

## Daily Market Outlook

9 June 2025

### US-China Trade Talk In Focus

- **USD rates.** UST yields rose across the curve and ended Friday 10-12bps higher, as US labour market stayed resilient. Uptick in 10Y UST yield was mainly driven by higher real yield and rightly so as market responded to the data. Fed funds futures pared back rate cuts expectation to 45bps for this year with the chance of the next 25bp cut not fully priced until the October FOMC meeting. May non-farm payroll came in at 139K; the jobless rate stayed unchanged at 4.2% and underemployment rate was unchanged at 7.8%, while average hourly earnings accelerated to 0.4% MoM or 3.9% YoY. The next key release is May CPI where consensus is for a mild pick-up. This week brings auctions of USD58bn of 3Y, USD39bn of 10Y and USD22bn of 30Y coupon bonds; net bills paydown is at USD61bn. 10Y UST yield was last at 4.50%, and cash bonds showed some stabilisation at Asia open; range for 10Y yield is still seen at 4.34-4.52%.
- **DXY. Sell-off Finds Breather for Now.** Better than expected US payrolls report last Fri and optimism over US-China talks (later today) supported equity risk sentiments in Asia today. On FX, the typical risk-on FX including AUD and NZD were better bid while AxJs traded mixed. The ~10% USD sell-off since the start of this year also showed some signs of tentative breather. In particular, XAUXAG cross fell sharply as US-China trade talks helped to partially reduce tariff uncertainty. DXY was last at 99 levels. Daily momentum and RSI indicators are not showing a clear indication. Support at 98.35, 97.90 (2025 low). Resistance at 99.80 (21 DMA), 100.20 (50 DMA). The more upbeat US payrolls report may potentially be a trigger for some USD short covering ahead of CPI, PPI reports (Wed, Thu, respectively) and FOMC event risk next week. Later today, US Treasury Secretary Scott Bessent, Commerce Secretary Howard Lutnick and US Trade rep Jamieson Greer will meet the Chinese delegation, led by Vice Premier He Lifeng for a second round of talks in London. Over the weekend, China approved some applications for rare-earth exports after Trump said that President Xi has agreed to restart the flow of minerals and magnets using the materials. It was also reported that Trump told Xi that Chinese students are welcome to study in the US. We continue to watch how developments pan out and if this round leads closer to a formalised agreement before the truce expires on 12 Aug.

**Frances Cheung, CFA**  
FX and Rates Strategy  
[FrancesCheung@ocbc.com](mailto:FrancesCheung@ocbc.com)

**Christopher Wong**  
FX and Rates Strategy  
[ChristopherWong@ocbc.com](mailto:ChristopherWong@ocbc.com)

Global Markets Research and Strategy

- **EURUSD. Range-Bound.** EUR was little changed, last at 1.1415 levels. Daily momentum is not showing a clear bias for now while RSI fell. Support at 1310 (21 DMA), 1.1235 (23.6% fibo retracement of 2025 low to high). Immediate resistance at 1.1420/30 levels before 1.15 levels. Last week ECB lowered rate by 25bps, as widely anticipated. But more importantly, Lagarde commented that the ECB is getting to the end of a monetary cycle "that was responding to compounded shocks, including COVID, the illegitimate war in Ukraine and the energy crisis". She also said that the ECB is now "in a good position" to deal with uncertainties ahead, not least due to US trade policies. Other ECB officials have also echoed similar views. Vujcic said that the ECB is nearly done while Stournaras said that the bar for more rate cuts is high. Our house view looks for 1 more cut this year, but this is already more than priced in. ECB signalling an "end is near" reinforced our earlier view that prospects of ECB cut cycle nearing its end and room for Fed to resume easing cycle in due course should see yield differentials narrow in favour of EUR.
- **USDSGD. Consolidation.** USDSGD traded a touch softer this morning, tracking upticks in JPY and EUR. Pair was last at 1.2870 levels. Daily momentum is mildly bullish but RSI eased. Consolidation likely for now, with the pair likely taking cues from external drivers. Resistance at 1.2920 (21 DMA), 1.3020 (76.4% fibo retracement of 2024 low to 2025 high). Support at 1.2850, 1.2790 (Sep 2024 low). S\$NEER is at ~1.78% above our model-implied mid. With S\$NEER trading near the upper bound of its band, we continue to see room for SGD to trade less strong against its trade peers (i.e. JPY, KRW), if tariff de-escalation momentum and softer USD trend continue to play out.
- **CNY rates.** Repo-IRS traded on the soft side this morning, as May PPI deflation deepened to 3.3% YoY in May, while CPI deflation stayed at 0.1% YoY. PBoC net injected CNY173.8bn of liquidity via daily OMOs this morning; there are CNY930.8bn of reverse repos maturing for the rest of the week; NCD maturity for the rest of the month amounted to CNY3.5trn. Front-end implied CNY rates edged lower and hovered around 1.6% level. We expect continued liquidity support where appropriate, which is likely to keep front end rates anchored. In offshore, implied CNH rates fell with the curve having dis-inverted reflecting flusher liquidity. There has been a return of Southbound Stock Connect flows – registered net-buy for eight days in a row. Offshore RMB at banks in Hong Kong went back to above the RMB1trn mark, standing at RMB1.03trn at end April, after dipping to RMB960bn at end March from RMB1.035trn at end February.



## Macro Research

**Selena Ling**

Head of Research & Strategy  
[lingssselena@ocbc.com](mailto:lingssselena@ocbc.com)

**Herbert Wong**

Hong Kong & Taiwan Economist  
[herberthtwong@ocbc.com](mailto:herberthtwong@ocbc.com)

**Jonathan Ng**

ASEAN Economist  
[jonathannq4@ocbc.com](mailto:jonathannq4@ocbc.com)

**Tommy Xie Dongming**

Head of Asia Macro Research  
[xied@ocbc.com](mailto:xied@ocbc.com)

**Lavanya Venkateswaran**

Senior ASEAN Economist  
[lavanyavenkateswaran@ocbc.com](mailto:lavanyavenkateswaran@ocbc.com)

**Ong Shu Yi**

ESG Analyst  
[shuyionq1@ocbc.com](mailto:shuyionq1@ocbc.com)

**Keung Ching (Cindy)**

Hong Kong & Macau Economist  
[cindyckeung@ocbc.com](mailto:cindyckeung@ocbc.com)

**Ahmad A Enver**

ASEAN Economist  
[ahmad.enver@ocbc.com](mailto:ahmad.enver@ocbc.com)

## FX/Rates Strategy

**Frances Cheung, CFA**

Head of FX & Rates Strategy  
[francescheung@ocbc.com](mailto:francescheung@ocbc.com)

**Christopher Wong**

FX Strategist  
[christopherwong@ocbc.com](mailto:christopherwong@ocbc.com)

## Credit Research

**Andrew Wong**

Head of Credit Research  
[wongvkam@ocbc.com](mailto:wongvkam@ocbc.com)

**Ezien Hoo, CFA**

Credit Research Analyst  
[ezienhoo@ocbc.com](mailto:ezienhoo@ocbc.com)

**Wong Hong Wei, CFA**

Credit Research Analyst  
[wonghongwei@ocbc.com](mailto:wonghongwei@ocbc.com)

**Chin Meng Tee, CFA**

Credit Research Analyst  
[mengteechin@ocbc.com](mailto:mengteechin@ocbc.com)

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Investment Research Private Limited ("OIR"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OIR, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OIR, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

Follow our podcasts by searching 'OCBC Research Insights' on Telegram!