

## Daily Treasury Outlook

10 January 2023

### Highlights

**Global:** Hawkish Fed rhetoric, albeit from two non-voters like Bostic and Daly, shook earlier market confidence that the US central bank was near a pivot point. Bostic opined that the Fed would hike to above 5% by early 2Q and hold for a long time, while Daly echoed that she expected rates to go somewhere over 5%. The S&P500 slipped 0.08% overnight while UST bonds continued to trade firm with the 2- and 10-year yields lower but off their intraday lows of 4.18% and 3.50% respectively. The Treasury sold US\$57B of 3-month and US\$48B of 6-month bills at 4.56% and 4.71% respectively, suggesting that investors were cautious about the potential debt ceiling issue for the latter amid the earlier difficulty in US House speaker's vote. Meanwhile, China's re-opening hopes continue to brighten amid increased travel ahead of the CNY festive season and plans to ramp up special local government bond issuance. Elsewhere, the Eurozone's Sentix investor confidence index eased from -21.0 in December to -17.5 in January, suggesting improving confidence after it troughed in October 2022, whilst the unemployment rate was static at 6.5% in November.

**Market watch:** Asian markets are likely to temper their initial start of the year optimism today amid renewed concerns about a hawkish Fed notwithstanding that China's re-opening remains a silver lining. Today's economic data calendar is relatively light and comprises of US wholesale inventories and NFIB small business optimism index, as well as potentially China's monetary aggregates data. On tap today are also Fed chair Powell, BOE's Bailey, ECB's Schnabel, de Cos, Knot and Centeno, as well as MAS' Ravi Menon.

**CN:** China's Ministry of Finance announced tax relief for smaller companies. Small businesses with monthly sales of less than 100K yuan would be exempted from the VAT in 2023.

**TH:** Thailand withdrew their Covid vaccination rule for foreign travellers to carry a vaccination proof, as the country seeks to boost their economy through tourism.

**Oil:** WTI and Brent rose 0.12% and 1.37% at closing yesterday, to close at US\$74.63/bbl and US\$79.65/bbl respectively. Buying interest fizzled overnight, during European and US trading.

### Major Markets

**SG:** Transport minister Iswaran said that Singapore will maintain a careful and calibrated approach towards restoring air connectivity with China. The STI added 0.88% to close at 3,305.67 but may consolidate today amid mixed market sentiments. SGS bonds rallied yesterday and may retain sustained support today.

**MY&ID:** Malaysia's PM Anwar Ibrahim said that his country will look into how to help Indonesia in its drive to build a new capital city in Kalimantan. He was in Jakarta for a 2-day official visit.

### Key Market Movements

Equity	Value	% chg
S&P 500	3892.1	-0.1%
DJIA	33518	-0.3%
Nikkei 225	25974	0.0%
SH Comp	3176.1	0.6%
STI	3305.7	0.9%
Hang Seng	21388	1.9%
KLCI	1493.4	0.9%
	Value	% chg
DXY	103.001	-0.8%
USDJPY	131.88	-0.2%
EURUSD	1.0730	0.8%
GBPUSD	1.2184	0.8%
USDIDR	15568	-0.4%
USDSGD	1.3305	-0.7%
SGDMYR	3.2818	0.4%
	Value	chg (bp)
2Y UST	4.21	-3.97
10Y UST	3.53	-2.59
2Y SGS	3.06	-5.60
10Y SGS	2.90	-4.74
3M LIBOR	4.81	-0.19
3M SIBOR	4.25	0.00
3M SOR	4.15	0.00
3M SORA	3.00	-0.28
3M SOFR	3.76	4.24
	Value	% chg
Brent	79.65	1.4%
WTI	74.63	1.2%
Gold	1872	0.3%
Silver	23.65	-0.8%
Palladium	1780	-1.8%
Copper	8860	3.1%
BCOM	109.24	1.0%

Source: Bloomberg

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### ESG Updates

**MY:** Malaysia aims to draw greater investment from Chinese companies to develop its supporting infrastructure for electric vehicles (EV) by anchoring operations in the country.

**ID:** Indonesia may allocate 5 trillion Rupiah to incentivise electric vehicle (EV) purchases in 2023 and is also considering subsidising electric bus sales.

### Bond Market Updates

#### Market Commentary:

The SGD SORA curve traded mostly lower yesterday, with shorter tenors trading 0-6bps lower, belly tenors trading 6-9bps lower, and 10Y which traded 4bps lower. UST 10Y yields declined by 3bps to 3.53% yesterday as investors made further attempts to predict what 2023 would hold for the markets. A survey from the New York Federal Reserve released yesterday found consumers expecting both inflation and their spending to cool in the year ahead. Investors continue to assess the outlook for inflation and how that could affect the Fed's next interest rate decision.

#### New issues:

Date	Issuer	Currency	Size (mn)	Tenor (Year)	Final Pricing	Initial Pricing
09-Jan-23	Korea Development Bank	USD	71	1.0	5.34%	-
09-Jan-23	POSCO	USD	300	10.0	T+250bps	T+295bps
09-Jan-23	POSCO	USD	700	3.0	T+190bps	T+225bps
09-Jan-23	POSCO	USD	1,000	5.0	T+220bps	T+255bps
09-Jan-23	Philippine Government International Bond	USD	500	5.5	T+105bps	T+155bps
09-Jan-23	Philippine Government International Bond	USD	1,250	10.5	T+145bps	T+195bps
09-Jan-23	Philippine Government International Bond	USD	1,250	25.0	5.50%	5.95%
09-Jan-23	Sunny Optical Technology Group Co Ltd	USD	400	3.5	T+205bps	T+235bps

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## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	103.001	-0.85%	USD-SGD	1.3305	-0.67%
USD-JPY	131.880	-0.15%	EUR-SGD	1.4278	0.21%
EUR-USD	1.073	0.81%	JPY-SGD	1.0089	-0.48%
AUD-USD	0.691	0.51%	GBP-SGD	1.6215	0.22%
GBP-USD	1.218	0.75%	AUD-SGD	0.9196	-0.08%
USD-MYR	4.373	-0.68%	NZD-SGD	0.8477	-0.28%
USD-CNY	6.772	-0.82%	CHF-SGD	1.4442	0.14%
USD-IDR	15568	-0.42%	SGD-MYR	3.2818	0.39%
USD-VND	23459	-0.06%	SGD-CNY	5.0918	-0.43%

## Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	1.9040	1.89%	O/N	4.3134	4.31%
2M	-0.3360	-0.34%	1M	4.4016	4.40%
3M	2.2540	2.18%	3M	4.8099	4.81%
6M	2.8050	2.77%	6M	5.1970	5.17%
9M	-0.1940	-0.20%	12M	5.5589	5.49%
12M	3.3280	3.30%			

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
02/01/2023	1.229	0.307	4.639
03/22/2023	2.005	0.501	4.833
05/03/2023	2.359	0.590	4.921
06/14/2023	2.417	0.604	4.935
07/26/2023	2.145	0.536	4.868
09/20/2023	1.730	0.433	4.764

## Equity and Commodity

Index	Value	Net change
DJIA	33,517.65	-112.96
S&P	3,892.09	-2.99
Nasdaq	10,635.65	66.36
Nikkei 225	25,973.85	153.05
STI	3,305.67	28.95
KLCI	1,493.42	12.87
JCI	6,688.27	3.71
Baltic Dry	1,130.00	-16.00
VIX	21.97	0.84

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.06 (-0.06)	4.21 (-)
5Y	2.73 (-0.05)	3.67 (-0.02)
10Y	2.9 (-0.05)	3.54 (-0.03)
15Y	2.91 (-0.03)	--
20Y	2.57 (-0.02)	--
30Y	2.46 (-0.01)	3.66 (-0.03)

## Financial Spread (bps)

	Value	Change
EURIBOR-OIS	274.20	(-)
TED	35.36	--

## Secured Overnight Fin. Rate

SOFR	4.31
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	74.63	1.17%	Corn (per bushel)	6.528	-0.2%
Brent (per barrel)	79.65	1.37%	Soybean (per bushel)	15.035	0.1%
Heating Oil (per gallon)	303.60	1.05%	Wheat (per bushel)	7.415	-0.3%
Gasoline (per gallon)	229.29	2.15%	Crude Palm Oil (MYR/MT)	40.200	1.0%
Natural Gas (per MMBtu)	3.91	5.39%	Rubber (JPY/KG)	2.100	0.0%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	8859.50	3.14%	Gold (per oz)	1871.8	0.3%
Nickel (per mt)	27434.00	-2.30%	Silver (per oz)	23.7	-0.8%

## Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
01/10/2023 04:00	US Consumer Credit	Nov	\$25.000b	\$27.962b	\$27.078b
01/10/2023 04:00	NZ REINZ House Sales YoY	Dec	--	--	-36.10%
01/10/2023 06:58	PH Trade Balance	Nov	-\$4133m	--	-\$3310m
01/10/2023 07:00	SK BoP Current Account Balance	Nov	--	-\$621.7m	\$883.4m
01/10/2023 07:30	JN Tokyo CPI Ex-Fresh Food YoY	Dec	3.80%	4.00%	3.60%
01/10/2023 07:30	JN Tokyo CPI YoY	Dec	4.00%	4.00%	3.80%
01/10/2023 07:30	JN Household Spending YoY	Nov	0.50%	-1.20%	1.20%
01/10/2023 09:00	PH Exports YoY	Nov	11.50%	--	20.00%
01/10/2023 09:00	PH Imports YoY	Nov	3.00%	--	7.50%
01/10/2023 09:00	CH Money Supply M2 YoY	Dec	12.30%	--	12.40%
01/10/2023 09:00	CH New Yuan Loans CNY	Dec	1200.0b	--	1210.0b
01/10/2023 09:00	CH Money Supply M1 YoY	Dec	4.60%	--	4.60%
01/10/2023 09:00	CH Money Supply M0 YoY	Dec	--	--	14.10%
01/10/2023 19:00	US NFIB Small Business Optimism	Dec	91.50	--	91.90
01/10/2023 23:00	US Wholesale Inventories MoM	Nov F	1.00%	--	1.00%

Source: Bloomberg

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