

Daily Treasury Outlook

Highlights

Global: US equities ended the final trading session of the first half of the year on a positive note, supported by continued strength in the technology sector. Investors largely looked beyond lingering geopolitical uncertainties as incoming economic data reinforced confidence in the resilience of the US economy and labour market.

The latest Job Openings and Labor Turnover Survey (JOLTS) indicated that the labour market remains stable. Job openings rose by 9,000 to 7.594 million in May, marking the highest level since May 2024. The job openings rate remained unchanged at 4.6%. While hiring declined by 45,000 to 5.170 million, the hiring rate held steady at 3.3%, suggesting that labour demand remains healthy. The ratio of job openings to unemployed workers stood at 1.04 in May, little changed from April but higher than the 1.01 recorded a year ago, highlighting ongoing tightness in the labour market. Although layoffs increased by 41,000 to 1.708 million, overall layoff activity remains low by historical standards. At the same time, employee turnover continues to moderate. Resignations rose only modestly by 22,000 to 3.065 million, while the quits rate—a key indicator of worker confidence closely monitored by policymakers—remained unchanged at 1.9%.

However, signs of softening beneath the surface are becoming increasingly evident. The Conference Board's latest consumer survey showed that the proportion of respondents who view jobs as "hard to get" climbed sharply to 22.5% in June from 19.8% in May, reaching its highest level since January 2021. Meanwhile, the share of consumers who consider jobs "plentiful" was broadly unchanged at 24.9%. Consequently, the labour market differential—a closely watched measure of employment conditions—narrowed significantly to 2.4 from 5.0 previously, indicating a gradual cooling in labour market sentiment.

On the monetary policy front, Cleveland Fed President Beth Hammack adopted a relatively hawkish stance, stating that she sees limited evidence that current interest rates are materially restraining economic activity. She noted that policymakers should remain open to the possibility of further rate hikes if necessary to bring inflation sustainably back to the Federal Reserve's 2% target, particularly given that inflation has remained elevated for the past five years. Nevertheless, she emphasized that future policy decisions will remain data-dependent and assessed on a meeting-by-meeting basis.

Market Watch: Investors will turn their attention today to PMI releases from both Europe and the United States for fresh insights into economic momentum. In the Eurozone, consensus expectations suggest that June inflation may ease to 3.0% from 3.2% previously. A softer CPI reading could ease the pressure for ECB to hike further.

Key Market Movements

Equity	Value	% chg
S&P 500	7499.4	0.8%
DJIA	52319	0.3%
Nikkei 225	70062	0.9%
SH Comp	4094.4	0.5%
STI	5170.7	-0.7%
Hang Seng	22881	-0.6%
KLCI	1664.1	-0.1%

	Value	% chg
DXY	101.187	0.1%
USDJPY	162.55	0.4%
EURUSD	1.1422	0.0%
GBPUSD	1.3262	0.0%
USDIDR	17882	0.2%
USDSGD	1.2938	0.1%
SGDMYR	3.1554	0.3%

	Value	chg (bp)
2Y UST	4.17	6.78
10Y UST	4.47	9.08
2Y SGS	1.58	-1.70
10Y SGS	2.04	-0.11
3M SORA	1.08	0.07
3M SOFR	3.63	-0.07

	Value	% chg
Brent	72.92	-0.3%
WTI	69.50	-1.8%
Gold	4008	-0.2%
Silver	58.60	0.6%
Palladium	1212	-1.1%
Copper	13375	0.7%
BCOM	123.18	0.5%

Source: Bloomberg

Major Markets

CN: June PMI data pointed to a modest but broad-based improvement in economic activity, with the manufacturing PMI rising to 50.3 from 50.0 and the non-manufacturing PMI edging up to 50.2 from 50.1. Within the manufacturing survey, both domestic and external demand improved noticeably. The new orders index climbed from 49.9 to 51.2, while new export orders rebounded from 48.6 to 50.1, returning to expansionary territory. We believe the recovery in export orders partly reflects sustained global investment in AI infrastructure, which continues to support external demand for China's technology products, electronics and capital goods.

High-tech manufacturing remained the primary engine of growth. Compared with May's pronounced "K-shaped" divergence—where high-tech and equipment manufacturing significantly outperformed while basic materials and consumer goods lagged—the expansion became somewhat more broad-based in June. Consumer goods manufacturing returned to expansion, with its PMI rising back above the 50 threshold. That said, the divergence between new-economy industries and traditional sectors remains considerable, underscoring that the recovery continues to be driven primarily by technology-related industries rather than broad-based domestic demand.

The non-manufacturing survey also showed modest improvement. Both the construction PMI and the construction new orders index strengthened, rising from 48.8 to 49.0 and from 43.5 to 46.3, respectively. However, both indicators remained below the 50 threshold, suggesting that the recovery in construction activity has yet to gain meaningful traction.

ID: State owned energy company PT Pertamina lowered prices for selected non-subsidised fuels from 1 July, with Dexlite falling to IDR19,700 per litre from IDR23,000, Pertamina Dex to IDR21,150 from IDR24,800 and Pertamina Turbo to IDR19,300 from IDR20,750. Prices of other non-subsidised gasoline products remained unchanged, with Pertamina at IDR16,250 per litre and Pertamina Green at IDR17,000, while subsidised Peralite and Biosolar prices were maintained at IDR10,000 and IDR6,800 per litre, respectively. Separately, PT Danantara Asset Management initiated the merger of seven state owned logistics entities on 30 June, covering Pelindo Sinergi Lokaseva Multiterminal Indonesia, Pelindo Sinergi Lokaseva Prima Indonesia Logistik, Pos Logistics, Pelni Logistics, PT Kawasan Berikat Nusantara, PT Varia Usaha Dharma Segara and Krakatau Integrated Logistics.

MY: The Budi Diesel programme was rolled out nationwide from 1 July, allowing eligible private diesel vehicle owners to purchase subsidised diesel at MYR2.10 per litre, compared with the unsubsidised price of MYR3.97 per litre for 1 to 8 July. The expanded programme is expected to benefit around 700,000 private diesel vehicle owners nationwide, up from about 180,000 recipients under the previous Budi Diesel Individu scheme, while around 70,000 commercial and goods transport vehicles in Sabah, Sarawak and Labuan remain eligible to purchase subsidised diesel at MYR2.15 per litre under the Subsidised Diesel Control System. Separately, early access from 27 June proceeded smoothly, recording around 80,000 transactions involving 3.2mn litres of subsidised diesel worth nearly MYR7.0mn as of noon on 30 June, with no major issues reported in the MyKad verification system, as reported by The Edge.

PH: According to Bangko Sentral ng Pilipinas (BSP), headline inflation for June is expected to settle “within the range of 6.0-7.0%”. BSP highlighted that lower price of domestic fuel, as well as major food items, such as rice and meat “may temper inflation for the month.” Meanwhile, higher electricity rates and vegetable prices provided some partial offset to these downward pressures. The BSP states that it will “remain vigilant and guided by incoming data, particularly on inflation and growth prospects. It will continue to monitor recent developments in the Middle East for their implications for inflation and economic activity.”

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 1-3bps lower, belly tenors trading 2-3bps lower and the 10Y tenor trading 3bps lower.
- US Investment Grade spreads traded flat at 74bps, and US High Yield spreads tightened by 7bps to 270bps. Bloomberg Global Contingent Capital Index tightened by 6bps to 214bps.
- Bloomberg Asia USD Investment Grade tightened by 1bps to 55bps, and Asia USD High Yield spreads also tightened by 10bps to 354bps. (Bloomberg, OCBC).

New Issues:

- There were two issuances in the Singdollar markets yesterday where Valuemax Group Limited priced a 3Y SGD80mn bond at 4% and Nanyang Technological University priced a 15Y SGD350mn bond at 2.42%.
- The total issuance volume for APAC and DM IG markets yesterday was USD500mn and USD550mn respectively (prior day: USD10.65bn and USD7.35bn). (Bloomberg, OCBC) The largest issuance in APAC and DM IG came from Panasonic Holdings Corp (priced USD500mn 10Y bond at T+95) and Invitation Homes Op (priced USD500mn 5Y bond at T+92bps).

Recent Coverage Developments:

- We published our Monthly Credit View for July. As at time of writing, credit spreads showed some dispersion through June with Global and Asia IG spreads wider while Global Contingent Capital and Asia HY were tighter. Global HY spread movements stood out as they were noticeably wider, influenced by new Fed Chair Kevin Warsh’s perceived hawkish shift in the anticipated Fed rate trajectory at the June 17–18 FOMC meeting. Dispersion elsewhere was a consequence of a mix between risk-on influences from geopolitical de-escalation that were positive for risk assets, historically tight spread levels for IG that had little room to move, strong primary supply, and other idiosyncratic developments in key markets. Overall, sentiments remain tentative with order books for new issues lacking conviction. With this environment persisting, we continue to see the risk-reward balance asymmetric to the downside and continue to advocate a defensive bias.

Equity Market Updates

US: US stocks advanced Tuesday, closing out the S&P 500's best quarter since 2Q2020, as semiconductor-led technology gains and resilient economic data lifted sentiment. The S&P 500 rose 0.8%, the Nasdaq gained 1.5%, and the Dow added 0.3%, with the Philadelphia Semiconductor Index posting its best quarter on record. Nvidia rose 2.6% and was the largest contributor to the S&P 500's gain, whilst Sandisk surged 10.9% to lead the index. The rally was underpinned by May JOLTS job openings coming in at 7.59 million, well above the 7.30 million consensus estimate, reinforcing labour market resilience. June consumer confidence edged up to 91.2, though this fell short of the 94.4 forecast. Treasury yields rose across the curve, with the 10-year climbing approximately 5 basis points to 4.43% and the 30-year up roughly 5 basis points to 4.91%, as the stronger jobs data and month-end futures selling amplified the move. Cleveland Fed President Beth Hammack warned that rate hikes may be necessary if inflation remains elevated, with interest rate swaps pricing in approximately a 36% probability of a July hike, up from near zero before new Fed Chair Kevin Warsh took office. In Hong Kong, Apple supplier Luxshare led a wave of nine IPO filings seeking a combined HKD48b, the largest single-day listing rush of the year. The World Bank reportedly proposed phasing out lending to China by 2031, with total exposure capped at USD2b through that period.

Foreign Exchange

	Day Close	% Change		Day Close
DXY	101.187	0.08%	USD-SGD	1.2938
USD-JPY	162.55	0.38%	EUR-SGD	1.4780
EUR-USD	1.142	0.00%	JPY-SGD	0.7959
AUD-USD	0.692	0.46%	GBP-SGD	1.7159
GBP-USD	1.326	0.03%	AUD-SGD	0.8952
USD-MYR	4.084	0.31%	NZD-SGD	0.7345
USD-CNY	6.787	-0.14%	CHF-SGD	1.6005
USD-IDR	17882	0.19%	SGD-MYR	3.1554
USD-VND	26310	0.08%	SGD-CNY	5.2470

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.2170	1.74%	1M	3.6645
3M	2.3170	1.13%	2M	3.7093
6M	2.5950	-0.04%	3M	3.7530
12M	2.7320	-1.16%	6M	3.8789
			1Y	4.0321

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
07/29/2026	0.337	33.700	0.084	3.713
09/16/2026	0.884	54.700	0.221	3.849
10/28/2026	1.117	23.300	0.279	3.908
12/09/2026	1.507	39.000	0.377	4.005

Equity and Commodity

Index	Value	Net change
DJIA	52,319.20	136.46
S&P	7,499.36	58.93
Nasdaq	26,213.72	393.58
Nikkei 225	70,062.32	594.21
STI	5,170.65	-38.10
KLCI	1,664.06	-1.85
JCI	5,643.19	-177.60
Baltic Dry	2,490.00	-34.00
VIX	16.45	-1.20

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.58 (-0.02)	4.17(-)
5Y	1.69 (-0.01)	4.23 (+0.08)
10Y	2.04 (-)	4.46 (+0.09)
15Y	2.08 (-)	--
20Y	2.1 (-)	--
30Y	2.13 (-)	4.95 (+0.09)

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)	69.50	-1.8%	Corn (per bushel)	4.128	2.7%
Brent (per barrel)	72.92	-0.3%	Soybean (per bushel)	11.168	0.7%
Heating Oil (per gallon)	331.68	-0.4%	Wheat (per bushel)	5.808	2.0%
Gasoline (per gallon)	301.44	-1.5%	Crude Palm Oil (MYR/MT)	44.740	-1.1%
Natural Gas (per MMBtu)	3.28	3.0%	Rubber (JPY/KG)	4.060	1.5%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	13375	0.7%	Gold (per oz)	4008	-0.2%
Nickel (per mt)	16287	-0.1%	Silver (per oz)	58.60	0.6%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
7/01/2026 7:50	JN	Tankan Large Mfg Index	2Q	16	22	17	--
7/01/2026 8:00	SK	Exports YoY	Jun	60.90%	70.90%	53.20%	53.40%
7/01/2026 8:30	ID	S&P Global Indonesia PMI Mfg	Jun	--	--	50	--
7/01/2026 8:30	JN	S&P Global Japan PMI Mfg	Jun F	--	--	54.9	--
7/01/2026 8:30	SK	S&P Global South Korea PMI Mfg	Jun	--	--	54.8	--
7/01/2026 9:30	AU	Building Approvals MoM	May	0.00%	--	-3.40%	--
7/01/2026 9:45	CH	RatingDog China PMI Mfg	Jun	52	--	51.8	--
7/01/2026 12:00	ID	CPI YoY	Jun	3.22%	--	3.08%	--
7/01/2026 13:00	IN	HSBC India PMI Mfg	Jun F	--	--	54.5	--
7/01/2026 14:00	UK	Nationwide House PX MoM	Jun	0.001	--	-0.006	--
7/01/2026 15:00	TU	S&P Global/ICI Turkey Manufacturing PMI	Jun	--	--	4980.00%	--
7/01/2026 15:45	IT	S&P Global Italy Manufacturing PMI	Jun	52.4	--	52.9	--
7/01/2026 16:00	EC	S&P Global Eurozone Manufacturing PMI	Jun F	51.3	--	51.3	--
7/01/2026 16:30	UK	S&P Global UK Manufacturing PMI	Jun F	53.1	--	53.1	--
7/01/2026 17:00	EC	CPI YoY	Jun P	0.03	--	0.032	--
7/01/2026 17:00	EC	CPI MoM	Jun P	0.10%	--	0.10%	--

Source: Bloomberg

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