

## Daily Treasury Outlook

13 April 2021

### Highlights

**Global:** China will not be named a currency manipulator by the US for its semi-annual FX report due later this week, according to news reports. Meanwhile, US stock market rally paused overnight as investors awaited the start of the US earnings season reporting. The S&P500 retreated 0.02% (after Nvidia Corp said it will offer server microprocessors) while VIX rose to 16.91. UST bonds were also lower with the 10-year yield up at 1.67% despite the 3- and 10-year bond auctions being well-received. There is still \$24b of 30-year bonds being auctioned today. oil prices rose while Bitcoin neared its earlier record of US\$61,742 before closing little changed. Meanwhile, Fed's Rosengren opined that policymakers have to be "pretty humble about how confident we are about what the inflation outcomes are going to be" and "take seriously the idea that it is not going to be that easy to get to 2% inflation", whereas Bullard opined that "it's too early to talk about changing monetary policy" until we get to 75% of Americans having been vaccinated. Elsewhere, China's bank loans hit a record CNY7.67tn in 1Q21, reinforcing market concerns about potential curtailment in coming months.

**Market watch:** Asian markets may open on a firm tone today. Today's economic calendar comprises of China's March trade data, UK's February industrial production and trade data, German ZEW survey, and US' March CPI. Fed's Harker, Daly, Barkin, Mester, Bostic and Rosengren, as well as ECB's Villeroy are also speaking today.

**US:** President Biden has told companies that he has bipartisan support for government funding to address the chip shortage. Meanwhile, the US budget deficit more than doubled to US\$659.6b in the first half of its fiscal year, the third-largest on record.

**SG:** S'pore and Malaysian leaders will discuss the re-opening of the border on 4 May, according to Malaysian Foreign Minister Hishammuddin.

**Oil:** Oil closed higher yesterday and has been on a mini upward trend in the past week. Brent added 0.5% to \$63.28 but remains to be seen if it can break past the \$65 barrel. We think the consolidation from \$60-\$65 may continue, but our long-term bias is still to the upside.

### Key Market Movements

Equity	Value	% chg
S&P 500	4128.0	0.0%
DJIA	33745	-0.2%
Nikkei 225	29539	-0.8%
SH Comp	3412.9	-1.1%
STI	3173.9	-0.3%
Hang Seng	28453	-0.9%
KLCI	1608.4	-0.2%

  

	Value	% chg
DXY	92.138	0.0%
USDJPY	109.38	-0.3%
EURUSD	1.1911	0.1%
GBPUSD	1.3741	0.2%
USDIDR	14595	0.2%
USDSGD	1.3411	0.0%
SGDMYR	3.0817	0.0%

  

	Value	chg (bp)
2Y UST	0.17	1.20
10Y UST	1.67	0.72
2Y SGS	0.49	-0.60
10Y SGS	1.60	-0.96
3M LIBOR	0.19	-0.03
3M SIBOR	0.44	0.00
3M SOR	0.27	0.00
3M SORA	0.19	-0.47
3M SOFR	0.03	-0.27

  

	Value	% chg
Brent	63.28	0.5%
WTI	59.7	0.6%
Gold	1733	-0.6%
Silver	24.82	-1.8%
Palladium	2679	1.3%
Copper	8861	-0.7%
BCOM	83.58	-0.5%

Source: Bloomberg

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### Major Markets

**US:** US equities slipped from their record highs as investors remain cautious of heightened volatility arising from the corporate earnings season commencing today. The S&P 500 Index declined 0.20%. 10Y UST bond yields rose 0.72bps to close at 1.66%. For today, investors will be on the lookout for the 30-year UST auction and the US CPI report where the US equity market is likely to take cues from there.

**CN:** China's aggregate social financing increased by CNY3.34 trillion in March while new Yuan loan increased by CNY2.73 trillion. The growth of aggregate social financing (stock) decelerated to 12.3% yoy in March from 13.3% yoy in February due to base effect as China rolled out monetary stimulus in the first quarter of 2020 to support the economy. Nevertheless, the absolute level of credit expansion remained sizable in the first quarter. Aggregate social financing rose by CNY10.23 trillion in the first quarter this year. Although it is shy of record high of CNY11.11 trillion increase in the first quarter of 2020, it is the second highest level in record. In addition, the new Yuan loan increased by CNY7.91 trillion in 1Q 2021, higher than CNY7.25 trillion in 1Q 2020. The record high on balance sheet lending in the first quarter showed that Chinese economy continued to enjoy the strong support.

**SG:** The STI closed down 0.33% at 3173.93 yesterday and may consolidate further today amid weak overnight cues from Wall Street. With UST bonds trading lower overnight amid this week's bond auctions, SGS bonds may also trade with a softer bias today.

**HK :** The government announced to extend the social distancing measures for another two weeks till 28 April while hinting about the forming of "vaccination bubbles" as local infections subsided further recently. Specifically, if more people get vaccinated, the businesses that have been forced to close including bars and night clubs will be allowed to reopen with conditions while the restriction on restaurants including the maximum number of diners per table and the dine-in hours will be relaxed. For 6 types of businesses that have been forced to close for about 4 months, the government will launch another round of subsidies under "Anti-epidemic fund 4.0" which involves HK\$0.4 billion. For inbound tourism, tourists who have been vaccinated will be subject to shorter period of mandatory quarantine. Also, from mid-May, mandatory quarantine will be exempted for Mainland tourists. Should local pandemic remain well contained, the government may gradually ease the containment measures. This will pave way for further economic recovery. Still, significant relaxation and stronger recovery may require faster vaccination rate which reached merely 7.5% as of 10 April. We will closely monitor whether the vaccination incentives will help to accelerate the vaccine rollout and warrant a safe border reopening.

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**Macau:** Average housing price fell by 4.5% mom or 3.8% yoy to MOP94,205/square meter in February, the weakest since last March. Housing transaction volume dropped by 21% mom to a one-year low of 358 deals in February. The further correction of the housing market was mainly due to Lunar New Year holiday effect, the sluggish recovery of local economy and the absence of new home launches. The downside is expected to be limited given the persistent imbalance between supply and demand. Having said that, we still see limited upside of the housing market where the main players have changed from investors to end-users. The sliding housing rental associated with a decrease in non-resident workers will also remain a drag. In a nutshell, we hold onto our view that average housing price will grow by up to 5% yoy by end of this year.

**Malaysia:** Malaysia's Health Minister, Datuk Seri Dr Adham Baba, said that private hospitals will be involved in the next phases of the immunization programme. The government will channel free vaccines to the private players to maximize access to vaccine distribution more widely to the people, he said. The announcement follows an earlier involvement of private GP clinics in the program on 8 March and comes as the government is trying to boost the low registration rate of senior citizens that are targeted in the Phase 2 of the vaccination drive.

**Indonesia:** Bank Indonesia's survey of retail sales showed a deeper contraction of 18.1% yoy in February, compared to -16.4% growth in January. According to the central bank, the slump has been driven by declining sales of food, beverages and tobacco in particular. Over the longer term, the survey respondents expect a stable retail sales in the next 3 months, but see spending on the decline for the next 6 months. Price pressure is seen to be stable through May and will ease through August, as demand is expected to decrease after the Eid period.

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### Bond Market Updates

**Market Commentary:** The SGD swap curve mostly traded lower yesterday, though the shorter tenors traded 1bps higher. Belly tenors traded 1bps lower while longer tenors traded 1-2bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS remained mostly unchanged at 136bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 1bps to 621bps. The HY-IG Index Spread tightened 2bps to 484bps. There were heavy flows in SGD corporates yesterday including flows in STSP 3.3%-PERPs, HRINTH 3.2%'21s, CS 5.625%-PERPs, SIASP 3.13%'26s, HRINTH 3.8%'25s and STTGDC 3.13%'28s. 10Y UST Yields gained 1bps to 1.67% as UST auction amidst an auction of 10-year notes while investors wait for concrete development of the American Jobs Plan.

**New Issues:** CK Hutchison International 21 Ltd (Guarantor: CK Hutchison Holdings Ltd) priced a USD500mn 5-year senior unsecured bond at T+65bps, tightening from IPT of T+80bps area, a USD850mn 10-year senior unsecured bond at T+95bps, tightening from IPT of T+125bps area, and a USD650mn 20-year senior unsecured bond at T+100bps, tightening from IPT of T+130bps area. GENM Capital Labuan Ltd. (Guarantor: Genting Malaysia Bhd) priced a USD1.0bn 10-year senior unsecured bond at T+220bps, tightening from IPT of T+260bps area. Kia Corp priced a USD300mn 3-year senior unsecured bond at T+75bps, tightening from IPT of T+110bps area, and a USD400mn 5.5-year senior unsecured bond at T+90bps, tightening from IPT of T+125bps area. MCC Holding Hong Kong Corp Ltd (Guarantor: Metallurgical Corporation of China Ltd) priced a USD500mn PerpNC3 at 2.95%, tightening from IPT of 3.3% area. Bank Mandiri Persero Tbk PT priced a USD300mn 5-year senior unsecured sustainability bond at T+135bps, tightening from IPT of T+175bps area. Petron Corp priced a USD550mn PerpNC5 at 5.95%, tightening from IPT of 6.3% area. China Water Affairs Group Ltd has arranged investor calls commencing 12 April for its proposed USD bond offering. BOC Aviation (USA) Corp. has arranged investor calls commencing 12 April for its proposed USD bond offering. Rakuten Group, Inc. has arranged investor calls commencing 13 April for its proposed USD bond offering.

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### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	92.138	-0.03%	<b>USD-SGD</b>	1.3411	-0.03%
<b>USD-JPY</b>	109.380	-0.26%	<b>EUR-SGD</b>	1.5973	0.03%
<b>EUR-USD</b>	1.191	0.10%	<b>JPY-SGD</b>	1.2260	0.22%
<b>AUD-USD</b>	0.762	0.00%	<b>GBP-SGD</b>	1.8428	0.22%
<b>GBP-USD</b>	1.374	0.25%	<b>AUD-SGD</b>	1.0224	0.02%
<b>USD-MYR</b>	4.132	-0.06%	<b>NZD-SGD</b>	0.9427	-0.06%
<b>USD-CNY</b>	6.548	-0.07%	<b>CHF-SGD</b>	1.4536	0.15%
<b>USD-IDR</b>	14595	0.21%	<b>SGD-MYR</b>	3.0817	0.04%
<b>USD-VND</b>	23057	-0.03%	<b>SGD-CNY</b>	4.8825	-0.07%

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	33,745.40	-55.20
<b>S&amp;P</b>	4,127.99	-0.81
<b>Nasdaq</b>	13,850.00	-50.19
<b>Nikkei 225</b>	29,538.73	-229.33
<b>STI</b>	3,173.93	-10.61
<b>KLCI</b>	1,608.42	-3.83
<b>JCI</b>	5,948.57	-121.64
<b>Baltic Dry</b>	2,085.00	-3.00
<b>VIX</b>	16.91	0.22

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
<b>1M</b>	-0.5590	-0.56%	<b>O/N</b>	0.0748	0.07%
<b>2M</b>	-0.3360	-0.34%	<b>1M</b>	0.1113	0.11%
<b>3M</b>	-0.5440	-0.55%	<b>2M</b>	0.1465	0.15%
<b>6M</b>	-0.5220	-0.52%	<b>3M</b>	0.1875	0.19%
<b>9M</b>	-0.1940	-0.20%	<b>6M</b>	0.2114	0.21%
<b>12M</b>	-0.4970	-0.49%	<b>12M</b>	0.2858	0.29%

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	0.49 (-0.01)	0.17(--)
<b>5Y</b>	0.86 (-0.01)	0.88 (+0.02)
<b>10Y</b>	1.6 (-0.01)	1.67 (+0.01)
<b>15Y</b>	1.96 (-0.01)	--
<b>20Y</b>	2 (-0.01)	--
<b>30Y</b>	2 (-0.01)	2.34(--)

### Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
04/28/2021	0.027	0.072	0.072
06/16/2021	0.068	0.083	0.083
07/28/2021	0.067	0.082	0.082
09/22/2021	0.067	0.082	0.082
11/03/2021	0.067	0.082	0.082
12/15/2021	0.065	0.082	0.082

### Financial Spread (bps)

	Value	Change
<b>EURIBOR-OIS</b>	-5.81	(--)
<b>TED</b>	35.36	--

### Secured Overnight Fin. Rate

<b>SOFR</b>	0.01
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### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	59.70	0.64%	Corn (per bushel)	5.690	-1.4%
Brent (per barrel)	63.28	0.52%	Soybean (per bushel)	13.820	-1.5%
Heating Oil (per gallon)	180.80	0.02%	Wheat (per bushel)	6.280	-1.7%
Gasoline (per gallon)	197.00	0.40%	Crude Palm Oil (MYR/MT)	42.350	-1.1%
Natural Gas (per MMBtu)	2.56	1.39%	Rubber (JPY/KG)	2.230	-3.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8861.00	-0.73%	Gold (per oz)	1732.8	-0.6%
Nickel (per mt)	16134.00	-2.97%	Silver (per oz)	24.8	-1.8%

### Economic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
04/13/2021	CH	Trade Balance	Mar	\$52.00b	--	\$78.17b	--
04/13/2021	CH	Exports YoY	Mar	38.00%	--	18.10%	--
04/13/2021	CH	Imports YoY	Mar	24.40%	--	6.50%	--
04/13/2021 02:00	US	Monthly Budget Statement	Mar	-\$658.0b	-\$659.6b	-\$119.1b	--
04/13/2021 07:50	JN	Money Stock M2 YoY	Mar	9.70%	9.50%	9.60%	--
04/13/2021 07:50	JN	Money Stock M3 YoY	Mar	8.10%	8.00%	8.00%	--
04/13/2021 09:30	AU	NAB Business Confidence	Mar	--	--	16	--
04/13/2021 14:00	UK	Industrial Production MoM	Feb	0.50%	--	-1.50%	--
04/13/2021 14:00	UK	Manufacturing Production MoM	Feb	0.50%	--	-2.30%	--
04/13/2021 14:00	UK	Trade Balance GBP/Mn	Feb	-£2400m	--	-£1630m	--
04/13/2021 14:00	UK	Industrial Production YoY	Feb	-4.50%	--	-4.90%	--
04/13/2021 17:00	GE	ZEW Survey Expectations	Apr	79.0	--	76.6	--
04/13/2021 17:00	GE	ZEW Survey Current Situation	Apr	-54.1	--	-61.0	--
04/13/2021 20:30	US	CPI Ex Food and Energy MoM	Mar	0.20%	--	0.10%	--
04/13/2021 20:30	US	CPI MoM	Mar	0.50%	--	0.40%	--
04/13/2021 20:30	US	CPI YoY	Mar	2.50%	--	1.70%	--

Source: Bloomberg

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