

Daily Treasury Outlook

19 November 2021

Highlights

Global: Inflation alert! Fed's Williams warned that price pressures are becoming broader based and while a rise in short- and long-run inflation expectations are "positive", they need to be watched closely, while Evans also indicated that he is more "open-minded" to adjusting monetary policy if inflation stays elevated. The S&P 500 gained 0.34% to another record high, while VIX also rose to 17.59. The UST bonds inched higher, with the 10-year bond yield at 1.58%, but lagging behind European bond market's bull-flattening move. US initial jobless claims fell 1k to a 20-month low of 268k, nearing the pre-Covid levels of 256k in mid-March. The 10-year TIPS auction saw a record low yield of -1.145%. Meanwhile, BI and BSP kept their interest rate settings unchanged as expected yesterday. Elsewhere, China's Alibaba cut its revenue growth forecast to 20-23% in FY2022 amid increasing competition and regulatory scrutiny and weighed on US-listed Chinese tech stocks.

Market watch: Asian markets may trade on a mixed tone this morning, given differentiated cues from the overnight US market rally and Chinese tech stock concerns. Today's economic data calendar comprises of Indonesia and Taiwan's 3Q current account balance, Macau's 3Q GDP growth, UK's retail sales, Eurozone's CPI, and US' housing starts and building permits. ECB's Lagarde and Weidmann, BOE's Pill and Fed's Clarida are also speaking.

US: Democrats plan to proceed with the House vote on the latest Biden package which the CBO tips will add another US\$367bn to US budget deficits over the decade. Separately, President Biden confirmed he is considering boycotting the Beijing Winter Olympics over China's human rights record.

Malaysia: The Malaysian Automotive Association said that vehicle sales rose by 10% yoy in October. Across Malaysia, as many as 63,489 units were sold in the month, marking a 43.4% uptick from the month before. Year-to-date, the total number of cars sold stood at 382,379 units, 4.8% softer than the comparable period over the first 10 months of last year.

SG: 6 airlines will operate flights between S'pore and KL when the VTL scheme starts on 29 November. The STI bucked the regional trend to gain 0.13% to close at 3237.02 yesterday and may range trade today. SGS bonds are likely to range trade today.

Key Market Movements

Equity	Value	% chg
S&P 500	4704.5	0.3%
DJIA	35871	-0.2%
Nikkei 225	29599	-0.3%
SH Comp	3520.7	-0.5%
STI	3237.0	0.1%
Hang Seng	25320	-1.3%
KLCI	1523.8	-0.1%
	Value	% chg
DXY	95.544	-0.3%
USDJPY	114.26	0.2%
EURUSD	1.1371	0.5%
GBPUSD	1.3494	0.1%
USDIDR	14228	-0.1%
USDSGD	1.3563	0.0%
SGDMYR	3.0783	0.0%
	Value	chg (bp)
2Y UST	0.50	0.42
10Y UST	1.59	-0.34
2Y SGS	0.86	-1.50
10Y SGS	1.78	-2.40
3M LIBOR	0.16	-0.25
3M SIBOR	0.44	0.00
3M SOR	0.31	0.00
3M SORA	0.16	0.13
3M SOFR	0.05	0.00
	Value	% chg
Brent	81.24	1.2%
WTI	79.01	0.8%
Gold	1859	-0.5%
Silver	24.80	-1.1%
Palladium	2137	-2.5%
Copper	9442	0.4%
BCOM	102.55	0.1%

Source: Bloomberg

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Major Markets

Indonesia: Bank Indonesia opted to keep its policy rate unchanged at 3.5% yesterday, as widely expected. In discussing the decision, Governor Perry Warjiyo noted that the central bank is watching the Fed tapering closely, especially after the higher-than-expected US inflation. Still, he added that there remains room for the rupiah to appreciate further and for growth to accelerate this quarter, due to exports recovery and household consumption uptick.

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Bond Market Updates

Market Commentary: The SGD swap curve was lower yesterday, with shorter tenors trading 2-5bps lower, belly tenors trading 3-4bps lower, and longer tenors trading 3-6bps lower. UST 10Y Yields traded sideways at 1.59% yesterday amidst the release of higher-than-expected weekly jobless claims data by the US Department of Labour. Initial jobless claims for the week ended 13 November came in at 268,000, higher than the 260,000 forecasted by economists.

New Issues: Renesas Electronics Corp priced a USD500mn 3-year senior unsecured green bond at T+70bps, tightening from an IPT of T+90bps and USD850mn 5-year senior unsecured bond at T+95bps, tightening from an IPT of T+115bps area. Port of Newcastle Investments Financing Pty Ltd priced a USD300mn 10-year senior secured bond at 6%. Sinochem Offshore Capital Co Ltd (Guarantor: Sinochem Hong Kong Group Co Ltd) priced a USD300mn 3-year senior unsecured bond at T+70bps, tightening from an IPT of T+110bps area and a USD500mn 5-year senior unsecured bond at T+105bps, tightening from an IPT of T+140bps area. Export-Import Bank of Malaysia Bhd priced a USD350mn 5-year senior unsecured bond at T+60bps, tightening from an IPT of T+90bps area. Yueyang Construction & Investment Group Co. has mandated banks for its proposed USD bond offering. East Money Information Co. Ltd. has arranged investor calls commencing 18 November for its proposed USD bond offering.

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Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.544	-0.30%	USD-SGD	1.3563	0.04%
USD-JPY	114.260	0.16%	EUR-SGD	1.5424	0.51%
EUR-USD	1.137	0.46%	JPY-SGD	1.1870	-0.08%
AUD-USD	0.728	0.14%	GBP-SGD	1.8305	0.10%
GBP-USD	1.349	0.05%	AUD-SGD	0.9869	0.18%
USD-MYR	4.182	0.04%	NZD-SGD	0.9559	0.75%
USD-CNY	6.386	0.13%	CHF-SGD	1.4653	0.35%
USD-IDR	14228	-0.11%	SGD-MYR	3.0783	0.03%
USD-VND	22657	0.04%	SGD-CNY	4.7015	0.11%

Equity and Commodity

Index	Value	Net change
DJIA	35,870.95	-60.10
S&P	4,704.54	15.87
Nasdaq	15,993.71	72.14
Nikkei 225	29,598.66	-89.67
STI	3,237.02	4.34
KLCI	1,523.79	-1.34
JCI	6,636.47	-39.34
Baltic Dry	2,591.00	-168.00
VIX	17.59	0.48

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	0.86 (-0.02)	0.5(--)
5Y	1.43 (-0.02)	1.22 (-0.01)
10Y	1.78 (-0.02)	1.59 (0)
15Y	1.99 (-0.04)	--
20Y	2.08 (-0.03)	--
30Y	2.04 (-0.03)	1.98 (-0.01)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
12/15/2021	-0.008	0.082	0.082
01/26/2022	0.016	0.087	0.087
03/16/2022	0.138	0.118	0.118
05/04/2022	0.343	0.169	0.169
06/15/2022	0.689	0.256	0.256
07/27/2022	0.976	0.327	0.327

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	-7.10	(--)
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)	79.01	0.83%	Corn (per bushel)	5.730	-0.4%
Brent (per barrel)	81.24	1.20%	Soybean (per bushel)	12.653	-0.9%
Heating Oil (per gallon)	238.40	0.83%	Wheat (per bushel)	8.200	-0.3%
Gasoline (per gallon)	229.43	0.61%	Crude Palm Oil (MYR/MT)	54.460	2.3%
Natural Gas (per MMBtu)	4.90	1.79%	Rubber (JPY/KG)	2.110	0.0%

Base Metals

	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9441.50	0.37%	Gold (per oz)	1858.9	-0.5%
Nickel (per mt)	19639.00	1.47%	Silver (per oz)	24.8	-1.1%

Economic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
11/19/2021 05:00	SK	PPI YoY	Oct	--	8.90%	7.50%	7.60%
11/19/2021 07:30	JN	Natl CPI YoY	Oct	0.20%	0.10%	0.20%	--
11/19/2021 07:30	JN	Natl CPI Ex Fresh Food YoY	Oct	0.10%	0.10%	0.10%	--
11/19/2021 08:01	UK	GfK Consumer Confidence	Nov	-18.00	-14.00	-17.00	--
11/19/2021 10:00	NZ	Credit Card Spending YoY	Oct	--	--	-12.90%	--
11/19/2021 15:00	UK	Retail Sales Inc Auto Fuel MoM	Oct	0.50%	--	-0.20%	--
11/19/2021 15:00	UK	Retail Sales Ex Auto Fuel MoM	Oct	0.60%	--	-0.60%	--
11/19/2021 15:00	UK	Retail Sales Inc Auto Fuel YoY	Oct	-1.90%	--	-1.30%	--
11/19/2021 15:00	UK	Retail Sales Ex Auto Fuel YoY	Oct	-2.80%	--	-2.60%	--
11/19/2021 15:00	UK	PSNB ex Banking Groups	Oct	14.0b	--	21.8b	--
11/19/2021 15:00	GE	PPI MoM	Oct	1.90%	--	2.30%	--
11/19/2021 15:00	UK	Public Finances (PSNCR)	Oct	--	--	4.7b	--
11/19/2021 15:00	UK	Public Sector Net Borrowing	Oct	12.4b	--	21.0b	--
11/19/2021 15:30	TH	Foreign Reserves	Nov-12	--	--	\$247.0b	--
11/19/2021 21:30	CA	Retail Sales MoM	Sep	-1.70%	--	2.10%	--
11/19/2021 21:30	CA	Retail Sales Ex Auto MoM	Sep	-1.00%	--	2.80%	--

Source: Bloomberg

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