

Daily Treasury Outlook

23 April 2024

Highlights

Global: Tech stocks led the broader market rebound following the selloff last Friday, as investors eyed the slew of key quarterly earnings reports and macroeconomic data. US Treasuries were bid with the front-end outperforming. The dollar index chopped above the 106 level and was also seen climbing to a fresh 34-year peak against the yen ahead of the BOJ meeting later this week. As geopolitical tensions eased, gold saw its biggest daily loss since June 2022. On data front, US' Chicago Fed national activity index rose to 0.15 in March, the highest reading since November 2023, up from an upwardly revised reading of 0.09 for February. Meanwhile, consumer confidence in Eurozone improved slightly from -14.9 in March to -14.7 in April, below the market consensus of -14.5. In Canada, the industrial product price rose by 0.8% MoM in March.

Market Watch: Asian markets are likely to open firmer this morning. Economic calendar is pretty full, with April PMI readings from Japan, Australia and India, March CPI data from Singapore and Hong Kong, March PPI from South Korea and industrial production from Taiwan. Later today, the market will also watch the slew of April PMI readings from Eurozone, UK and US, together with US' March new home sales and April Richmond Fed manufacturing index.

SG: S'pore headline and core CPI for March likely softened to 3.3% YoY (Feb: 3.4%) and 3.5% YoY (Feb: 3.6%) respectively. STI closed 1.5% higher to end at 3,225.2 by market close.

Oil: Crude oil futures edged lower on Monday. Both WTI and Brent declined by 0.3% to close at USD82.9/bbl and USD87.0/bbl respectively. Prices traded lower as concerns of a broader regional conflict have faded. Iranian Foreign Minister Hossein Amirabdollahian, in interview with NBC news, shared that Iran does not plan to respond to Israel's retaliatory strike. Consequently, this could have led to some unwinding of geopolitical risk premium that are priced into global oil prices prior to the escalation in the Israel-Iran front.

Key Market Movements

Equity	Value	% chg
S&P 500	5010.6	0.9%
DJIA	38240	0.7%
Nikkei 225	37439	1.0%
SH Comp	3044.6	-0.7%
STI	3225.2	1.5%
Hang Seng	16512	1.8%
KLCI	1559.6	0.8%
	Value	% chg
DXY	106.077	-0.1%
USDJPY	154.85	0.1%
EURUSD	1.0655	0.0%
GBPUSD	1.2350	-0.2%
USDIDR	16235	-0.1%
USDSGD	1.362	0.0%
SGDMYR	3.5055	-0.2%
	Value	chg (bp)
2Y UST	4.97	-1.45
10Y UST	4.61	-1.22
2Y SGS	3.48	3.60
10Y SGS	3.40	3.89
3M SORA	3.64	0.71
3M SOFR	5.35	0.00
	Value	% chg
Brent	87	-0.3%
WTI	81.9	-0.4%
Gold	2327	-2.7%
Silver	27.20	-5.2%
Palladium	1012	-1.8%
Copper	9830	-0.5%
BCOM	102.78	-0.3%

Source: Bloomberg

Major Markets

CN: General budget expenditure surged by 2.9% YoY in 1Q24, reaching nearly CNY7tr, despite facing a relatively high base due to pandemic-related expenses settlement. This underscores the continued implementation of proactive fiscal policies. Notably, the Ministry of Finance disbursed the entire CNY1tr of special bonds announced in 4Q23 to local governments by the end of February. Tax revenues from sectors closely tied to service consumption demonstrated robust growth. Revenues from the accommodation and catering industries surged by 44.7%, while those from cultural, sports, and entertainment industries increased by 26.7%. Additionally, tax revenues from transportation, warehousing, postal services, and the retail sector saw healthy growth rates of 6.8% and 5.7%, respectively. These figures affirm the strong recovery trajectory of service consumption.

ID: Export contraction narrowed to -4.2% YoY in March versus -9.6% in February, bringing the 1Q24 exports growth to -7.3% YoY versus -8.3% in 4Q23. Meanwhile, imports fell by 12.8% YoY in March compared to growth of 15.8% in February, taking the 1Q24 imports growth at -0.1% versus -1.0% in 4Q23. By use type, consumer goods and raw material imports growth improved, while capital goods imports slowed. Consequently, the trade surplus widened to USD4.4bn in March compared to USD833mn in February. On a quarterly basis, the 1Q24 trade surplus narrowed slightly to USD7.3bn versus USD9.2bn in 4Q24. Elsewhere, the Constitutional Court rejected lawsuits filed by presidential candidates Anies Baswedan and Ganjar Pranowo, confirming Prabowo Subianto's electoral victory in the February 2024 presidential election. Prabowo-Gibran will assume office on October 20th, 2024.

MY: The World Bank has maintained its economic growth forecast for Malaysia at 4.3% for 2024 but sees potential upside risk from higher oil prices due to the ongoing conflict in the Middle East. Dr. Apurva Sanghi, the World Bank's lead economist for Malaysia, noted during a media briefing on Monday that the growth in 2024 will be primarily driven by domestic demand rather than investment. In the medium term, Dr. Apurva Sanghi anticipates an increase in investment contributions as the government begins implementing initiatives outlined in the New Industrial Master Plan 2030.

TH: Thailand's Board of Investment (BOI) shared that Chery Automobile will establish a plant in the Rayong province. Chery Automobile is the eighth Chinese electric vehicle maker to invest in EV production in the country. Domestic production of vehicles is expected to begin in 2025. The first-phase production will have a capacity of 50,000 battery-powered and hybrid EVs each year. Following this, production capacity is anticipated to increase to 80,000 units each year in the second phase by 2028.

ESG Updates

SG: Singapore plans to work with international partners to raise US\$5bn to help fund Asia-focused climate projects through the "Financing Asia's Transition Partnership" initiative, which uses a combination of public and private sector funding. This initiative can help to de-risk and finance green projects, to accelerate decarbonisation in the region.

ID: President Joko Widodo and ex-British prime minister Tony Blair discussed new renewable energy investment in Nusantara, including solar panel construction by the United Arab Emirates to be facilitated by the Tony Blair Institute. Based on a proposal, the solar panel project will be able to produce up to 1.2GW of electricity. They also discussed the implementation of carbon capture and storage in Nusantara, following Indonesia's new Presidential Regulation on carbon storage activities.

Credit Market Updates

Market Commentary: The SGD SORA curve traded higher yesterday, with short tenors trading 2-4bps higher, belly tenors trading 4bps higher and 10Y trading 4bps higher. Financial firms including T. Rowe Price Group Inc. and Nomura Holdings Inc. are expressing concern over stress in shadow loans in South Korea as the real estate sector has been showing cracks at home and abroad after interest rates rose. Delinquency rates at one key group of Korean lenders nearly doubled to 6.55% last year, while economists at Citigroup Inc. estimate KRW111tn (USD80bn) of project-finance debt is "troubled." Korean shadow-bank financing to the real estate sector rose to a record KRW926tn last year according to the Korean Market Institute, over four times a decade ago. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 83bps while Asia USD High Yield spreads widened by 4bps to 610bps. (Bloomberg, OCBC)

New Issues:

- There were no notable bond issuances in the Asiadollar market last Friday.
- There were no notable bond issuances in the Singdollar market last Friday.

Mandates:

- There are no Asiadollar mandates for today.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	#NAME?	#NAME?	USD-SGD	#NAME?	#NAME?
USD-JPY	#NAME?	#NAME?	EUR-SGD	#NAME?	#NAME?
EUR-USD	#NAME?	#NAME?	JPY-SGD	#NAME?	#NAME?
AUD-USD	#NAME?	#NAME?	GBP-SGD	#NAME?	#NAME?
GBP-USD	#NAME?	#NAME?	AUD-SGD	#NAME?	#NAME?
USD-MYR	#NAME?	#NAME?	NZD-SGD	#NAME?	#NAME?
USD-CNY	#NAME?	#NAME?	CHF-SGD	#NAME?	#NAME?
USD-IDR	#NAME?	#NAME?	SGD-MYR	#NAME?	#NAME?
USD-VND	#NAME?	#NAME?	SGD-CNY	#NAME?	#NAME?

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8370	-0.47%	1M	5.3160	0.00%
3M	3.8920	-0.13%	2M	5.3201	-0.02%
6M	3.8460	0.08%	3M	5.3238	-0.01%
12M	3.7320	0.03%	6M	5.2983	-0.03%
			1Y	5.2080	-0.07%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/20/2024	-0.008	-0.002	5.327
05/01/2024	-0.026	-0.006	5.322
06/12/2024	-0.161	-0.040	5.288
07/31/2024	-0.465	-0.116	5.213
09/18/2024	-0.910	-0.228	5.101
11/07/2024	-1.153	-0.288	5.041
12/18/2024	-1.621	-0.405	4.924
01/29/2025	-1.895	-0.474	4.855

Equity and Commodity

Index	Value	Net change
DJIA	#NAME?	#NAME?
S&P	#NAME?	#NAME?
Nasdaq	#NAME?	#NAME?
Nikkei 225	#NAME?	#NAME?
STI	#NAME?	#NAME?
KLCI	#NAME?	#NAME?
JCI	#NAME?	#NAME?
Baltic Dry	1,919.00	18.00
VIX	#NAME?	#NAME?

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	#NAME?	#NAME?
5Y	#NAME?	#NAME?
10Y	#NAME?	#NAME?
15Y	#NAME?	--
20Y	#NAME?	--
30Y	#NAME?	#NAME?

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)	82.85	-0.35%	Corn (per bushel)	4.398	1.4%
Brent (per barrel)	87.00	-0.33%	Soybean (per bushel)	11.610	0.9%
Heating Oil (per gallon)	256.04	0.75%	Wheat (per bushel)	5.703	3.6%
Gasoline (per gallon)	268.54	-0.92%	Crude Palm Oil (MYR/MT)	40.780	0.5%
Natural Gas (per MMBtu)	1.79	2.23%	Rubber (JPY/KG)	331.800	-0.3%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9829.50	-0.47%	Gold (per oz)	2327.3	-2.7%
Nickel (per mt)	19739.00	2.14%	Silver (per oz)	27.2	-5.2%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Event	Survey	Actual	Prior	Revised
04/23/2024 08:30	JN Jibun Bank Japan PMI Mfg	Apr P	--	48.2	--
04/23/2024 13:00	SI CPI YoY	Mar	3.10%	3.40%	--
04/23/2024 13:00	IN HSBC India PMI Mfg	Apr P	--	59.1	--
04/23/2024 13:00	IN HSBC India PMI Services	Apr P	--	61.2	--
04/23/2024 15:30	GE HCOB Germany Manufacturing PMI	Apr P	42.7	41.9	--
04/23/2024 15:30	GE HCOB Germany Services PMI	Apr P	50.5	50.1	--
04/23/2024 15:30	GE HCOB Germany Composite PMI	Apr P	48.4	47.7	--
04/23/2024 16:00	EC HCOB Eurozone Manufacturing PMI	Apr P	46.5	46.1	--
04/23/2024 16:00	EC HCOB Eurozone Composite PMI	Apr P	50.7	50.3	--
04/23/2024 16:00	EC HCOB Eurozone Services PMI	Apr P	51.8	51.5	--
04/23/2024 16:30	UK S&P Global UK Manufacturing PMI	Apr P	50.4	50.3	--
04/23/2024 16:30	HK CPI Composite YoY	Mar	2.10%	2.10%	--
04/23/2024 16:30	UK S&P Global UK Services PMI	Apr P	53	53.1	--
04/23/2024 21:45	US S&P Global US Manufacturing PMI	Apr P	52	51.9	--
04/23/2024 22:00	US New Home Sales	Mar	669k	662k	--
04/23/2024 22:00	US Richmond Fed Manufact. Index	Apr	-8	-11	--

Source: Bloomberg

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