

Daily Treasury Outlook

Highlights

Global: US equities staged a tentative rebound on Thursday after Wednesday's decline, with the S&P500, Dow and Nasdaq rising (S&P500: +1.8%; Dow: +1.9%; NASDAQ: +2.5%). Nonetheless, sentiment remains fragile, as markets continue to monitor the escalation in the Middle East and its implications for energy prices and inflation. Indeed, the situation in the Middle East remains highly fluid, with President Trump calling off scheduled strikes against Iran. President Trump highlighted progress towards a deal with Iran as the reason for this decision. However, Iran's Foreign Ministry spokesperson Esmail Baghaei dismissed this, according to Iran's IRNA news agency. He said that "Iran has not yet reached a final decision regarding an agreement" and that "reports regarding an agreement are speculative and nothing has been finalised." Iran had earlier announced the closure of the Strait of Hormuz in response to recent US military strikes on the country. Commercial vessels are still reportedly transiting the waterway, but shipping risks remain elevated. Oil prices closed lower, with Brent at around USD90/bbl. On the central bank front, the ECB raised its three key policy rates by 25bps. The deposit facility, main refinancing operations and marginal lending facility rates will increase to 2.25%, 2.40% and 2.65%, respectively, effective from 17 June. The ECB stated that "the war in the Middle East is generating inflation pressures, and the decision to raise rates is robust across a range of scenarios." In the new staff projections, headline inflation is now expected to average 3.0% in 2026, 2.3% in 2027 and 2.0% in 2028. Compared to its previous projections in March, headline inflation for 2026 and 2027 has been revised higher "owing to a higher path for energy prices, which, to some extent, is expected to feed into food, goods and services inflation". On growth, GDP is expected to average 0.8% in 2026, 1.2% in 2027 and 1.5% in 2028. The 2026 and 2027 growth forecasts were revised lower to reflect "a more pronounced impact of the war on commodity markets, real incomes and confidence." In the press conference, ECB President Lagarde noted that the war is weighing on activity, "especially in services." The outlook remains uncertain, with upside risks to inflation and downside risks to growth. On the data front, US PPI rose more-than-expected in May, rising by 1.1% MoM. On a year-on-year basis, PPI accelerated by 6.5% YoY, up from a downwardly revised 5.7% in the previous month. According to BLS, "nearly 80 percent of the May advance in final demand prices is attributable to a 2.8-percent increase in the index for final demand goods." Under the hood, this was driven by a 10.7% jump in energy, including a 23.4% spike in gasoline. Core PPI also rose higher to 5.1% YoY, suggesting that price pressures are not limited to energy, reinforcing concerns that the energy shock is feeding into broader pipeline inflation. Separately, initial jobless claims rose by 1.7% to 229k for the week ending 6 June. Similarly, continuing claims rose by 1.4% to 1.79mn for the week ending 30 May.

Market Watch: For the day ahead, the calendar is relatively light. Malaysia will release its April IP figures. Later in the day, the UK will release its April activity data, while the US will publish its preliminary University of Michigan consumer sentiment survey for June.

Key Market Movements

Equity	Value	% chg
S&P 500	7394.3	1.8%
DJIA	50849	1.9%
Nikkei 225	64217	0.1%
SH Comp	3987.0	-0.2%
STI	4988.1	0.6%
Hang Seng	24249	-0.7%
KLCI	1679.5	0.0%
	Value	% chg
DXY	99.858	-0.1%
USDJPY	159.93	-0.4%
EURUSD	1.1578	0.4%
GBPUSD	1.3417	0.4%
USDIDR	17993	0.2%
USDSGD	1.2839	-0.3%
SGDMYR	3.1573	-0.1%
	Value	chg (bp)
2Y UST	4.06	-8.14
10Y UST	4.46	-9.12
2Y SGS	1.62	-1.60
10Y SGS	2.09	-2.07
3M SORA	1.07	0.28
3M SOFR	3.64	-0.07
	Value	% chg
Brent	90.38	-2.9%
WTI	87.71	-2.6%
Gold	4212	3.4%
Silver	67.31	6.2%
Palladium	1273	4.4%
Copper	13483	-0.2%
BCOM	129.80	-0.9%

Source: Bloomberg

Major Markets

ID: The National Food Agency (Bapanas) said government rice reserves managed by Bulog reached 5.33mn tons, the highest level recorded, supporting national food security amid global uncertainties and inflationary pressures, as reported by Antara News. It said food supply and price stabilisation efforts continued through market supervision, the 2026 task force on food prices, quality and safety, and the Cheap Food Movement, which had been conducted 5,237 times across 36 provinces and 377 regencies and cities as of 8 June. Separately, President Prabowo Subianto and Canadian Prime Minister Mark Carney discussed opportunities to deepen trade and investment ties following the Indonesia Canada CEPA, which Canada expects to enter into force by the end of 2026 after completing its ratification process.

MY: The unemployment rate rose to 3.0% in April 2026 from 2.9% in March, as the number of unemployed persons increased by 0.6% MoM, or 2.9k, to 511.8k. The number of employed persons increased by 0.1% MoM, or 11.8k, to 16.82mn, driven mainly by the services sector, particularly wholesale and retail trade, accommodation and food and beverage services, and information and communication, while manufacturing, construction, agriculture, and mining and quarrying also recorded positive growth. The labour force expanded by 0.1% MoM, or 14.6k, to 17.33mn, with the labour force participation rate holding steady at 70.9%.

TH: The consumer confidence index (CCI) fell for the third consecutive month, declining to 49.5 in May from 50.6 in April. This decrease in the CCI was broad-based across its sub-indices: 'economic situation' (43.1 versus 44.1 in April), 'income' (57.9 versus 59.0 in April), and 'job' (47.5 versus 48.6 in April). According to the University of the Thai Chamber of Commerce (UTCC), the decline was largely driven by concerns that the Middle East war and sustained high oil prices would hamper Thailand's economic growth and increase cost-of-living pressures. The UTCC added that the June reading would be a key indicator of whether economic sentiment is beginning to improve, as the government's Thais Help Thais Plus co-payment scheme started on June 1 and will continue until end-September.

ESG

SG: Singapore and Tanzania signed a Memorandum of Understanding (MoU) on carbon credits collaboration under Article 6 of the Paris Agreement. Under the MoU, both countries will explore bilateral cooperation on carbon markets to mobilise finance towards climate action and sustainable development. Singapore and Tanzania will work towards signing an Implementation Agreement for the authorisation and international transfer of correspondingly adjusted carbon credits. Both countries will also collaborate to identify potential Article 6-compliant mitigation projects that will support the achievement of their respective NDCs. This follows Singapore's contribution of US\$15mn to the Global Green Growth Institute's Carbon Transaction Facility to strengthen international collaboration on high-integrity Article 6 carbon markets and scale climate action.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 2-3bps lower while belly tenor and 10Y traded 2bps lower.
- US Investment Grade spreads traded flat at 73bps and US High Yield spreads tightened by 4bps to 266bps yesterday respectively. Bloomberg Global Contingent Capital Index widened by 6bps to 227bps.
- Bloomberg Asia USD Investment Grade widened by 1bps to 54bps yesterday while Asia USD High Yield spreads widened by 10bps to 380bps. (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 USD1.8bn and USD10.25bn respectively (prior day: USD100mn and USD370mn respectively). The largest issuance in APAC and DM IG came from Danantara Investment Management PT (priced USD1.5bn of debt in two tranches) and Citibank NA (priced USD6.25bn of debt in four tranches), respectively. (Bloomberg, OCBC)

Recent Coverage Developments:

- Lendlease Group provided a market update and announced a new Group CEO, Nick O'Neil. Our view on LLCAU is that while volatility persists as it transitions in FY2026, stabilisation is expected from FY2027 and onwards. For details, readers may refer to the recent credit update published on 08 June 2026.
- Royal Bank of Canada is pushing to expand in US financial markets, with plans to increase headcounts in US investment banking business, taking advantage of the robust market environment.
- Westpac Banking Corporation provided an update on the operating environment for its consumer segment highlighting modestly slowing consumer spending and mortgage application volumes amid an uncertain economic outlook, higher interest rates and policy tightening.

Equity Market Updates

US: US stocks rallied strongly on Thursday, halting a two-day slide, as President Donald Trump announced he had called off planned military strikes on Iran and signalled a peace deal could be signed as soon as this weekend. The S&P 500 surged 1.8%, the Nasdaq 100 jumped 3.3%, its largest gain since March, and the Dow advanced. Chipmakers led the charge, with the Philadelphia Semiconductor Index soaring nearly 8%; Micron rose 11.7% and Sandisk surged 14.5% to a record high. Oracle bucked the trend, falling 8.6% after reporting capital expenditures of USD16.5b for the quarter — well above its USD50b annual projection — raising concerns over AI infrastructure profitability. SpaceX raised USD75b in a historic private fundraise ahead of its anticipated public debut. On the macro front, May core PPI rose 0.4%, below the 0.5% consensus, offering modest inflation relief. Treasury yields fell sharply as geopolitical risk receded, with the 10-year yield dropping around 10 basis points to approximately 4.46% and the 30-year sliding below 5% to around 4.95%. A USD22b 30-year bond auction tailed slightly, pricing at 5.020% versus a 5.008% when-issued yield, though demand was marginally firmer than the prior month's sale.

Foreign Exchange				
	Day Close	% Change		Day Close
DXY	99.858	-0.09%	USD-SGD	1.2839
USD-JPY	159.93	-0.39%	EUR-SGD	1.4860
EUR-USD	1.158	0.37%	JPY-SGD	0.8026
AUD-USD	0.705	0.71%	GBP-SGD	1.7223
GBP-USD	1.342	0.37%	AUD-SGD	0.9049
USD-MYR	4.065	-0.12%	NZD-SGD	0.7491
USD-CNY	6.775	-0.01%	CHF-SGD	1.6153
USD-IDR	17993	0.22%	SGD-MYR	3.1573
USD-VND	26325	0.02%	SGD-CNY	5.2710

Equity and Commodity		
Index	Value	Net change
DJIA	50,848.75	929.97
S&P	7,394.30	127.31
Nasdaq	25,809.66	640.16
Nikkei 225	64,217.27	38.00
STI	4,988.10	29.25
KLCI	1,679.53	0.57
JCI	5,886.03	-16.34
Baltic Dry	2,771.00	-47.00
VIX	19.44	-2.78

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.0880	1.21%	1M	3.6270
3M	2.3970	1.01%	2M	3.6489
6M	2.5920	-0.54%	3M	3.6633
12M	2.8410	-0.87%	6M	3.7253
			1Y	3.8716

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.62 (-0.02)	4.07(--)
5Y	1.76 (-0.01)	4.18 (-0.1)
10Y	2.09 (-0.02)	4.46 (-0.09)
15Y	2.07 (-0.03)	--
20Y	2.05 (-0.02)	--
30Y	2.08 (-0.02)	4.95 (-0.07)

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	0.331	21.100	0.083	3.700
10/28/2026	0.460	12.900	0.115	3.733
12/09/2026	0.763	30.300	0.191	3.808

Financial Spread (bps)		
Value	Change	
TED	35.36	--
Secured Overnight Fin. Rate		
SOFR	3.59	

Commodities Futures						
Energy	Futures	% chg	Soft Commodities	Futures	% chg	
WTI (per barrel)	87.71	-2.6%	Corn (per bushel)	4.118	-1.7%	
Brent (per barrel)	90.38	-2.9%	Soybean (per bushel)	11.150	-0.7%	
Heating Oil (per gallon)	351.31	-2.8%	Wheat (per bushel)	5.868	-0.1%	
Gasoline (per gallon)	310.14	-0.3%	Crude Palm Oil (MYR/MT)	44.610	0.2%	
Natural Gas (per MMBtu)	3.09	-3.1%	Rubber (JPY/KG)	4.151	1.8%	
Base Metals	Futures	% chg	Precious Metals	Futures	% chg	
Copper (per mt)	13483	-0.2%	Gold (per oz)	4212	3.4%	
Nickel (per mt)	17693	0.1%	Silver (per oz)	67.31	6.2%	

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
6/12/2026 6:30	NZ	BusinessNZ Manufacturing PMI	May	--	49.9	50.5	50.4
6/12/2026 12:30	JN	Industrial Production MoM	Apr F	--	--	0.80%	--
6/12/2026 14:00	GE	CPI YoY	May F	2.60%	--	2.60%	--
6/12/2026 14:00	UK	Industrial Production MoM	Apr	0.10%	--	-0.20%	--
6/12/2026 14:00	GE	CPI MoM	May F	-0.20%	--	-0.20%	--
6/12/2026 14:00	UK	Manufacturing Production MoM	Apr	-0.20%	--	1.20%	--
6/12/2026 14:00	GE	CPI EU Harmonized YoY	May F	2.70%	--	2.70%	--
6/12/2026 14:00	GE	CPI EU Harmonized MoM	May F	-0.10%	--	-0.10%	--
6/12/2026 14:45	FR	CPI YoY	May F	2.40%	--	2.40%	--
6/12/2026 14:45	FR	CPI EU Harmonized YoY	May F	2.80%	--	2.80%	--
6/12/2026 15:30	TH	Gross International Reserves	5-Jun	--	--	\$287.5b	--
6/12/2026 18:30	IN	CPI YoY	May	4.02%	--	3.48%	--
6/12/2026 22:00	US	U. of Mich. Sentiment	Jun P	46	--	44.8	--
6/12/2026-6/15/2026	CH	Money Supply M2 YoY	May	8.60%	--	8.60%	--

Source: Bloomberg

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