

Daily Treasury Outlook

10 November 2021

Highlights

Global: Breather time. The S&P 500 retreated 0.35% while VIX rose to 17.78 overnight after an 8-day rally. Risk sentiments being held in check were partly attributed to inflation concerns ahead of the US CPI data out later today as well as news that President Biden met with Lael Brainard for consideration as a potential Fed Chair to replace Powell. The 10-year TIPS yield fell to a low of -1.21% (lowest since early August) while the US\$39bn 10-year note sale fetched a yield of 1.444% and a bid-cover ratio of 2.35x. Fed rhetoric also saw Powell noting that “when we assess whether we are at maximum employment, we purposely look at a wide range of indicators” rather than just “headline numbers”, while Daly and Kashkari opined there should be more economic clarity by mid-2022 when the bond purchase program ends. Elsewhere, China is selling EUR4bn of new bonds in three tranches today. Meanwhile, Evergrande’s grace period of its missed coupon payments of \$148.1m also runs out today.

Market watch: Asian markets may pause and consolidate today while awaiting China’s CPI data and BOT’s policy decision (likely static at 0.5%). Today’s economic data calendar also comprises of US’ CPI, initial jobless claims, real average hourly earnings and wholesale inventories, and German CPI. ECB’s Elderson and BOE’s Tenreyro are also speaking.

US: PPI accelerated to 0.6% mom (8.6% yoy) as expected in October amid higher auto and gasoline prices, while the core PPI also rose 0.4% mom. The NFIB optimism index slipped to 98.2. Separately, President Biden is scheduled to virtually meet with Chinese’s Xi Jinping next week.

CN: While offshore investors are watching for another deadline for coupon payment of Evergrande offshore dollar bond, it was reported that China’s national association of financial market institutional investors organized a talk with property developers. It is still unclear whether China will loosen its grip to allow onshore developers to raise money via issuance of onshore debt.

Oil: Oil prices jumped on Tuesday and is likely to stay elevated, pending the announcement from the US tonight on whether it will release more SPR barrels into the market.

Gold: Gold rose for a third consecutive day yesterday and tested its triple peak resistance of \$1830 yesterday. The rally may take a breather today as the gold market awaits the US CPI figure on Thursday.

Key Market Movements

Equity	Value	% chg
S&P 500	4685.3	-0.3%
DJIA	36320	-0.3%
Nikkei 225	29285	-0.8%
SH Comp	3507.0	0.2%
STI	3243.4	-0.6%
Hang Seng	24813	0.2%
KLCI	1524.0	-0.7%
	Value	% chg
DXY	93.955	-0.1%
USDJPY	112.87	-0.3%
EURUSD	1.1593	0.1%
GBPUSD	1.3557	0.0%
USDIDR	14243	-0.1%
USDSGD	1.3474	0.0%
SGDMYR	3.0849	0.2%
	Value	chg (bp)
2Y UST	0.42	-2.18
10Y UST	1.44	-5.39
2Y SGS	0.81	0.80
10Y SGS	1.73	0.57
3M LIBOR	0.15	0.29
3M SIBOR	0.43	0.00
3M SOR	0.27	0.00
3M SORA	0.15	-0.15
3M SOFR	0.05	0.00
	Value	% chg
Brent	84.78	1.6%
WTI	84.15	2.7%
Gold	1832	0.4%
Silver	24.31	-0.6%
Palladium	2027	-2.4%
Copper	9553	-0.9%
BCOM	102.47	-0.3%

Source: Bloomberg

Daily Treasury Outlook

10 November 2021

Major Markets

SG: The STI slipped 0.63% to close at 3243.42 yesterday and may consolidate further today amid weak overnight leads from Wall Street. SGS bonds may open firmer this morning on the slight risk-off tilt.

Malaysia: Malaysia's Department of Statistics said that the unemployment rate has declined to 4.5% in September from 4.6% in August, continuing a recent downtrend. The chief statistician said that the improvement came as employment has been boosted by the transition of more states into the next phases of the National Recovery Plan, which allowed for more business activities to resume.

Indonesia: Indonesia's Tourism Minister Sandiaga Uno said that the government is aiming for quality over quantity of tourists as it reopens the borders to welcome visitors. It is targeting only 2mn visitors in 2022, a big drop compared to nearly 17mn tourists in the pre-pandemic era annually. He is looking to lengthen the number of days that tourists would stay in the country, for instance, with environmental sustainability as a key consideration.

Daily Treasury Outlook

10 November 2021

Bond Market Updates

Market Commentary: The SGD swap curve traded higher yesterday, with shorter tenors trading 0-2bps higher, belly tenors trading 1-3bps higher, and longer tenors (with the exception of the 12-year trading 1bps lower) trading 1-2bps higher. There were mostly light flows in SGD corporates yesterday. UST 10Y Yields traded 5bps lower to 1.44% yesterday amidst the release of an as-expected October Producer Price Index (PPI) reading from the US Labour Department. October's PPI reading came in at 0.6% m/m, and 8.6% y/y, in line with Dow Jones estimates.

New Issues: Wuhan Financial Holdings Group Co Ltd priced a USD450mn 3-year senior unsecured bond at 3.4%, tightening from an IPT of 3.7% area. CNCBINV 1 (BVI) Ltd. (Guarantor: CNCB Hong Kong Investment Ltd) priced a USD500mn 3-year senior unsecured bond at T+110bps, tightening from an IPT of T+145bps area. AVIC International Finance & Investment Ltd (Guarantor: AVIC International Holding Corp) priced a USD500mn 5-year senior unsecured bond at 2.702%, tightening from an IPT of T+200bps area. SF Holding Investment 2021 Ltd. (Guarantor: SF Holding) priced a USD400mn 5-year senior unsecured bond at T+135bps, tightening from an IPT of T+160bps area, a USD300mn 7-year senior unsecured bond at T+170bps, tightening from an IPT of T+195bps area, and a USD500mn 10-year senior unsecured bond at T+180bps, tightening from an IPT of T+205bps area. Zhengzhou Metro Group Co Ltd priced a USD500mn 3-year senior unsecured bond at T+120bps, tightening from an IPT of T+160bps area. MINGHU INTERNATIONAL (BVI) INVESTMENT DEVELOPMENT CO. (Guarantor: Jinan Lixia Holding Group Co Ltd) priced a USD250mn 3-year senior unsecured bond at 3.4%, tightening from an IPT of 3.9% area. The Kingdom of Bahrain has arranged investor calls commencing 09 November for its proposed USD bond offering. Port of Newcastle Investments has arranged investor calls commencing 09 November for its proposed USD bond offering.

Daily Treasury Outlook

10 November 2021

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.955	-0.10%	USD-SGD	1.3474	-0.01%
USD-JPY	112.870	-0.32%	EUR-SGD	1.5621	0.04%
EUR-USD	1.159	0.05%	JPY-SGD	1.1936	0.29%
AUD-USD	0.738	-0.61%	GBP-SGD	1.8268	-0.05%
GBP-USD	1.356	-0.04%	AUD-SGD	0.9940	-0.64%
USD-MYR	4.150	-0.11%	NZD-SGD	0.9604	-0.56%
USD-CNY	6.393	0.00%	CHF-SGD	1.4785	0.22%
USD-IDR	14243	-0.11%	SGD-MYR	3.0849	0.19%
USD-VND	22658	0.00%	SGD-CNY	4.7429	-0.06%

Equity and Commodity

Index	Value	Net change
DJIA	36,319.98	-112.24
S&P	4,685.25	-16.45
Nasdaq	15,886.54	-95.82
Nikkei 225	29,285.46	-221.59
STI	3,243.42	-20.48
KLCI	1,524.03	-11.38
JCI	6,669.93	37.63
Baltic Dry	3,630.00	-178.00
VIX	17.78	0.56

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.5580	-0.56%	O/N	0.0695	0.07%
2M	-0.3360	-0.34%	1M	0.0870	0.09%
3M	-0.5560	-0.55%	2M	0.1008	0.10%
6M	-0.5360	-0.53%	3M	0.1286	0.14%
9M	-0.1940	-0.20%	6M	0.1796	0.18%
12M	-0.4730	-0.47%	12M	0.3323	0.32%

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.81 (+0.01)	0.48(--)
5Y	1.32 (+0.01)	1.08 (-0.04)
10Y	1.73 (+0.01)	1.56 (-0.05)
15Y	1.95 (-0.02)	--
20Y	2.02 (-0.01)	--
30Y	1.99 (--)	1.96 (-0.06)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
12/15/2021	0	0.077	0.077
01/26/2022	0.000	0.077	0.077
03/16/2022	0.112	0.105	0.105
05/04/2022	0.261	0.143	0.143
06/15/2022	0.566	0.219	0.219
07/27/2022	0.79	0.275	0.275

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	1.00	(--)
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	0.05
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	84.15	2.71%	Corn (per bushel)	5.548	0.6%
Brent (per barrel)	84.78	1.62%	Soybean (per bushel)	11.995	1.8%
Heating Oil (per gallon)	250.81	1.66%	Wheat (per bushel)	7.785	1.4%
Gasoline (per gallon)	237.52	2.28%	Crude Palm Oil (MYR/MT)	52.600	-1.3%
Natural Gas (per MMBtu)	4.98	-8.26%	Rubber (JPY/KG)	2.082	-0.7%

Base Metals

	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9553.00	-0.88%	Gold (per oz)	1831.9	0.4%
Nickel (per mt)	19401.00	-1.22%	Silver (per oz)	24.3	-0.6%

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
11/10/2021 07:00	SK Unemployment rate SA	Oct 3.10%	3.20%	3.00%	--
11/10/2021 07:30	AU Westpac Consumer Conf SA MoM	Nov --	0.60%	-1.50%	--
11/10/2021 07:50	JN Money Stock M2 YoY	Oct 0.04	0.04	0.04	--
11/10/2021 07:50	JN Money Stock M3 YoY	Oct 3.70%	3.70%	3.80%	3.70%
11/10/2021 08:00	NZ ANZ Business Confidence	Nov P --	-18.10	-13.40	--
11/10/2021 09:30	CH CPI YoY	Oct 1.40%	--	0.70%	--
11/10/2021 09:30	CH PPI YoY	Oct 12.30%	--	10.70%	--
11/10/2021 15:00	TH BoT Benchmark Interest Rate	Nov-10 0.50%	--	0.50%	--
11/10/2021 15:00	GE CPI YoY	Oct F 4.50%	--	4.50%	--
11/10/2021 15:00	GE CPI MoM	Oct F 0.50%	--	0.50%	--
11/10/2021 15:00	GE CPI EU Harmonized YoY	Oct F 4.60%	--	4.60%	--
11/10/2021 20:00	US MBA Mortgage Applications	Nov-05 --	--	-3.30%	--
11/10/2021 21:30	US CPI MoM	Oct 0.60%	--	0.40%	--
11/10/2021 21:30	US CPI Ex Food and Energy MoM	Oct 0.40%	--	0.20%	--
11/10/2021 21:30	US Initial Jobless Claims	Nov-06 260k	--	269k	--
11/10/2021 23:00	US Wholesale Inventories MoM	Sep F 1.10%	--	1.10%	--

Source: Bloomberg

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