

## Daily Treasury Outlook

19 November 2021

### Highlights

**Global:** Market caution as inflation concerns resurface, and US housing starts unexpectedly fell 0.7% October. The S&P 500 fell 0.26% overnight following mixed earnings from Target, Lowe and Visa, while VIX was up to 17.11. UST bonds rallied, pushing the 10-year yield down 4bps to 1.59%, notwithstanding a soft US\$23b 20-year bond auction that fetched a high yield of 2.065% with a bid-cover ratio of 2.34x. The USD also pulled back from a 16-month high. Meanwhile, Iceland's central bank hiked its 7-day term deposit rate by 50bps to 2%, the highest since March 2020, citing a deteriorating inflation outlook and a more rapid rebound in economic activity with rising wage costs.

**Market watch:** Asian markets are likely to face some consolidation pressure amid soft overnight US cues. BI and BSP are meeting today, but no change in policy settings is expected. Today's light economic data calendar comprises of US' initial jobless claims, Philadelphia Fed business outlook, and leading index. Fed's Williams, Bostic, Evans, and Daly, as well as RBA's Ellis and Richards, PBOC governor, ECB's Centeno and Panetta are also speaking.

**UK:** UK's CPI hike 4.2% in October, up from 3.1% in September, amid rising energy costs, and may hit around 5% in coming months, which may prompt the BOE to hike rates at the coming December meeting. Elsewhere, Eurozone's CPI also jumped 4.1% yoy (0.8% mom) in October, in line with earlier estimates, with ECB's Schnabel opining that the central bank must be ready to rein in inflation if it proves more persistent than expected.

**CN:** Chinese Premier Li Keqiang reiterated that China would support growth via the fiscal tools of tax cut and fee reduction. However, he insisted that China will not go down the path of aggressive monetary easing.

**SG:** PM Lee opined that "we need to find a system of taxation which is progressive and which people will accept as fair" and "if you're able to pay more, well you should bear a larger burden". Meanwhile, COE premiums were mixed, with Category A up to \$44,001, but Category B and E down to \$79,601 and \$86,001 respectively in the latest tender.

**Malaysia:** Malaysia's government said that it will provide a matching grant of MYR100mn to government-linked companies for their charitable works next year. Finance Minister Tengku Zafrul Abdul Aziz said that the fund will be used to strengthen mental health and social support services and after-school education, among other items. He noted that the government will also give tax break incentives on all social enterprise income for up to 3 years of assessment under the 2022 budget.

### Key Market Movements

Equity	Value	% chg
S&P 500	4688.7	-0.3%
DJIA	35931	-0.6%
Nikkei 225	29688	-0.4%
SH Comp	3537.4	0.4%
STI	3232.7	-0.2%
Hang Seng	25650	-0.2%
KLCI	1525.1	0.1%
	Value	% chg
DXY	95.828	-0.1%
USDJPY	114.08	-0.6%
EURUSD	1.1319	0.0%
GBPUSD	1.3487	0.4%
USDIDR	14243	0.1%
USDSGD	1.3557	-0.1%
SGDMYR	3.0774	0.0%
	Value	chg (bp)
2Y UST	0.50	-2.00
10Y UST	1.59	-4.46
2Y SGS	0.88	-0.20
10Y SGS	1.80	0.46
3M LIBOR	0.16	0.21
3M SIBOR	0.44	0.00
3M SOR	0.31	0.00
3M SORA	0.15	0.15
3M SOFR	0.05	0.00
	Value	% chg
Brent	80.28	-2.6%
WTI	78.36	-3.0%
Gold	1867	0.9%
Silver	25.09	1.0%
Palladium	2193	1.4%
Copper	9407	-1.6%
BCOM	102.41	-0.9%

Source: Bloomberg

## Daily Treasury Outlook

19 November 2021

### Major Markets

**SG:** The STI slipped 0.19% to close at 3232.68 yesterday and may retreat further today. SGS bonds are likely to be supported on the market tilt towards risk-off today.

**Indonesia:** Bank Indonesia is due to announce its monetary policy decision today. We expect the central bank to keep its policy rate unchanged at 3.5%, in line with its recent guidance on holding rate at the accommodative level for as long as possible, given mild domestic inflation thus far.

## Daily Treasury Outlook

19 November 2021

### Bond Market Updates

**Market Commentary:** The SGD swap curve bull flattened yesterday, with shorter and belly tenors trading 0-1bps lower, and longer tenors trading 3-6bps lower. UST 10Y Yields traded 4bps lower to 1.59% yesterday amidst the US Commerce Department reporting that homebuilding in October fell -0.7% m/m to an annual rate of 1.52 million units and homebuilding permits in October rose +4.0% m/m to an annual rate of 1.65 million.

**New Issues:** Government of the Hong Kong SAR of the People's Republic of China priced a USD1.0bn 10-year senior unsecured green bond at T+23bps, tightening from an IPT of T+50bps area. Guotai Junan Holdings Ltd (Guarantor: Guotai Junan Securities Co Ltd/Shanghai) priced a USD300mn 3-year senior unsecured bond at T+75bps, tightening from an IPT of T+115bps area. Jinan Hi-tech Holding Group Co Ltd priced a USD250mn 3-year senior unsecured bond at 2.8%, tightening from an IPT of 3.3% area. Perpetual (Asia) Ltd. (in its capacity as trustee of Cromwell European REIT) priced a SGD100mn perpNC5 subordinated unsecured bond at 5%, tightening from an IPT of 5.125% area.

## Daily Treasury Outlook

19 November 2021

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.828	-0.09%	USD-SGD	1.3557	-0.09%
USD-JPY	114.080	-0.64%	EUR-SGD	1.5345	-0.09%
EUR-USD	1.132	-0.01%	JPY-SGD	1.1879	0.52%
AUD-USD	0.727	-0.49%	GBP-SGD	1.8287	0.36%
GBP-USD	1.349	0.42%	AUD-SGD	0.9851	-0.60%
USD-MYR	4.180	0.31%	NZD-SGD	0.9488	0.00%
USD-CNY	6.378	-0.23%	CHF-SGD	1.4602	0.12%
USD-IDR	14243	0.15%	SGD-MYR	3.0774	-0.03%
USD-VND	22649	0.01%	SGD-CNY	4.6964	-0.40%

### Equity and Commodity

Index	Value	Net change
DJIA	35,931.05	-211.17
S&P	4,688.67	-12.23
Nasdaq	15,921.57	-52.29
Nikkei 225	29,688.33	-119.79
STI	3,232.68	-6.12
KLCI	1,525.13	2.24
JCI	6,675.80	24.60
Baltic Dry	2,591.00	-168.00
VIX	17.11	0.74

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.5630	-0.57%	O/N	0.0743	0.08%
2M	-0.3360	-0.34%	1M	0.0889	0.09%
3M	-0.5580	-0.56%	2M	0.1246	0.12%
6M	-0.5300	-0.53%	3M	0.1600	0.16%
9M	-0.1940	-0.20%	6M	0.2278	0.23%
12M	-0.4840	-0.48%	12M	0.3991	0.39%

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.88 (--)	0.5 (--)
5Y	1.45 (+0.01)	1.23 (-0.03)
10Y	1.8 (--)	1.59 (-0.04)
15Y	2.03 (+0.01)	--
20Y	2.11 (+0.01)	--
30Y	2.07 (+0.01)	1.98 (-0.05)

### Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
12/15/2021	-0.057	0.076	0.076
01/26/2022	-0.010	0.087	0.087
03/16/2022	0.143	0.126	0.126
05/04/2022	0.357	0.179	0.179
06/15/2022	0.68	0.26	0.26
07/27/2022	0.96	0.33	0.33

### Financial Spread (bps)

	Value	Change
EURIBOR-OIS	-7.10	(--)
TED	35.36	--

### Secured Overnight Fin. Rate

SOFR	0.05
------	------

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	78.36	-2.97%	Corn (per bushel)	5.753	0.7%
Brent (per barrel)	80.28	-2.61%	Soybean (per bushel)	12.770	2.1%
Heating Oil (per gallon)	236.44	-2.74%	Wheat (per bushel)	8.223	1.5%
Gasoline (per gallon)	228.03	-2.95%	Crude Palm Oil (MYR/MT)	53.250	1.5%
Natural Gas (per MMBtu)	4.82	-6.97%	Rubber (JPY/KG)	2.110	0.0%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9406.50	-1.62%	Gold (per oz)	1867.5	0.9%
Nickel (per mt)	19355.00	-0.20%	Silver (per oz)	25.1	1.0%

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
11/18/2021 07:50	JN Japan Buying Foreign Bonds	Nov-12	--	¥456.3b	¥1289.8b
11/18/2021 07:50	JN Foreign Buying Japan Stocks	Nov-12	--	¥164.9b	¥147.0b
11/18/2021 07:50	JN Foreign Buying Japan Bonds	Nov-12	--	¥1266.4b	¥441.9b
11/18/2021 07:50	JN Japan Buying Foreign Stocks	Nov-12	--	-¥492.7b	-¥227.6b
11/18/2021 08:30	AU RBA FX Transactions Market	Oct	--	--	A\$1518m
11/18/2021 09:00	CH Swift Global Payments CNY	Oct	--	--	2.19%
11/18/2021 13:00	JN Tokyo Condominiums for Sale YoY	Oct	--	--	-6.70%
11/18/2021 15:00	PH BSP Overnight Borrowing Rate	Nov-18	2.00%	--	2.00%
11/18/2021 15:00	EC EU27 New Car Registrations	Oct	--	--	-23.10%
11/18/2021 15:20	ID Bank Indonesia 7D Reverse Repo	Nov-18	3.50%	--	3.50%
11/18/2021 21:30	US Initial Jobless Claims	Nov-13	260k	--	267k
11/18/2021 21:30	US Philadelphia Fed Business Outlook	Nov	2400.00%	--	2380.00%
11/18/2021 21:30	US Continuing Claims	Nov-06	2120k	--	2160k
11/18/2021 21:30	CA Int'l Securities Transactions	Sep	--	--	26.30b
11/18/2021 22:45	US Langer Consumer Comfort	Nov-14	--	--	5030.00%
11/18/2021 23:00	US Leading Index	Oct	0.80%	--	0.20%

Source: Bloomberg

## Treasury Research & Strategy

### Macro Research

**Selena Ling***Head of Research & Strategy*[LingSSSelena@ocbc.com](mailto:LingSSSelena@ocbc.com)**Tommy Xie Dongming***Head of Greater China Research*[XieD@ocbc.com](mailto:XieD@ocbc.com)**Wellian Wiranto***Malaysia & Indonesia*[WellianWiranto@ocbc.com](mailto:WellianWiranto@ocbc.com)**Howie Lee***Thailand & Commodities*[HowieLee@ocbc.com](mailto:HowieLee@ocbc.com)**Herbert Wong***Hong Kong & Macau*[herberhtwtong@ocbcwh.com](mailto:herberhtwtong@ocbcwh.com)

### FX/Rates Strategy

**Frances Cheung***Rates Strategist*[FrancesCheung@ocbc.com](mailto:FrancesCheung@ocbc.com)**Terence Wu***FX Strategist*[TerenceWu@ocbc.com](mailto:TerenceWu@ocbc.com)

### Credit Research

**Andrew Wong***Credit Research Analyst*[WongVKAM@ocbc.com](mailto:WongVKAM@ocbc.com)**Ezien Hoo***Credit Research Analyst*[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)**Wong Hong Wei***Credit Research Analyst*[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, Bank of Singapore Limited, OCBC Investment Research Private Limited, OCBC Securities Private Limited or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.:193200032W