Daily Treasury Outlook

Highlights

Global: The announcement of US-Iran deal triggered a broad-based relief rally in risk assets, spanning equities, bonds, precious metal and cryptocurrencies, despite the absence of details of the accord. However, the level of optimism was felt unevenly across markets. The S&P 500 and the Nasdaq gained 1.7% and 3.1% respectively, while the Dow Jones Industrial Average reached all-time highs. US treasuries rallied as investors trimmed Fed rate-hike expectations. Fed fund futures are now pricing in an 80% chance of a 25bp hike by December, with a full move not priced until March 2027. There was also some unwinding of long-dollar positions, and dollar weakened mildly. On the other hand, hope of resumption of crude oil flow send brent prices lower by more than 4% to settle near US$83/bbl, while WTI ended the session near US$81/bbl, both more than 30% below its wartime peak.

US President Trump suggested that the Strait of Hormuz will be completely open by Friday, while there are reports of passage of a couple of oil tankers and essential goods vessels through the US naval blockade. The draft US-Iran memorandum, which is expected to be released on Friday, reportedly proposes lifting oil sanctions and the naval blockade, reopening the Strait of Hormuz, releasing US$24 billion in frozen Iranian assets, and launching nuclear talks.

On data front, US' May industrial production rose 0.1% MoM (vs. consensus of 0.3% MoM) and decelerating sharply from April's upwardly revised 0.9% MoM. Manufacturing output was flat in May after a 0.7% gain in April, while capacity utilization edged up to 76.2% from 76.1% in April. On the other hand, Germany's April industrial production edged up 0.1%MoM. Japan's April tertiary industry index rebounded by 1.3% MoM (vs. consensus of 0.6% MoM).

Market Watch: Market attention is now firmly on RBA decision later today, with the broad consensus expecting a hold. Governor Bullock earlier indicated that three consecutive hikes give the Board "space" to monitor events and data. Today's economic calendar in Asia session comprises of New Zealand's May food prices, South Korea's April money supply, Hong Kong's May unemployment rate, as well as data dump out of China. Later today, the market will watch out for Germany's ZEW survey results, US' weekly ADP report, May housing starts and building permits.

Key Market Movements

Equity	Value	% chg
S&P 500	7554.3	1.7%
DJIA	51671	0.9%
Nikkei 225	69318	5.0%
SH Comp	4096.5	1.6%
STI	5077.3	1.0%
Hang Seng	24843	0.5%
KLCI	1691.4	0.5%
	Value	**% chg**
DXY	99.631	-0.1%
USDJPY	160.34	0.1%
EURUSD	1.1590	0.2%
GBPUSD	1.3414	0.1%
USDIDR	17703	-0.9%
USDSGD	1.2827	-0.1%
SGDMYR	3.1599	-0.1%
	Value	**chg (bp)**
2Y UST	4.07	-1.46
10Y UST	4.47	-0.59
2Y SGS	1.56	-1.90
10Y SGS	2.00	-2.07
3M SORA	1.09	0.94
3M SOFR	3.64	-0.06
	Value	**% chg**
Brent	83.17	-4.8%
WTI	80.75	-4.9%
Gold	4312	2.2%
Silver	70.00	2.9%
Palladium	1344	4.5%
Copper	13745	0.3%
BCOM	128.47	-0.7%

Source: Bloomberg

Major Markets

CH: China's foreign exchange market remained broadly stable in May. Banks recorded a foreign exchange settlement surplus of USD35.8 billion, while the bank's FX settlement on behalf of clients (including forwards and options)—a key indicator of underlying FX supply and demand—registered a surplus of USD48.3 billion, marking the 15th consecutive month of net inflows. Market participants' willingness to convert foreign currency into RMB improved modestly, with the FX settlement ratio rising 1ppt to 61%, while the FX purchase ratio edged down 1ppt to 59%, indicating a slight improvement in market sentiment toward the RMB. That said, onshore foreign currency deposits continued to increase, reaching a record high of USD963.3 billion.

ID: President Prabowo Subianto and German President Frank-Walter Steinmeier agreed to strengthen employment cooperation in nursing and high-technology sectors during their meeting at Merdeka Palace on Monday (15 June) President Prabowo welcomed the signing of the Letter of Intent on the Global Skills Partnership in nursing and said Indonesia wants to expand job opportunities for Indonesian workers in Germany. Separately, president Prabowo also met Qatar's Minister of State for Foreign Affairs Sultan bin Saad Al Muraikhi, with Qatar reaffirming a USD4.0bn investment commitment and discussing preparations for the 50th anniversary of Indonesia-Qatar diplomatic relations.

MY: Prime Minister Anwar Ibrahim said his working visit to Russia, beginning on 16 June, will focus on securing continued oil and diesel supplies to Malaysia through discussions with President Vladimir Putin, as reported by The Edge. He said long-term energy supply security remains a government priority, while sound economic management and strong international relations have helped Malaysia maintain RON95 retail fuel prices at MYR2.0 per litre. Anwar also warned that disruptions to the Strait of Hormuz following attacks on Iran could raise global oil prices and affect Malaysia, although he noted information from Pakistan's prime minister suggesting the conflict could be resolved by Friday.

TH: Finance Minister Ekniti Nitithanprapas has welcomed reports of an agreement between the US and Iran to end the Middle East conflict, describing it as a very positive development that would enable Thailand and the broader global economies to "enter rehabilitation mode." However, Minister Ekniti cautioned that energy prices may not return to pre-war levels due to damage sustained by key oil production and storage facilities. Nevertheless, lower geopolitical tensions would help reduce the risk of a broader global crisis driven by volatile energy prices. He added that the government would proceed with its plan to utilise the THB200bn loan to reduce dependence on oil and promote renewable energy.

ESG

CH: China's Inner Mongolia region will expand its base for turning coal to oil, gas and chemicals in efforts to reduce reliance on imports, highlighting how the Middle East conflict has reinforced China's focus on energy security. Inner Mongolia is balancing utilisation of its massive coal reserves with growing development of renewable energy, which has risen to 53% of the region's installed capacity. As converting coal into petroleum products is a significant and growing source of carbon emissions, these efforts could challenge China's climate goals as coal utilisation scales.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 1-2bps lower while belly tenor traded 2-3bps lower and 10Y traded 3bps lower.
- US Investment Grade spreads tightened by 1bps to 71bps and US High Yield spreads tightened by 4bps to 256bps yesterday respectively. Bloomberg Global Contingent Capital Index tightened by 3bps to 219bps.
- Bloomberg Asia USD Investment Grade traded flat at 53bps yesterday while Asia USD High Yield spreads tightened by 8bps to 364bps. (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 USD2bn and USD34.95bn respectively (prior day: zero and USD200mn respectively). The highest issuances in APAC and DM IG came from Mitsubishi Corp (priced USD1bn in two tranches) and NVIDIA Corp (priced USD25bn of debt in seven tranches) respectively. (Bloomberg, OCBC)

Recent Coverage Developments:

- Allianz SE is among the finalists to emerge as lead bidders for HSBC Holdings Plc's Singapore insurance arm, with a valuation of as much as USD2bn. HSBC has also shortlisted Sumitomo Life Insurance Co and Daiichi Life Group Inc, HSBC Holdings Plc.
- Bank of Nova Scotia announced that it has made a proposal to acquire all of the shares of Scotia Group Jamaica Limited.
- Woodside Energy Group Ltd ("WDSAU") announced that in response to recent media speculation, the company is not aware of any proposal and confirms that it is not in discussions regarding a potential transaction with Exxon Mobil Corporation ("XOM") after Bloomberg reported last Friday that XOM is studying potential acquisition targets including WDSAU as XOM looks to increase its presence in LNG and Asian markets.

Equity Market Updates

US: US stocks advanced Monday as a US-Iran interim deal to reopen the Strait of Hormuz sparked a broad risk-on rally, easing energy supply concerns and lifting sentiment ahead of the Federal Reserve's first policy meeting under new Chairman Kevin Warsh. The S&P 500 rose 1.7% — its third consecutive gain and highest close since 4 Jun 2026 — the Nasdaq 100 surged 3.1%, and the Dow Jones Industrial Average gained 0.9%, hitting an all-time high. The Philadelphia Semiconductor Index jumped 5.4% to a record, with Nvidia advancing 3.5% and Western Digital surging 16.1%. The S&P 500 Industrials Index also notched a record, erasing losses sustained since the outbreak of hostilities. Energy stocks fell sharply as US crude settled below USD81 per barrel, while airlines, miners, and cruise operators rallied. SpaceX shares rose 20% in their second trading session, drawing outsized retail interest. Treasuries mostly advanced as traders pared Fed rate-hike bets, with the 10-year yield easing approximately 1.5 basis points to around 4.47% and the 1-year yield falling roughly 1.6 basis points to 3.84%. Markets now price less than an 80% probability of a quarter-point hike by December 2026, with a full move not priced until March 2027. The Fed's 16–17 Jun 2026 meeting is widely expected to hold rates at 3.50%–3.75%.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	99.631	-0.12%	**USD-SGD**	1.2827
USD-JPY	160.34	0.06%	**EUR-SGD**	1.4863
EUR-USD	1.159	0.19%	**JPY-SGD**	0.7998
AUD-USD	0.707	0.37%	**GBP-SGD**	1.7202
GBP-USD	1.341	0.06%	**AUD-SGD**	0.9071
USD-MYR	4.051	-0.22%	**NZD-SGD**	0.7466
USD-CNY	6.758	-0.08%	**CHF-SGD**	1.6138
USD-IDR	17703	-0.93%	**SGD-MYR**	3.1599
USD-VND	26290	-0.08%	**SGD-CNY**	5.2708

Equity and Commodity

Index	Value	Net change
DJIA	51,671.03	468.77
S&P	7,554.29	122.83
Nasdaq	26,683.94	795.10
Nikkei 225	69,317.50	3297.46
STI	5,077.29	51.49
KLCI	1,691.39	7.76
JCI	6,254.97	247.31
Baltic Dry	2,729.00	0.00
VIX	16.20	-1.48

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.1670	1.78%	**1M**	3.6288
3M	2.3800	-0.87%	**2M**	3.6509
6M	2.6390	0.84%	**3M**	3.6678
12M	2.8740	0.98%	**6M**	3.7345
			1Y	3.8780

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.56 (-0.02)	4.07(--)
5Y	1.68 (-0.02)	4.19 (-0.02)
10Y	2 (-0.02)	4.48 (-0.01)
15Y	1.99 (-0.02)	--
20Y	1.98 (-0.02)	--
30Y	2.02 (-0.01)	4.98 (+0.01)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/17/2026	0.017	1.700	0.004	3.626
07/29/2026	0.102	8.600	0.026	3.648
09/16/2026	0.319	21.600	0.080	3.702
10/28/2026	0.442	12.400	0.111	3.733
12/09/2026	0.789	34.700	0.197	3.819

Financial Spread (bps)

Value	Change	
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.65

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	80.75	-4.9%	Corn (per bushel)	4.155	0.7%
Brent (per barrel)	83.17	-4.8%	Soybean (per bushel)	11.193	0.5%
Heating Oil (per gallon)	326.65	-4.1%	Wheat (per bushel)	5.898	0.9%
Gasoline (per gallon)	294.72	-3.4%	Crude Palm Oil (MYR/MT)	44.060	0.4%
Natural Gas (per MMBtu)	3.15	0.9%	Rubber (JPY/KG)	4.249	1.4%
Base Metals	**Futures**	**% chg**	**Precious Metals**	**Futures**	**% chg**
Copper (per mt)	13745	0.3%	Gold (per oz)	4312	2.2%
Nickel (per mt)	17911	0.5%	Silver (per oz)	70.00	2.9%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
6/16/2026 5:00	SK	Export Price Index MoM	May	--	0.30%	7.10%	7.50%
6/16/2026 5:00	SK	Export Price Index YoY	May	--	46.90%	40.80%	41.30%
6/16/2026 5:00	SK	Import Price Index MoM	May	--	-0.30%	-2.30%	-2.10%
6/16/2026 5:00	SK	Import Price Index YoY	May	--	24.80%	20.20%	20.50%
6/16/2026 9:30	CH	New Home Prices MoM	May	--	--	-0.19%	--
6/16/2026 9:30	CH	Used Home Prices MoM	May	--	--	-0.23%	--
6/16/2026 10:00	CH	Retail Sales YoY	May	-0.20%	--	0.20%	--
6/16/2026 10:00	CH	Retail Sales YTD YoY	May	1.40%	--	1.90%	--
6/16/2026 10:00	CH	Industrial Production YoY	May	4.40%	--	4.10%	--
6/16/2026 10:00	CH	Industrial Production YTD YoY	May	5.30%	--	5.60%	--
6/16/2026 10:00	CH	Fixed Assets Ex Rural YTD YoY	May	-2.30%	--	-1.60%	--
6/16/2026 10:00	CH	Surveyed Jobless Rate	May	5.20%	--	5.20%	--
6/16/2026 10:00	CH	Property Investment YTD YoY	May	-14.00%	--	-13.70%	--
6/16/2026 10:00	CH	Residential Property Sales YTD YoY	May	--	--	-15.70%	--
6/16/2026 11:00	SK	Money Supply L SA MoM	Apr	--	--	-0.40%	--
6/16/2026 11:00	SK	Money Supply M2 SA MoM	Apr	--	--	0.40%	--

Source: Bloomberg

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