

Daily Treasury Outlook

15 September 2021

Highlights

Global: Global risk sentiments were softer overnight despite the easing in US inflation which printed at 5.3% yoy (0.3% mom, the slowest in 7 months). Core inflation also cooled to 0.1% mom (4.0% yoy), as airfares (-9.1%) and used car prices (-1.5%) weakened. The S&P 500 closed 0.57% lower, weighed down by bank and tech stocks, as investors turned their attention to slowing growth momentum and potential tax hike concerns. VIX also rose to 19.46. UST bonds also gained, with the 10-year bond yield down 4bps to 1.28% in anticipation that the Fed could delay its taper timing, albeit this data print alone is unlikely to deter the Fed to change course at this juncture. Meanwhile, the IMF estimated that Singapore and Hong Kong could lose about 0.15% of their respective GDPs under international tax reform plans.

Market watch: Asian markets may open on a soft tone this morning, as market awaits China's data dump of retail sales, new home prices, industrial production, jobless rate and investments. The economic data calendar also comprises Indonesia and India's August trade data, UK's CPI/PPI/RPI, Eurozone's July industrial production, and US' August industrial production and Empire manufacturing. ECB's Schnabel and Lane are also speaking today.

CN: China's air passenger travels in August fell by 51.5% yoy to 22.41 million and was only about 36.6% of that recorded in August 2019 according to data from the Civil Aviation Administration of China due to the resurgence of covid-19 in early August. The hope for the air travel to recover in the upcoming two festivals including Mid-Autumn long weekend from 19-21 Sep and the National Day golden week from 1-7 Oct may be dampened by the recent resurgence in Fujian Province.

HK: Guangdong government announced its intention to accelerate the financial integration of the Greater Bay Area, including promoting innovation of the products and services provided under the financial connect schemes and striving to launch the wealth management connect as soon as possible. Elsewhere, Hong Kong's Chief Executive Carrie Lam said the government is actively discussing with Mainland China in terms of conditional and gradual border reopening.

Malaysia: Malaysia's Finance Minister, Tengku Zafrul Abdul Aziz, said that the government will seek parliament's approval to raise the statutory debt ceiling to 65% of GDP in October, from the current 60% limit. He added that the cabinet had met last Friday to approve the step and that the government will also be tabling a bill to increase the Covid-19 Fund from MYR65bn to 110bn.

Key Market Movements

Equity	Value	% chg
S&P 500	4443.1	-0.6%
DJIA	34578	-0.8%
Nikkei 225	30670	0.7%
SH Comp	3662.6	-1.4%
STI	3080.4	0.2%
Hang Seng	25502	-1.2%
KLCI	1555.5	-0.9%
	Value	% chg
DXY	92.623	-0.1%
USDJPY	109.69	-0.3%
EURUSD	1.1803	-0.1%
GBPUSD	1.3810	-0.2%
USDIDR	14248	0.0%
USDSGD	1.3438	0.1%
SGDMYR	3.0953	0.2%
	Value	chg (bp)
2Y UST	0.21	-0.59
10Y UST	1.28	-4.23
2Y SGS	0.37	0.50
10Y SGS	1.43	1.84
3M LIBOR	0.12	0.03
3M SIBOR	0.43	0.00
3M SOR	0.19	0.00
3M SORA	0.13	0.00
3M SOFR	0.05	0.04
	Value	% chg
Brent	73.6	0.1%
WTI	70.46	0.0%
Gold	1805	0.6%
Silver	23.86	0.5%
Palladium	1978	-5.5%
Copper	9442	-1.3%
BCOM	97.86	0.2%

Source: Bloomberg

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Major Markets

SG: New Covid cases hit 837 yesterday, with 755 community cases. Home recovery will now be the default care management for fully vaccinated people aged 12-50 with mild or no Covid symptoms and have no other severe health issues. The STI added 0.20% to close at 3080.37 but may consolidate today amid weak overnight leads from Wall Street. SGS bonds are likely to trade with a more supportive tone amid the tilt towards risk-off.

Macau: Government's fiscal revenue dropped by 13.56% yoy to MOP64.87 billion during the first eight months of 2021 though gaming tax revenue grew by 11.7% yoy to MOP25.46 billion. Meanwhile, fiscal spending decreased by 0.69% yoy to MOP55.07 billion during the same period. Since the gaming sector's recovery remains sluggish, the gaming tax revenue may not be able to see strong rebound. Having said that, fiscal reserves may not drop further this year as the government's spending decreased amid less generosity in terms of relief measures. Given the still resilient fiscal condition, we expect Macau's government to continue providing cash handouts and other social benefits as usual for the coming year. Elsewhere, Macau government clarifies that the trading currency in Hengqin cooperation zone will be RMB and the cooperation zone will be considered as onshore RMB market. This may be a test ground for cross-border RMB flows, settlement and investment.

Indonesia: Indonesia's Finance Ministry said that it had sold IDR21tn worth of bonds on Tuesday, meeting its target. The debt management office added, as relayed by Bloomberg, that incoming bids stood at IDR80.7tn and foreign investors accounted for 10.76% of total incoming bids and 11.37% of total awarded bids.

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Bond Market Updates

Market Commentary: Shorter tenors traded 0-1bps higher, while belly and longer tenors traded 0-2bps lower yesterday across the SGD swap curve. There were heavy flows in SGD Corporates yesterday, with flows in OLAMSP 4%'26s, CS 5.675%-PERPs, AIA 2.9%-PERPs, MAPLSP 3.7%-PERPs, and UOBSP 2.55%-PERPs. UST 10Y Yields fell 5bps to 1.28% yesterday amidst a slightly lower-than-expected August Consumer Price Index ("CPI") reading released by the US Department of Labour. While consensus estimates had pinned CPI to come in at 5.4% y/y, the actual August CPI reading was marginally lower, coming in at 5.3% y/y. Core CPI, which strips out volatile food and energy prices, rose 0.1% m/m, also below economists' estimates of 0.3%.

New Issues: Future Diamond Ltd (Guarantor 1: Seazen Group Limited, Guarantor 2: Seazen Resources Capital Group Limited) priced a USD200mn 1-year senior unsecured bond at 4.625%, tightening from an IPT of 4.85% area. HPHT Finance 21 Ltd (Guarantors: Hutchison Port Holdings Trust and HPHT Ltd) priced a USD500mn 5-year senior unsecured bond at T+80bps, tightening from an IPT of T+115bps area. Sinochem Offshore Capital Co Ltd (Guarantor: Sinochem Hong Kong Group Co Ltd) priced a USD400mn 3-year senior unsecured bond at T+65bps, tightening from an IPT of T+110bps area, a USD600mn 5-year senior unsecured bond at T+80bps, tightening from an IPT of T+120bps area, and a USD500mn 10-year senior unsecured bond at T+110bps, tightening from an IPT of T+150bps area. Guangzhou Metro Investment Finance BVI Ltd (Guarantor: Guangzhou Metro Investment Finance HK Ltd, Keepwell and EIPU Provider: Guangzhou Metro Group Co. Ltd.) priced a USD200mn senior unsecured green bond at T+80bps, tightening from an IPT of T+125bps area. EHi Car Services Ltd priced a USD300mn 5NC3 senior bond at 7.25%, tightening from an IPT of 7.625% area. Perfect Point Ventures Ltd (Guarantor: C C Land Holdings Ltd) priced a USD300mn 4NC2 senior unsecured bond at 5.2%, tightening from an IPT of 5.5% area. OUE Treasury Pte. Ltd priced a SGD150mn 5-year senior unsecured bond at 3.5%, tightening from an IPG of 3.7% area. Changi Airport Group (Singapore) Pte. Ltd. priced a SGD250mn 7-year senior unsecured bond at 1.49%. PT Bank Negara Indonesia has arranged investor calls commencing 14 September for its proposed USD Additional Tier 1 Capital bond offering. Industrial and Commercial Bank of China Limited has arranged investor calls commencing 14 September for its proposed USD Additional Tier 1 Capital bond offering. Weifang Urban Construction and Development Investment Group Co., Ltd has arranged investor calls commencing 15 September for its proposed USD senior unsecured bond offering. Julius Baer Group Ltd has arranged investor calls commencing 14 September for its proposed USD Additional Tier 1 Capital bond offering. Clover Aviation Capital Company Limited has arranged investor calls commencing 13 September for its proposed USD bond offering.

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Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	92.623	-0.06%	USD-SGD	1.3438	0.10%
USD-JPY	109.690	-0.27%	EUR-SGD	1.5861	0.04%
EUR-USD	1.180	-0.07%	JPY-SGD	1.2250	0.43%
AUD-USD	0.732	-0.66%	GBP-SGD	1.8556	-0.12%
GBP-USD	1.381	-0.20%	AUD-SGD	0.9836	-0.58%
USD-MYR	4.163	0.30%	NZD-SGD	0.9539	-0.18%
USD-CNY	6.439	-0.20%	CHF-SGD	1.4601	0.35%
USD-IDR	14248	-0.04%	SGD-MYR	3.0953	0.16%
USD-VND	22754	0.01%	SGD-CNY	4.7984	-0.20%

Equity and Commodity

Index	Value	Net change
DJIA	34,577.57	-292.06
S&P	4,443.05	-25.68
Nasdaq	15,037.76	-67.82
Nikkei 225	30,670.10	222.73
STI	3,080.37	6.06
KLCI	1,555.51	-14.62
JCI	6,129.10	40.94
Baltic Dry	3,833.00	176.00
VIX	19.46	0.09

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.5580	-0.57%	O/N	0.0786	0.08%
2M	-0.3360	-0.34%	1M	0.0884	0.09%
3M	-0.5480	-0.55%	2M	0.1056	0.10%
6M	-0.5270	-0.53%	3M	0.1309	0.13%
9M	-0.1940	-0.20%	6M	0.1584	0.16%
12M	-0.4930	-0.49%	12M	0.2350	0.24%

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.37 (+0.01)	0.22(--)
5Y	0.8 (--)	0.79 (-0.02)
10Y	1.43 (+0.02)	1.24 (-0.04)
15Y	1.73 (+0.02)	--
20Y	1.88 (+0.02)	--
30Y	1.89 (+0.01)	1.87 (-0.05)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
09/22/2021	-0.007	0.077	0.077
11/03/2021	-0.007	0.077	0.077
12/15/2021	0.011	0.082	0.082
01/26/2022	0.013	0.082	0.082
03/16/2022	0.013	0.082	0.082
05/04/2022	0.013	0.082	0.082

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	-6.00	(--)
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)	70.46	0.01%	Corn (per bushel)	5.030	1.3%
Brent (per barrel)	73.60	0.12%	Soybean (per bushel)	12.765	0.3%
Heating Oil (per gallon)	216.13	0.14%	Wheat (per bushel)	6.850	1.6%
Gasoline (per gallon)	217.24	0.53%	Crude Palm Oil (MYR/MT)	46.310	0.3%
Natural Gas (per MMBtu)	5.26	0.55%	Rubber (JPY/KG)	1.885	0.8%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9442.00	-1.26%	Gold (per oz)	1804.5	0.6%
Nickel (per mt)	19623.00	-0.52%	Silver (per oz)	23.9	0.5%

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
09/15/2021 07:00	SK Unemployment rate SA	Aug 3.50%	2.80%	3.30%	--
09/15/2021 07:50	JN Core Machine Orders MoM	Jul 2.50%	0.90%	-1.50%	--
09/15/2021 08:30	AU Westpac Consumer Conf SA MoM	Sep --	--	-4.40%	--
09/15/2021 10:00	CH Industrial Production YoY	Aug 5.80%	--	6.40%	--
09/15/2021 10:00	CH Retail Sales YoY	Aug 7.00%	--	8.50%	--
09/15/2021 12:30	JN Tertiary Industry Index MoM	Jul 0.30%	--	2.30%	--
09/15/2021 14:00	UK CPI MoM	Aug 0.50%	--	0.00%	--
09/15/2021 14:00	UK CPI Core YoY	Aug 2.90%	--	1.80%	--
09/15/2021 14:00	UK CPI YoY	Aug 2.90%	--	2.00%	--
09/15/2021 14:00	UK RPI MoM	Aug 0.50%	--	0.50%	--
09/15/2021 19:00	US MBA Mortgage Applications	Sep-10 --	--	-1.90%	--
09/15/2021 20:30	US Import Price Index MoM	Aug 0.20%	--	0.30%	--
09/15/2021 20:30	CA CPI YoY	Aug 3.90%	--	3.70%	--
09/15/2021 20:30	CA CPI NSA MoM	Aug 0.10%	--	0.60%	--
09/15/2021 20:30	US Empire Manufacturing	Sep 17.90	--	18.30	--
09/15/2021 21:15	US Industrial Production MoM	Aug 0.50%	--	0.90%	--

Source: Bloomberg

Treasury Research & Strategy

Macro Research

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