

Daily Treasury Outlook

Highlights

Global: Risk sentiments improved as US and Iran have reached a deal to be signed that will allow the reopening of the Strait of Hormuz on Friday. Oil prices slipped while the S&P500 added 0.5%. The 10-year UST bond yield rose 2bps to 4.48%. Rising inflation is keeping most central banks on their toes for now. Last week, the ECB hiked rates for the first time since 2023, but the FOMC is tipped to hold rates this week - this being new Fed chair Kevin Warsh's first press conference, his rhetoric will be closely monitored for any fresh guidance such as removing the dovish bias, in addition to the dot plot and FOMC statement. On the other hand, BOJ is tipped to hike rates by 25bps to 1% with deputy governor Uchida holding the press conference, while RBA is likely to stay on hold tomorrow after three consecutive hikes. BOE, CBC, BSP and BI also meet on Thursday – BOE is likely to stay pat but sound hawkish with split votes as some members remain outrightly hawkish, and CBC may also hold at 2%. For BSP, we expect a 25bp hike, however, it is a close call between 25bp and 50bp given headline CPI at 6.8% in May, and BI may also execute another 25-50bps hike to continue to defend the rupiah (OCBC: 25bp).

Market Watch: Asian markets are likely to open on a positive tone today, amid hopes of an imminent US-Iran peace deal and the potential reopening of the Strait of Hormuz. Today's economic data calendar comprises of US' industrial production and Empire state manufacturing data, Eurozone's industrial production and India's trade and wholesale prices. ECB speakers are also out in force with Lagarde, Kocher, Lane, Cipollone, Nagel, Sleijpen and Elderson. For the week ahead, there is China's property prices, retail sales, industrial production and fixed assets investment, Hong Kong's unemployment, UK and Japan's CPI, Malaysia's CPI and trade, and UK retail sales. Other key events to watch include the G7 leaders' summit in France until 18th June, and the UK by-election in Makerfield, Greater Manchester which could determine the next PM if Andy Burnham mounts a leadership challenge to Keir Starmer. US is out for Juneteenth holiday on Friday, while China, Hong Kong and Taiwan are also out for Dragon Boat Festival.

SG: NODX due on Wednesday is likely to have surged 30.5% YoY (-1.9% MoM SA) in May, versus 24.5% YoY (11.0% MoM SA) in April.

Key Market Movements

Equity	Value	% chg
S&P 500	7431.5	0.5%
DJIA	51202	0.7%
Nikkei 225	66020	2.8%
SH Comp	4031.5	1.1%
STI	5025.8	0.8%
Hang Seng	24718	1.9%
KLCI	1683.6	0.2%
	Value	% chg
DXY	99.747	-0.1%
USDJPY	160.24	0.2%
EURUSD	1.1568	-0.1%
GBPUSD	1.3406	-0.1%
USDIDR	17870	-0.7%
USDSGD	1.2842	0.0%
SGDMYR	3.1624	0.2%
	Value	chg (bp)
2Y UST	4.08	1.90
10Y UST	4.48	1.78
2Y SGS	1.58	-3.40
10Y SGS	2.02	-6.64
3M SORA	1.08	0.18
3M SOFR	3.64	-0.06
	Value	% chg
Brent	87.33	-3.4%
WTI	84.88	-3.2%
Gold	4219	0.2%
Silver	68.02	1.1%
Palladium	1285	1.0%
Copper	13698	1.6%
BCOM	129.42	-0.3%

Source: Bloomberg

Major Markets

CH: In May, new aggregate social financing, or TSF, reached around RMB2.03 trillion, with government bond financing remaining the main source of support. Net government bond financing stood at around RMB1.22 trillion, continuing to act as the key stabilizer for TSF. This reflects both the continuation of a more proactive fiscal policy stance and the ongoing rollout of debt-swap programs. RMB loans increased by around RMB520 billion in May, marking a clear recovery from April's outright contraction, but still came in RMB100 billion lower than a year earlier. Beneath the headline improvement, credit demand from both households and corporates remained weak. Household loans contracted by RMB141.2 billion, RMB195.2 billion more than a year earlier, extending the decline in household credit balances. Notably, medium- and long-term household loans contracted for a second consecutive month, pointing to continued household deleveraging.

This appears to diverge from the perceived recovery in first-tier city housing prices. One possible explanation is that the recent improvement in the property market has been concentrated in low-ticket, end-user demand. In Shanghai, for example, improving rental yields have supported demand for units priced below RMB3 million. Many purchases may have been funded through housing provident fund loans and self-owned funds, meaning the recovery in market sentiment has not been fully reflected in bank credit data.

Corporate credit demand also remained cautious. Corporate medium- and long-term loans contracted for a second consecutive month in May and have undershot year-earlier levels for three straight months. This stands in contrast to the rebound in PPI and industrial profits, suggesting that amid K-shaped sectoral divergence and the crude oil supply shock, corporate investment expectations remain subdued. In January–May, corporate medium- and long-term loans were RMB1.2 trillion lower than a year earlier. Although PPI inflation rebounded to 3.9% YoY in May, the divergence in corporate profitability continued to widen. The key bright spot came from monetary aggregates. M2 growth stayed stable at 8.6% YoY. On one hand, RMB appreciation likely supported stronger FX settlement, contributing to domestic money creation. On the other hand, the smaller increase in fiscal deposits compared with the same period last year may point to faster fiscal spending. Together, these factors helped stabilize M2 growth.

M1 growth improved to 5.5% YoY from 5.0% in April, narrowing the negative M1–M2 gap from -3.6ppt to -3.1ppt. This suggests that while overall liquidity remains ample, “active money” is recovering at the margin, with some improvement in the activation of corporate and household cash balances.

Overall, the resilience of TSF still reflects government leveraging and the expansion of direct financing more than a meaningful recovery in endogenous financing demand from the real economy.

ID: Coordinating Minister for Economic Affairs Airlangga Hartarto said Indonesia is seeking higher UAE investment to support downstreaming, food security and national supply chain resilience, as reported by Antara News. He said the Indonesia UAE Comprehensive Economic Partnership Agreement could further boost bilateral trade and investment, while the government reaffirmed support for UAE linked companies. Separately, Abu Dhabi Export committed to investing in food security projects, while Abu Dhabi Ports expressed readiness to support Bali airport development through a feasibility study.

MY: The Industrial Production Index rose 8.2% YoY in April 2026, accelerating from 3.1% in March. By sector, manufacturing IP growth improved to 8.3% from 5.5%, mining rebounded to 6.8% from a 6.5% contraction, and electricity rose 10.5% from 4.8%. By orientation, export-oriented manufacturing rose 8.5% from 6.7%, while domestic oriented manufacturing increased 8.0% from 2.8%. For Jan to Apr 2026, IPI increased 5.0% YoY, with manufacturing up 6.3% and electricity up 6.5%, while mining declined 0.6%.

PH: According to a press release from the Bangko Sentral ng Pilipinas (BSP), the country's external debt has eased by 0.2% to USD147.4bn as of the end of March 2026. This was driven by a reduction in foreign investors holdings of Philippine debt securities amid cautious sentiment and tighter financing conditions. The BSP said that external debt remained manageable, with the debt-to-GDP ratio improving "slightly to 30.0 percent from 30.3 percent in the previous quarter, despite slower economic growth." On a year-on-year basis, external debt was higher, driven by new borrowings by the national government and the private sector, "reflecting ongoing financing for development priorities and continued support for trade and business activity." The debt profile remained predominantly medium- and long-term in nature, accounting for nearly 88% of the total, while short-term debt declined. The BSP said external buffers remain strong, with gross international reserves of USD106.6bn as of the end of March. This provides more than four times coverage of short-term external debt on a remaining maturity basis, indicating a continued capacity to meet near-term foreign obligations.

TH: The government has approved a THB10.2bn package to manage 11.5mn tonnes of paddy rice across the 2026/27 production year, aiming to stabilize prices, protect farmers' income and improve the value of Thai rice. The measures come as the global rice market is expected to tighten in the 2026/27 season, with lower production, stronger consumption and trade, and declining world stocks, while Thailand also faces weaker output due to higher production costs and climate-related risks. The support package will include credit schemes to delay rice sales, support farmers' institutions in collecting and adding value to rice, and an interest-compensation scheme for traders holding stocks. The government also approved a longer-term structural production reform measure under the "New Rice Economy" concept, including a paddy absorption project and a "premium rice" initiative covering 266 farmer groups to promote higher-value, higher-quality production and strengthen Thailand's long-term export competitiveness. Separately, the National Rice Policy and Management Committee also expanded funding for the THB1,000-per-rai farmer support scheme while instructing the Rice Department to continue its rice-seed replacement promotion project and study temperature-controlled storage solutions to maintain seed quality and supply continuity.

ESG

Rest of the world: There is renewed interest in alternative fuels as the Middle East conflict has highlighted the risks of traditional bunker fuel supplies, and the importance of fuel diversification. Some major shipping companies including Maersk are turning to ethanol as an alternative marine fuel to reduce emissions, as abundant supply and lower cost make it a more attractive option than other low-carbon fuels such as hydrogen. Ethanol's main feedstock is corn, which top producers, the US and Brazil, have in abundance. Depending on location and volume, the cost of ethanol is broadly comparable to conventional low-sulphur fuel oil (LSFO) but cheaper than green methanol. As ethanol has similar properties to methanol, ethanol can run on an existing methanol-compatible engine without major retrofits. Further commercial usage of ethanol in the maritime industry is expected as early as next year, as bunker hubs are also developing the infrastructure and standards aimed at scaling alternative fuels.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower last Friday with shorter tenors trading 3-7bps lower while belly tenor and 10Y traded 7bps lower.
- US Investment Grade spreads tightened by 1bps to 72bps and US High Yield spreads tightened by 6bps to 260bps last Friday respectively. Bloomberg Global Contingent Capital Index tightened by 5bps to 222bps.
- Bloomberg Asia USD Investment Grade tightened by 1bps to 53bps last Friday while Asia USD High Yield spreads tightened by 8bps to 372bps. (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 zero and USD200mn respectively (prior day: USD1.8bn and USD10.25n respectively). There were no notable issuances in the APAC market and the largest notable issuance in DM IG came from Barclays Bank PLC (priced a USD100mn 5Y fixed bond at 5.25%), respectively. (Bloomberg, OCBC)

Recent Coverage Developments:

- In the Singapore Residential Property market, City Developments Ltd ("CITSP") tie-up topped bid for Peck Hay plot at SGD542.4mn offer (SGD1,865 psf ppr). The site is near Newton MRT interchange station and the tie-up is between CITSP (80%) and Hong Realty (20%).

Equity Market Updates

US: US stocks advanced Friday, lifted by optimism over a potential US-Iran interim peace deal and the blockbuster debut of SpaceX, which raised USD75b in the largest IPO in history and closed up 19% on its first day of trading, making founder Elon Musk the world's first trillionaire. The S&P 500 rose 0.5%, the Nasdaq gained 0.3%, and the Dow climbed 0.7%, with financials leading sector gains, rising 1.3% to their highest level since February. Over the weekend, the deal was confirmed — President Trump announced on Sunday that "The Deal with the Islamic Republic of Iran is now complete," with Iran's Deputy Foreign Minister also confirming the agreement on state TV; a formal signing ceremony is expected in Switzerland on 20 Jun 2026, with the Strait of Hormuz set to reopen upon signing. In after-hours and early Asian trading, S&P 500 futures rose 0.8%, Brent crude fell more than 3% toward USD84 a barrel — extending last week's 6.2% decline to its lowest since early March — and gold jumped as much as 2.1% to above USD4,300 as easing inflation fears tempered rate-hike expectations. Software stocks were a notable drag on Friday, with the iShares Expanded Tech-Software ETF falling for a ninth consecutive session — its longest losing streak since 2006.

Foreign Exchange		
	Day Close	% Change
DXY	99.747	-0.11%
USD-JPY	160.24	0.19%
EUR-USD	1.157	-0.09%
AUD-USD	0.705	-0.03%
GBP-USD	1.341	-0.08%
USD-MYR	4.060	-0.14%
USD-CNY	6.763	-0.18%
USD-IDR	17870	-0.68%
USD-VND	26310	-0.06%

Equity and Commodity		
Index	Value	Net change
DJIA	51,202.26	353.51
S&P	7,431.46	37.16
Nasdaq	25,888.84	79.18
Nikkei 225	66,020.04	1802.77
STI	5,025.80	37.70
KLCI	1,683.63	4.10
JCI	6,007.66	121.62
Baltic Dry	2,729.00	0.00
VIX	17.68	-1.76

SOFR				
Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.1670	1.78%	1M	3.6273
3M	2.3800	-0.87%	2M	3.6461
6M	2.6390	0.84%	3M	3.6605
12M	2.8740	0.98%	6M	3.7160
			1Y	3.8404

Government Bond Yields (%)		
Tenor	SGS (chg)	UST (chg)
2Y	1.58 (-0.03)	4.02(-)
5Y	1.7 (-0.06)	4.21 (+0.02)
10Y	2.02 (-0.07)	4.42 (+0.02)
15Y	2 (-0.06)	--
20Y	2 (-0.05)	--
30Y	2.03 (-0.05)	4.93 (+0.01)

Fed Rate Hike Probability				
Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/17/2026	0.037	3.700	0.009	3.626
07/29/2026	0.101	6.400	0.025	3.643
09/16/2026	0.343	24.200	0.086	3.703
10/28/2026	0.471	12.800	0.118	3.735
12/09/2026	0.820	34.900	0.205	3.822

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)	84.88	-3.2%	Corn (per bushel)	4.128	0.2%
Brent (per barrel)	87.33	-3.4%	Soybean (per bushel)	11.135	-0.1%
Heating Oil (per gallon)	340.44	-3.1%	Wheat (per bushel)	5.845	-0.4%
Gasoline (per gallon)	304.98	-1.7%	Crude Palm Oil (MYR/MT)	43.870	-1.7%
Natural Gas (per MMBtu)	3.12	1.1%	Rubber (JPY/KG)	4.189	0.9%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13698	1.6%	Gold (per oz)	4219	0.2%
Nickel (per mt)	17830	0.8%	Silver (per oz)	68.02	1.1%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
6/15/2026 7:01	UK	Rightmove House Prices MoM	Jun	--	-0.60%	1.20%	--
6/15/2026 7:01	UK	Rightmove House Prices YoY	Jun	--	-0.50%	-0.30%	--
6/15/2026 11:00	ID	External Debt	Apr	--	--	\$433.4b	--
6/15/2026 12:00	SK	Bloomberg June South Korea Economic Survey					
6/15/2026 15:30	UK	Bloomberg June United Kingdom Economic Survey					
6/15/2026 17:00	EC	Industrial Production SA MoM	Apr	0.20%	--	0.20%	--
6/15/2026 17:00	EC	Industrial Production WDA YoY	Apr	0.40%	--	-2.10%	--
6/15/2026 17:00	EC	Trade Balance SA	Apr	--	--	3.5b	--
6/15/2026 17:00	EC	Trade Balance NSA	Apr	--	--	7.8b	--
6/15/2026 20:30	US	Empire Manufacturing	Jun	13.5	--	19.6	--
6/15/2026 21:15	US	Industrial Production MoM	May	0.30%	--	0.70%	--
6/15/2026 21:15	US	Manufacturing Production MoM	May	0.30%	--	0.60%	--
6/15/2026 21:15	US	Capacity Utilization	May	76.20%	--	76.10%	--
6/15/2026 22:00	US	NAHB Housing Market Index	Jun	37	--	37	--
6/15/2026	CH	FX Net Settlement - Clients CNY	May	--	--	288.7b	--
6/15/2026	PH	Overseas Cash Remittances YoY	Apr	2.00%	--	2.30%	--

Source: Bloomberg

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