

## Daily Treasury Outlook

12 November 2021

### Highlights

**Global:** US equity markets recovered slightly from the previous days' inflation scare. The S&P 500 rose 0.06%, led by tech and material stocks, while VIX was lower at 17.66. The UST bond market was closed for Veterans Day holiday, while the USD gained. China's Alibaba reported Singles' Day sales of RMB540.3bn (US\$84.5bn), which may dampen fears of a consumption slowdown. Meanwhile, China's Xi Jinping is set to rule for life after delivering the first doctrine at the 6th plenum. The US and China also pledged to do more to reduce methane emissions.

**Market watch:** Asian markets may range trade today, as investors continue to digest inflationary concerns and Chinese developments. Today's economic data calendar comprises Malaysia's 3Q GDP growth and current account balance, Hong Kong's 3Q GDP growth, India's October CPI and September industrial production, Eurozone's industrial production, US JOLTS job openings and University of Michigan sentiments. ECB's Lane and BOE's Haskel as well as Fed's Williams are also speaking.

**CN:** China's Central Committee of the CPC concluded its sixth plenary session yesterday. As expected, the meeting adopted a landmark resolution, third in Party's 100 year history. Unlike the previous two which examined the mistakes by the predecessors, the latest resolution is mainly on the achievements and historical experience of Party's 100 year history. This will give President Xi mandate to pursue China's aim of national rejuvenation. Elsewhere, it was reported that some tier-1 cities have sped up the disbursement of mortgage to support genuine demand in the property market. Meanwhile, Alibaba reported a new record of CNY540.3 billion Singles' Day sales, up by about 14% yoy.

**Malaysia:** Malaysia is due to report its Q3 GDP today. We expect growth to slow down to -2.3% yoy compared to +16.1% of Q2. The market consensus has pencilled in -2.6% yoy. The data is likely to reflect the impact of pandemic resurgence during a period which saw multiple rounds of MCO restriction orders. Private consumption is likely to be hit badly, while exports are supportive during the period.

**EU:** The EU sees 5% GDP growth inflation this year, followed by 4.3% in 2022 and 2.4% in 2023, while inflation is tipped to moderate below 2% in 2023 after energy costs and supply chain disruptions fade.

**Oil:** Brent rose 0.3% yesterday, after rising to as much as 1.0% twice during European and early US trading. We expect oil to continue trading sideways in the near term.

### Key Market Movements

Equity	Value	% chg
S&P 500	4649.3	0.1%
DJIA	35921	-0.4%
Nikkei 225	29278	0.6%
SH Comp	3532.8	1.2%
STI	3238.1	0.2%
Hang Seng	25248	1.0%
KLCI	1518.9	-0.1%
	Value	% chg
DXY	95.178	0.3%
USDJPY	114.06	0.1%
EURUSD	1.1451	-0.2%
GBPUSD	1.3372	-0.2%
USDIDR	14263	0.1%
USDSGD	1.3542	0.1%
SGDMYR	3.0752	-0.2%
	Value	chg (bp)
2Y UST	0.51	0.00
10Y UST	1.55	0.00
2Y SGS	0.87	5.20
10Y SGS	1.78	5.70
3M LIBOR	0.15	0.49
3M SIBOR	0.44	0.00
3M SOR	0.29	0.00
3M SORA	0.15	0.10
3M SOFR	0.05	0.00
	Value	% chg
Brent	82.87	0.3%
WTI	81.59	0.3%
Gold	1862	0.7%
Silver	25.26	2.5%
Palladium	2061	1.6%
Copper	9634	1.1%
BCOM	103.33	1.3%

Source: Bloomberg

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### Major Markets

**SG:** PM Lee has called on APEC to forge global digital standards. The STI added 0.21% to close at 3238.07 and may range trade today. SGS bonds are also likely to tread water while awaiting further cues.

**Indonesia:** The Jakarta Composite Index closed at an all-time high yesterday, albeit the daily gain was relatively mild at 0.12%. The equities uptick came at a time of renewed market confidence, due to signs of economic rebound that have pushed up banking and consumer stocks in particular. It also came after the move by the government to reopen its borders, including via a vaccinated travel lane with Malaysia as announced earlier this week.

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### Bond Market Updates

**Market Commentary:** The SGD swap curve traded higher yesterday, with shorter and belly tenors trading 7-10bps higher, and longer tenors trading 5-7bps higher. There were mostly light flows in SGD corporates yesterday. UST 10Y Yields remained flat at 1.55% yesterday as the US Treasuries market was closed in observance of the Veterans Day holiday.

**New Issues:** Taishan Finance International Business Co Ltd (Guarantor: Tai'an Municipality Taishan Finance and Investment Group Co. Ltd.) priced a USD300mn 3-year senior unsecured bond at 3.5%, tightening from an IPT of 4% area.

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### Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.178	0.35%	USD-SGD	1.3542	0.10%
USD-JPY	114.060	0.13%	EUR-SGD	1.5507	-0.15%
EUR-USD	1.145	-0.24%	JPY-SGD	1.1872	-0.06%
AUD-USD	0.729	-0.45%	GBP-SGD	1.8108	-0.16%
GBP-USD	1.337	-0.25%	AUD-SGD	0.9878	-0.35%
USD-MYR	4.171	0.42%	NZD-SGD	0.9511	-0.44%
USD-CNY	6.391	0.04%	CHF-SGD	1.4703	-0.23%
USD-IDR	14263	0.07%	SGD-MYR	3.0752	-0.18%
USD-VND	22657	0.00%	SGD-CNY	4.7230	-0.17%

### Equity and Commodity

Index	Value	Net change
DJIA	35,921.23	-158.71
S&P	4,649.27	2.56
Nasdaq	15,704.28	81.57
Nikkei 225	29,277.86	171.08
STI	3,238.07	6.75
KLCI	1,518.85	-1.89
JCI	6,691.34	8.20
Baltic Dry	3,630.00	-178.00
VIX	17.66	-1.07

### 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	0.87 (+0.05)	0.48(--)
5Y	1.4 (+0.07)	1.22(--)
10Y	1.78 (+0.06)	1.56(--)
15Y	1.98 (+0.05)	--
20Y	2.06 (+0.04)	--
30Y	2.03 (+0.04)	1.96(--)

### Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
12/15/2021	-0.016	0.076	0.076
01/26/2022	0.032	0.087	0.087
03/16/2022	0.204	0.131	0.131
05/04/2022	0.418	0.184	0.184
06/15/2022	0.831	0.287	0.287
07/27/2022	1.112	0.358	0.358

### Financial Spread (bps)

	Value	Change
EURIBOR-OIS	uesting Data...	(--)
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)	81.59	0.31%	Corn (per bushel)	5.695	0.0%
Brent (per barrel)	82.87	0.28%	Soybean (per bushel)	12.123	0.7%
Heating Oil (per gallon)	244.71	-0.20%	Wheat (per bushel)	8.125	1.2%
Gasoline (per gallon)	231.78	0.90%	Crude Palm Oil (MYR/MT)	53.600	-0.7%
Natural Gas (per MMBtu)	5.15	5.51%	Rubber (JPY/KG)	2.094	0.8%

### Base Metals

	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9633.50	1.05%	Gold (per oz)	1862.1	0.7%
Nickel (per mt)	19759.00	0.03%	Silver (per oz)	25.3	2.5%

### Economic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
11/12/2021 05:00	SK	Import Price Index MoM	Oct	--	4.80%	2.40%	2.30%
11/12/2021 05:00	SK	Export Price Index YoY	Oct	--	25.30%	20.20%	20.40%
11/12/2021 05:00	SK	Import Price Index YoY	Oct	--	35.80%	26.80%	26.60%
11/12/2021 05:00	SK	Export Price Index MoM	Oct	--	1.60%	1.00%	1.20%
11/12/2021 05:30	NZ	BusinessNZ Manufacturing PMI	Oct	--	54.30	51.40	51.60
11/12/2021 12:00	MA	GDP YoY	3Q	-2.60%	--	16.10%	--
11/12/2021 12:00	MA	BoP Current Account Balance MYR	3Q	15.0b	--	14.4b	--
11/12/2021 15:30	TH	Foreign Reserves	Nov-05	--	--	\$246.1b	--
11/12/2021 15:30	TH	Forward Contracts	Nov-05	--	--	\$32.9b	--
11/12/2021 16:30	HK	GDP YoY	3Q F	5.40%	--	5.40%	--
11/12/2021 16:30	HK	GDP SA QoQ	3Q F	0.10%	--	0.10%	--
11/12/2021 18:00	EC	Industrial Production SA MoM	Sep	-0.50%	--	-1.60%	--
11/12/2021 18:00	EC	Industrial Production WDA YoY	Sep	4.10%	--	5.10%	--
11/12/2021 20:00	IN	Industrial Production YoY	Sep	4.80%	--	11.90%	--
11/12/2021 23:00	US	U. of Mich. Sentiment	Nov P	72.50	--	71.70	--
11/12/2021 23:00	US	JOLTS Job Openings	Sep	10300k	--	10439k	--

Source: Bloomberg

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