

Daily Treasury Outlook

Highlights

Global: US equities closed mixed overnight, with the Dow edging higher while the S&P500 and Nasdaq closed lower. The broader macro driver remained the Middle East tensions. The US military reportedly launched strikes against Iran in response to the downing of a US Army Apache helicopter off the coast of Oman. President Trump said the two pilots are safe and uninjured, but that the US must respond to the attack. The escalation followed a weekend in which a fragile ceasefire faltered, with Israel and Iran trading some of their heaviest strikes in months. Separately, Iran pledged to maintain control over the Strait of Hormuz while criticising fresh European Union sanctions. Despite the escalation, Brent crude oil prices fell, last seen at USD 92.4/bbl, as US Energy Secretary Chris Wright said oil exports through Hormuz are rising and “will continue to rise.”

On the data front, US April trade figures showed the goods and services deficit narrowed to USD55.9bn, below the consensus estimate of USD56.1bn, while the year-to-date deficit was down USD213.5bn, or 49% YoY. Separately, the May NFIB Small Business Optimism Index fell 0.6 points to 95.3, undershooting expectations of 96.0. The Uncertainty Index rose three points to 91. The survey noted that more small business owners are struggling with significant and unpredictable increases in fuel prices, which are harder for smaller firms to pass on to customers than for larger competitors.

Market Watch: For the day ahead, the focus will be on the US CPI release. Headline inflation is expected to accelerate to 4.2% YoY in May from 3.8% in April, while core CPI is forecast to rise 2.9% YoY. Earlier in the Asian session, Japan will release producer prices, while China will publish its CPI and PPI data.

Key Market Movements

Equity	Value	% chg
S&P 500	7386.7	-0.3%
DJIA	50872	0.2%
Nikkei 225	65417	2.2%
SH Comp	4010.0	1.3%
STI	5023.3	1.2%
Hang Seng	24566	-0.4%
KLCI	1675.5	-0.2%

	Value	% chg
DXY	99.909	-0.1%
USDJPY	160.36	0.1%
EURUSD	1.1543	0.1%
GBPUSD	1.3380	0.3%
USDIDR	18060	-0.6%
USDSGD	1.2868	-0.1%
SGDMYR	3.1581	-0.1%

	Value	chg (bp)
2Y UST	4.12	-4.37
10Y UST	4.52	-4.57
2Y SGS	1.64	-2.50
10Y SGS	2.13	-4.50
3M SORA	1.07	0.35
3M SOFR	3.64	-0.01

	Value	% chg
Brent	91.45	-3.0%
WTI	88.20	-3.4%
Gold	4261	-1.6%
Silver	65.36	-4.2%
Palladium	1231	1.0%
Copper	13615	0.0%
BCOM	130.97	-1.4%

Source: Bloomberg

Major Markets

ID: Bank Indonesia (BI) hiked its policy rate by 25bp on 9 June in an intermeeting move. This follows BI's 50bp hike at its 20 May meeting, with the next meeting scheduled for 18 June. The rate hike immediately stemmed the decline in JCI with USDIDR lower and bond market sentiment supported. To sustainably backstop the recent slide in sentiment further follow through will be required from the government and BI. Government measures could include assurances to investors by either materially cutting back on flagship expenditures, providing longer timelines and constructive discussions on the recently announced export policies. From BI, we now expect a cumulative 100bp in rate hikes through to end 2026, taking the policy rate to 6.50%. This assumes 25bp in rate hikes almost every monthly meeting or larger magnitudes at some meetings.

MY: Bank Negara Malaysia said international reserves rose to USD130.6bn as of 29 May, up USD1.1bn from mid-May. The reserves are sufficient to finance 4.6 months of imports of goods and services and cover 0.9 times Malaysia's short-term external debt. Separately, Prime Minister Anwar Ibrahim urged Japanese companies to expand investments in Malaysia's semiconductors, AI, quantum computing and digital industries, while discussing opportunities in energy, halal, AI and advanced computing with executives from six Japanese companies.

PH: According to the Philippine Statistics Authority (PSA), the unemployment rate declined to 4.7% in April, down from 5.0% in March (April 2025: 4.1%). Similarly, the labour force participation rate decreased to 62.7% in April, compared to 63.3% in the previous month (April 2025: 63.7%). By economic sector, PSA reported that the largest annual increase in the number of employed persons in April were in the following areas: 'accommodation and food service activities' (510k), 'manufacturing' (259k), 'transportation and storage' (189k), 'mining and quarrying' (158k), and 'education' (107k). The Department of Economy, Planning, and Development Secretary Arsenio Balisacan stated that "the latest labor market indicators reflect both the challenges confronting the economy and the resilience of Filipino workers and businesses." He added that "the government is strengthening partnerships with the private sector to expand apprenticeship opportunities, improve certification systems, and support worker mobility toward high-value industries, such as advanced electronics, renewable energy, and digital services."

ESG

Rest of the world: Vietnam has passed the country's first set of rules governing forest carbon sequestration and storage services, as it prepares to launch its carbon exchange later this year. Decree No. 180/2026/ND-CP, which will come into effect on 1 Jul 2026, mandates "openness, transparency and accountability" in the provision and use of forest carbon services, and such services must not affect the country's international commitments related to greenhouse gas (GHG) emissions reductions. Vietnam has committed to achieving net zero emissions by 2050, as part of its Nationally Determined Contribution under the Paris Agreement. Revenues generated from the trade of forest carbon credits will be prioritised for forest protection and development, support for community livelihoods and the development of further forest carbon projects and forestry databases. This can improve Vietnam's readiness to participate in global carbon markets and enhance Article 6 cooperation.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 3-4bps lower while belly tenors traded 4-5bps lower and 10Y traded 5bps lower.
- US Investment Grade spreads traded flat at 73bps and US High Yield spreads widened by 3bps to 268bps yesterday respectively. Bloomberg Global Contingent Capital Index widened by 2bps to 221bps.
- Bloomberg Asia USD Investment Grade traded flat at 53bps yesterday while Asia USD High Yield spreads widened by 3bps to 373bps. (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 USD4.03bn and USD6.26bn respectively (prior day: USD1bn and USD9bn respectively). The largest issuance in APAC and DM IG came from Tencent Holdings Ltd (priced USD2.45bn bonds in two tranches) and Teachers Insurance & Annuity Association of America (priced a USD1.75bn 30Y fixed subordinated bond at T+105bps), respectively. (Bloomberg, OCBC)

Recent Coverage Developments:

- Starhill Global REIT has confirmed a change in CEO with Tan Peck Mun Kemmy ("Kemmy Tan") to succeed Ho Sing on 01 July, instead of 10 August 2026.
- Singapore Telecommunications Ltd's new NCS CEO, Sam Liew, shared his priorities in an exclusive interview with The Business Times.
- Johnson & Johnson ("JNJ") is acquiring new technologies to target cancer cells, where the acquisition of Firefly (biotech startup worth up to USD1bn) will allow JNJ access to technology for making new types of therapies called 'degrapher-antibody conjugates' that target tumor cells while avoiding healthy cells.

Equity Market Updates

US: US stocks fell on Tuesday as a fresh wave of technology selling collided with escalating US-Iran tensions, though a late-session rotation into economically sensitive sectors helped major indices pare steep intraday losses. The S&P 500 slipped 0.3%, recovering from a decline of more than 2% at its session trough, whilst the Nasdaq fell 1.0% — its second severe selloff within a week after Friday's 4.8% plunge, the largest single-day drop since April 2025. The Dow edged up 0.2%, buoyed by financials, which gained 1.0% as Bank of America flagged solid second-quarter trading trends. Chipmakers bore the brunt of the tech rout, sinking 4% at their worst, dragging Apple and Nvidia sharply lower. Sentiment was further rattled after Trump vowed retaliation following the downing of a US Army Apache helicopter attributed to an Iranian drone, with the VIX spiking above 23, its highest since 7 Apr 2026. After the close, US Central Command confirmed self-defence strikes against Iranian air defence and radar installations in southern Iran. Treasuries rallied, with yields falling 3 to 4 basis points across the curve — the 10-year yield settled around 4.52% — as falling oil prices, down 3.4%, drove safe-haven demand and overshadowed a USD58b three-year note auction that stopped slightly above the when-issued yield.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	99.909	-0.14%	USD-SGD	1.2868
USD-JPY	160.36	0.12%	EUR-SGD	1.4856
EUR-USD	1.154	0.08%	JPY-SGD	0.8023
AUD-USD	0.703	-0.21%	GBP-SGD	1.7215
GBP-USD	1.338	0.30%	AUD-SGD	0.9044
USD-MYR	4.060	-0.35%	NZD-SGD	0.7484
USD-CNY	6.775	-0.13%	CHF-SGD	1.6120
USD-IDR	18060	-0.65%	SGD-MYR	3.1581
USD-VND	26330	-0.03%	SGD-CNY	5.2649

Equity and Commodity

Index	Value	Net change
DJIA	50,872.11	86.10
S&P	7,386.65	-19.08
Nasdaq	25,678.82	-250.84
Nikkei 225	65,416.63	1392.03
STI	5,023.25	59.58
KLCI	1,675.50	-4.02
JCI	5,746.65	404.51
Baltic Dry	2,916.00	-65.00
VIX	19.87	0.95

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.0440	1.74%	1M	3.6186
3M	2.3510	1.69%	2M	3.6421
6M	2.5860	0.08%	3M	3.6644
12M	2.8160	-0.91%	6M	3.7498
			1Y	3.9230

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.64 (-0.02)	4.14(--)
5Y	1.8 (-0.04)	4.24 (-0.05)
10Y	2.13 (-0.04)	4.53 (-0.05)
15Y	2.11 (-0.04)	--
20Y	2.08 (-0.04)	--
30Y	2.11 (-0.04)	5.01 (-0.04)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/17/2026	0.030	3.000	0.007	3.625
07/29/2026	0.158	12.800	0.039	3.658
09/16/2026	0.454	29.600	0.113	3.731
10/28/2026	0.638	18.400	0.159	3.777
12/09/2026	1.000	36.200	0.250	3.868

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)	88.20	-3.4%	Corn (per bushel)	4.195	0.2%
Brent (per barrel)	91.45	-3.0%	Soybean (per bushel)	11.138	-0.2%
Heating Oil (per gallon)	354.18	-1.6%	Wheat (per bushel)	5.853	0.3%
Gasoline (per gallon)	302.11	-1.6%	Crude Palm Oil (MYR/MT)	44.540	-1.1%
Natural Gas (per MMBtu)	3.14	-0.2%	Rubber (JPY/KG)	4.100	-0.6%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13615	0.0%	Gold (per oz)	4261	-1.6%
Nickel (per mt)	18064	-1.5%	Silver (per oz)	65.36	-4.2%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
6/10/2026 9:30	CH	PPI YoY	May	3.90%	--	2.80%	--
6/10/2026 9:30	CH	CPI YoY	May	1.30%	--	1.20%	--
6/10/2026 9:30	CH	CPI Core YoY	May	1.20%	--	1.20%	--
6/10/2026 11:00	ID	Consumer Confidence Index	May	--	--	123	--
6/10/2026 19:00	US	MBA Mortgage Applications	5-Jun	--	--	-2.50%	--
6/10/2026 20:30	US	CPI MoM	May	0.50%	--	0.60%	--
6/10/2026 20:30	US	Core CPI MoM	May	0.30%	--	0.40%	--
6/10/2026 20:30	US	CPI YoY	May	4.20%	--	3.80%	--
6/10/2026 20:30	US	Core CPI YoY	May	2.90%	--	2.80%	--
6/10/2026 20:30	US	CPI Index NSA	May	335.143	--	333.02	--
6/10/2026 20:30	US	Core CPI Index SA	May	336.298	--	335.423	--
6/10/2026 20:30	US	Real Avg Hourly Earning YoY	May	--	--	-0.30%	--
6/10/2026 20:30	US	Real Avg Weekly Earnings YoY	May	--	--	-0.20%	--

Source: Bloomberg

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