

Daily Treasury Outlook

9 December 2022

Highlights

Global: The US market sentiment gained some ground overnight, with the S&P 500 posting an increase of 0.75% while the Nasdaq gained 1.13% on the back of tech rallies. No major data was in the pipeline, although some investors ascribed the uptick to be due to the slight increase in the initial jobless claims figures, which rose to 230k from 225k before. Treasuries pulled back, with the 10yr yield up 7bps to 3.49%. The dollar saw some slight retreat. The outgoing China's Premier Li Keqiang said that the economic growth will "keep picking up", at a meeting with the heads of six major global bodies. He added that the government will keep the currency basically stable, and will work with the G20 to formulate debt restructuring plans for developing countries. Separately, the wave of Covid restriction removals rippled through to Macau and Hong Kong. The former said it will stop testing visitors from China, while Hong Kong trimmed the isolation period for infected people from 7 to 5 days, and eased the testing period for inbound travellers.

Market watch: Asian markets may get a lift today, following the Wall Street rally overnight and ahead of China's inflation data today. Today's economic calendar comprises of China's money supply, US' PPI and University of Michigan sentiment index.

SG: The STI rose by 0.33% to close at 3,236.08 and may see some upside pressure today.

MY: Malaysia's anti-graft agency said it will summon former premier Muhyiddin Yassin and two members of his cabinet, for alleged misappropriation of MYR600bn (USD136bn) of pandemic funds, including former finance minister Zafrul Aziz who is now the trade minister under Anwar Ibrahim's new government.

ID: A Bank Indonesia's survey shows that consumer confidence dipped in November by 1% MoM to an index reading of 119.1. Within that, current income sub-component declined 1.9% MoM, while employment conditions dropped by 1.6% MoM. Business activity expansion sub-index declined by less, at 0.5% MoM.

Key Market Movements		
Equity	Value	% chg
S&P 500	3963.5	0.8%
DJIA	33781	0.5%
Nikkei 225	27574	-0.4%
SH Comp	3197.4	-0.1%
STI	3236.1	0.3%
Hang Seng	19450	3.4%
KLCI	1465.9	-0.1%
	Value	% chg
DXY	104.774	-0.3%
USDJPY	136.67	0.0%
EURUSD	1.0556	0.5%
GBPUSD	1.2234	0.3%
USDIDR	15621	-0.1%
USDSGD	1.3536	-0.1%
SGDMYR	3.2398	0.2%
	Value	chg (bp)
2Y UST	4.31	5.16
10Y UST	3.48	6.50
2Y SGS	3.25	0.70
10Y SGS	2.96	-3.05
3M LIBOR	4.74	-1.11
3M SIBOR	4.25	0.00
3M SOR	4.40	0.00
3M SORA	3.05	1.55
3M SOFR	3.23	1.70
	Value	% chg
Brent	76.15	-1.3%
WTI	71.46	-0.8%
Gold	1789	0.2%
Silver	23.07	1.5%
Palladium	1927	4.2%
Copper	8543	1.0%
BCOM	111.19	0.4%

Source: Bloomberg

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ESG Updates

ID: Indonesia has targeted to complete a plan within six months to detail investment requirements and opportunities to accelerate its renewable energy transition. The plan also intends to outline policy reforms needed to address any regulatory barriers in the energy sector that hinder private investment in renewables.

Rest of the world: The World Bank, Singapore government and International Emissions Trading Association (IETA) launched a global tracking system to address the opaque carbon credit market and support developing nations in climate finance. The new database is called the Climate Action Data Trust (CAD Trust) that collates all the project and carbon credit data in one place, with the data free and accessible to the public.

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Bond Market Updates

Market Commentary: The SGD SORA curve traded mostly lower yesterday, with shorter tenors trading 4bps to 6bps lower, belly tenors trading 5bps to 6bps lower and 10Y trading 6bps lower. UST 10Y yields rose by 6bps to 3.48% as markets await key inflation figures for clues on whether Federal Reserve officials will be able to notch down their aggressive tightening campaign. Today's Producer Price Index for November is one of the final pieces of data Fed policymakers will see before their Dec. 13-14 policy meeting. Initial jobless claims came in at 230,000, in line with consensus forecast, and higher than last week's results of 225,000.

New Issues: There were no new issues priced yesterday.

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Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	104.774	-0.31%	USD-SGD	1.3536	-0.13%
USD-JPY	136.670	0.04%	EUR-SGD	1.4291	0.33%
EUR-USD	1.056	0.48%	JPY-SGD	0.9903	-0.19%
AUD-USD	0.677	0.65%	GBP-SGD	1.6561	0.12%
GBP-USD	1.223	0.25%	AUD-SGD	0.9162	0.52%
USD-MYR	4.402	0.10%	NZD-SGD	0.8636	0.27%
USD-CNY	6.967	-0.04%	CHF-SGD	1.4449	0.28%
USD-IDR	15621	-0.11%	SGD-MYR	3.2398	0.18%
USD-VND	23915	-0.20%	SGD-CNY	5.1503	0.16%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	1.5520	1.52%	O/N	3.8200	3.82%
2M	-0.3360	-0.34%	1M	4.2743	4.24%
3M	1.9770	1.99%	3M	4.7351	4.72%
6M	2.4420	2.44%	6M	5.1587	5.17%
9M	-0.1940	-0.20%	12M	5.5004	5.52%
12M	2.8640	2.87%			

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
12/14/2022	2.048	0.512	4.347
02/01/2023	3.502	0.875	4.711
03/22/2023	4.148	1.037	4.873
05/03/2023	4.425	1.106	4.942
06/14/2023	4.390	1.098	4.933
07/26/2023	4.208	1.052	4.887

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	71.46	-0.76%	Corn (per bushel)	6.320	0.7%
Brent (per barrel)	76.15	-1.32%	Soybean (per bushel)	14.863	1.0%
Heating Oil (per gallon)	287.98	3.57%	Wheat (per bushel)	7.243	-0.4%
Gasoline (per gallon)	204.91	-1.35%	Crude Palm Oil (MYR/MT)	38.860	-0.6%
Natural Gas (per MMBtu)	5.96	4.18%	Rubber (JPY/KG)	2.230	1.1%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8543.00	1.02%	Gold (per oz)	1789.1	0.2%
Nickel (per mt)	29725.00	-5.46%	Silver (per oz)	23.1	1.5%

Equity and Commodity

Index	Value	Net change
DJIA	33,781.48	183.56
S&P	3,963.51	29.59
Nasdaq	11,082.00	123.45
Nikkei 225	27,574.43	-111.97
STI	3,236.08	10.63
KLCI	1,465.93	-0.95
JCI	6,804.23	-14.53
Baltic Dry	1,373.00	33.00
VIX	22.29	-0.39

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.25 (+0.01)	4.31(--)
5Y	2.88 (-0.02)	3.71 (+0.08)
10Y	2.96 (-0.03)	3.48 (+0.06)
15Y	2.99 (-0.03)	--
20Y	2.85 (-0.02)	--
30Y	2.68 (-0.03)	3.43(--)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	246.50	(--)
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	3.80
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Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
12/09/2022 07:00	SK BoP Current Account Balance	Oct	--	\$883.4m	\$1611.2m
12/09/2022 07:50	JN Money Stock M2 YoY	Nov	3.00%	3.10%	3.10%
12/09/2022 07:50	JN Money Stock M3 YoY	Nov	2.60%	2.70%	2.60%
12/09/2022 09:00	CH New Yuan Loans CNY	Nov	1400.0b	--	615.2b
12/09/2022 09:00	CH Money Supply M0 YoY	Nov	13.90%	--	14.30%
12/09/2022 09:00	CH Money Supply M1 YoY	Nov	5.60%	--	5.80%
12/09/2022 09:00	CH Money Supply M2 YoY	Nov	11.70%	--	11.80%
12/09/2022 09:30	CH CPI YoY	Nov	1.60%	--	2.10%
12/09/2022 09:30	CH PPI YoY	Nov	-1.50%	--	-1.30%
12/09/2022 15:30	TH Foreign Reserves	Dec-02	--	--	\$209.8b
12/09/2022 21:30	US PPI Final Demand YoY	Nov	7.20%	--	8.00%
12/09/2022 21:30	US PPI Final Demand MoM	Nov	0.20%	--	0.20%
12/09/2022 21:30	US PPI Ex Food and Energy YoY	Nov	5.90%	--	6.70%
12/09/2022 21:30	US PPI Ex Food and Energy MoM	Nov	0.20%	--	0.00%
12/09/2022 23:00	US U. of Mich. Sentiment	Dec P	57.00	--	56.80
12/09/2022 23:00	US Wholesale Inventories MoM	Oct F	0.80%	--	0.80%

Source: Bloomberg

Treasury Research & Strategy

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