

Daily Treasury Outlook

29 November 2019

Highlights

Global: With US out for Thanksgiving holidays, it would likely be a relatively quiet day for the market, given a dearth of data and news flow. Even Trump was relatively quiet, making a surprise visit to the US military base in Afghanistan, rather than tweeting about China and such. The anticipation for some kind of response from China yesterday, after news about Trump's signing of HK Human Rights Bill into law also met with anti-climax without any substantial news flow from China on that front. Meanwhile, commodities market focused on news that OPEC, together with Russia and Kazakhstan, are signaling no additional cuts in oil production. Coming right after data showing an increase in US crude supplies, the OPEC+ news continued to put pressure on oil prices, with WTI trading around the USD58 per barrel level.

Market watch: Looking into next week, market will have more data to hang its hats on, with US reporting November's ISM Manufacturing data on Monday, where market is expecting a print of 49.5 which remains in contractionary territory albeit an improvement from 48.3 of the month before.

EU: Economic sentiment in Eurozone rose to 101.3 in November from 100.8 in October thanks to improving optimism in service sector. Inflation expectation, however, remained weak falling to 19.4 from 21.5 in October. German's CPI grew by 1.1% yoy in November, slightly below market expectation of 1.2%. In the UK property price rose by 0.8% yoy nationwide in November beating expectation. The YouGov model predicted that the conservative party may win the majority in the parliament in the upcoming election. For today, market will watch out for CPI and unemployment rate in Eurozone

China: As expected, China's Ministry of Commerce did not offer details in its regular press conference yesterday on how China will retaliate to the Hong Kong Human Rights bill signed into law by President Trump. However, the spokesperson said what will come will come. Market will continue to wait for potential counter measures from China. On the positive note, China's State Council unveiled new guideline to improve quality of international trade. It also pledged to lower the tariff at appropriate time as well as widening market access and boosting imports. China aims to achieve a more optimized trade structure by 2022.

Key Market Movements		
Equity	Value	% chg
S&P 500	3153.6	0.0%
DJIA	28164	0.0%
Nikkei 225	23409	-0.1%
SH Comp	2889.7	-0.5%
STI	3200.6	-0.5%
Hang Seng	26894	-0.2%
KLCI	1583.8	-0.2%
Currencies	Value	% chg
DXY	98.370	0.0%
USDJPY	109.51	0.0%
EURUSD	1.1009	0.1%
GBPUSD	1.2912	-0.1%
USDIDR	14093	0.0%
USDSGD	1.3659	0.1%
SGDMYR	3.0545	0.0%
Rates	Value	chg (bp)
3M UST	1.59	0.00
10Y UST	1.77	0.00
1Y SGS	1.68	0.10
10Y SGS	1.75	-0.24
3M LIBOR	1.91	0.51
3M SIBOR	1.77	0.25
3M SOR	1.57	3.70
Commodities	Value	% chg
Brent	63.87	-0.3%
WTI	58.11	0.0%
Gold	1456	0.1%
Silver	16.92	-0.3%
Palladium	1838	0.1%
Copper	5892	-0.9%
BCOM	78.34	0.0%

Source: Bloomberg

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Major Markets

US: US markets were closed last night for the Thanksgiving holiday. In the day ahead, we expect the markets to be cautious and price in Trump's signing of the HK bill on Wednesday. The S&P 500 index could possibly see some downside pressure with the support expected around the 3100 handle.

Indonesia: Bank Indonesia's Governor Perry Warjiyo reportedly signaled a continued dovish stance at the annual bankers meeting yesterday. The central bank will continue to support the economy in 2020 by deploying its mix of accommodative policy tools. BI has already trimmed RRR by 50bps effective January 2020 and cut its policy rate by 100bps this year. Our view is that, even as the central bank is indeed keen to cut rates further, it will be on a pausing mode in the immediate months ahead, while awaiting the outturn of US-China trade talks.

Malaysia: Don't worry if you did not know about it, but there is apparently this thing called the National Worry Index in Malaysia, published by Emir Research think tank. For what it's worth, their latest survey suggests that half of Malaysians are not sure whether the country is on the right track in terms of future direction, and 24% categorically saying that the country's future direction is on the wrong track. As reported by the Star, Malaysians score 0.77 in the National Worry Index, with 1 being the maximum level, driven by concerns about the economy, cost of living, jobs and security.

Bond Market Updates

Market Commentary: The SGD swap curve traded slightly higher yesterday with tenors around 0-1bps higher across the curve. The Bloomberg Barclays Asia USD IG and HY Bond Indices were unchanged yesterday while 10Y UST Yields were also unchanged due to the Thanksgiving holiday.

New Issues: Bengbu Gaoxin Investment Group Co., Ltd (Standby Letter of Credit Provider: Industrial Bank Co., Ltd. Hefei Branch) priced a USD100mn 3-year bond at 3.60%. Tianfeng Securities Co. Ltd priced a USD200mn 3NC1 bond at 4.30%, tightening from IPT of 5.0% area.

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Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	98.370	--	USD-SGD	1.3659	0.05%
USD-JPY	109.510	-0.03%	EUR-SGD	1.5036	0.13%
EUR-USD	1.1009	0.09%	JPY-SGD	1.2473	0.05%
AUD-USD	0.6770	-0.09%	GBP-SGD	1.7636	-0.03%
GBP-USD	1.2912	-0.07%	AUD-SGD	0.9247	-0.04%
USD-MYR	4.1733	0.05%	NZD-SGD	0.8766	0.02%
USD-CNY	7.0353	0.09%	CHF-SGD	1.3678	0.12%
USD-IDR	14093	-0.01%	SGD-MYR	3.0545	0.00%
USD-VND	23203	0.02%	SGD-CNY	5.1491	0.03%

Equity and Commodity

Index	Value	Net change
DJIA	28,164.00	--
S&P	3,153.63	--
Nasdaq	8,705.18	--
Nikkei 225	23,409.14	-28.63
STI	3,200.61	-14.92
KLCI	1,583.77	-3.41
JCI	5,953.06	-69.98
Baltic Dry	1,440.00	--
VIX	11.75	--

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.4480	0.10%	O/N	1.5396	0.16%
2M	-0.3360	0.16%	1M	1.6911	-1.05%
3M	-0.4000	-1.05%	2M	1.8346	-0.90%
6M	-0.3420	-0.90%	3M	1.9138	0.51%
9M	-0.1940	0.51%	6M	1.9069	-0.74%
12M	-0.2780	-0.74%	12M	1.9398	-0.19%

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.53 (-0.02)	1.63 (--)
5Y	1.63 (--)	1.63 (--)
10Y	1.75 (--)	1.77 (--)
15Y	1.86 (-0.01)	--
20Y	1.96 (-0.01)	--
30Y	2.09 (-0.01)	2.19 (--)

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	0.75-1.00%	1.00-1.25%	1.25-1.50%
12/11/2019	3.70%	0.00%	0.00%	0.00%	0.00%
01/29/2020	3.40%	9.90%	0.00%	0.00%	9.90%
03/18/2020	2.90%	22.80%	0.00%	1.50%	21.40%
04/29/2020	2.50%	31.80%	0.20%	3.90%	27.70%
06/10/2020	2.10%	41.90%	0.70%	7.50%	33.60%
07/29/2020	1.90%	49.00%	1.60%	10.80%	36.40%

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.00	-0.10
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	1.54
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	58.11	--	Corn (per bushel)	3.6275	--
Brent (per barrel)	63.87	-0.3%	Soybean (per bushel)	8.820	--
Heating Oil (per gallon)	1.9465	--	Wheat (per bushel)	5.2850	--
Gasoline (per gallon)	1.6792	--	Crude Palm Oil (MYR/MT)	2,637.0	1.4%
Natural Gas (per MMBtu)	2.5010	--	Rubber (JPY/KG)	170.6	-0.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	5,892	-0.9%	Gold (per oz)	1,456.3	0.1%
Nickel (per mt)	14,010	-2.6%	Silver (per oz)	16.920	-0.3%

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

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
11/29/2019 07:50	JN Industrial Production MoM	Oct P	-2.00%	-4.20%	1.70%	--
11/29/2019 07:30	JN Jobless Rate	Oct	2.40%	2.40%	2.40%	--
11/29/2019 09:00	SK BoK 7-Day Repo Rate	Nov-29	1.25%	--	1.25%	--
11/29/2019	VN CPI YoY	Nov	2.88%	--	2.24%	--
11/29/2019 07:30	JN Tokyo CPI Ex-Fresh Food YoY	Nov	0.60%	0.60%	0.50%	--
11/29/2019 15:30	TH BoP Current Account Balance	Oct	\$2500m	--	\$3531m	--
11/29/2019 07:30	JN Job-To-Aplicant Ratio	Oct	1.56	1.57	1.57	--
11/29/2019 16:00	TA GDP YoY	3Q F	2.90%	--	2.91%	--
11/29/2019 18:00	EC CPI MoM	Nov P	-0.40%	--	0.10%	--
11/29/2019 15:30	TH Foreign Reserves	Nov-22	--	--	\$222.1b	--
11/29/2019 07:00	SK Industrial Production YoY	Oct	-2.50%	-2.50%	0.40%	--
11/29/2019 08:30	AU Private Sector Credit MoM	Oct	0.30%	--	0.20%	--
11/29/2019 07:30	JN Tokyo CPI YoY	Nov	0.60%	0.80%	0.40%	--
11/29/2019 15:30	TH Exports YoY	Oct	--	--	-1.50%	--
11/29/2019 07:50	JN Industrial Production YoY	Oct P	-5.20%	-7.40%	1.30%	--

Source: Bloomberg

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