

Daily Treasury Outlook

24 November 2021

Highlights

Global: Global risk appetite stabilised overnight after US announced a release of 50 million barrels (with 32 million from the SPR) in concert with China, Japan, India, South Korea and the UK, albeit oil prices recovered from initial declines to close higher. The S&P 500 halted a two-day slide to rise 0.17%, while VIX still rose to 19.38. UST bonds continued to trade under pressure, with a steeper yield curve as the 10-year yield rose 4bps to 1.67% amid persistent inflation and monetary policy tightening concerns. Meanwhile, ECB's Makhoul said the central bank cannot afford to be complacent on inflation, while Knot opined that new Covid restrictions would not deter plans to wind down stimulus.

Market watch: Asian markets may see a firm tone to start the day, while awaiting the RBNZ policy decision where a second 25bps hike has already been priced in but a 50bps hike may reinforce hawkish market concerns yet again. Today's economic data calendar will see the US data dump ahead of its Thanksgiving holidays with the revised 3Q GDP, October personal income and spending, mortgage applications, initial jobless claims, wholesale inventories, new home sales, PCE deflator and FOMC minutes, as well as German IFO. ECB's Panetta and Schnabel, as well as BOE's Tenreiro are also speaking.

SG: The 3Q21 GDP growth surprised by its significant upward revision to 7.1% yoy (1.3% qoq sa) from the initial estimate of 6.5% yoy (0.8% qoq sa), which beat market and our expectations and now brings full-year growth closer to 7% which is the higher end of the official 6-7% forecast range, nevertheless, the 2022 official GDP growth forecast of 3-5% is in line with our expectations. Notably, the references to downside risks arising from global supply chain disruptions contributing to persistent elevated inflationary pressure going ahead cements our expectation that another April monetary policy tightening is on the cards, but the reiteration of an uneven domestic recovery, namely in the consumer-facing, construction and marine & offshore engineering sectors may muted any further frontloading of more hawkish expectations at this juncture in our view.

The STI slipped 0.30% to close at 3227.53 yesterday but may attempt to gain today amid slightly improved market sentiments. SGS bonds may range trade in the interim.

Malaysia: Malaysia has launched the Green Electricity Tariff (GET), which would allow subscribers to use electricity generated from renewable energy sources to reduce their carbon footprint. The Ministry of Energy and Natural Resources said that the initiative will be backed by 4500-gigawatt hour of electricity from renewable energy sources per year. Through the programme, GET subscribers will be charged an additional 3.7 sen/kWh.

Key Market Movements

Equity	Value	% chg
S&P 500	4690.7	0.2%
DJIA	35814	0.5%
Nikkei 225	29774	0.0%
SH Comp	3589.1	0.2%
STI	3227.5	-0.3%
Hang Seng	24652	-1.2%
KLCI	1522.9	-0.3%
	Value	% chg
DXY	96.491	-0.1%
USDJPY	115.14	0.2%
EURUSD	1.1248	0.1%
GBPUSD	1.3378	-0.1%
USDIDR	14258	0.1%
USDSGD	1.3653	0.1%
SGDMYR	3.0708	0.0%
	Value	chg (bp)
2Y UST	0.61	3.00
10Y UST	1.67	4.15
2Y SGS	0.89	2.20
10Y SGS	1.82	3.33
3M LIBOR	0.17	0.56
3M SIBOR	0.44	0.00
3M SOR	0.34	0.00
3M SORA	0.16	-0.02
3M SOFR	0.05	0.00
	Value	% chg
Brent	82.31	3.3%
WTI	78.5	2.3%
Gold	1789	-0.9%
Silver	23.66	-2.2%
Palladium	1875	-4.3%
Copper	9711	-0.2%
BCOM	103.24	1.1%

Source: Bloomberg

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Major Markets

Indonesia: Indonesia's government said that it has administered the first vaccine doses to more than 135.4mn people, or 50% of its population, marking an important milestone in its inoculation effort. While it is heartening, the road towards a more complete coverage of the population may remain a long one, given that only 33% are fully vaccinated at this stage, potentially leaving Indonesia vulnerable to any new pandemic resurgence.

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Bond Market Updates

Market Commentary: The SGD swap curve traded higher yesterday, with shorter tenors trading 4-9bps higher, belly tenors trading 6-8bps higher, and longer tenors trading 6-7bps higher. UST 10Y Yields traded 5bps higher to 1.67% yesterday as the markets digest the renomination of Fed Chairman Jerome Powell and the nomination of current Fed Governor Lael Brainard as vice-chair.

New Issues: Yankuang Group Cayman Ltd (Guarantor: Shandong Energy Group Co Ltd) priced a USD500mn 3-year senior unsecured bond at 2.9%, tightening from an IPT of 3.3% area. Chengdu Communications Investment Group Co Ltd priced a USD600mn 3-year senior unsecured bond at 2.2%, tightening from an IPT of 2.7% area. Ningbo Haishu Development and Construction Investment (Group) Co., Ltd has arranged investor calls commencing 23 November for its proposed USD bond offering.

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Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.491	-0.06%	USD-SGD	1.3653	0.07%
USD-JPY	115.140	0.23%	EUR-SGD	1.5358	0.18%
EUR-USD	1.125	0.10%	JPY-SGD	1.1859	-0.14%
AUD-USD	0.723	0.04%	GBP-SGD	1.8265	-0.08%
GBP-USD	1.338	-0.14%	AUD-SGD	0.9868	0.07%
USD-MYR	4.199	0.31%	NZD-SGD	0.9488	-0.04%
USD-CNY	6.392	0.11%	CHF-SGD	1.4629	-0.01%
USD-IDR	14258	0.07%	SGD-MYR	3.0708	-0.01%
USD-VND	22675	0.02%	SGD-CNY	4.6763	-0.13%

Equity and Commodity

Index	Value	Net change
DJIA	35,813.80	194.55
S&P	4,690.70	7.76
Nasdaq	15,775.14	-79.62
Nikkei 225	29,774.11	28.24
STI	3,227.53	-9.55
KLCI	1,522.88	-3.99
JCI	6,677.88	-45.51
Baltic Dry	2,591.00	-168.00
VIX	19.38	0.21

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	0.89 (+0.02)	0.5(--)
5Y	1.49 (+0.03)	1.34 (+0.02)
10Y	1.82 (+0.03)	1.59 (+0.04)
15Y	2.04 (+0.04)	--
20Y	2.13 (+0.03)	--
30Y	2.07 (+0.03)	1.98 (+0.06)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
12/15/2021	-0.016	0.081	0.081
01/26/2022	0.032	0.093	0.093
03/16/2022	0.266	0.151	0.151
05/04/2022	0.573	0.228	0.228
06/15/2022	0.94	0.32	0.32
07/27/2022	1.272	0.403	0.403

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)	78.50	2.28%	Corn (per bushel)	5.805	0.7%
Brent (per barrel)	82.31	3.27%	Soybean (per bushel)	12.730	-0.1%
Heating Oil (per gallon)	238.43	2.53%	Wheat (per bushel)	8.560	1.2%
Gasoline (per gallon)	233.72	3.41%	Crude Palm Oil (MYR/MT)	52.890	-2.0%
Natural Gas (per MMBtu)	4.97	3.72%	Rubber (JPY/KG)	2.251	3.4%

Base Metals

	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9710.50	-0.16%	Gold (per oz)	1789.2	-0.9%
Nickel (per mt)	20349.00	0.06%	Silver (per oz)	23.7	-2.2%

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
11/24/2021 08:00	SI GDP YoY	3Q F	6.50%	7.10%	6.50%
11/24/2021 08:30	JN Jibun Bank Japan PMI Mfg	Nov P	--	--	53.20
11/24/2021 09:00	NZ RBNZ Official Cash Rate	Nov-24	0.75%	--	0.50%
11/24/2021 17:00	GE IFO Business Climate	Nov	96.70	--	97.70
11/24/2021 17:00	GE IFO Expectations	Nov	94.60	--	95.40
11/24/2021 17:00	GE IFO Current Assessment	Nov	99.00	--	100.10
11/24/2021 20:00	US MBA Mortgage Applications	Nov-19	--	--	-2.80%
11/24/2021 21:30	US GDP Annualized QoQ	3Q S	2.20%	--	2.00%
11/24/2021 21:30	US Durable Goods Orders	Oct P	0.20%	--	-0.30%
11/24/2021 21:30	US Wholesale Inventories MoM	Oct P	1.00%	--	1.40%
11/24/2021 21:30	US GDP Price Index	3Q S	5.70%	--	5.70%
11/24/2021 21:30	US Initial Jobless Claims	Nov-20	260k	--	268k
11/24/2021 23:00	US U. of Mich. Sentiment	Nov F	67.00	--	66.80
11/24/2021 23:00	US New Home Sales	Oct	800k	--	800k
11/24/2021 23:00	US Personal Spending	Oct	1.00%	--	0.60%
11/24/2021 23:00	US Personal Income	Oct	0.20%	--	-1.00%

Source: Bloomberg

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