

Highlights

Global: US equity markets fell overnight (Dow Jones: -0.1%; S&P 500: -0.5%; Nasdaq: -0.8%). Despite weaker US economic data released on Monday, UST yields and the DXY were higher. Yields were up across the curve with the short-end underperforming. The big story of the day however was Bitcoin and Gold; Bitcoin soared above US\$42,000 for the first time since April 2022, while Gold hit a new record high overnight at US\$2,135 per troy ounce before paring back gains. On the data front, US factory orders in October fell 3.6% MoM in October, the biggest monthly drop since April 2020. The manufacturing sector, which was buoyed by a jump in spending on goods in the third quarter, showed increasing weakness. Elsewhere, Germany's export data in October came in below estimates, despite signs of improvement as compared to that in September. Germany's exports fell marginally by 0.2% MoM in October, after falling by 2.5% in September.

Market Watch: Today's economic calendar comprises November inflation data for Japan, South Korea, and the Philippines, while services and composite PMIs are due for China (Caixin), Germany, Eurozone, and the UK. November ISM services index from the US is out later tonight. Earlier today, South Korea released preliminary estimates for 3Q GDP which was in line with consensus expectations of 1.4% YoY (0.6% QoQ sa). On central banks, the Reserve Bank of Australia will be holding their monetary policy committee meeting this morning where expectations are for them to keep the cash rate target on hold at 4.35%.

TH: The Cabinet has approved key strategies that will be covered for its 2025 Budget draft. According to Deputy Government Spokesman Karom Polpornklang, the outlined strategies include support to national security, social equality, human resources, government administration, and quality of life. The government will begin the FY2025 budget drafting in parallel with completing its FY2024 budget draft, as reported by Bloomberg. Total spending for FY2025 is projected at THB3.591trn.

Oil: WTI and Brent declined by 1.4% and 1.1% on Monday to close at US\$73.0/bbl and US\$78.0/bbl, respectively. Prices edged lower post-OPEC+ meeting on continued uncertainty of the announced supply curbs' effectiveness. Saudi Arabia's Energy Minister Prince Abdulaziz bin Salman, in an interview with Bloomberg, said that he "honestly believe[s] that the delivery of the 2.2 mbpd will happen" and the cut "will overcome even the usual inventory build that usually happens in the first quarter." Still, prices finished lower as the downside was further supported by concerns of demand following sluggishness in global manufacturing activity in November.

Key Market Movements

Equity	Value	% chg
S&P 500	4569.8	-0.5%
DJIA	36204	-0.1%
Nikkei 225	33231	-0.6%
SH Comp	3022.9	-0.3%
STI	3084.1	-0.2%
Hang Seng	16646	-1.1%
KLCI	1451.0	-0.4%
	Value	% chg
DXY	103.712	0.4%
USDJPY	147.21	0.3%
EURUSD	1.0836	-0.4%
GBPUSD	1.2633	-0.6%
USDIDR	15455	-0.2%
USDSGD	1.3377	0.3%
SGDMYR	3.4894	-0.3%
	Value	chg (bp)
2Y UST	4.64	9.69
10Y UST	4.25	5.73
2Y SGS	3.36	-1.60
10Y SGS	2.95	-3.53
3M LIBOR	5.64	0.00
3M SIBOR	4.06	0.00
3M SORA	3.74	-0.32
3M SOFR	5.35	0.27
	Value	% chg
Brent	78.03	-1.1%
WTI	73.04	-1.4%
Gold	2029	-2.1%
Silver	24.51	-3.8%
Palladium	979	-2.7%
Copper	8443	-1.9%
BCOM	99.99	-1.5%

Source: Bloomberg

Daily Treasury Outlook

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Major Markets

ID: General Elections Commission (KPU) has noted that it will comply with prevailing regulations, including setting aside two out of the five rounds of debates for vice presidential contenders, as reported by The Jakarta Post. This statement comes amidst speculation that the KPU was considering cancelling the upcoming rounds of debates for vice presidential candidates. KPU Chair Hasyim Asy'ari had previously stated that all three pairs of presidential and vice-presidential candidates would be “present” in all rounds of the debate.

SG: Deputy Prime Minister Lawrence Wong at the Singapore Conference on artificial intelligence (AI) unveiled the nation’s updated national AI strategy, which aims to transform the nation into a global AI leader and to contribute to valuable AI breakthroughs. The strategy outlines 15 actions to be implemented over the next 3 to 5 years such as AI training programmes and a carbon budget allocation for data centres. The updated AI strategy is the outcome of consultations involving more than 300 domestic and international experts and organisations, as reported by the Business Times. “Recent breakthroughs in generative AI have sparked renewed interest about the potential of AI, its risks and its implications for humanity...Singapore believes in the long-term potential of AI,” according to DPM Wong.

MY: Bank Negara Malaysia Governor Abdul Rasheed Ghaffour expects that at least half of the new financing provided by local banks will be aligned with climate-supporting or transitioning activities by 2026. Governor Ghaffour added that the financial industry's commitment currently stands at over US\$43bn for ESG (Environmental, Social, and Governance) purposes to date. However, it will require an investment of up to US\$280bn by 2050 to meet the nation's energy transition needs, as stated in the National Energy Transition Roadmap (NETR), as reported by The Edge.

ESG Updates

SG: The country’s carbon tax will need to go higher to encourage climate action to address global warming, according to MAS managing director Ravi Menon, speaking at the sidelines of the UN COP28. The carbon tax is currently set at S\$5 per tonnes of emissions and will increase in 2024 to S\$25 per tonne and to S\$45 per tonne by 2026 to 2027. Menon opined that while the country has done its part in implementing carbon tax, it is not quite enough but he believes that significant progress will be made over the next few years through to 2030, as reported by the Business Times.

Rest of the world: Latin America and the Caribbean will need to spend 3.7% to 4.9% of GDP annually in order to meet climate targets by 2030. This was according to a report by UN agency, Economic Commission for Latin America and the Caribbean, presented at the COP28 summit in Dubai. The figure is a significant increase from only 0.5% of GDP annually needed back in 2020.

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Credit Market Updates

Market Commentary: The SGD SORA curve traded mostly lower yesterday, with short tenors trading 3-5bps lower, belly tenors trading 3-4bps lower, and the 10Y trading 2bps lower. According to Bloomberg, the Hong Kong High Court pushed the wound-up ruling of China Evergrande Group ("EVERRE") to 29 January 2024, stating that its restructuring proposal is still lacking crucial details and the group is advised to seek input from relevant authorities while garnering more support from its creditors. The decision came as a surprise to stakeholders as the original petitioner didn't push for an immediate liquidation yesterday. In other news, Zhao Changlong was removed as chairman of EVERRE's onshore unit, Hengda Real Estate Development Co., and was succeeded by Liang Weikang in November. Reasons for leadership change were not mentioned. Yesterday, Bloomberg Asia USD Investment Grade spreads tightened by 1bp to 108bps, and Asia USD High Yield spreads tightened by 4bps to 814bps, per Bloomberg.

New Issues: There were no new issues priced yesterday.

GLOBAL MARKETS RESEARCH

Daily Treasury Outlook

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Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	103.712	0.43%	USD-SGD	1.3377	0.31%
USD-JPY	147.210	0.27%	EUR-SGD	1.4496	-0.13%
EUR-USD	1.084	-0.44%	JPY-SGD	0.9087	0.02%
AUD-USD	0.662	-0.82%	GBP-SGD	1.6900	-0.31%
GBP-USD	1.263	-0.61%	AUD-SGD	0.8856	-0.52%
USD-MYR	4.657	-0.36%	NZD-SGD	0.8246	-0.43%
USD-CNY	7.143	0.21%	CHF-SGD	1.5327	-0.12%
USD-IDR	15455	-0.19%	SGD-MYR	3.4894	-0.28%
USD-VND	24252	-0.14%	SGD-CNY	5.3316	-0.26%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8690	0.03%	1M	5.3604	-0.01%
3M	3.9600	-0.10%	2M	5.3729	-0.01%
6M	4.0040	-0.62%	3M	5.3762	-0.01%
12M	3.9020	-0.61%	6M	5.3142	-0.05%
			1Y	5.0382	-0.24%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
12/13/2023	0.012	0.003	5.333
01/31/2024	-0.108	-0.027	5.302
03/20/2024	-0.684	-0.171	5.159
05/01/2024	-1.371	-0.343	4.987
06/12/2024	-2.167	-0.542	4.788
07/31/2024	-2.908	-0.727	4.602
09/18/2024	-3.701	-0.925	4.404

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	73.04	-1.39%	Corn (per bushel)	4.603	-0.9%
Brent (per barrel)	78.03	-1.08%	Soybean (per bushel)	13.063	-1.4%
Heating Oil (per gallon)	265.97	-0.07%	Wheat (per bushel)	5.958	3.2%
Gasoline (per gallon)	213.42	0.62%	Crude Palm Oil (MYR/MT)	36.780	-1.5%
Natural Gas (per MMBtu)	2.69	-4.26%	Rubber (JPY/KG)	2.422	-4.0%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8443.00	-1.95%	Gold (per oz)	2029.4	-2.1%
Nickel (per mt)	16714.00	-1.92%	Silver (per oz)	24.5	-3.8%

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
12/05/2023 05:45	NZ Volume of All Buildings SA QoQ	3Q	-0.50%	-2.40%	-0.10%
12/05/2023 07:00	SK CPI YoY	Nov	3.50%	3.30%	3.80%
12/05/2023 07:00	SK GDP YoY	3Q P	1.40%	1.40%	1.40%
12/05/2023 07:00	SK GDP SA QoQ	3Q P	0.60%	0.60%	0.60%
12/05/2023 07:00	SK CPI MoM	Nov	-0.30%	-0.60%	0.30%
12/05/2023 07:30	JN Tokyo CPI Ex-Fresh Food YoY	Nov	2.40%	2.30%	2.70%
12/05/2023 07:30	JN Tokyo CPI YoY	Nov	3.00%	2.60%	3.30%
12/05/2023 08:30	AU BoP Current Account Balance	3Q	A\$3.2b	-A\$0.2b	A\$7.7b
12/05/2023 09:00	PH CPI YoY 2018=100	Nov	4.30%	--	4.90%
12/05/2023 09:45	CH Caixin China PMI Services	Nov	50.5	--	50.4
12/05/2023 11:30	AU RBA Cash Rate Target	Dec-05	4.35%	--	4.35%
12/05/2023 13:00	SI Retail Sales YoY	Oct	0.20%	--	0.60%
12/05/2023 16:55	GE HCOB Germany Services PMI	Nov F	48.7	--	48.7
12/05/2023 17:00	EC HCOB Eurozone Composite PMI	Nov F	47.1	--	47.1
12/05/2023 17:30	UK S&P Global/CIPS UK Services PMI	Nov F	50.5	--	50.5
12/05/2023 23:00	US ISM Services Index	Nov	52.3	--	51.8

Source: Bloomberg

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