

Daily Treasury Outlook

8 February 2022

Highlights

Global: Global risk appetite softened again, with tech stocks leading the US equity market sell-off overnight. Meta extended losses. The S&P500 fell 0.37% while VIX also retreated to 22.86. UST bonds traded mixed, with the yield curve steeper as the 10Y bond yield closed at 1.92%, while there was solid demand for the 3- and 6-month bills. There is US\$50b of 3Y note auction today, followed by US\$37b 10Y for Wednesday and US\$23b 30Y bond auctions on Thursday. Meanwhile, ECB's Lagarde pushed back on hawkish market speculation, opining that "the chances have increased, that inflation will stabilize at our target" and "there are no signals that inflation will be persistently and significantly above our target over the medium term, which would require measurable tightening". Separately, Kazaks also indicated that the stimulus program could end earlier than planned but rate hikes are unlikely in July.

Market watch: Asian markets are set for a steady start this morning even as investors weigh the ongoing global bond sell-off amid the hawkish intentions for major central banks. Today's economic data calendar comprises of Malaysia's December industrial production, Japan's Eco Watchers survey, Indonesia's foreign reserves and US' NFIB small business optimism and December trade data. RBNZ governor Orr, ECB's de Cos and Villeroy are also speaking.

US: The US will scale back Japanese steel import tariffs levied under the Trump presidency.

EU: German industrial production fell 0.3% MoM in December, which is a reversal of November's growth of 0.3%. IFO upgraded its 2022 inflation forecast from 3.3% previously to 4.0%. Meanwhile, the Eurozone Sentix confidence index improved from 14.9 to 16.6 in February, with both the expectations and current conditions gauges also rising to 14.0 (highest since July 2021) and 19.3 respectively.

SG: MAS has imposed additional capital requirements on DBS Bank.

CN: China's security regulator CSRC held a roundtable with the Monetary Authority of Singapore (MAS) before the Chinese New Year holiday. The regulators will support exchanges to launch ETF connect products.

Oil: Brent closed at \$92.69/bbl yesterday, a 0.6% loss on the day. The loss was probably due largely to profit taking. It traded as high as \$94.00 during intraday. We still expect oil to test \$100.00 in the near term.

Key Market Movements

Equity	Value	% chg
S&P 500	4483.9	-0.4%
DJIA	35091	0.0%
Nikkei 225	27249	-0.7%
SH Comp	3429.6	2.0%
STI	3366.5	1.1%
Hang Seng	24580	0.0%
KLCI	1530.7	0.5%
	Value	% chg
DXY	95.399	-0.1%
USDJPY	115.1	-0.1%
EURUSD	1.1442	-0.1%
GBPUSD	1.3536	0.0%
USDIDR	14397	0.1%
USDSGD	1.3435	-0.2%
SGDMYR	3.1122	0.1%
	Value	chg (bp)
2Y UST	1.29	-1.96
10Y UST	1.92	0.74
2Y SGS	1.08	3.10
10Y SGS	1.83	4.81
3M LIBOR	0.34	2.40
3M SIBOR	0.44	0.00
3M SOR	0.40	0.00
3M SORA	0.21	0.55
3M SOFR	0.05	0.00
	Value	% chg
Brent	92.69	-0.6%
WTI	91.32	-1.1%
Gold	1820	0.7%
Silver	23.01	2.2%
Palladium	2267	-1.2%
Copper	9778	-0.7%
BCOM	109.40	-0.2%

Source: Bloomberg

Daily Treasury Outlook

8 February 2022

Major Markets

SG: The STI rallied 1.05% to close at 3,366.48 yesterday and may attempt to find more positive catalysts for today, SGS bond yields rose 1-5bps yesterday, but may stabilise today.

MY: Malaysia's Health Minister, Khairy Jamaluddin, said that the government is reactivating the National COVID-19 Rapid Response Task Force to better undertake quick and early action to control the pandemic spread. The move came as the country is experiencing a spike in caseload, with the number of new cases above the 11,000 mark for the first time in four months.

ID: Indonesia posted a stronger-than-expected Q4 2021 GDP growth of 5.02% YoY, higher than the 4.8% that we and the market had pencilled in. Details suggested that consumption had indeed posted a strong recovery, but it was the uptick in investment activities that presented the bigger pleasant surprise. While the momentum is encouraging, the economy will have to go through the unavoidable speed bump presented by the Omicron spread, that has necessitated the reintroduction of some social restrictions in Java and Bali.

ESG Updates

SG: Industrial developer JTC Corporation now requires solar panels to be installed for new land and land-based facility allocations, lease renewals, land launches and tenders in all its estates. This move will contribute to Singapore's goal of generating at least 2GW of solar energy by 2030.

CN: China has included cultivated meat in its five-year agricultural development plan, to nurture home-grown technology and ensure a sustainable food supply. Lab-grown meat, plant-based eggs and recombinant protein production are among the food production technologies that will be supported.

Rest of the world: Dubai plans to cut carbon emissions by 30% by 2030, as part of the broader strategy to achieve carbon neutrality by 2050.

Daily Treasury Outlook

8 February 2022

Bond Market Updates

Market Commentary: The SGD swap curve traded higher yesterday, with shorter tenors trading 2-7bps higher, belly tenors trading 3-6bps higher and longer tenors trading 2-6bps higher. UST 10Y yields rose 1bps to 1.92% yesterday. Weakness was also seen in European bonds following the market's hawkish interpretation of the European Central Bank ("ECB") press conference last week and Dutch Central Bank President Klaas Knot's comments on Sunday regarding his expectations for a possible interest rate hike by the ECB as early as the fourth quarter of 2022.

New Issues: There were no new issues on Monday.

Daily Treasury Outlook

8 February 2022

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.399	-0.09%	USD-SGD	1.3435	-0.17%
USD-JPY	115.100	-0.14%	EUR-SGD	1.5373	-0.24%
EUR-USD	1.144	-0.06%	JPY-SGD	1.1673	-0.06%
AUD-USD	0.713	0.76%	GBP-SGD	1.8186	-0.13%
GBP-USD	1.354	0.04%	AUD-SGD	0.9574	0.61%
USD-MYR	4.184	0.12%	NZD-SGD	0.8910	0.11%
USD-CNY	6.362	0.00%	CHF-SGD	1.4546	0.04%
USD-IDR	14397	0.12%	SGD-MYR	3.1122	0.12%
USD-VND	22672	0.00%	SGD-CNY	4.7330	0.13%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.5510	-0.56%	O/N	0.0770	0.08%
2M	-0.3360	-0.34%	1M	0.1153	0.11%
3M	-0.5480	-0.55%	2M	0.1525	0.15%
6M	-0.4730	-0.50%	3M	0.3390	0.32%
9M	-0.1940	-0.20%	6M	0.5554	0.53%
12M	-0.3460	-0.42%	12M	0.9990	0.94%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
03/16/2022	1.304	0.326	0.412
05/04/2022	2.343	0.586	0.672
06/15/2022	3.121	0.78	0.866
07/27/2022	3.665	0.916	1.003
09/21/2022	4.34	1.085	1.171
11/02/2022	4.694	1.174	1.26
12/14/2022	5.275	1.319	1.405
02/01/2023	5.586	1.397	1.483

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	91.32	-1.07%	Corn (per bushel)	6.353	2.4%
Brent (per barrel)	92.69	-0.62%	Soybean (per bushel)	15.818	1.8%
Heating Oil (per gallon)	285.54	-0.69%	Wheat (per bushel)	7.688	0.7%
Gasoline (per gallon)	268.53	0.25%	Crude Palm Oil (MYR/MT)	56.520	-2.2%
Natural Gas (per MMBtu)	4.23	-7.44%	Rubber (JPY/KG)	2.352	1.1%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9777.50	-0.65%	Gold (per oz)	1820.5	0.7%
Nickel (per mt)	23398.00	1.77%	Silver (per oz)	23.0	2.2%

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
02/08/2022 04:00	US Consumer Credit	Dec \$21.900b	\$18.898b	\$39.991b	\$38.821b
02/08/2022 07:30	JN Labor Cash Earnings YoY	Dec 0.90%	-0.20%	0.00%	0.008
02/08/2022 07:30	JN Household Spending YoY	Dec 0.00%	-0.20%	-1.30%	--
02/08/2022 07:50	JN BoP Current Account Balance	Dec ¥106.4b	¥370.8b	¥897.3b	--
02/08/2022 07:50	JN Trade Balance BoP Basis	Dec -¥200.7b	¥318.7b	¥431.3b	--
02/08/2022 07:50	JN BoP Current Account Adjusted	Dec ¥1120.1b	¥787.5b	¥1369.5b	--
02/08/2022 07:50	JN Bank Lending Incl Trusts YoY	Jan --	0.60%	0.60%	--
02/08/2022 08:30	AU NAB Business Confidence	Jan --	--	-12.0	--
02/08/2022 08:30	HK Markit Hong Kong PMI	Jan --	--	50.8	--
02/08/2022 08:30	AU NAB Business Conditions	Jan --	--	8	--
02/08/2022 11:00	ID Foreign Reserves	Jan --	--	\$144.90b	--
02/08/2022 12:00	MA Industrial Production YoY	Dec 6.80%	--	9.40%	--
02/08/2022 12:30	JN Bankruptcies YoY	Jan --	--	-9.67%	--
02/08/2022 19:00	US NFIB Small Business Optimism	Jan 97.50	--	98.90	--
02/08/2022 21:30	US Trade Balance	Dec -\$83.0b	--	-\$80.2b	--
02/08/2022 21:30	CA Int'l Merchandise Trade	Dec 2.45b	--	3.13b	--

Source: Bloomberg

Treasury Research & Strategy

Macro Research

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

FX/Rates Strategy

Frances Cheung*Rates Strategist*FrancesCheung@ocbc.com**Terence Wu***FX Strategist*TerenceWu@ocbc.com

Credit Research

Andrew Wong*Credit Research Analyst*WongVKAM@ocbc.com**Ezien Hoo***Credit Research Analyst*EzienHoo@ocbc.com**Wong Hong Wei***Credit Research Analyst*WongHongWei@ocbc.com**Toh Su N***Credit Research Analyst*Tohsn@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