

## Daily Treasury Outlook

### Highlights

**Global:** US–Iran peace talks have reportedly made “encouraging progress.” Iran has agreed to allow nuclear inspectors back into the country. The US has issued a 60-day license allowing Iran to sell oil on international markets, sending crude prices lower. Separately, UK Prime Minister Keir Starmer announced that he will step down following the recent election setback. It now appears that there is a clear path for Andy Burnham to take over the leadership of the Labour Party, and potentially become Prime Minister, as Wes Streeting has backed him as successor.

Asian equities surged to a record high before US markets reversed course. The three major US stock indices ended the day mixed, with signs of sector rotation. The dollar index advanced amid rising expectations of Fed rate hikes, while US Treasuries sold off across the curve. Chicago Fed President Austan Goolsbee said inflation is “way above target and going the wrong way,” expressing concern about whether the factors driving prices higher are temporary. ECB President Lagarde’s tone was seen as dovish, with her stating that the ECB sees no need for a more forceful response to the Iran conflict, as inflation is expected to return to target over the medium term.

China’s 1-year and 5-year Loan Prime Rates (LPR) were kept unchanged at 3% and 3.5%, respectively, as expected. China also rolled out 15 measures to promote foreign investment, including expanding market access in universities and service industries, enabling the use of risk management tools such as treasury futures, and supporting foreign enterprises in raising funds through domestic listings. These measures come against a backdrop of persistent FDI contraction in China, with inflows falling by 8.6% YoY from January to May this year.

On the data front, Canada’s CPI came in higher than expected at 3.2% YoY in May, driven by a third consecutive month of rising gasoline prices.

**Market Watch:** Asia markets are likely to open with a modestly positive tone. Market attention is now on manufacturing, services and composite PMIs from the US, Europe, UK and Asia. Today’s economic calendar for the Asian session includes Singapore’s May CPI, Taiwan’s May unemployment and export orders, and Hong Kong’s May CPI. Later in the day, markets will also watch for the US weekly ADP report and Richmond Fed manufacturing index.

### Key Market Movements

Equity	Value	% chg
S&P 500	7472.8	-0.4%
DJIA	51713	0.3%
Nikkei 225	72354	1.5%
SH Comp	4163.1	1.8%
STI	5204.0	0.2%
Hang Seng	23769	-0.7%
KLCI	1700.8	-0.7%

  

	Value	% chg
DXY	101.020	0.2%
USDJPY	161.57	0.2%
EURUSD	1.1429	-0.4%
GBPUSD	1.3251	0.1%
USDIDR	17832	0.2%
USDSGD	1.2933	0.2%
SGDMYR	3.2083	0.1%

  

	Value	chg (bp)
2Y UST	4.23	4.90
10Y UST	4.51	5.55
2Y SGS	1.65	2.90
10Y SGS	2.11	5.44
3M SORA	1.08	-0.63
3M SOFR	3.64	0.00

  

	Value	% chg
Brent	77.90	-3.3%
WTI	74.82	-2.3%
Gold	4190	0.8%
Silver	65.09	0.3%
Palladium	1270	0.6%
Copper	13649	0.4%
BCOM	125.95	-0.8%

Source: Bloomberg

## Major Markets

**CN:** According to estimates from the Data Center of the Ministry of Culture and Tourism, domestic travel activity remained resilient during the three-day Dragon Boat Festival holiday. Total domestic tourist trips reached 124 million, up 4.4% YoY, while domestic tourism spending rose 4.0% YoY to RMB444.6 billion.

**ID:** The government is preparing a national vocational training programme for 50,000 laid-off workers and 220,000 high school and vocational school graduates as part of its IDR26.3trn economic stimulus package for 2H26, as reported by Antara News. Manpower Minister Yassierli said the government will also continue the National Internship Programme (MagangHub), targeting 150,000 participants in 2026, with IDR6.3trn allocated for internship and vocational training initiatives. Coordinating Minister for Economic Affairs Airlangga Hartarto said the broader stimulus package includes IDR18.0trn for food assistance and IDR2.0trn for transportation incentives.

**MY:** The government said the nationwide implementation of the Budi Diesel programme from July will provide subsidised diesel at MYR2.10 per litre to eligible Malaysians through a MyKad verification system, replacing the current MYR400 monthly cash assistance for existing recipients. Second Finance Minister Amir Hamzah Azizan noted that the targeted subsidy reform is expected to generate annual savings of up to MYR2.0bn by reducing fuel subsidy leakages and ensuring subsidies are directed to eligible recipients, as reported by The Edge. He noted that the government's monthly petrol and diesel subsidy bill had risen to nearly MYR4.7bn in March and MYR4.9bn in April from around MYR800mn previously, while diesel consumption nearly doubled to 1.2bn litres per month from 624mn litres, indicating significant leakages from smuggling and subsidy abuse.

## Credit Market Updates

### Market Commentary:

- The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 0-2bps higher while belly tenors traded 2-3bps higher and the 10Y tenor traded 2bp higher.
- US Investment Grade spreads traded flat at 73bps, and US High Yield spreads also tightened by 1bp to 264ps. Bloomberg Global Contingent Capital Index also tightened by 1bp to 215bps.
- Bloomberg Asia USD Investment Grade tightened by 1bp to 52bps and Asia USD High Yield spreads tightened by 4bps to 353bps. (Bloomberg, OCBC)

### New Issues:

- There was one issuance in the Singdollar market yesterday where GLL IHT Pte Ltd (guarantor: GuocoLand Ltd) priced a SGD110mn 4.25Y fixed rate bond at 2.5%.
- The total issuance volumes for APAC and DM IG markets yesterday were USD4.3bn and USD8.40bn respectively (prior day: zero for both APAC and DM IG markets). The largest issuance in APAC and DM IG came from DBS Bank Ltd (guarantor: Bayfront Covered Bonds Pte Ltd) (priced a USD2bn

3Y Covered FRN at SOFRMS + 42bps) and Intesa Sanpaolo SpA (priced USD3.50bn across three tranches). (Bloomberg, OCBC)

### Recent Coverage Developments:

- UniCredit has raised its stake in Commerzbank to ~42% (potentially >44% after treasury share actions), signalling a deepening strategic takeover attempt. The offer period has been extended, but completion is contingent on regulatory approvals and may only conclude in 2027. The ECB is assessing whether UniCredit should consolidate Commerzbank early, which could reduce UniCredit's CET1 ratio by ~280bps.
- Olam intends to redeem or repurchase all outstanding perpetual securities, though it likely missed the notification deadline for the July 2026 first call. Despite this, the economic incentive to call remains strong; otherwise the coupon could reset to ~9% due to step-up features. Execution risk has eased with recent asset monetisations, including stake sales in Olam Agri and the divestment of Mindsprint. Further stake sale to SALIC (remaining 19.99%) is seen as highly likely, supporting its credit profile.
- Temasek appointed Wendy Koh (currently Mapletree CFO) as incoming CFO, effective October 2026. This leadership change allows current CFO Png Chin Yee to focus fully on overseeing Temasek's Singapore portfolio. Mapletree's CFO Wendy Koh will move to Temasek, while Wong Mun Hoong (regional CEO) will assume the CFO role alongside his current duties. Wong brings prior CFO experience (2006–2019), suggesting continuity despite the leadership reshuffle. The changes highlight strong internal bench strength within the Temasek ecosystem
- Canada's regulator (OSFI) lowered the Domestic Stability Buffer by 50bps to 3%, reducing CET1 requirements for major banks to 11%. This frees up ~CAD74bn in capital (~CAD673bn RWA capacity), improving flexibility for growth and capital returns. Canadian banks remain among the best capitalised globally despite the relaxation.

## Equity Market Updates

**US:** US stocks fell Monday as a slide in megacap technology stocks overshadowed optimism surrounding US-Iran peace talks. The S&P 500 declined 0.4%, the Nasdaq Composite dropped 1.3%, and the Dow edged up 0.3%. Alphabet tumbled 5% — its worst session in 13 months and a record single-day loss in market capitalisation — after two prominent AI researchers departed for rivals within days: Nobel laureate John Jumper left Google DeepMind for Anthropic, following Noam Shazeer's move to OpenAI the prior week. SpaceX fell 16% to its lowest level since its first trading day, erasing over USD600b in market value over three sessions, after the company announced plans to sell investment-grade bonds — its inaugural debt offering — reportedly to fund AI ambitions. On the geopolitical front, US-Iran technical talks in Bürgenstock, Switzerland produced "major progress," with Vice President JD Vance confirming Iran agreed to allow IAEA nuclear inspectors to return; the US also issued a 60-day licence permitting Iran to sell oil internationally, sending oil prices lower. Treasury yields rose 2–5 basis points across the curve, with the 10-year yield climbing to 4.51%, pressured by a heavy corporate issuance slate exceeding USD10b and anticipation of SpaceX's expected USD20b bond offering. Six-month bill yields hit their highest stopout rate

since 2 Sep 2025, reflecting market pricing of at least one Fed rate hike by year-end.



### Foreign Exchange

	Day Close	% Change		Day Close
<b>DXY</b>	101.020	0.17%	<b>USD-SGD</b>	1.2933
<b>USD-JPY</b>	161.57	0.17%	<b>EUR-SGD</b>	1.4783
<b>EUR-USD</b>	1.143	-0.37%	<b>JPY-SGD</b>	0.8003
<b>AUD-USD</b>	0.700	-0.14%	<b>GBP-SGD</b>	1.7136
<b>GBP-USD</b>	1.325	0.14%	<b>AUD-SGD</b>	0.9055
<b>USD-MYR</b>	4.148	0.28%	<b>NZD-SGD</b>	0.7389
<b>USD-CNY</b>	6.776	0.12%	<b>CHF-SGD</b>	1.5993
<b>USD-IDR</b>	17832	0.24%	<b>SGD-MYR</b>	3.2083
<b>USD-VND</b>	26319	0.00%	<b>SGD-CNY</b>	5.2385

### SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
<b>1M</b>	2.2780	-0.31%	<b>1M</b>	3.6499
<b>3M</b>	2.3300	-2.35%	<b>2M</b>	3.7014
<b>6M</b>	2.6220	0.61%	<b>3M</b>	3.7408
<b>12M</b>	2.7890	1.49%	<b>6M</b>	3.8818
			<b>1Y</b>	4.0627

### 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	0.363	36.300	0.091	3.723
09/16/2026	0.980	61.600	0.245	3.877
10/28/2026	1.263	28.400	0.316	3.947
12/09/2026	1.649	38.500	0.412	4.044

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	51,712.71	148.01
<b>S&amp;P</b>	7,472.79	-27.79
<b>Nasdaq</b>	26,166.60	-351.33
<b>Nikkei 225</b>	72,353.96	1103.90
<b>STI</b>	5,204.01	11.31
<b>KLCI</b>	1,700.84	-11.19
<b>JCI</b>	6,116.69	-60.45
<b>Baltic Dry</b>	2,722.00	63.00
<b>VIX</b>	17.28	0.50

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.65 (+0.03)	4.22(-)
<b>5Y</b>	1.77 (+0.05)	4.29 (+0.06)
<b>10Y</b>	2.11 (+0.05)	4.5 (+0.06)
<b>15Y</b>	2.13 (+0.06)	--
<b>20Y</b>	2.12 (+0.06)	--
<b>30Y</b>	2.16 (+0.05)	4.95 (+0.05)

### Financial Spread (bps)

Value	Change	
<b>TED</b>	35.36	--
<b>Secured Overnight Fin. Rate</b>		
<b>SOFR</b>	3.62	

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	74.82	-2.3%	Corn (per bushel)	4.115	-1.4%
Brent (per barrel)	77.90	-3.3%	Soybean (per bushel)	11.158	-0.6%
Heating Oil (per gallon)	309.31	-1.1%	Wheat (per bushel)	5.975	-1.4%
Gasoline (per gallon)	298.70	-0.3%	Crude Palm Oil (MYR/MT)	46.100	0.3%
Natural Gas (per MMBtu)	3.25	0.6%	Rubber (JPY/KG)	4.321	0.5%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13649	0.4%	Gold (per oz)	4190	0.8%
Nickel (per mt)	17754	1.0%	Silver (per oz)	65.09	0.3%

Source: Bloomberg, Reuters

### Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
6/23/2026 8:30	JN	S&P Global Japan PMI Mfg	Jun P	--	--	54.5	--
6/23/2026 13:00	SI	CPI YoY	May	2.00%	--	1.80%	--
6/23/2026 13:00	IN	HSBC India PMI Mfg	Jun P	--	--	55	--
6/23/2026 15:15	FR	S&P Global France Manufacturing PMI	Jun P	50.1	--	49.7	--
6/23/2026 15:15	FR	S&P Global France Services PMI	Jun P	46	--	44.3	--
6/23/2026 15:15	FR	S&P Global France Composite PMI	Jun P	46	--	44.9	--
6/23/2026 15:30	GE	S&P Global/BME Germany Manufacturing PMI	Jun P	50.2	--	50.1	--
6/23/2026 15:30	GE	S&P Global Germany Services PMI	Jun P	49	--	48.1	--
6/23/2026 16:00	EC	S&P Global Eurozone Manufacturing PMI	Jun P	51.6	--	51.6	--
6/23/2026 16:00	TA	Export Orders YoY	May	50.00%	--	48.10%	--
6/23/2026 16:30	UK	S&P Global UK Manufacturing PMI	Jun P	53.5	--	53.9	--
6/23/2026 16:30	UK	S&P Global UK Services PMI	Jun P	50.1	--	49.3	--
6/23/2026 16:30	HK	CPI Composite YoY	May	1.90%	--	1.70%	--
6/23/2026 16:30	UK	S&P Global UK Composite PMI	Jun P	50.5	--	49.7	--
6/23/2026 21:45	US	S&P Global US Manufacturing PMI	Jun P	54.6	--	55.1	--

Source: Bloomberg

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