

Daily Treasury Outlook

Highlights

Global: As geopolitical tensions between the US and Iran thaw, global oil prices continue to decline sharply. Brent was last seen at USD 73.74 per barrel, down from a peak of USD 118.35 per barrel on 31 March, as vessels crossing the Strait of Hormuz continued to rise. According to Kpler, and as reported by CNBC, at least 20 oil tankers with 35 million barrels exited the Strait of Hormuz since the U.S. and Iran agreed to open the sea lane. This has provided some relief from expectations of building inflationary pressures, with UST yields lower across the curve by 6–11bp and the 10-year UST yields last seen at 4.4079%. Fed funds futures most recently priced in reduced cumulative rate hikes for 2026 at 35.8bp, compared to 41.2bp at the start of the week. US equity gauges ended mixed on Wednesday (S&P: -0.1%; NASDAQ: -0.4%; Dow: +0.35%) but Micron's strong results supported futures move. The DXY index rose through Wednesday's trading session. There was little in the way of data releases overnight—building permits fell 0.9% MoM in the final reading for May, while new home sales contracted 7.3% MoM in May following a 5.7% decline in April.

In Europe, Germany's June IFO survey painted a stabilising picture, with the business climate and current assessment sub-indices improving to 85.6 and 87, respectively, from 85 and 86.1 in May. The expectations sub-index also rose to 84.1 in June from 83.9 in May. In Asia, the Bank of Thailand (BoT) kept its policy rate unchanged at 1.00%, as widely expected, while raising its 2026 GDP growth forecast to 2.3% from 1.5% and lowering its 2026 headline and core CPI forecasts to 2.8% and 1.5% from 2.9% and 1.6%, respectively. Our forecast remains for the BoT to stay on hold through 2026 before raising the policy rate to 1.50% in 2027.

Market Watch: The focus today is squarely on the US May PCE and core PCE releases, along with the third estimate of 1Q26 GDP growth. Australia's May monthly labour data and Thailand's May trade data are also due. The ECB will publish its Economic Bulletin today, with Lane, Moulin, and Cipollone scheduled to speak. The Fed's Bowman and the BoJ's Tamura will also speak.

Major Markets

ID: The Indonesian Employers Association (Apindo) has proposed establishing a joint task force to support the ratification of the Indonesia European Union Comprehensive Economic Partnership Agreement (IEU-CEPA) on schedule through closer collaboration between the government and businesses. Apindo said the proposal emerged from its business mission to Europe and stressed that completing the agreement before Indonesia graduates from the European Union Standard Generalised Scheme of Preferences (GSP) on 1 January 2027 is critical to avoid higher Most Favoured Nation tariff rates on Indonesian exports. The association added that it will continue working with the government, the European Union and other stakeholders to support the agreement's implementation and deepen dialogue on the European Union Deforestation Regulation (EUDR), as reported by Antara News.

Key Market Movements

Equity	Value	% chg
S&P 500	7358.2	-0.1%
DJIA	51849	0.4%
Nikkei 225	69175	-0.9%
SH Comp	4110.8	0.1%
STI	5216.0	0.2%
Hang Seng	23412	0.3%
KLCI	1682.1	0.1%
	Value	% chg
DXY	101.609	0.2%
USDJPY	161.78	0.1%
EURUSD	1.1358	-0.2%
GBPUSD	1.3168	-0.3%
USDIDR	17943	0.5%
USDSGD	1.2973	0.1%
SGDMYR	3.1868	-0.3%
	Value	chg (bp)
2Y UST	4.15	-5.27
10Y UST	4.39	-10.47
2Y SGS	1.61	-0.10
10Y SGS	2.07	-0.44
3M SORA	1.07	-0.17
3M SOFR	3.64	-0.02
	Value	% chg
Brent	73.74	-4.3%
WTI	70.34	-3.9%
Gold	3999	-2.9%
Silver	57.42	-6.8%
Palladium	1172	-5.0%
Copper	13087	-2.1%
BCOM	122.20	-1.7%

Source: Bloomberg

MY: The government has no plans to expand fuel subsidies following the recent diesel subsidy adjustment and will instead consolidate RON95 and diesel subsidies under the Budi Madani framework, Deputy Finance Minister Liew Chin Tong said. He added that Budget 2027, due to be tabled in October, will be guided by resilience initiatives aimed at strengthening supply chain security, safeguarding economic stability and enhancing domestic capabilities in areas such as recycling and medical supplies. Separately, the Department of Statistics Malaysia (DOSM) reported that domestic tourism expenditure rose 15.8% YoY to MYR34.0bn in 1Q26, while domestic visitors increased 7.2% YoY to 74.7mn, supported by festive travel during Chinese New Year and Aidilfitri, as well as stronger mobility indicators, including higher retail fuel sales, domestic air passenger arrivals and accommodation revenue.

TH: Bank of Thailand (BoT) left its policy rate unchanged at 1.00%, in line with consensus and our expectations. All seven members of the committee voted unanimously for the decision. The committee upgraded its 2026 GDP growth forecast and lowered its headline and core CPI forecasts, while downgrading its 2027 GDP growth and headline and core CPI forecasts. Our key takeaway is that BoT's near-term concern remains growth, particularly among households and SMEs, while inflation remains primarily supply-side driven. This suggests that BoT is likely to remain on hold in the near term. Our forecast remains for BoT to stay on hold through 2026 before raising the policy rate to 1.50% in 2027.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 2-3bps lower while belly tenors traded 4bps lower and the 10Y tenor traded 4bps lower.
- US Investment Grade spreads widened by 2bps to 74bps, and US High Yield spreads also widened by 7bps to 277ps. Bloomberg Global Contingent Capital Index widened by 3bps to 221bps.
- Bloomberg Asia USD Investment Grade widened by 1bps to 55bps and Asia USD High Yield spreads widened by 4bps to 362bps. (Bloomberg, OCBC).

New Issues:

- There was one issuance in the Singdollar market yesterday where Heeton Holdings Ltd priced a SGD90mn 4Y fixed rate bond at 5.5%.
- The total issuance volumes for APAC and DM IG markets yesterday were USD6.69bn and USD3.65bn respectively (prior day: USD5.83bn and USD25.85bn respectively). The largest issuance in APAC and DM IG came from NTT Finance Corp (priced USD5.5bn across 7 tranches) and Southwestern Public Service Co. (priced USD1.2bn across 2 tranches) respectively. (Bloomberg, OCBC)

Recent Coverage Developments:

- Singapore Telecommunications Ltd sold a 2.8% stake in Gulf Development for ~SGD1bn, generating ~SGD140mn gains while retaining a 4.95% stake. The move supports its Singtel28 plan, with ~SGD6.8bn unlocked toward a SGD9bn asset recycling target.

- First REIT approved disposal of Indonesian assets (hospitals and others) with options to fully exit by Oct 2026; proceeds will reduce debt and fund distributions. This restructuring is expected to materially improve leverage and lower concentration and FX risks.
- StarHub Ltd announced a planned CEO transition with Matthew Williams taking over in Jan 2027, following a structured handover from Nikhil Eapen. The shift may signal greater focus on execution, leveraging Matt's deep telecom experience versus Nikhil's strategy-led transformation track record.
- Lloyds Banking Group is considering a bid for Aldermore to expand its UK lending presence, though capital impact is expected to be modest. Greater attention is on potential liabilities from motor finance redress and whether indemnities will be pursued to limit risk.
- Singapore Airlines Ltd issued RMB1.5bn 5Y offshore bonds, marking its debut in RMB markets to diversify funding sources. With liquidity normalising post-pandemic, the move supports ongoing capex while improving funding flexibility and credit profile.

Equity Market Updates

US: US stocks ended mixed on Wednesday, as a third consecutive session of rotation out of high-flying technology and AI-related names weighed on the broader market, even as most S&P 500 constituents advanced. The S&P 500 slipped 0.1%, the Nasdaq fell 0.4%, and the Dow rose 0.4%, with industrials leading gains as airline stocks, including United Airlines and Delta Air Lines, both hitting record highs, benefited from a sharp drop in oil prices. Energy was the worst-performing sector as crude extended its decline, with tankers openly crossing the Strait of Hormuz easing supply concerns and pushing Brent below USD75 per barrel. Microsoft was the largest drag on the S&P 500, falling 2.3%, whilst private credit names including Apollo Global and Blackstone dropped sharply on sector-specific concerns. Treasury yields fell sharply, with the 10-year declining around 9 basis points to approximately 4.40% and the 30-year touching its lowest level since 8 Apr 2026, as easing oil prices reduced inflation expectations. A USD70b five-year note auction tailed slightly, stopping at 4.200% versus 4.193% when-issued, though gains in Treasuries were sustained. After the close, Micron Technology surged over 13% on a blowout sales outlook driven by AI-related memory demand, lifting Nasdaq 100 futures 1.5% and potentially setting a more constructive tone for Asian markets.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	101.609	0.20%	USD-SGD	1.2973
USD-JPY	161.78	0.14%	EUR-SGD	1.4740
EUR-USD	1.136	-0.21%	JPY-SGD	0.8017
AUD-USD	0.690	-0.23%	GBP-SGD	1.7083
GBP-USD	1.317	-0.27%	AUD-SGD	0.8953
USD-MYR	4.136	-0.13%	NZD-SGD	0.7329
USD-CNY	6.811	0.27%	CHF-SGD	1.5970
USD-IDR	17943	0.55%	SGD-MYR	3.1868
USD-VND	26332	0.03%	SGD-CNY	5.2448

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2420	-1.62%	1M	3.6516
3M	2.3240	0.48%	2M	3.7065
6M	2.6380	0.27%	3M	3.7430
12M	2.8170	0.28%	6M	3.8626
			1Y	4.0223

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
07/29/2026	0.342	34.200	0.086	3.717
09/16/2026	0.847	50.500	0.212	3.844
10/28/2026	1.082	23.500	0.271	3.902
12/09/2026	1.414	33.200	0.353	3.985

Equity and Commodity

Index	Value	Net change
DJIA	51,848.90	182.06
S&P	7,358.22	-7.24
Nasdaq	25,476.63	-110.41
Nikkei 225	69,174.97	-613.41
STI	5,215.99	10.25
KLCI	1,682.13	2.21
JCI	5,883.88	-217.45
Baltic Dry	2,667.00	-17.00
VIX	18.63	-0.86

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.61 (--)	4.15(--)
5Y	1.75 (--)	4.18 (-0.09)
10Y	2.07 (--)	4.4 (-0.1)
15Y	2.11 (--)	--
20Y	2.13 (+0.01)	--
30Y	2.17 (+0.01)	4.85 (-0.11)

Financial Spread (bps)

Value	Change	
TED	35.36	--
Secured Overnight Fin. Rate		
SOFR	3.62	

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	70.34	-3.9%	Corn (per bushel)	4.070	-0.7%
Brent (per barrel)	73.74	-4.3%	Soybean (per bushel)	11.088	-0.7%
Heating Oil (per gallon)	317.62	0.7%	Wheat (per bushel)	5.858	-0.2%
Gasoline (per gallon)	288.18	-2.6%	Crude Palm Oil (MYR/MT)	45.750	-0.5%
Natural Gas (per MMBtu)	3.22	2.4%	Rubber (JPY/KG)	4.297	0.4%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13087	-2.1%	Gold (per oz)	3999	-2.9%
Nickel (per mt)	16818	-2.1%	Silver (per oz)	57.42	-6.8%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
6/25/2026 9:30	AU	Unemployment Rate	May	4.40%	--	4.50%	--
6/25/2026 9:30	AU	Employment Change	May	32.5k	--	-18.6k	--
6/25/2026 9:30	AU	Participation Rate	May	66.70%	--	66.70%	--
6/25/2026 11:30	TH	Customs Exports YoY	May	12.70%	--	23.10%	--
6/25/2026 14:00	JN	Machine Tool Orders YoY	May F	--	--	37.40%	--
6/25/2026 14:00	GE	GfK Consumer Confidence	Jul	-28	--	-29.8	--
6/25/2026 14:45	FR	Consumer Confidence	Jun	83	--	82	--
6/25/2026 16:30	HK	Exports YoY	May	41.70%	--	42.90%	--
6/25/2026 20:30	US	Initial Jobless Claims	20-Jun	225k	--	226k	--
6/25/2026 20:30	US	GDP Annualized QoQ	1Q T	1.60%	--	1.60%	--
6/25/2026 20:30	US	Durable Goods Orders	May P	-5.00%	--	8.00%	--
6/25/2026 20:30	US	Personal Income	May	0.40%	--	0.00%	--
6/25/2026 20:30	US	Personal Spending	May	0.60%	--	0.50%	--
6/25/2026 20:30	US	GDP Price Index	1Q T	3.50%	--	3.50%	--
6/25/2026 20:30	US	Durables Ex Transportation	May P	0.60%	--	1.10%	--
6/25/2026 20:30	US	Continuing Claims	13-Jun	1802k	--	1810k	--

Source: Bloomberg

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