

## Daily Treasury Outlook

### Highlights

**Global:** The incoming data, along with continued geopolitical tensions emanating from headlines from US-Iran tensions kept market sentiment skittish. The US military noted that it had launched strikes on “multiple” targets in Iran for a second consecutive day. In response, Iran media reported this morning that it targeted US fifth fleet in Bahrain. US equities ended the session on Wednesday lower (S&P: -1.62%; NASDAQ: -1.98%; Dow: -1.87%), with the DXY index edging higher along with UST yields. On the data, US headline CPI came in line with expectations at 4.2%YoY in May versus 3.8% in April. Similarly, core CPI also matched expectations at 2.9% versus 2.8% in April. On a month on month seasonally adjusted basis, gains slowed with headline CPI up 0.5% from 0.4% in April while core CPI rose by 0.2% from 0.4% in April. The main driver were the energy commodities, which rose by 6.7% MoM sa from 5.6% in April. Interestingly, transportation services CPI fell by 0.6% MoM from 0.3% in April suggesting that full cost pass-through are still uneven. The hourly wage earning contracted further by 0.7% YoY in May after dropping 0.3% in April, while average weekly earnings contracted by 0.4% YoY from -0.2% in April as labour conditions remain mixed. Fed fund futures are pricing in a 26.8bp hike by the end of 2026.

**Market Watch:** The focus remains on US-Iran headlines but also idiosyncratic domestic headlines within Asia moving markets such as Indonesia and South Korea. ECB will also hold its monetary policy meeting today and is widely expected to deliver a 25bp rate hike in response to rising price pressures. Other data releases today include Australia’s June consumer inflation expectation, US weekly initial jobless claims and continuing claims and May PPI.

### Major Markets

**ID:** The Consumer Confidence Index softened to 120.9 in May from 123.0 in April, with the Current Economic Condition Index declining to 112.2 from 116.5, while the Consumer Expectation Index edged up marginally to 129.7 from 129.6. The weaker current conditions reading was broad based, as the current income, job availability and durable goods purchase indices eased to 123.2, 105.0 and 108.3, respectively, from 128.1, 108.8 and 112.6 in the previous month. Meanwhile, the higher expectations index reflected stronger job availability and business activity expectations, while income expectations eased to 136.5 from 136.9.

**MY:** Prime Minister Anwar Ibrahim and Japanese Prime Minister Sanae Takaichi agreed to deepen Malaysia Japan cooperation in energy security, critical minerals supply chains, AI and semiconductor related fields after a bilateral summit in Tokyo on Wednesday (10 June), as reported by The Edge. Both leaders reaffirmed POWERR Asia as a platform to strengthen regional energy security, while PM Anwar committed to promote open and stable trade flows to Japan, including LNG, naphtha, urea and medical gloves. Malaysia also welcomed Japan’s USD20.0mn contribution to the ADB’s Critical Minerals to Manufacturing

### Key Market Movements

Equity	Value	% chg
S&P 500	7267.0	-1.6%
DJIA	49919	-1.9%
Nikkei 225	64179	-1.9%
SH Comp	3993.2	-0.4%
STI	4958.9	-1.3%
Hang Seng	24408	-0.6%
KLCI	1679.0	0.2%
	Value	% chg
DXY	99.947	0.0%
USDJPY	160.55	0.1%
EURUSD	1.1535	-0.1%
GBPUSD	1.3368	-0.1%
USDIDR	17953	-0.6%
USDSGD	1.2875	0.1%
SGDMYR	3.1610	0.1%
	Value	chg (bp)
2Y UST	4.14	2.52
10Y UST	4.55	3.58
2Y SGS	1.63	-0.60
10Y SGS	2.11	-2.19
3M SORA	1.07	0.35
3M SOFR	3.64	-0.04
	Value	% chg
Brent	93.10	1.8%
WTI	90.03	2.1%
Gold	4072	-4.4%
Silver	63.36	-3.1%
Palladium	1219	-1.0%
Copper	13516	-0.7%
BCOM	131.04	0.0%

Source: Bloomberg

Financing Partnership Facility, while both countries agreed to explore local currency settlement in bilateral trade and investment and reaffirmed the bilateral swap arrangement as part of the regional financial safety net.

## ESG

**ID:** Indonesia and Singapore are expanding cooperation in investment, the digital economy and green energy, with both countries advancing projects in the Batam, Bintan and Karimun region and other strategic sectors. The BBK region remains a key pillar of bilateral economic cooperation, being developed as a regional digital economy hub. Projects under development include the expansion of Nongsa Special Economic Zone and data center investments in Batam and Bintan. Both countries are advancing a solar power project developed by Sembcorp and PT Sumber Energi Surya Nusantara, which will have 200MW of generating capacity and expected to be completed next year. It will also include an 80 MWh battery energy storage system, making it one of Indonesia's largest utility-scale solar facilities. Both countries will also launch the Young Farmers Development Program later in June, to strengthen collaboration in agritech and develop a new generation of farmers equipped with modern agricultural skills.

## Credit Market Updates

### Market Commentary:

- The SGD SORA OIS curve traded lower yesterday with shorter and belly tenors trading flat to 1bps lower while 10Y traded 1bps lower.
- US Investment Grade spreads traded flat at 73bps and US High Yield spreads widened by 2bps to 270bps yesterday respectively. Bloomberg Global Contingent Capital Index traded flat at 221bps.
- Bloomberg Asia USD Investment Grade traded flat at 53bps yesterday while Asia USD High Yield spreads tightened by 3bps to 370bps. (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 USD100mn and USD370mn respectively (prior day: USD4.03bn and USD6.26bn respectively). The largest issuance in APAC and DM IG came from Kookmin Bank (priced a USD100mn 2Y FRN at SOFR+40bps) and Teachers Insurance & Annuity Association of America (priced a USD250mn repap of its TIAAGL 6.05% '56s), respectively. (Bloomberg, OCBC)

### Recent Coverage Developments:

- BP p.l.c announced that it has set up a new organizational structure to simplify the company with an aim to improve performance and value for shareholders.
- According to a Reuters report, Swiss lawmakers are considering toning down the capital requirements on UBS Group AG, potentially reducing capital backing of foreign subsidiaries to 70% or 80% of CET1 capital, against 100% when first released in April. The article also mentioned a new proposal now under consideration to rely partly on less expensive AT1 alongside CET1.

## Equity Market Updates

**US:** US stocks fell Wednesday as a confluence of escalating Middle East tensions and a renewed AI sector selloff dragged major indices to their lowest levels in five weeks. The S&P 500 dropped 1.6%, the Nasdaq declined 2.0% — its first back-to-back session with losses exceeding 1% since March — and the Dow shed 1.9%. May CPI came in at 4.2% year-on-year, the highest since early 2023, driven by energy costs linked to the Iran conflict, though core CPI rose a softer-than-expected 0.2% month-on-month, briefly paring losses before geopolitical fears reasserted themselves. President Trump threatened renewed strikes on Iran for stalling peace negotiations, lifting oil to around USD90 per barrel and hammering airline stocks. Super Micro Computer plunged 28% — its steepest single-day drop since March — after announcing a USD7b equity raise to fund AI server demand, stoking dilution concerns and dragging chipmakers down 3.6%. Amazon's expansion of its large-item shipping service sent trucking stocks including Old Dominion and FedEx Freight down sharply. After the close, Oracle fell roughly 7% in extended trading despite a Q4 earnings beat, as USD55.7b in annual capital expenditure exceeded its own USD50b guidance, raising profitability concerns. Treasury yields were little changed, with the 10-year at 4.55% and the 2-year at 4.15%, as the softer core CPI offset hawkish rate-hike bets. US futures extended losses overnight after American forces launched a second consecutive day of strikes on Iran.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.947	0.04%	USD-SGD	1.2875
USD-JPY	160.55	0.12%	EUR-SGD	1.4856
EUR-USD	1.154	-0.07%	JPY-SGD	0.8019
AUD-USD	0.700	-0.44%	GBP-SGD	1.7212
GBP-USD	1.337	-0.09%	AUD-SGD	0.9011
USD-MYR	4.070	0.25%	NZD-SGD	0.7463
USD-CNY	6.775	0.01%	CHF-SGD	1.6096
USD-IDR	17953	-0.59%	SGD-MYR	3.1610
USD-VND	26321	-0.03%	SGD-CNY	5.2639

Equity and Commodity		
Index	Value	Net change
DJIA	49,918.78	-953.33
S&P	7,266.99	-119.66
Nasdaq	25,169.50	-509.32
Nikkei 225	64,179.27	-1237.36
STI	4,958.85	-64.40
KLCI	1,678.96	3.46
JCI	5,902.38	155.73
Baltic Dry	2,818.00	-98.00
VIX	22.22	2.35

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.0630	0.93%	1M	3.6218
3M	2.3730	0.94%	2M	3.6488
6M	2.6060	0.77%	3M	3.6676
12M	2.8660	1.78%	6M	3.7534
			1Y	3.9316

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.63 (-0.01)	4.15(-)
5Y	1.78 (-0.02)	4.28 (+0.04)
10Y	2.11 (-0.02)	4.56 (+0.04)
15Y	2.09 (-0.02)	--
20Y	2.07 (-0.01)	--
30Y	2.1 (-0.01)	5.04 (+0.03)

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	0.479	32.100	0.120	3.738
10/28/2026	0.668	18.900	0.167	3.785
12/09/2026	1.057	39.000	0.264	3.882

Financial Spread (bps)		
Value	Change	
TED	35.36	--
Secured Overnight Fin. Rate		
SOFR	3.60	

Commodities Futures						
Energy	Futures	% chg	Soft Commodities	Futures	% chg	
WTI (per barrel)	90.03	2.1%	Corn (per bushel)	4.190	-0.1%	
Brent (per barrel)	93.10	1.8%	Soybean (per bushel)	11.230	0.8%	
Heating Oil (per gallon)	361.26	2.0%	Wheat (per bushel)	5.875	0.4%	
Gasoline (per gallon)	310.99	2.9%	Crude Palm Oil (MYR/MT)	44.500	-0.1%	
Natural Gas (per MMBtu)	3.19	1.4%	Rubber (JPY/KG)	4.076	-0.6%	
Base Metals	Futures	% chg	Precious Metals	Futures	% chg	
Copper (per mt)	13516	-0.7%	Gold (per oz)	4072	-4.4%	
Nickel (per mt)	17678	-2.1%	Silver (per oz)	63.36	-3.1%	

Source: Bloomberg, Reuters

## Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
6/11/2026 2:00	US	Federal Budget Balance	May	-\$283.1b	-\$292.6b	-\$315.7b	--
6/11/2026 7:00	SK	Unemployment rate SA	May	2.80%	2.80%	2.80%	--
6/11/2026 7:01	UK	RICS House Price Balance	May	-32.00%	-35.00%	-34.00%	-35.00%
6/11/2026 7:50	JN	Japan Buying Foreign Bonds	5-Jun	--	¥197.5b	¥184.8b	¥184.4b
6/11/2026 20:15	EC	ECB Main Refinancing Rate	11-Jun	2.40%	--	2.15%	--
6/11/2026 20:15	EC	ECB Deposit Facility Rate	11-Jun	2.25%	--	2.00%	--
6/11/2026 20:15	EC	ECB Marginal Lending Facility	11-Jun	2.65%	--	2.40%	--
6/11/2026 20:30	US	Initial Jobless Claims	6-Jun	220k	--	225k	--
6/11/2026 20:30	US	PPI Final Demand MoM	May	0.70%	--	1.40%	--
6/11/2026 20:30	US	PPI Final Demand YoY	May	6.40%	--	6.00%	--
6/11/2026 20:30	US	PPI Ex Food and Energy MoM	May	0.50%	--	1.00%	--
6/11/2026 20:30	US	PPI Ex Food and Energy YoY	May	5.40%	--	5.20%	--
6/11/2026 20:30	CA	Building Permits MoM	Apr	-3.90%	--	10.30%	--
6/11/2026 20:30	US	Continuing Claims	30-May	1785k	--	1777k	--

Source: Bloomberg

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