

Daily Treasury Outlook

Highlights

Global: The first Federal Reserve meeting chaired by Kevin Warsh proved consequential for several reasons. First, while the policy rate was left unchanged at 3.5-3.75%, the emphasis placed on price stability amid a resilient activity and labour market backdrop lent itself to more hawkish market interpretations. Front-end UST yields closed 10-13bp higher for the session, with US equities closing in the red (S&P: -1.2%; NASDAQ: -1.3%; Dow: -0.98%) and the DXY index firmer. Second, the Fed Chair announced that he is appointing task forces for “five areas that are central to the broad conduct of monetary policy: First, Fed communications; second, the Fed’s balance sheet policy; third, our use and reliance on existing data sources; fourth, productivity and jobs in an era of transformation; and last, the Fed’s inflation frameworks.” The recommendations from these task forces have the potential to result in material changes. Third, the communication style is undergoing changes. Notably, the policy statement was shortened to 20 lines and Fed Chair Warsh said he expects his colleagues to “propose some well-considered changes, including to the SEP”. Within the SEP, the ‘dot plot’ showed that nine members forecast at least one rate hike this year, eight members expect no change to the policy rate and one member expects a rate cut. Kevin Warsh himself refrained from joining the exercise. Other material changes to the forecasts include a significant upward revision to 2026 PCE (3.6% from 2.7% in March) and core PCE (3.3% from 2.7%), with PCE and core PCE reaching 2.0% and 2.1% by 2028, respectively. There was also a modest downward revision to GDP growth for 2026 to 2.2% from 2.4% in March, but an upward revision to 2.2% from 2.1% for 2028. The unemployment rate forecast for 2026 was narrowly reduced to 4.3% from 4.4% in March but left unchanged for 2027 and 2028. During the press conference, the Fed Chair noted that he did not hear a strong sense of conviction regarding the submitted dots from his colleagues, and he stated that the outcome of the meeting has given markets “a new chapter for the central bank” and “some fresh thinking.”

Market Watch: Asian markets will digest the FOMC outcome even as the calendar is replete with other central bank decisions. For ASEAN, Bank Indonesia and Bangko Sentral ng Pilipinas meet today, and we expect a 25bp hike from both these central banks. The FOMC outcome will likely suggest to these ASEAN central banks that capital flow volatility will persist in the near-term, with the policy reaction function still guided by inflation and macroeconomic stability considerations. Bank of England, Swiss National Bank and Taiwan’s CBC also meet today and are expected to keep its policy rate unchanged. The data releases on tap include US weekly initial jobless claims and continuing claim, as well as UK April labour market data.

Key Market Movements

Equity	Value	% chg
S&P 500	7420.1	-1.2%
DJIA	51493	-1.0%
Nikkei 225	69902	0.7%
SH Comp	4108.1	0.4%
STI	5176.5	1.2%
Hang Seng	24312	-0.7%
KLCI	1710.0	0.0%
	Value	% chg
DXY	100.089	0.6%
USDJPY	160.65	0.1%
EURUSD	1.1501	-0.9%
GBPUSD	1.3293	-1.0%
USDIDR	17738	0.2%
USDSGD	1.2881	0.5%
SGDMYR	3.1684	-0.2%
	Value	chg (bp)
2Y UST	4.18	13.27
10Y UST	4.49	4.75
2Y SGS	1.57	0.30
10Y SGS	2.00	-0.01
3M SORA	1.09	-0.14
3M SOFR	3.64	0.01
	Value	% chg
Brent	79.55	0.7%
WTI	76.79	1.0%
Gold	4257	-1.7%
Silver	67.93	-3.0%
Palladium	1322	-2.5%
Copper	13815	0.3%
BCOM	128.20	0.4%

Source: Bloomberg

Major Markets

CH: China's central bank plans to establish an overseas central bank repo facility, allowing foreign central banks and monetary authorities that hold Chinese government bonds (CGBs) to obtain RMB liquidity by temporarily pledging those bonds through repo transactions with the PBoC or its designated institutions. The significance of this initiative extends well beyond liquidity management. By providing a standing liquidity backstop for overseas official holders, the facility enhances the liquidity profile and usability of CGBs, bringing them a step closer to the role played by U.S. Treasuries in the global financial system. Reserve managers are generally more willing to hold assets that can be readily mobilized during periods of market stress, and the repo facility directly addresses this requirement.

More importantly, the move marks another milestone in RMB internationalization. If the bilateral RMB swap network represented the first phase of RMB internationalization—facilitating access to RMB liquidity for trade settlement and financial stability purposes—then the overseas central bank repo facility could represent the next phase. It elevates Chinese government bonds from being merely a reserve asset to becoming internationally recognized reserve collateral.

ID: Bank Indonesia will announce its decision today at 3pm SGT, and we expect a 25bp rate hike to 5.75%, in line with the central bank's efforts to prevent further backsliding of sentiment. This meeting follows a 25bp intermeeting hike on 9 June and a 50bp hike at a scheduled meeting on 20 May. BI framed its tightening as a pre-emptive measure to support IDR and keep inflation within the 2.5±1% target for 2026–2027.

MY: Prime Minister Anwar Ibrahim said Malaysia and the Republic of Tatarstan have broad potential to expand cooperation in trade, investment, education, tourism, the halal industry, technology and talent development after meeting Head of the Republic of Tatarstan Rustam Minnikhanov in Kazan on Tuesday (17 June). He said both sides discussed energy cooperation, including opportunities in oil and gas, downstream activities, refining and petrochemicals, given Tatarstan's role as one of Russia's major oil producing regions. PM Anwar also said the Kazan Forum could strengthen business ties and create new opportunities in innovation, the digital economy and strategic investments, during his two-day working visit to attend the ASEAN-Russia Commemorative Summit.

PH: The Department of Agriculture expects the US-Iran peace agreement and the reopening of the Strait of Hormuz to ease cost pressures on the country's agriculture sector. Agriculture Secretary Francisco Tiu Laurel Jr. said this "will greatly help reduce the cost of inputs in the production and transport of agricultural commodities, especially now as we prepare for a new rice planting season." The Department of Energy added that it expects fuel prices to return to pre-war levels within 6 to 12 months. In addition to lower costs, Secretary Francisco anticipates smoother trade flows with the Middle East. The region is a key export market for the Philippines' agricultural and food products such as pineapples, bananas, and canned tuna.

VN: Fitch Ratings affirmed Vietnam's Long Term Foreign Currency Issuer Default Rating at BB+ with a Stable Outlook, citing solid medium term growth prospects, lower general government debt to GDP than the BB peer median and a favourable external debt profile. It forecasts real GDP growth to moderate but remain robust at 6.8% in 2026, supported by strong FDI inflows, solid electronics exports, resilient government investment and supportive credit policy, while noting risks from a prolonged energy shock, supply chain disruption and potential US tariff actions. It also expects the current account surplus to narrow to 4.0% of GDP in 2026 from an estimated 6.5% in 2025.

ESG

SG: As Singapore has observed an overall decline in recycling rates, the government will conduct a review of the Zero Waste Masterplan to seek out new methods to boost recycling outcomes and extend the lifespan of Semakau Landfill beyond 2035. The review is set to begin in the coming months and will be completed in 2027. While Singapore's overall recycling rate increased from 50% in 2024 to 52% in 2025, the 2025 recycling rate remains below the 59% recycling rate recorded in 2019. Recycling has become more difficult to sustain commercially due to disruptions in logistics, volatile commodity prices and tighter import restrictions.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded flat to higher yesterday with shorter and belly tenors trading flat to 1bps higher and 10Y tenors trading flat.
- US Investment Grade spreads traded flat at 73bps and US High Yield spreads tightened by 2bps to 257bps yesterday respectively. Bloomberg Global Contingent Capital Index tightened by 3bps to 215bps.
- Bloomberg Asia USD Investment Grade tightened by 1bps to 52bps yesterday while Asia USD High Yield spreads tightened by 13bps to 352bps. (Bloomberg, OCBC)

New Issues:

- In the SGD credit market, City Developments Ltd priced SGD300mn of 5Y fixed bonds at 2.5%.
- The total issuance volumes for APAC and DM IG markets yesterday were USD155mn and USD500mn respectively (prior day: USD950mn and USD7.3bn respectively). The largest notable issuances in APAC and DM IG came from China Construction Bank Corp Singapore Branch (priced a USD155mn 3Y FRN at SOFR+38bps) and Zurich Finance Ireland Designated Activity Co (guarantor: Zuerich Versicherungs-Gesellschaft AG) (priced a USD500mn 7Y fixed bond at T+75bps) respectively. (Bloomberg, OCBC)

Recent Coverage Developments:

- GOHL Capital Holdings Limited has withdrawn its proposed SGD NC5.5 fixed rate subordinated perpetual capital securities, following an investor roadshow. The issuance was initially intended to refinance outstanding USD-denominated 4.25% notes due in January 2027 and support broader Genting Group funding needs.

Equity Market Updates

US: US stocks fell Wednesday as the Federal Reserve held rates steady at 3.50%–3.75% in Chair Kevin Warsh's inaugural meeting, but struck a hawkish tone that rattled markets. The S&P 500 dropped 1.2%, the Nasdaq fell 1.3%, and the Dow shed 1.0%, with all S&P 500 sectors closing lower and communication services leading declines. Microsoft slid 3.8% and Adobe fell 5.3% to its lowest level in more than eight years. Warsh emphasised price stability as the Fed's guiding principle, and the updated dot plot shifted hawkishly, with money markets fully pricing in a rate hike by October — a notable shift given the Fed had been on hold for four consecutive meetings. The front end of the Treasury curve bore the brunt of the selloff: the 2-year yield surged approximately 15 basis points to 4.20%, its highest since February 2025, while the 10-year yield rose around 5 basis points to 4.49%, aggressively flattening the curve. The hawkish pivot was framed in the context of the US-Iran war's inflationary impact, though Morgan Stanley's Mike Wilson noted markets had broadly moved past the conflict itself. Semiconductor stocks — Broadcom, Micron, and Applied Materials — bucked the trend, rebounding after Tuesday's sharp decline.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	100.089	0.55%	USD-SGD	1.2881
USD-JPY	160.65	0.14%	EUR-SGD	1.4820
EUR-USD	1.150	-0.92%	JPY-SGD	0.8018
AUD-USD	0.701	-0.76%	GBP-SGD	1.7124
GBP-USD	1.329	-0.99%	AUD-SGD	0.9030
USD-MYR	4.070	0.46%	NZD-SGD	0.7428
USD-CNY	6.761	0.06%	CHF-SGD	1.6107
USD-IDR	17738	0.20%	SGD-MYR	3.1684
USD-VND	26323	0.10%	SGD-CNY	5.2536

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2090	1.75%	1M	3.6420
3M	2.4080	0.04%	2M	3.6933
6M	2.5920	-0.54%	3M	3.7272
12M	2.7550	-1.47%	6M	3.8480
			1Y	4.0280

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
06/17/2026	0.072	7.200	0.018	3.636
07/29/2026	0.299	29.900	0.075	3.713
09/16/2026	0.804	50.400	0.201	3.839
10/28/2026	1.059	25.600	0.265	3.902
12/09/2026	1.528	46.900	0.382	4.020

Equity and Commodity

Index	Value	Net change
DJIA	51,492.55	-507.12
S&P	7,420.10	-91.25
Nasdaq	26,021.66	-354.68
Nikkei 225	69,902.25	497.75
STI	5,176.46	59.60
KLCI	1,709.99	18.60
JCI	6,220.74	-34.23
Baltic Dry	2,670.00	-50.00
VIX	18.44	2.03

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.57 (--)	4.17(--)
5Y	1.68 (--)	4.26 (+0.1)
10Y	2 (--)	4.47 (+0.05)
15Y	2 (+0.01)	--
20Y	2 (+0.01)	--
30Y	2.05 (+0.01)	4.92 (-0.01)

Financial Spread (bps)

Value	Change	
TED	35.36	--
Secured Overnight Fin. Rate		
SOFR	3.63	

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	76.79	1.0%	Corn (per bushel)	4.210	1.8%
Brent (per barrel)	79.55	0.7%	Soybean (per bushel)	11.320	0.2%
Heating Oil (per gallon)	319.46	0.8%	Wheat (per bushel)	6.128	2.8%
Gasoline (per gallon)	290.96	1.0%	Crude Palm Oil (MYR/MT)	45.010	#DIV/0!
Natural Gas (per MMBtu)	3.15	-2.9%	Rubber (JPY/KG)	4.300	-0.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13815	0.3%	Gold (per oz)	4257	-1.7%
Nickel (per mt)	18060	0.4%	Silver (per oz)	67.93	-3.0%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
6/18/2026 2:00	US	FOMC Rate Decision (Upper Bound)	17-Jun	3.75%	3.75%	3.75%	--
6/18/2026 2:00	US	FOMC Rate Decision (Lower Bound)	17-Jun	3.50%	3.50%	3.50%	--
6/18/2026 2:00	US	Fed Interest on Reserve Balances Rate	18-Jun	3.65%	3.65%	3.65%	--
6/18/2026 2:00	US	Fed Reverse Repo Rate	18-Jun	3.50%	3.50%	3.50%	--
6/18/2026 2:00	US	FOMC Median Rate Forecast: Current Yr	17-Jun	3.63%	3.75%	3.38%	--
6/18/2026 2:00	US	FOMC Median Rate Forecast: Next Yr	17-Jun	3.38%	3.63%	3.13%	--
6/18/2026 2:00	US	FOMC Median Rate Forecast: +2 Yrs	17-Jun	3.13%	3.38%	3.13%	--
6/18/2026 2:00	US	FOMC Median Rate Forecast: Long-Run	17-Jun	3.13%	3.06%	3.13%	--
6/18/2026 9:00	CH	Swift Global Payments CNY	May	--	--	2.85%	--
6/18/2026 14:00	UK	Average Weekly Earnings 3M/YoY	Apr	4.00%	--	4.10%	--
6/18/2026 14:00	UK	Weekly Earnings ex Bonus 3M/YoY	Apr	3.20%	--	3.40%	--
6/18/2026 14:00	UK	Private Earnings ex Bonus 3M/YoY	Apr	2.90%	--	3.00%	--
6/18/2026 14:00	UK	ILO Unemployment Rate 3Mths	Apr	5.00%	--	5.00%	--
6/18/2026 14:00	UK	Employment Change 3M/3M	Apr	73k	--	148k	--
6/18/2026 14:00	UK	Payrolled Employees Monthly Change	May	-23k	--	-100k	--
6/18/2026 14:00	UK	Claimant Count Rate	May	--	--	4.40%	--

Source: Bloomberg

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