

Daily Treasury Outlook

Highlights

Global: US equities finished mixed on Thursday, with S&P 500 broadly flat, Nasdaq lower and Dow eking out a small gain. Oil prices rose again after a cargo ship near Oman was hit by a projectile missile, reviving concerns over shipping security and oil supply. The incident came despite improved US-Iran diplomacy following the 17 June Memorandum of Understanding, which set up a 60-day window for further talks. Brent crude was last seen at USD74.7/bbl.

On US data, headline PCE inflation rose to 4.1% YoY in May from 3.8% in April, with energy prices up 24.3% YoY from 18.3%, while core PCE inflation edged up to 3.4% YoY from 3.3% previously. The data reinforced the view that the Fed is likely to remain cautious amid still-elevated inflation and resilient growth. On the latter, the final estimate showed 1Q26 GDP growth was revised up to 2.1% on an annualised basis from an earlier estimate of 1.6%, mainly reflecting a downward revision to imports. This was partly offset by a downward revision to consumer spending, pointing to some moderation in household demand.

Market Watch: In Asia, Japan's June Tokyo CPI rose by 1.7% YoY from 1.4% in May, with core CPI at 1.9% from 1.6% in May. This will be followed by Singapore's May industrial production and Taiwan's May monitoring indicator. China's 1Q26 balance of payments current account is also due, while Indian markets are closed for Muharram. Later in the session, the US calendar features the advance goods trade balance for May, retail and wholesale inventories, and the University of Michigan consumer sentiment indicators, alongside scheduled speeches from Federal Reserve officials.

Major Markets

CN: The People's Bank of China announced in a statement that will conduct overnight reverse repurchases in open market operations on 29 and 30 June for the first time. The introduction of overnight reverse repos fills this gap by allowing the PBOC to inject liquidity directly into the most strained overnight segment, rather than relying on liquidity from seven-day operations to gradually spill over into the overnight market during periods of funding stress, such as at half-year end. More importantly, the move represents another step in the PBOC's transition toward a price-based monetary policy framework. The overnight reverse repo facility complements the recent narrowing of the interest rate corridor, strengthening the central bank's operational control over the shortest end of the money market. Its key objectives are to improve the precision of liquidity operations, strengthen control over overnight funding conditions, and reduce excessive volatility in money market rates.

HK: Merchandise exports and imports remained robust in May, expanding by 40.8% YoY and 42.0% YoY respectively, although the pace moderated slightly from April's 42.9% and 44.4% gains. Over the period, the trade deficit widened to HKD 44.2 billion, from HKD 29.5 billion in April. Looking ahead, sustained global demand for AI-related electronic products is expected to provide continued

Key Market Movements

Equity	Value	% chg
S&P 500	7357.5	0.0%
DJIA	51921	0.1%
Nikkei 225	72366	4.6%
SH Comp	4120.3	0.2%
STI	5219.0	0.1%
Hang Seng	23077	-1.4%
KLCI	1663.8	-1.1%
	Value	% chg
DXY	101.431	-0.2%
USDJPY	161.79	0.0%
EURUSD	1.1370	0.1%
GBPUSD	1.3192	0.2%
USDIDR	17925	-0.1%
USDSGD	1.2963	-0.1%
SGDMYR	3.1758	-0.3%
	Value	chg (bp)
2Y UST	4.12	-2.27
10Y UST	4.39	0.00
2Y SGS	1.59	-2.10
10Y SGS	2.03	-3.49
3M SORA	1.07	-0.09
3M SOFR	3.64	-0.03
	Value	% chg
Brent	75.26	2.1%
WTI	71.92	2.2%
Gold	4027	0.7%
Silver	57.86	0.8%
Palladium	1189	1.5%
Copper	13270	1.4%
BCOM	124.09	1.5%

Source: Bloomberg

support to Hong Kong's trade performance through the rest of the year. In contrast, imports of petroleum and petroleum products are likely to decelerate, in line with the recent decline in global oil prices.

ID: Energy and Mineral Resources Minister Bahlil Lahadalia said the government has prepared a contract to import crude oil from Russia, with potential for import volumes to increase under a government-to-government deal between President Prabowo Subianto and President Vladimir Putin. The imports form part of a commitment to import 150mn barrels of oil from Russia gradually until end 2026, although Russian Ambassador Sergey Tolchenov said Indonesia had not submitted specific details on the type, volume, port or payment arrangements, as reported by Antara News. Minister Bahlil also noted that the government is seeking to raise domestic crude oil lifting through technology, the revival of stalled projects, exploration tenders for around 120 potential wells and the management of community oil wells.

MY: The Leading Index rose 1.29% YoY to 115.0 points in April 2026, compared with 0.7% growth in March, according to the Department of Statistics Malaysia (DOSM), supported mainly by an increase in the number of housing units approved. DOSM noted that "continued investment activities as well as demand related to digital technology and data centres are expected to remain as catalyst for the country's economic growth." The Coincident Index rose 2.6% YoY to 131.6 points, compared with 2.0% growth in the previous month, contributed by increases in all components, particularly the Industrial Production Index.

Sustainability

SG: As semiconductor companies and data centres are highly water-intensive, some companies are implementing measures to reduce water consumption. UMC Singapore is exploring membrane-based treatment technologies, as combining advanced filtration and polishing technologies could further increase the amount of water that can be reused at higher quality standards. Cloud computing firm OVHcloud is exploring smart sensors and AI-driven analytics, which could reduce water consumption by up to 30%. The company is also looking at using data from local weather stations to fine-tune chilled-water requirements for real-time cooling. These initiatives underscore a broader industry shift toward integrating advanced technologies and data-driven approaches to enhance water efficiency, reflecting the growing imperative for sustainable resource management in water-intensive sectors in Singapore.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower to higher yesterday with shorter tenors trading -1 to 1bps while belly tenors traded 2bps lower and the 10Y tenor traded 2bps lower.
- US Investment Grade spreads widened by 1bps to 75bps, and US High Yield spreads also widened by 2bps to 279bps. Bloomberg Global Contingent Capital Index tightened by 1bps to 220bps.

- Bloomberg Asia USD Investment Grade traded flat at 55bps and Asia USD High Yield spreads tightened by 2bps to 360bps. (Bloomberg, OCBC).

New Issues:

- There were no notable issuances in the Singdollar markets yesterday.
- The total issuance volumes for APAC and DM IG markets yesterday were USD4.35bn and USD5.4bn respectively (prior day: USD6.69bn and USD3.65bn respectively). The largest issuance in APAC and DM IG came from Vedanta Resources Finance II PLC (guarantors: multiple) (priced USD1.75bn across three tranches) and Rio Grande LNG LLC (priced USD3.5bn across 4 tranches) respectively. (Bloomberg, OCBC)

Recent Coverage Developments:

- Lendlease Group sold its 25.1% stake in Keyton Retirement Living for AUD525m at book value, with proceeds used to reduce debt. The sale to co-investor Aware Super helps cut capital release exposure by AUD3.4bn. Viewed as a positive credit event due to deleveraging and reduced funding needs.
- Hysan Development secured its first major pre-leasing deal at Lee Garden Eight (~45,000 sq ft) with ZA Bank. Rental (~HKD50 psf) is slightly above market averages, indicating strong leasing momentum. The transaction covers ~4% of gross floor area, supporting the project ahead of 3Q2026 completion.
- OUECT's proposed sale of Crowne Plaza Changi Airport for SGD500m, near valuation, subject to approval. Proceeds would lower leverage (to ~36.6%) and support debt repayment and distributions. Strategic capital recycling into developed-market assets continues, following recent Sydney acquisition.

Equity Market Updates

US: US stocks ended Thursday largely flat in a choppy session, as a sharp selloff in Apple offset strong gains in chipmakers following Micron Technology's blowout earnings. The S&P 500 was little changed, the Nasdaq fell 0.5%, and the Dow edged up 0.1%. Apple slumped 6.1%, its steepest single-day decline in some time, after the company raised prices on Macs, iPads, home devices, and the Vision Pro, dragging all Magnificent Seven names lower and weighing heavily on consumer discretionary. Micron surged approximately 16% after its fiscal fourth-quarter revenue outlook of around USD50b far exceeded analyst estimates, lifting the broader semiconductor sector. Industrials outperformed and hit a record high, led by Caterpillar, United Rentals, and Deere. On the macro front, May PCE rose 0.4%, softer than the 0.5% consensus estimate, prompting markets to trim Fed rate-hike bets slightly to approximately 34 basis points of tightening priced by December. Treasuries twist-steepened: the front-end rallied on the benign inflation print, while the 10-year yield held near unchanged at 4.39% and the 30-year rose around 2 basis points to 4.86%, with long-end gains capped after a vessel was struck off the Omani coast, nudging oil prices higher. A USD44b 7-year note auction drew a

yield of 4.26%, in line with pre-sale levels, indicating demand broadly matched expectations.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	101.431	-0.18%	USD-SGD	1.2963
USD-JPY	161.79	0.01%	EUR-SGD	1.4738
EUR-USD	1.137	0.11%	JPY-SGD	0.8010
AUD-USD	0.691	0.13%	GBP-SGD	1.7097
GBP-USD	1.319	0.18%	AUD-SGD	0.8956
USD-MYR	4.119	-0.42%	NZD-SGD	0.7320
USD-CNY	6.798	-0.19%	CHF-SGD	1.5997
USD-IDR	17925	-0.10%	SGD-MYR	3.1758
USD-VND	26320	-0.05%	SGD-CNY	5.2427

Equity and Commodity

Index	Value	Net change
DJIA	51,920.62	71.72
S&P	7,357.49	-0.73
Nasdaq	25,358.60	-118.03
Nikkei 225	72,366.34	3191.37
STI	5,218.96	2.97
KLCI	1,663.82	-18.31
JCI	5,999.04	115.16
Baltic Dry	2,634.00	-33.00
VIX	18.89	0.26

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2250	-0.76%	1M	3.6431
3M	2.3030	-0.90%	2M	3.6943
6M	2.6140	-0.91%	3M	3.7305
12M	2.7810	-1.28%	6M	3.8451
			1Y	3.9926

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.59 (-0.02)	4.12(--)
5Y	1.71 (-0.03)	4.17 (-0.01)
10Y	2.03 (-0.03)	4.39(--)
15Y	2.07 (-0.04)	--
20Y	2.09 (-0.04)	--
30Y	2.13 (-0.04)	4.86 (+0.02)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
07/29/2026	0.321	32.100	0.080	3.713
09/16/2026	0.785	46.400	0.196	3.828
10/28/2026	1.021	23.600	0.255	3.888
12/09/2026	1.354	33.300	0.338	3.971

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)	71.92	2.2%	Corn (per bushel)	4.148	1.9%
Brent (per barrel)	75.26	2.1%	Soybean (per bushel)	11.275	1.7%
Heating Oil (per gallon)	329.82	3.8%	Wheat (per bushel)	5.910	0.9%
Gasoline (per gallon)	302.73	5.0%	Crude Palm Oil (MYR/MT)	45.130	-1.4%
Natural Gas (per MMBtu)	3.34	3.8%	Rubber (JPY/KG)	4.134	-3.8%
Base Metals			Precious Metals		
Copper (per mt)	13270	1.4%	Gold (per oz)	4027	0.7%
Nickel (per mt)	16824	0.0%	Silver (per oz)	57.86	0.8%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
6/26/2026 7:30	JN	Tokyo CPI Ex-Fresh Food YoY	Jun	1.60%	1.60%	1.30%	--
6/26/2026 7:30	JN	Tokyo CPI YoY	Jun	1.60%	1.70%	1.40%	--
6/26/2026 7:30	JN	Tokyo CPI Ex-Fresh Food, Energy YoY	Jun	1.80%	1.90%	1.60%	--
6/26/2026 13:00	SI	Industrial Production YoY	May	17.50%	--	17.60%	--
6/26/2026 13:00	SI	Industrial Production SA MoM	May	2.00%	--	5.80%	--
6/26/2026 15:30	TH	Gross International Reserves	19-Jun	--	--	\$283.9b	--
6/26/2026 17:00	IT	Manufacturing Confidence	Jun	88.3	--	87.9	--
6/26/2026 17:00	IT	Consumer Confidence Index	Jun	94.3	--	93.4	--
6/26/2026 17:00	IT	Economic Sentiment	Jun	--	--	94.1	--
6/26/2026 19:30	IN	Foreign Exchange Reserves	19-Jun	--	--	\$671.6b	--
6/26/2026 20:30	US	Wholesale Inventories MoM	May P	0.40%	--	0.60%	--
6/26/2026 20:30	US	Advance Goods Trade Balance	May	-\$85.0b	--	-\$82.4b	-\$83.0b
6/26/2026 20:30	US	Retail Inventories MoM	May	0.50%	--	0.70%	--
6/26/2026 22:00	US	U. of Mich. Sentiment	Jun F	50	--	48.9	--
6/26/2026 22:00	US	U. of Mich. 1 Yr Inflation	Jun F	4.60%	--	4.60%	--
6/26/2026 22:00	US	U. of Mich. 5-10 Yr Inflation	Jun F	3.30%	--	3.40%	--

Source: Bloomberg

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