

Daily Treasury Outlook

17 May 2024

Highlights

Global: US stock indices closed broadly lower on Thursday (S&P 500: -0.21%; Nasdaq: -0.26%; Dow Jones: -0.1%). Dow Jones was unable to hold onto gains after breaching the 40,000 level and closed slightly lower. Meanwhile, UST yields were modestly higher, with the 10-year yields last closing the session around 4.38% levels. In the commodity space, WTI crude oil prices rose, closing in on USD80/barrel, as EIA data showed a 2.5mn barrel decline in US crude stockpiles last week. On the US economic data front, housing starts and building permits both missed expectations, with 1.36mn units SAAR and 1.44mn in April, respectively, compared to consensus estimates of 1.42mn and 1.48mn. Additionally, the Philadelphia Fed Index, an indicator of manufacturing health in the region, eased to 4.5 in May from 15.5 in April. Meanwhile, weekly initial jobless claims came in above expectations at 222k for the week ending May 1, following an uptick to 232k the prior week.

Market Watch: Asian markets may open cautiously today in anticipation of a slew of key economic data releases from China including retail sales, industrial production, residential property sales and fixed asset investments, all due 10am SGT/HKT. Elsewhere, the final 1Q24 GDP from Malaysia and Hong Kong 1Q24 GDP will be released along with Euro Area April CPI. A press conference on updated property policies from China will be held today. Fed's Mester and Bostic and ECB's Vasle, Holzmann and Kazaks speak later tonight.

SG: April NODX shrank for the third consecutive month by a milder 9.3% YoY after slumping 20.8% YoY in March, albeit rebounding 7.6% MoM sa after contracting in February and March. Notably, electronics exports recovered, rising by 3.3% YoY in April, following a drop of 9.5% YoY in March, potentially suggesting that the March dip was a blip. The electronics export performance was aided by a surge in PCs (73.3% YoY), disk media products (39.6%) and diodes and transistors (10.4%) whereas ICs contracted for the second month by 3.6% YoY. Outside of electronics, pharmaceuticals exports slumped 73.3% YoY (-3.3% MoM sa) in April.

Key Market Movements

Equity	Value	% chg
S&P 500	5297.1	-0.2%
DJIA	39869	-0.1%
Nikkei 225	38920	1.4%
SH Comp	3122.4	0.1%
STI	3305.0	0.5%
Hang Seng	19377	1.6%
KLCI	1611.1	0.5%
	Value	% chg
DXY	104.462	0.1%
USDJPY	155.39	0.3%
EURUSD	1.0867	-0.2%
GBPUSD	1.2670	-0.1%
USDIDR	15925	-0.6%
USDSGD	1.346	0.1%
SGDMYR	3.4830	-0.2%
	Value	chg (bp)
2Y UST	4.80	7.16
10Y UST	4.38	3.50
2Y SGS	3.34	-5.00
10Y SGS	3.19	-7.63
3M SORA	3.70	-0.10
3M SOFR	5.35	0.00
	Value	% chg
Brent	83.27	0.6%
WTI	79.23	0.8%
Gold	2377	-0.4%
Silver	29.58	-0.3%
Palladium	993	-1.8%
Copper	10424	2.0%
BCOM	104.11	0.2%

Source: Bloomberg

Major Markets

CN: The surge in China's property stocks on Thursday reflects growing optimism from the stimulus measures. This sentiment was further bolstered by recent announcements from local governments, including the Dali government of Yunnan Province, which expressed intentions to facilitate the acquisition of existing homes for conversion into public housing. Adding to the anticipation, the State Council Information Office confirmed a press conference on property policies scheduled for this afternoon. Officials from key ministries and regulatory bodies, including the Ministry of Housing and Urban-Rural Development, the Ministry of Natural Resources, the People's Bank of China (PBoC), and the National Financial Regulatory Administration, are expected to provide insights and updates on the government's approach to property-related matters. For today, markets will watch for China's press conference on updated property policies.

ID: President Joko Widodo convened several of his ministers at the Presidential Palace on Thursday (15/5) to discuss the roadmap for Indonesia's OECD membership. Coordinating Minister for Economic Affairs Airlangga Hartarto mentioned they are preparing a 280-day roadmap for the accession process, which will be reviewed by the OECD Council, as reported by Tempo. OECD Secretary-General Mathias Cormann will visit Indonesia on May 28-29 to meet with President Jokowi regarding the membership accession.

MY: The Ministry of Natural Resources and Environmental Sustainability will review proposals for enacting laws related to carbon emissions under the Environmental Quality (Amendment) Bill's second phase. Minister Nik Nazmi welcomes discussions and feedback to strengthen existing regulations for cleaner air and a healthier environment. The ministry is open to the Malaysian Bar's recommendation for formal legislation on carbon emissions to enhance ESG compliance. The existing Environmental Quality Act 1974, along with various supporting regulations, currently forms the basis of Malaysia's emissions management.

ESG Updates

ID: Pertamina and ExxonMobil plan to conduct appraisal drilling for a carbon capture and storage (CCS) hub in Indonesia, with the companies signing an initial storage deal with South Korea's KNOC. This aims to collect data that will later become a reference for the development of the Asri Basin Project CCS hub, that can store up to 3 gigatonnes of carbon dioxide and would require investments of US\$2bn.

Credit Market Updates

Market Commentary: The SGD SORA curve traded lower yesterday, with short tenors trading 3-7bps lower, belly tenors trading 7bps lower and 10Y trading 7bps lower. Country Garden Holdings Co. faces a winding up petition in the Hong Kong High Court today from creditor Ever Credit Ltd. that filed a petition at the end of February 2024 to liquidate the company due to non-payments on a term loan facility. According to Bloomberg, China's State Council will hold a meeting with key officials from the housing ministry, financial regulators, local governments and state banks today to collect feedback on further potential property market support measures, including a proposal for local state-owned enterprises to purchase excess inventory from distressed developers at steep discounts with loans provided by state banks. Most of the properties would then be converted into affordable housing. A draft plan is expected to be finalized in June. According to the 21st Century Business Herald, the China Securities Regulatory Commission (CSRC) has mandated that all its local bureaus report on their random checks of local debt. The CSRC has also dispatched its own staff to conduct inspections of these checks in various locations. Following the submission of their reports, certain local bureaus have been instructed to increase the frequency of their random inspections. Bloomberg Asia USD Investment Grade spreads tightened by 3bps to 79bps while Asia USD High Yield spreads tightened by 20bps to 514bps. (Bloomberg, OCBC)

New Issues:

There was one notable bond issuer in the Asiadollar market yesterday.

- Industrial & Commercial Bank of China Ltd/Hong Kong priced a USD1bn 3Y Green FRN with final pricing of SOFR+48bps.

There were no notable bond issuers in the Singdollar market yesterday.

Mandates:

- There are no Asiadollar mandates today

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	104.462	0.11%	USD-SGD	1.3460	0.06%
USD-JPY	155.390	0.33%	EUR-SGD	1.4627	-0.10%
EUR-USD	1.087	-0.16%	JPY-SGD	0.8662	-0.26%
AUD-USD	0.668	-0.22%	GBP-SGD	1.7054	-0.06%
GBP-USD	1.267	-0.12%	AUD-SGD	0.8989	-0.17%
USD-MYR	4.683	-0.50%	NZD-SGD	0.8240	0.05%
USD-CNY	7.221	0.03%	CHF-SGD	1.4854	-0.38%
USD-IDR	15925	-0.64%	SGD-MYR	3.4830	-0.16%
USD-VND	25450	-0.02%	SGD-CNY	5.3667	0.03%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8300	-0.21%	1M	5.3186	-0.01%
3M	3.8160	-0.21%	2M	5.3278	0.00%
6M	3.7980	-0.03%	3M	5.3250	-0.01%
12M	3.6790	1.13%	6M	5.2858	-0.02%
			1Y	5.1318	-0.11%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
05/01/2024	-0.005	-0.001	5.329
06/12/2024	-0.100	-0.025	5.313
07/31/2024	-0.340	-0.085	5.253
09/18/2024	-0.885	-0.221	5.116
11/07/2024	-1.245	-0.311	5.026
12/18/2024	-1.855	-0.464	4.874
01/29/2025	-2.260	-0.565	4.773

Equity and Commodity

Index	Value	Net change
DJIA	39,869.38	-38.62
S&P	5,297.10	-11.05
Nasdaq	16,698.32	-44.07
Nikkei 225	38,920.26	534.53
STI	3,304.99	15.57
KLCI	1,611.11	7.88
JCI	7,246.70	66.86
Baltic Dry	1,889.00	-104.00
VIX	12.42	-0.03

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.34 (-0.05)	4.78(--)
5Y	3.16 (-0.07)	4.4 (+0.05)
10Y	3.19 (-0.08)	4.37 (+0.04)
15Y	3.24 (-0.07)	--
20Y	3.23 (-0.09)	--
30Y	3.25 (-0.08)	4.51 (+0.01)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	5.31
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	79.23	0.76%	Corn (per bushel)	4.570	-1.2%
Brent (per barrel)	83.27	0.63%	Soybean (per bushel)	12.163	0.2%
Heating Oil (per gallon)	244.37	0.85%	Wheat (per bushel)	6.633	-0.4%
Gasoline (per gallon)	253.78	1.64%	Crude Palm Oil (MYR/MT)	38.230	0.6%
Natural Gas (per MMBtu)	2.50	3.27%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	10424.00	2.01%	Gold (per oz)	2376.9	-0.4%
Nickel (per mt)	19797.00	1.58%	Silver (per oz)	29.6	-0.3%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Economic Calendar

date	country	item	period	survey	actual	prior	revised
05/17/2024 07:00	SK	Unemployment rate SA	Apr	2.80%	2.80%	2.80%	--
05/17/2024 08:30	SI	Non-oil Domestic Exports YoY	Apr	-8.90%	-9.30%	-20.70%	-20.80%
05/17/2024 08:30	SI	Non-oil Domestic Exports SA MoM	Apr	9.20%	7.60%	-8.40%	-8.50%
05/17/2024 10:00	CH	Industrial Production YoY	Apr	5.50%	--	4.50%	--
05/17/2024 10:00	CH	Retail Sales YoY	Apr	3.70%	--	3.10%	--
05/17/2024 10:00	CH	Residential Property Sales YTD YoY	Apr	--	--	-30.70%	--
05/17/2024 10:00	CH	Industrial Production YTD YoY	Apr	5.90%	--	6.10%	--
05/17/2024 10:00	CH	Fixed Assets Ex Rural YTD YoY	Apr	4.60%	--	4.50%	--
05/17/2024 10:00	CH	Retail Sales YTD YoY	Apr	4.60%	--	4.70%	--
05/17/2024 12:00	MA	GDP YoY	1Q F	3.90%	--	3.90%	--
05/17/2024 15:30	TH	Gross International Reserves	May-10	--	--	\$223.5b	--
05/17/2024 16:30	HK	GDP YoY	1Q F	2.70%	--	2.70%	--
05/17/2024 17:00	EC	CPI YoY	Apr F	2.40%	--	2.40%	--
05/17/2024 17:00	EC	CPI MoM	Apr F	0.60%	--	0.60%	--
05/17/2024 17:00	EC	CPI Core YoY	Apr F	2.70%	--	2.70%	--
05/17/2024 22:00	US	Leading Index	Apr	-0.30%	--	-0.30%	--

Source: Bloomberg

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