

Daily Treasury Outlook

Highlights

Global: US-Iran talks for a permanent ceasefire began in Switzerland, notwithstanding that Iran had earlier closed the Strait of Hormuz (SoH) due to what it called Israel's violation of a ceasefire. There were also reports of three fully laden India-linked supertankers re-emerging in the Gulf of Oman. The USD cash markets were closed for Juneteenth holiday last Friday, but the S&P500 ended the week with a 1.08% gain while the 10-year UST bond yield ended little changed at 4.45%, after being earlier whipsawed by the perceived hawkish shift in the anticipated Fed rate trajectory, following Fed Chair Kevin Warsh's first FOMC meeting and the subsequent rise in Brent above US\$80 per barrel handle. Meanwhile, foreign holdings of UST bonds rose by US\$3.9 by in April, led by Japan and UK whereas China's holdings dipped US\$1.2 by to US\$651.1 by (lowest since 2008), after declining in March. Elsewhere, UK PM Starmer is said to be under pressure to announce his departure soon and investors are assessing if a Burnham premiership may imply a looser fiscal policy. This prompted the 10-year gilt yield to surge 9bps to 4.84%.

Market Watch: Asian markets are likely to range trade today, while awaiting China's 1- and 5-year loan prime rate fixings. Fed's Waller and ECB's Panetta, Kocher, and Lagarde are also speaking today. For the coming week, key data releases to watch include the manufacturing, services and computer PMIs from the US, Europe, UK and Asia, as well as US' ADP employment change, core PCE price index and May durable goods orders, Australia's May CPI, and Germany's IFO business climate.

On the central bank front, BOT is likely to remain static at 1% on 24 June due to growth concerns, while Bank of Canada's summary of deliberations is due Thursday. Given the US-Iran developments, energy prices, freight rates, insurance costs and inflation expectations will remain highly sensitive to whether the SoH really reopens in the next several weeks.

SG: May headline and core inflation likely rose 1.9% and 1.5% YoY (consensus forecast: 2.0% and 1.6% respectively), versus 1.8% and 1.4% in April.

Key Market Movements

Equity	Value	% chg
S&P 500	7500.6	0.0%
DJIA	51565	0.0%
Nikkei 225	71250	0.3%
SH Comp	4090.5	0.0%
STI	5192.7	-0.4%
Hang Seng	23925	0.0%
KLCI	1712.0	0.0%
	Value	% chg
DXY	100.849	0.0%
USDJPY	161.3	0.0%
EURUSD	1.1471	0.1%
GBPUSD	1.3232	0.2%
USDIDR	17790	0.5%
USDSGD	1.2912	0.1%
SGDMYR	3.2041	0.4%
	Value	chg (bp)
2Y UST	4.18	0.00
10Y UST	4.45	0.00
2Y SGS	1.62	2.70
10Y SGS	2.06	3.69
3M SORA	1.08	-0.03
3M SOFR	3.64	0.00
	Value	% chg
Brent	80.57	0.9%
WTI	76.60	-0.2%
Gold	4156	-1.3%
Silver	64.90	-1.2%
Palladium	1262	-1.7%
Copper	13595	-0.7%
BCOM	126.92	0.0%

Source: Bloomberg

Major Markets

ID: The Nusantara Capital Authority (OIKN) and South Korea will develop a Smart City Cooperation Center (SCCC) in Indonesia's future capital, Nusantara, supported by a KRW9.9bn (~USD6.5mn) South Korean grant, as reported by Antara News. OIKN Head Basuki Hadimuljono said the facility will include digital and environmental laboratories, a smart city solution demonstration area, a control room, exhibition facilities, and an AI and robotics laboratory. The project is expected to be completed by end-2027. The grant will also support the preparation of a Smart City Masterplan and Smart Building Protocol, the establishment of the Nusantara Smart City Forum, and capacity-building programmes involving South Korean institutions.

MY: Ministry of Finance (MOF) announced that the subsidised diesel price for Malaysians will be lowered to MYR2.10 per litre nationwide from July 2026 under an enhanced targeted diesel subsidy programme using MyKad verification. The ministry said the programme will standardise diesel subsidy delivery nationwide, with subsidies channelled directly to eligible Malaysians, while non-Malaysians and ineligible users will pay market prices. MOF said the move aims to reduce leakages and smuggling amid pressures on global oil supply linked to the Middle East crisis, noting that the large gap between subsidised and market diesel prices had encouraged abuse, as reported by The Edge. Under the revised scheme, diesel prices in Sabah and Sarawak will be aligned with Peninsular Malaysia's market price, while eligible Malaysians in Sabah and Sarawak will pay MYR2.10 per litre for subsidised diesel, compared with MYR2.15 previously.

PH: According to the Bangko Sentral ng Pilipinas (BSP), the balance of payments (BOP) position flipped into a surplus of USD131mn in May, up from a deficit of USD2.1bn in April. As a result, this narrowed the cumulative deficit to USD7.3bn in Jan-May 2026 (Jan-Apr 2026: USD7.4bn). According to the BSP, "the year-to-date BOP position reflected the continued trade in goods deficit, and net outflows from foreign portfolio investments. However, this was partly offset by the sustained net inflows from personal remittances of overseas Filipinos (OFs), foreign borrowings by the NG, trade in services, and foreign direct investments." Meanwhile, the final gross international reserves (GIR) level declined modestly to USD104.0bn as of end-May 2026 from USD104.3bn the previous month (as of end-April 2026). The BSP noted that "the May GIR level can cover up to 6.7 months' worth of imports of goods and payments of services and primary income. It can likewise service about 3.9 times the country's short-term external debt based on residual maturity."

TH: Foreign investment in Thailand surged by 73% YoY to THB153.6bn in Jan-May 2026. According to the Director-general of the Department of Business Development Poonpong Naiyanapakorn, 528 foreign investors were given approvals to operate in the country, under the Foreign Business Act, during the same period. This represents a 24% YoY increase from the previous year. By source, the top five foreign investors were the United States, China, Singapore, Japan, and Hong Kong. Notably, investments from Singapore, China and Japan contributed particularly large investment values of THB36.5bn, THB30.0bn, and THB27.3bn, respectively. Nearly half of all approvals came through the Board of Investment, accounting for THB101.7bn and aligning with the government's strategy to attract investment into future-oriented industries including advanced technology, digital, AI, EVs, clean energy, and agri-food businesses. Investment in

the Eastern Economic Corridor also remained strong, drawing 161 foreign investors (~30% of all foreign investors) in areas, including aircraft nacelle maintenance and repair, telecoms equipment repair and maintenance services, and contract manufacturing services.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded higher last Friday with shorter tenors trading 2-3bps higher while belly tenors traded 3-4bps higher and belly tenors traded 4bps higher.
- US Investment Grade spreads traded flat at 73bps, and US High Yield spreads also traded flat at 265bps. Bloomberg Global Contingent Capital Index tightened by 2bps to 216bps.
- Bloomberg Asia USD Investment Grade and Asia USD High Yield spreads both traded flat at 53bps and 357bps respectively. (Bloomberg, OCBC)

New Issues:

- There were two issuances in the Singdollar market last Friday where MapletreeLog Treasury Co Pte Ltd priced a SGD75mn 7Y fixed rate bond at 2.5%.
- The total issuance volumes for APAC and DM IG markets yesterday were both zero (prior day: USD184mn and USD5.25bn respectively).

Recent Coverage Developments:

- In the Singapore residential property, The River Valley Green (Parcel C) site set a new land-price benchmark, with a top bid of SGD1,730 psf ppr, well above recent River Valley transactions, highlighting strong developer appetite. Competitive bids, largely from foreign-linked developers, suggest sustained confidence in prime residential demand and may signal upward pressure on property prices despite a cautious macro backdrop.
- In the US banks industry, the US Department of Justice (“DOJ”) is investigating how Iran’s Supreme Leader Mojtaba Khamenei built a global investment network, including potential links to major US banks like JPMorgan and Citi. The probe focuses on possible money laundering, corruption, and the role of US and international financial institutions in enabling large cross-border transactions tied to Khamenei’s network.
- BHP Group Limited announced it has completed a review of cost and schedule estimates for Stage 2 of the Jansen potash project (Jansen Stage 2) and confirms that the total investment estimate for Jansen Stage 2 will increase from USD4.9bn to USD6.9bn (including contingencies) with first production estimated in late FY2031.

Equity Market Updates

US: With US markets closed on Friday, 19 Jun 2026 for the Juneteenth federal holiday, the last session was Thursday, when stocks advanced as semiconductor shares surged to record highs, driven by a US-Iran memorandum of understanding to reopen the Strait of Hormuz, which eased inflation concerns and sent oil prices lower. The S&P 500 rose 1.1%, the Nasdaq gained 1.9%, and the Dow edged up 0.1% on Thursday, with the Philadelphia Semiconductor Index jumping 6.4% to an all-time high. Intel soared after President Trump said the chipmaker had struck a deal with Apple to design and produce semiconductors domestically, while Nvidia, Micron, and Broadcom also posted strong gains. Defence stocks bucked the trend, with Northrop Grumman and L3Harris each falling over 5% as the Iran peace deal reduced near-term conflict risk premiums. The US 10-year Treasury yield eased approximately 3 basis points to 4.46%, retracing some of the prior session's hawkish-Fed-driven selloff. New Fed Chair Kevin Warsh held rates at 3.50%–3.75% but raised the inflation outlook, with rate futures fully pricing a 25-basis-point hike by September. Over the weekend, US Vice President JD Vance met Iranian officials in Switzerland on 21 Jun 2026 to advance the interim peace framework, though talks were complicated by Trump's renewed threats to strike Iran if Hezbollah continued attacking Israel, prompting Iran to protest the remarks as a "blatant violation" of the MOU.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	100.849	0.00%	USD-SGD	1.2912
USD-JPY	161.30	-0.05%	EUR-SGD	1.4811
EUR-USD	1.147	0.11%	JPY-SGD	0.8006
AUD-USD	0.701	-0.01%	GBP-SGD	1.7093
GBP-USD	1.323	0.20%	AUD-SGD	0.9056
USD-MYR	4.136	0.47%	NZD-SGD	0.7411
USD-CNY	6.768	0.11%	CHF-SGD	1.5996
USD-IDR	17790	0.45%	SGD-MYR	3.2041
USD-VND	26318	-0.03%	SGD-CNY	5.2396

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2780	-0.31%	1M	3.6439
3M	2.3300	-2.35%	2M	3.7000
6M	2.6220	0.61%	3M	3.7416
12M	2.7890	1.49%	6M	3.8841
			1Y	4.0793

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	3.733
09/16/2026	0.934	54.900	0.233	3.870
10/28/2026	1.235	30.100	0.309	3.945
12/09/2026	1.556	32.200	0.389	4.025

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	71,250.06	196.57
STI	5,192.70	-20.14
KLCI	1,712.03	0.64
JCI	6,177.14	4.80
Baltic Dry	2,722.00	63.00
VIX	16.78	0.38

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.62 (+0.03)	4.22(--)
5Y	1.73 (+0.03)	4.23(--)
10Y	2.06 (+0.04)	4.49(--)
15Y	2.07 (+0.05)	--
20Y	2.07 (+0.04)	--
30Y	2.11 (+0.04)	4.93(--)

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)	80.57	0.9%	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)	45.940	1.9%
Natural Gas (per MMBtu)	3.23	2.8%	Rubber (JPY/KG)	4.299	-0.2%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13595	-0.7%	Gold (per oz)	4156	-1.3%
Nickel (per mt)	17580	-1.5%	Silver (per oz)	64.90	-1.2%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
6/19/2026-6/22/2026	CH	FDI YTD YoY CNY	May	--	--	-10.30%	--
6/21/2026-6/25/2026	TH	Car Sales	May	--	--	48394	--
6/22/2026 8:00	SK	Imports 20 Days YoY	Jun	--	--	29.30%	--
6/22/2026 8:00	SK	Exports 20 Days YoY	Jun	--	--	64.80%	--
6/22/2026 9:00	CH	1-Year Loan Prime Rate	22-Jun	3.00%	--	3.00%	--
6/22/2026 9:00	CH	5-Year Loan Prime Rate	22-Jun	3.50%	--	3.50%	--
6/22/2026 16:30	HK	BoP Current Account Balance	1Q	--	--	\$93.87b	--
6/22/2026 16:30	HK	BoP Overall	1Q	--	--	\$46.48b	--
6/22/2026 19:30	IN	Eight Infrastructure Industries	May	--	--	1.70%	--
6/22/2026 22:00	EC	Consumer Confidence	Jun P	-17.8	--	-19	--

Source: Bloomberg

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