathode exports from Freeport-McMoRan to be exempted from Section 232 tariffs.

MY: Prime Minister Anwar Ibrahim said the government would continue absorbing fuel subsidy costs during the global supply crisis and rejected fuel price increases that would burden the people. He said fuel subsidy costs had previously risen as high as MYR7.0bn a month before easing to MYR4.0bn, adding that the government could cover the cost through austerity measures and by stopping leakage without taking on new debt, as reported by The Edge. Separately, PM Anwar is scheduled to visit Japan from 8 to 10 Jun, where he will meet Prime Minister Sanae Takaichi to discuss bilateral and regional issues, deliver speeches at Tokyo University and the Nikkei Forum, and join business roundtables on high-value investment opportunities in Malaysia.

PH: Headline inflation eased to 6.8% YoY in May, down from 7.2% in April. The main drivers were lower inflation in the 'food & non-alcoholic beverages' (5.7% YoY versus 6.0% in April), 'housing, water, electricity, gas & other fuels' (7.8% versus 8.2%) and 'transport' (16.2% versus 21.4%) categories. This was more than offset by higher inflation in the 'alcoholic beverages & tobacco', 'clothing & footwear', 'furnishings, HH equip & routine HH maintenance', 'health', 'recreation, sport & culture', 'restaurants & accommodation services', and 'personal care & misc goods & services' categories. Meanwhile, the May core CPI rose higher to 4.1% YoY, up from 3.9% in the previous month. Despite the moderation in inflation, the Department of Economy, Planning and Development (DEPDev) shared that the government will continue to implement measures to ease inflationary pressures arising from elevated global oil prices. Additionally, DEPDev Secretary Arsenio Balisacan stated that, "while the easing of inflation in May is encouraging, we recognize that price pressures remain elevated. Thus, well-targeted government interventions are critical to cushioning the impact of domestic shocks such as weather disturbances and external headwinds such as ongoing geopolitical tensions, while preserving business continuity."

TH: Headline CPI eased to 2.8% YoY in May, down from 2.9% in April. The main drivers were lower inflation in the 'food & non-alcoholic beverages' (0.9% YoY versus 1.0% in April), 'medical & personal care' (-1.2% versus -0.8%) and 'transport & communication' (11.1% versus 11.4%) categories. In contrast, core inflation edged higher to 0.9% YoY, up from 0.8% in April. Nantapong Chiralerspong, head of the Trade Policy and Strategy Office, shared that inflation is anticipated to pick up in June, potentially rising to 3%. The Commerce Ministry maintains its 2026 inflation forecast at 1.5-2.5%.

ESG

MY: Malaysia faces challenges in adopting carbon capture, utilisation and storage (CCUS) due to funding and technology limitations. Following the introduction of the CCUS Act 2025 and other supporting measures, the overall CCUS ecosystem in Malaysia still needs to be developed. As CCUS has been identified as an important decarbonisation lever towards achieving its net-zero target, the Ministry of Economy has partnered with countries such as Japan, Singapore and South Korea for collaboration in CCUS initiatives. The government is also preparing supporting guidelines to ensure that opportunities created by the CCUS industry are not limited to large corporations and multinational players. According to Wood Mackenzie, CCUS costs are projected to decline by 50-60% between now and 2050, as CCUS technology improves and the broader industry scales.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded flat to lower last Friday with shorter tenors trading flat to 1bps lower while belly tenors traded 1bps lower and 10Y traded 1bps lower.
- US Investment Grade spreads widened by 1bps to 73bps last Friday while US High Yield spreads widened by 2bps to 265bps. Bloomberg Global Contingent Capital Index tightened by 5bps to 218bps.
- Bloomberg Asia USD Investment Grade tightened by 1bps to 50bps last Friday, while Asia USD High Yield spreads tightened by 10bps to 359bps. (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 last Friday were USD200.5mn and USD4bn respectively (prior day: zero and USD8.5bn respectively). The largest issuance in DM IG market came from Bank of Nova Scotia/The (guarantor: Scotiabank Covered Bond Guarantor LP) which priced a USD4bn 5Y secured FRN at SOFR+52bps. (Bloomberg, OCBC)

Recent Coverage Developments:

- Share prices of AIA Group Limited, FWD Group Holdings Ltd, Prudential PLC fell by 6.7%, 1.9% and 7.6% respectively on 4 June 2026, following news that some banks have suspended the opening of HKSAR bank accounts for clients in mainland China that could be used for overseas investments. The move is part of a broader effort to stem capital flight after China launched a crackdown on illegal cross-border trading, with HKSAR banks tightening scrutiny of mainland Chinese clients opening savings and investment accounts.

Equity Market Updates

US: US stocks fell sharply on Friday, 6 Jun 2026, as a blowout May jobs report triggered a broad repricing of Federal Reserve policy expectations, with traders fully pricing in a 25 basis-point rate hike by December and assigning roughly a 60% probability of a move as early as October. The S&P 500 dropped 2.6% — its worst single-day decline since October — the Nasdaq Composite plunged 4.2%, its steepest fall since April 2025, and the Dow shed 1.4%. Technology led losses, falling 5.8%, with chipmakers particularly hard hit: Nvidia slid 6.2%, AMD fell 11%, and Micron dropped 13.3%, sending the Philadelphia Semiconductor Index down as much as 9.6%, its largest one-day drop in over a year. Consumer staples outperformed as investors rotated into defensives. Nonfarm payrolls surged by 172,000 in May against an 88,000 consensus estimate, with March and April revised sharply higher. Treasury yields surged across the curve, with the 2-year jumping as much as 13 basis points — its biggest one-day rise since Trump's April 2025 tariff shock — and the 10-year climbing approximately 7 basis points to 4.55%, while the 30-year breached 5%. The VIX spiked 40%, its largest jump since 4 Apr 2025. Separately, Chinese President Xi Jinping begins a two-day visit to Pyongyang today, his first in seven years, as Beijing seeks to reassert influence over North Korea amid its deepening alliance with Russia.

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)	90.54	-2.7%	Corn (per bushel)	4.175	-1.6%	
Brent (per barrel)	93.09	-2.0%	Soybean (per bushel)	11.215	-0.7%	
Heating Oil (per gallon)	358.74	-2.4%	Wheat (per bushel)	5.800	-0.3%	
Gasoline (per gallon)	304.59	0.3%	Crude Palm Oil (MYR/MT)	44.920	-0.9%	
Natural Gas (per MMBtu)	3.23	-3.2%	Rubber (JPY/KG)	4.162	0.3%	

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13520	-3.0%	Gold (per oz)	4328	-3.3%
Nickel (per mt)	18581	-0.6%	Silver (per oz)	67.83	-8.2%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
08/06/2026	JN	GDP Annualized SA QoQ	1Q F	0.014	0.018	0.021	--
08/06/2026	JN	GDP SA QoQ	1Q F	0.003	0.005	0.005	--
08/06/2026	JN	BoP Current Account Balance	Apr	¥3119.0b	¥3907.8b	¥4681.5b	--
08/06/2026	JN	GDP Deflator YoY	1Q F	0.034	0.032	0.034	--
08/06/2026	JN	Trade Balance BoP Basis	Apr	¥512.6b	¥395.7b	¥830.5b	--
08/06/2026	JN	GDP Nominal SA QoQ	1Q F	0.006	0.006	0.008	--
08/06/2026	JN	BoP Current Account Adjusted	Apr	¥3223.3b	¥4211.1b	¥3900.6b	--
08/06/2026	JN	Bank Lending Incl Trusts YoY	May	--	0.057	0.054	--
08/06/2026	JN	Bank Lending Ex-Trusts YoY	May	--	0.063	0.06	0.059
08/06/2026	ID	Foreign Reserves	May	--	--	\$146.2b	--
08/06/2026	GE	Factory Orders MoM	Apr	-0.02	--	0.05	--
08/06/2026	GE	Factory Orders WDA YoY	Apr	0.048	--	0.063	--
08/06/2026	EC	Sentix Investor Confidence	Jun	-14	--	-16.4	--
08/06/2026	SI	Foreign Reserves	May	--	--	\$427.26b	--

Source: Bloomberg

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