

## Daily Treasury Outlook

7 December 2022

### Highlights

**Global:** The US equity markets continued to be on a downtick, on US recession concerns on the back of gloomy outlook by various bank CEOs. The S&P 500 was down by 1.4% while the Nasdaq dropped by 2%. Treasuries gained, with the 10yr yield down to 3.53%. The dollar saw some modest gains. CEOs of various US banks struck a downbeat note on the US economic outlook overnight. Goldman's CEO said there are bumpy times ahead, and that a US recession in 2023 was possible. Meanwhile, Morgan Stanley is reportedly embarking on a plan to trim its workforce by 2%. JP Morgan's CEO warned that the US may see a "mild to hard recession" next year, adding that there "could be a hurricane."

**Market watch:** Asian markets may see red today as markets digest the overnight slump on Wall Street. RBI is expected to hike its repurchase rate by 35bps to 6.25% today while BoC is expected to hike by 50bps to 4.25%. Today's economic calendar also comprises of Australia's GDP, China's trade data, Thailand's CPI, EU's GDP and US' MBA mortgage applications.

**SG:** The STI fell by 0.46% to close at 3,252.37 and may continue to see further downside pressure amid gloomy market sentiment on Wall Street overnight.

**MY:** According to a survey by RinggitPlus, a financial website, Malaysian consumers face some "painful truths" on the financial state, including depleted savings and cashflow issues. A total of 70% of respondents said they save less than MYR500 a month or not at all, tracking the worst result in 5 years. Meanwhile, just 55% of credit card holders said that they paid their bills in full, versus 70% last year.

**ID:** Bank Indonesia said that it is projecting 4.7-5.5% GDP growth for Indonesia next year, higher compared to an earlier forecast of 4.5-5.3%. Governor Perry Warjiyo said that the upward revision in the domestic growth outlook came despite a downtick in global growth expectations for 2023, from 3.0% before to now 2.6%, with a possibility of dipping to 2%.

### Key Market Movements

Equity	Value	% chg
S&P 500	3941.3	-1.4%
DJIA	33596	-1.0%
Nikkei 225	27886	0.2%
SH Comp	3212.5	0.0%
STI	3252.4	-0.5%
Hang Seng	19441	-0.4%
KLCI	1471.6	0.0%
	Value	% chg
DXY	105.578	0.3%
USDJPY	137	0.2%
EURUSD	1.0467	-0.2%
GBPUSD	1.2133	-0.5%
USDIDR	15618	1.0%
USDSGD	1.359	0.1%
SGDMYR	3.2388	0.0%
	Value	chg (bp)
2Y UST	4.37	-2.10
10Y UST	3.53	-4.22
2Y SGS	3.24	4.20
10Y SGS	3.03	2.46
3M LIBOR	4.73	-0.91
3M SIBOR	4.17	0.00
3M SOR	4.39	0.00
3M SORA	3.02	1.52
3M SOFR	3.20	1.70
	Value	% chg
Brent	79.35	-4.0%
WTI	74.25	-3.5%
Gold	1771	0.1%
Silver	22.19	-0.3%
Palladium	1852	-1.5%
Copper	8422	0.4%
BCOM	109.98	-1.0%

Source: Bloomberg

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### ESG Updates

**SG:** The Climate Action Tracker, a collaboration between two Germany-based research organisations: Climate Analytics and the NewClimate Institute, ranked Singapore's climate targets as "critically insufficient" (the same rating as 2021) despite the new net-zero target and plans to gradually increase the carbon tax. Other countries with the same rating include Iran, Russia, Thailand and Vietnam.

**CN:** China's first hydrogen-powered industrial vehicle production line is now fully operational in South China's Guangdong Province, in efforts to support the green development of Guangdong-Hong Kong-Macao Greater Bay Area.

**Rest of the world:** The Biden administration will begin identifying new areas for solar development in the Western US to increase permitting of clean energy projects on public lands.

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### Bond Market Updates

**Market Commentary:** The SGD SORA curve traded mostly higher yesterday, with shorter tenors trading 1-2bps higher, belly tenors trading 3-4bps higher and 10Y trading 3bps higher. UST 10Y yields declined by 4bps to 3.53% as risk off sentiments grew as a host of US bank chiefs sounded the alarm about the gloomy outlook. Goldman Sachs warned about pay and job cuts, Bank of America is slowing hiring, Morgan Stanley will reduce its global workforce by about 2%, while JP Morgan said a “mild to hard recession” may hit next year. Besides, the US trade deficit widened for a second month in October, as the value of imports increased by 0.6% and exports declined by 0.7%, which may weigh on economic growth in the fourth quarter. Meanwhile, foreign demand for US goods and services remains soft as many economies contend with persistent inflation and rising interest rates.

**New Issues:** There were no new issues priced yesterday.

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## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX1	105.578	0.27%	USD-SGD	1.3590	0.10%
USD-JPY	137.000	0.18%	EUR-SGD	1.4225	-0.12%
EUR-USD	1.047	-0.23%	JPY-SGD	0.9916	-0.04%
AUD-USD	0.669	-0.15%	GBP-SGD	1.6490	-0.31%
GBP-USD	1.213	-0.47%	AUD-SGD	0.9089	-0.02%
USD-MYR	4.395	0.61%	NZD-SGD	0.8586	0.14%
USD-CNY	6.995	0.47%	CHF-SGD	1.4427	0.19%
USD-IDR	15618	0.97%	SGD-MYR	3.2388	-0.04%
USD-VND	24033	0.13%	SGD-CNY	5.1484	0.09%

## Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	1.5230	1.51%	O/N	3.8173	3.82%
2M	-0.3360	-0.34%	1M	4.2214	4.22%
3M	1.9750	1.98%	3M	4.7346	4.72%
6M	2.4360	2.41%	6M	5.2020	5.19%
9M	-0.1940	-0.20%	12M	5.5641	5.51%
12M	2.8410	2.81%			

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
12/14/2022	2.070	0.518	4.352
02/01/2023	3.599	0.900	4.735
03/22/2023	4.290	1.073	4.908
05/03/2023	4.578	1.145	4.979
06/14/2023	4.523	1.131	4.966
07/26/2023	4.340	1.085	4.920

## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	74.25	-3.48%	Corn (per bushel)	6.255	-0.5%
Brent (per barrel)	79.35	-4.03%	Soybean (per bushel)	14.550	1.2%
Heating Oil (per gallon)	291.55	-2.81%	Wheat (per bushel)	7.055	-1.4%
Gasoline (per gallon)	214.91	-2.40%	Crude Palm Oil (MYR/MT)	40.390	3.5%
Natural Gas (per MMBtu)	5.47	-1.94%	Rubber (JPY/KG)	2.168	0.4%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	8421.50	0.36%	Gold (per oz)	1771.0	0.1%
Nickel (per mt)	29271.00	2.06%	Silver (per oz)	22.2	-0.3%

## Equity and Commodity

Index	Value	Net change
DJIA	33,596.34	-350.76
S&P	3,941.26	-57.58
Nasdaq	11,014.89	-225.05
Nikkei 225	27,885.87	65.47
STI	3,252.37	-15.17
KLCI	1,471.55	-0.01
JCI	6,892.57	-94.76
Baltic Dry	1,323.00	-1.00
VIX	22.17	1.42

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.24 (+0.04)	4.37(--)
5Y	2.93 (+0.02)	3.75 (-0.03)
10Y	3.03 (+0.02)	3.54 (-0.04)
15Y	3.04 (+0.03)	--
20Y	2.91 (+0.03)	--
30Y	2.74 (+0.01)	3.55 (-0.04)

## Financial Spread (bps)

	Value	Change
EURIBOR-OIS	246.30	(--)
TED	35.36	--

## Secured Overnight Fin. Rate

SOFR	3.81
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## Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
12/07/2022 08:30	AU GDP SA QoQ	3Q	0.70%	--	0.90%
12/07/2022 08:30	AU GDP YoY	3Q	6.30%	--	3.60%
12/07/2022 09:00	CH Trade Balance	Nov	\$78.05b	--	\$85.15b
12/07/2022 09:00	CH Exports YoY	Nov	-3.90%	--	-0.30%
12/07/2022 09:00	CH Imports YoY	Nov	-7.10%	--	-0.70%
12/07/2022 09:00	CH Foreign Reserves	Nov	\$3110.50b	--	\$3052.43b
12/07/2022 11:00	ID Foreign Reserves	Nov	--	--	\$130.20b
12/07/2022 11:30	TH CPI YoY	Nov	5.80%	--	5.98%
12/07/2022 11:30	TH CPI Core YoY	Nov	3.20%	--	3.17%
12/07/2022 12:30	IN RBI Repurchase Rate	Dec-07	6.25%	--	5.90%
12/07/2022 15:00	GE Industrial Production SA MoM	Oct	-0.60%	--	0.60%
12/07/2022 16:00	TA Exports YoY	Nov	-6.80%	--	-0.50%
12/07/2022 18:00	EC GDP SA QoQ	3Q F	0.20%	--	0.20%
12/07/2022 18:00	EC GDP SA YoY	3Q F	2.10%	--	2.10%
12/07/2022 20:00	US MBA Mortgage Applications	Dec-02	--	--	-0.80%
12/07/2022 23:00	CA Bank of Canada Rate Decision	Dec-07	4.25%	--	3.75%

Source: Bloomberg

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