

Daily Treasury Outlook

Highlights

Global: US equities traded higher on Thursday, supported by optimism surrounding the US-Iran interim agreement. The S&P500, Dow and Nasdaq advanced between 0.1% and 1.9% (S&P500: +1.1%; Dow: +0.1%; NASDAQ: +1.9%). Turning to the Middle East, the US and Iran have signed a 14-point memorandum of understanding, paving the way for further negotiations aimed at “achieving the final deal, in maximum 60 days extendable with mutual consent.” The peace deal and the reopening of the Strait of Hormuz are expected to gradually restore Gulf oil flows. However, OPEC Secretary General Haitham al-Ghais cautioned against the IEA's latest projections of a supply overhang in 2027. On the central bank front, the Bank of England (BoE) held its policy rate unchanged at 3.75% for a fourth consecutive meeting, in a 7-2 vote. The two dissenters were Megan Greene and Huw Pill who preferred a 25bp hike. The BoE noted that “global energy prices have fallen since the previous meeting in response to events in the Middle East. But they remain higher than pre-conflict and have continued to be volatile. The impact of the energy shock on the UK economy remains uncertain.” Although CPI inflation has fallen to 2.8% in May, the BoE now expects inflation to be a little under 3% in 3Q26 and pick up to a little over 3.25% in Q426. Nonetheless, BoE noted that “this was below the path expected in the April Report, reflecting both lower energy and non-energy prices.” BoE Governor Andrew Bailey pledged that he “would respond promptly to any signals that an extended period of elevated energy prices could be leading to stronger possible second-round effects.” On the data front, the Philadelphia Fed Manufacturing index rebounded to 10.3 in June from -0.4 in May, with the index for current new orders surging 29 points to 27.3 and the employment index returning to positive territory at 7.9. However, price pressures remained elevated, with prices paid at 53.2, up from 47.9 the previous month. Separately, initial jobless claims declined by 1.7% to 226k for the week ending 13 June. In contrast, continuing claims rose by 1.3% to 1.81mn for the week ending 6 June.

Market Watch: For the day ahead, the calendar is relatively light. Malaysia will release its May CPI and trade figures. Later in the day, the UK will release its May retail sales data. The US calendar is light because of the Juneteenth holiday, with no major US economic releases scheduled.

Key Market Movements

Equity	Value	% chg
S&P 500	7500.6	1.1%
DJIA	51565	0.1%
Nikkei 225	71053	1.6%
SH Comp	4090.5	-0.4%
STI	5212.8	0.7%
Hang Seng	23925	-1.6%
KLCI	1711.4	0.1%

	Value	% chg
DXY	100.849	0.8%
USDJPY	161.38	0.5%
EURUSD	1.1458	-0.4%
GBPUSD	1.3206	-0.7%
USDIDR	17710	-0.2%
USDSGD	1.29	0.1%
SGDMYR	3.1919	0.7%

	Value	chg (bp)
2Y UST	4.18	-0.76
10Y UST	4.45	-3.36
2Y SGS	1.59	2.60
10Y SGS	2.02	2.06
3M SORA	1.08	-0.14
3M SOFR	3.64	0.01

	Value	% chg
Brent	79.85	0.4%
WTI	76.60	-0.2%
Gold	4210	-1.1%
Silver	65.67	-3.3%
Palladium	1284	-2.9%
Copper	13691	-0.9%
BCOM	126.92	-1.0%

Source: Bloomberg

Major Markets

CH: The Hong Kong Securities and Futures Commission (SFC) announced that Hong Kong Exchanges and Clearing (HKEX) will launch a five-year RMB government bond futures contract on 3 August, marking another milestone in the development of Hong Kong's offshore RMB market. The People's Bank of China (PBOC) and the China Securities Regulatory Commission (CSRC) welcomed the launch, noting that the new product will broaden the range of risk-management tools available to international investors, enhance the attractiveness of RMB-denominated assets, reinforce Hong Kong's role as the leading offshore RMB centre, and strengthen the willingness and confidence of long-term institutional investors to increase their allocation to China.

ID: Bank Indonesia (BI) raised its policy rate by 25bp to 5.75%, following the 25bp intermeeting hike on 9 June and bringing cumulative tightening to 100bp in less than a month. BI said the decision aims to strengthen IDR stability amid elevated global uncertainty, while introducing tighter foreign exchange monitoring measures and raising the foreign funding ratio limit for banks to support liquidity mobilisation. BI maintained its 2026 GDP growth forecast of 4.9%–5.7%, noted upside risks from imported inflation and El Niño, and said global uncertainties, including developments in the Middle East, continue to warrant cautious policy action.

MY: Prime Minister Anwar Ibrahim said Malaysia will intensify efforts to expand local currency settlement arrangements with trading partners to mitigate foreign exchange volatility and reduce reliance on the USD, as reported by The Edge. PM Anwar noted that local currency trade with China has risen to around 22%–23% of bilateral trade from about 16% previously, while India has agreed to explore local currency trade or barter arrangements. Separately, PM Anwar and Russian President Vladimir Putin discussed using the Ringgit and Ruble in bilateral trade and exploring mechanisms to expand trade and investment.

PH: Bangko Sentral ng Pilipinas (BSP) raised its policy rate by 25bps to 4.75% at its 18 June meeting, in line with consensus and our expectations. BSP's decision was clearly focused on curbing price pressures and mitigating second round effects from sharply higher headline CPI in recent months. BSP's latest headline CPI forecast, projects higher headline CPI at 6.4% and 4.5% for 2026 and 2027, respectively, from the previous forecasts of 6.3% and 4.3% at its April meeting. BSP's forecasts suggest that headline CPI could remain sticky at around 4.5%, above the 4% ceiling, in 2027 before easing to 3.1% in 2028. BSP Governor Eli Remolona added that the BSP is prepared to take further action to ensure that CPI is brought back within the tolerance ceiling. As such, we expect BSP to deliver further rate hikes, with one 25bp hike at each of the remaining three meetings on 27 August, 22 October, and 17 December. This would take the policy rate to 5.50% by end-2026.

ESG

SG: Coastal landowners in Singapore with more than 30 years left on their lease will have to plan for coastal protection to guard against a projected rise in sea level by 2.15m. Those with fewer than 30 years left on their lease should prepare for at least a 0.7m rise in sea level. Approximately 70% of Singapore's coastline is government-owned, while the remaining stretches are held by private companies i.e. mostly shipyards, ports, and businesses in the oil, gas and manufacturing sectors. Private landowners of coastal plots will receive capital grants to support them in implementing the mandatory measures, as well as advice and consultation from PUB on how to carry out the required works. The code of practice that sets out technical standards and compliance requirements for coastal protection obligations will take effect from 2028.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 6-7bps higher while belly tenors traded 3-6bps higher and 10Y tenors traded 2bps higher.
- US Investment Grade spreads traded flat at 73bps and US High Yield spreads widened by 2bps to 265bps yesterday respectively. Bloomberg Global Contingent Capital Index widened by 3bps to 218bps.
- Bloomberg Asia USD Investment Grade widened by 1bps to 53bps yesterday while Asia USD High Yield spreads widened by 5bps to 357bps. (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 USD184mn and USD5.25bn respectively (prior day: USD155mn and USD500mn respectively). The largest notable issuances in APAC and DM IG came from LOTTE Property & Development Co Ltd (guarantor: KEB Hana Bank) (priced a USD184mn 3Y FRN at SOFR+90bps) and Barclays PLC (priced USD4.5bn of debt in three tranches) respectively. (Bloomberg, OCBC)

Recent Coverage Developments:

- Wing Tai Properties Ltd (“WINGTP”) has entered into a contract to sell 1 Savile Row, London for GBP31mn (HKD325mn). In our view, this disposal, along with recovering HKSAR housing markets and scheduled opening of Central Crossing in 2026 (a landmark mixed-used property in Central HKSAR), will aid WINGTP substantially to call SGD260mn (HKD1.6bn) WINGTP 4.35%-PERP on the next reset date on 24 August 2027.

Equity Market Updates

US: US stocks advanced Thursday, the last session before the Juneteenth federal holiday, as a US-Iran peace deal to reopen the Strait of Hormuz eased inflation fears and a record USD7.5 trillion options expiry drove elevated trading volumes. The S&P 500 rose 1.1%, the Nasdaq gained 1.9%, and the Dow edged up 0.1%. Chipmakers were the standout, with the Philadelphia Semiconductor Index surging 6.4% to a record high; Intel soared after President Trump announced a deal with Apple to design and produce semiconductors domestically, while Nvidia, Sandisk, and Micron also hit record highs. Financials underperformed, falling 0.9%, partly amid a Department of Justice probe into Iran-linked money flows. Treasury yields declined 1 to 4 basis points in a bull-flattening move, partially unwinding Wednesday's post-Fed selloff, with the 10-year yield trading around 4.55%; the 2s10s spread narrowed to as little as 23.9 basis points, the flattest since March 2025, as markets continued to price Fed Chair Kevin Warsh's hawkish debut, with futures markets fully pricing a rate hike later this year. Oil edged lower on the Hormuz deal. US markets are closed Friday, 19 Jun 2026, for Juneteenth.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	100.849	0.76%	USD-SGD	1.2900
USD-JPY	161.38	0.45%	EUR-SGD	1.4778
EUR-USD	1.146	-0.37%	JPY-SGD	0.7995
AUD-USD	0.701	-0.01%	GBP-SGD	1.7036
GBP-USD	1.321	-0.65%	AUD-SGD	0.9048
USD-MYR	4.117	1.17%	NZD-SGD	0.7424
USD-CNY	6.768	0.11%	CHF-SGD	1.6037
USD-IDR	17710	-0.16%	SGD-MYR	3.1919
USD-VND	26326	0.01%	SGD-CNY	5.2418

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2460	1.67%	1M	3.6440
3M	2.4170	0.37%	2M	3.6969
6M	2.6070	0.58%	3M	3.7319
12M	2.7590	0.15%	6M	3.8582
			1Y	4.0395

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	0.385	38.500	0.096	3.727
09/16/2026	0.889	50.400	0.222	3.854
10/28/2026	1.145	25.600	0.286	3.918
12/09/2026	1.541	39.600	0.385	4.017

Equity and Commodity

Index	Value	Net change
DJIA	51,564.70	72.15
S&P	7,500.58	80.48
Nasdaq	26,517.93	496.27
Nikkei 225	71,053.49	1151.24
STI	5,212.84	36.38
KLCI	1,711.39	1.40
JCI	6,172.34	-48.40
Baltic Dry	2,653.00	-17.00
VIX	16.40	-2.04

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.59 (+0.03)	4.18(--)
5Y	1.7 (+0.02)	4.23 (-0.03)
10Y	2.02 (+0.02)	4.45 (-0.03)
15Y	2.02 (+0.02)	--
20Y	2.03 (+0.02)	--
30Y	2.07 (+0.02)	4.9 (-0.03)

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)	76.60	-0.2%	Corn (per bushel)	4.175	-0.8%
Brent (per barrel)	79.85	0.4%	Soybean (per bushel)	11.228	-0.8%
Heating Oil (per gallon)	312.73	-2.1%	Wheat (per bushel)	6.058	-1.1%
Gasoline (per gallon)	299.49	2.9%	Crude Palm Oil (MYR/MT)	45.100	#DIV/0!
Natural Gas (per MMBtu)	3.23	2.8%	Rubber (JPY/KG)	4.308	0.2%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13691	-0.9%	Gold (per oz)	4210	-1.1%
Nickel (per mt)	17842	-1.2%	Silver (per oz)	65.67	-3.3%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
6/19/2026 4:00	US	Total Net TIC Flows	Apr	--	\$26.1b	\$150.7b	\$149.3b
6/19/2026 4:00	US	Net Long-term TIC Flows	Apr	--	\$103.1b	\$81.3b	\$79.9b
6/19/2026 5:00	SK	PPI YoY	May	--	8.50%	6.90%	7.20%
6/19/2026 12:00	MA	CPI YoY	May	2.10%	--	1.90%	--
6/19/2026 12:00	MA	Exports YoY	May	29.70%	--	36.90%	--
6/19/2026 12:00	MA	Imports YoY	May	12.50%	--	20.00%	--
6/19/2026 12:00	MA	Trade Balance MYR	May	22.80b	--	28.75b	--
6/19/2026 14:30	EC	Bloomberg June Eurozone Economic Survey					
6/19/2026 15:30	TH	Gross International Reserves	12-Jun	--	--	\$283.5b	--
6/19/2026 15:30	TH	Forward Contracts	12-Jun	--	--	\$22.6b	--
6/19/2026 19:30	IN	Foreign Exchange Reserves	12-Jun	--	--	\$681.6b	--
6/19/2026	PH	BoP Overall	May	--	--	-\$2124m	--

Source: Bloomberg

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