

Daily Treasury Outlook

8 May 2025

Highlights

Global: US equities closed higher (S&P: +0.43%; NASDAQ: +0.27%; Dow Jones: +0.70%) along with the DXY index while UST yields edged lower across the curve. The FOMC kept its policy rate unchanged as expected and maintained that the committee is “attentive to the risks to both sides of its dual mandate” adding that it “judges that the risks of higher unemployment and higher inflation have risen.” Importantly, the FOMC still assessed the growth outlook to be resilient, noting “that economic activity has continued to expand at a solid pace.” US Fed Chair Powell noted that uncertainty remains elevated – and has “further increased” since its previous meeting. Powell added that the Fed is “in the right place to wait and see how things evolve” and does not feel the “need to be in a hurry”.

China unveiled a comprehensive package of policy supports yesterday, including the much-anticipated interest rate cut and a reduction in the reserve requirement ratio (RRR), in a bid to stabilize the economy and reassure financial markets. Collectively, the measures signal a continuation of China’s counter-cyclical policy stance, aimed at anchoring expectations and preventing further erosion in sentiment. While lacking the “shock-and-awe” effect of earlier interventions, the breadth and coordination of the announcements are likely to support the bottoming process in both the economy and financial markets.

Sentiment seems to remain supported by hopes around the US-China trade talks. However, President Trump said overnight the US will not lower tariffs on China to kick-start trade talks, scheduled to take place in Switzerland. In addition, a Commerce Department spokesperson noted that the Export Control Framework for AI Diffusion would be rescinded in favour of “a much simpler rule”.

Market Watch: Today, we expect Bank Negara Malaysia (BNM) to keep its policy rate unchanged at 3.00%. However, BNM could sound more dovish alluding to downside risks to growth and uncertainties on the external front. The Philippines will release 1Q25 GDP growth, which is set to improve to 5.7% YoY versus 5.3% in 4Q24. The BSP had said earlier that the central bank will cut by another cumulative 75bp. BoE also meets today and consensus is expecting a 25bp rate cut.

Key Market Movements

Equity	Value	% chg
S&P 500	5631.3	0.4%
DJIA	41114	0.7%
Nikkei 225	36780	-0.1%
SH Comp	3342.7	0.8%
STI	3865.4	0.1%
Hang Seng	22692	0.1%
KLCI	1549.9	0.9%
	Value	% chg
DXY	99.614	0.4%
USDJPY	143.83	1.0%
EURUSD	1.1301	-0.6%
GBPUSD	1.3292	-0.6%
USDIDR	16536	0.5%
USDSGD	1.2942	0.5%
SGDMYR	3.2831	0.1%
	Value	chg (bp)
2Y UST	3.78	-0.62
10Y UST	4.27	-2.52
2Y SGS	2.06	-6.10
10Y SGS	2.40	-7.49
3M SORA	2.34	-0.29
3M SOFR	4.36	-0.01
	Value	% chg
Brent	61.12	-1.7%
WTI	58.07	-1.7%
Gold	3365	-2.0%
Silver	32.46	-2.3%
Palladium	966	-1.0%
Copper	9420	-1.2%
BCOM	101.51	-0.8%

Source: Bloomberg

Major Markets

CN: While market participants speculated late into last night about who would attend the press conference, the final lineup exceeded expectations. The top leaders of China's three most influential financial regulatory bodies — the Governor of the People's Bank of China (PBoC), the head of the National Financial Regulatory Administration (NFRA), and the Chairman of the China Securities Regulatory Commission (CSRC) — all appeared jointly. Their presence immediately drew comparisons to the landmark press conference on September 24, 2024, when this same trio helped reverse deteriorating sentiment with a surprise policy package that marked a turning point in China's economic cycle.

Unlike the September 2024 event, which featured high-impact and unexpected stimulus measures that catalyzed a sharp rebound in equity markets, today's announcements offered fewer surprises in terms of depth. However, they delivered a broader scope — expanding beyond monetary, housing, and capital market support to include fresh initiatives targeting technology, consumption, and trade, areas which are currently at the heart of China's structural transition.

ID: Deputy Finance Minister Anggito Abimanyu noted that the government plans to relax local content requirements for ICT and medical equipment to reduce non-tariff barriers during US tariff negotiations, as reported by Bloomberg. In addition, DFM Abimanyu reiterated that the government plans to lift import restrictions and increase imports of US goods as part of the US-Indonesia trade negotiations. Elsewhere, newly re-elected Australian Prime Minister Anthony Albanese plans to travel to Indonesia next week for his first overseas trip, as a “signal” of the importance of the relationship between the two countries.

MY: Economy Minister and Parti Keadilan Rakyat (PKR) deputy president Rafizi Ramli offered to resign from the Cabinet and the upcoming party election to focus on grassroots campaigning for GE16. Despite suggestions from Prime Minister Anwar Ibrahim and Home Minister Saifuddin Nasution for him to stay in the race for deputy president, Minister Ramli announced he will defend his position in the upcoming party leadership election, scheduled on the 23 May. Elsewhere, Bank Negara Malaysia (BNM) is widely expected to keep its policy rate unchanged at 3% today (3pm SGT).

VN: In a meeting with various corporations on Wednesday (7 May), the Industry and Trade Minister Nguyen Hong Dien, who is also head of the Government Negotiation Delegation on trade issues with the US, urged firms in sectors like energy, mining, telecommunications, and aviation to be proactive in maximizing US-Vietnam trade potential.

ESG

SG: Singapore and Rwanda signed an implementation agreement to cooperate on carbon credits, the sixth such agreement that Singapore has signed since end 2023. Other countries that Singapore has signed implementation agreements with are Papua New Guinea, Ghana, Bhutan, Peru and Chile. It is also progressing in carbon trading negotiations with more than 15 other countries, including Malaysia, the Philippines and Sri Lanka. Singapore had earlier estimated that it would use high-quality carbon credits to offset about 2.5 mn tonnes of emissions annually from 2021 to 2030. These are positive developments towards building a more robust and collaborative carbon ecosystem.

The Rest of the World: The National Renewable Energy Laboratory (NREL), a research division of the U.S. Department of Energy that focuses on energy sources like wind and solar, had laid off 114 employees due to federal budget cuts, stop-work orders and new directives. This reflects the broader trend of workforce cuts across the Department of Energy under the Trump administration, as it continues to boost fossil fuels and scale back on clean energy technologies that will reduce the role of the US in global climate action.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 4-5bps lower, belly tenors and 10Y trading 7bps lower. There were no new dollar bonds issued in Asia on Wednesday, reflecting a global slowdown in activity ahead of the Federal Reserve's policy announcement as reported by Bloomberg. The statement concluded with interest rates remaining unchanged, and Powell indicated that officials are not in a rush to make adjustments. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 91bps while Bloomberg Asia USD High Yield spreads tightened by 6bps to 535bps respectively. (Bloomberg, OCBC)

New Issues:

There was one notable issuance in the Asiadollar market yesterday.

- AL Rajhi Sukuk Ltd (obligor: Al Rajhi Banking and Investment Corporation) priced a USD500mn 5Y Fixed Sukuk at T+95bps.

There were no notable issuances in the Singdollar market yesterday.

Mandates:

- Korea Housing Finance Corporation is looking to issue a USD denominated FRN dual-listed Sustainable Formosa covered bond with an expected tenor of 5Y.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	99.614	0.38%	USD-SGD	1.2942	0.46%
USD-JPY	143.830	0.97%	EUR-SGD	1.4626	-0.14%
EUR-USD	1.130	-0.61%	JPY-SGD	0.8999	-0.51%
AUD-USD	0.642	-1.09%	GBP-SGD	1.7202	-0.13%
GBP-USD	1.329	-0.58%	AUD-SGD	0.8314	-0.65%
USD-MYR	4.240	0.17%	NZD-SGD	0.7687	-0.67%
USD-CNY	7.228	0.12%	CHF-SGD	1.5712	0.25%
USD-IDR	16536	0.52%	SGD-MYR	3.2831	0.15%
USD-VND	25961	-0.03%	SGD-CNY	5.5926	-0.25%

Equity and Commodity

Index	Value	Net change
DJIA	41,113.97	284.97
S&P	5,631.28	24.37
Nasdaq	17,738.16	48.50
Nikkei 225	36,779.66	-51.03
STI	3,865.37	4.96
KLCI	1,549.90	13.10
JCI	6,926.23	28.03
Baltic Dry	1,406.00	-15.00
VIX	23.55	-1.21

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.1440	0.99%	1M	4.3265	0.01%
3M	2.1430	-0.37%	2M	4.3240	-0.02%
6M	2.1450	-0.28%	3M	4.3048	-0.03%
12M	2.0450	0.29%	6M	4.1861	-0.05%
			1Y	3.9058	0.00%

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.06 (-0.06)	3.78(--)
5Y	2.06 (-0.08)	3.86 (-0.03)
10Y	2.4 (-0.07)	4.28 (-0.03)
15Y	2.5 (-0.06)	--
20Y	2.54 (-0.06)	--
30Y	2.56 (-0.06)	4.78 (-0.03)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
05/07/2025	-0.019	-1.9	-0.005
06/18/2025	-0.2	-20	-0.05
07/30/2025	-0.82	-62	-0.205
09/17/2025	-1.658	-83.8	-0.414
12/10/2025	-3.107	-74.7	-0.777

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	#N/A	N/A
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	4.32
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	58.07	-1.73%	Corn (per bushel)	4.410	-1.5%
Brent (per barrel)	61.12	-1.66%	Soybean (per bushel)	10.305	-0.4%
Heating Oil (per gallon)	197.66	-1.60%	Wheat (per bushel)	5.180	-0.2%
Gasoline (per gallon)	202.78	-1.78%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.62	4.56%	Rubber (JPY/KG)	309.500	2.8%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9419.50	-1.24%	Gold (per oz)	3364.5	-2.0%
Nickel (per mt)	15548.00	-0.96%	Silver (per oz)	32.5	-2.3%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Country	Event	Period	Survey	Actual	Prior	Revised
5/08/2025 2:00	US	FOMC Rate Decision (Upper Bound)	7-May	4.50%	4.50%	4.50%	--
5/08/2025 2:00	US	FOMC Rate Decision (Lower Bound)	7-May	4.25%	4.25%	4.25%	--
5/08/2025 2:00	US	Fed Interest on Reserve Balances Rate	8-May	4.40%	4.40%	4.40%	--
5/08/2025 12:00	MA	Industrial Production YoY	Mar	2.10%	--	1.50%	--
5/08/2025 15:00	MA	BNM Overnight Policy Rate	8-May	3.00%	--	3.00%	--
5/08/2025 19:00	UK	SURVEY REPORT: BOE to Cut Rates to 4.25%; Vote 8-1					
5/08/2025 19:02	UK	Bank of England Bank Rate	8-May	4.25%	--	4.50%	--
5/08/2025 20:30	US	Initial Jobless Claims	3-May	230k	--	241k	--
5/08/2025 20:30	US	Initial Claims 4-Wk Moving Avg	3-May	--	--	226.00k	--
5/08/2025 21:00	UK	DMP 3M Output Price Expectations	Apr	4.00%	--	3.90%	--
5/08/2025 21:00	UK	DMP 1 Year CPI Expectations	Apr	3.50%	--	3.40%	--
5/08/2025 22:00	US	Wholesale Trade Sales MoM	Mar	0.90%	--	2.40%	--
5/08/2025 22:00	US	Wholesale Inventories MoM	Mar F	0.50%	--	0.50%	--
5/08/2025 23:00	US	NY Fed 1-Yr Inflation Expectations	Apr	--	--	3.58%	--

Source: Bloomberg

Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberhtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathann4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyiong1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
menqteechin@ocbc.com

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