

Daily Treasury Outlook

11 January 2023

Highlights

Global: Global risk appetite remained fickle. The S&P500 bounced around before closing up 0.7% while UST bonds traded weaker with the 2-year bond yield closing up 4bps at 4.25% while the 10-year yield was also up 8bps to 3.62% as debt ceiling concerns start to surface. The US government is about US\$64b away from its US\$31.4t statutory borrowing limit and extraordinary measures may be invoked soon. US president Biden has already asked Treasury Secretary Yellen to stay on. Meanwhile, Fed chair Powell was non-committal, citing that “restoring price stability when inflation is high can require measures that are not popular in the short term as we raise rates to slow the economy”, while Bowman also warned “we have a lot more work to do” and the sufficiently restrictive federal funds rate “will need to remain at that level for some time in order to restore price stability”. The US’ NFIB small business optimism slipped from 91.9 in November to 89.8 in December, the second-lowest print since 2013, as firms anticipate sales and business conditions to deteriorate going ahead amid high inflation. Elsewhere, China’s aggregate financing fell from CNY1,987.4b to CNY1,310.0b in December amid likely Covid disruptions, while new Yuan loans rose from CNY1,213.6b to CNY1,400.0b.

Market watch: Asian markets may open slightly firmer today. Today’s economic data calendar comprises of Malaysia’s November industrial production and US’ MBA mortgage applications. ECB’s Holzmann, Villeroy, Rehn and de Cos are also speaking today.

MY: Malaysia’s Home Minister Saifuddin Nasution Ismail said that the government will waive industry quotas to speed up the hiring of foreign workers amid a labour crunch. He said that employers no longer need to comply with quota limits before hiring workers from 15 countries, adding that the exemption is limited to a year and is applicable only to new hires.

TH: Thailand Cabinet approved 3.35t Baht budget outlay for FY2024 (1 Oct 2023 – 30 Sep 2024), with a budget deficit of 593b Baht (3% of Thailand’s forecast GDP). The new budget is 5.2% higher than FY2023, as the government continues to maintain a budget deficit to support continued economic recovery and maintain investments to increase its competitiveness.

PH: BSP Governor signalled that the Philippine Central Bank will likely increase its benchmark rate by 25 or 50 basis points at its next meeting in February to rein in inflation expectations. He adds that the need for large policy adjustment has become unnecessary, following a downshift in the US Fed’s tightening pace and a weakening USD.

Oil: WTI and Brent closed up 0.7% and 0.6% yesterday at \$75.12/bbl and \$80.10/bbl respectively after US crude stockpiles rose by 14.9m barrels last week.

Key Market Movements

Equity	Value	% chg
S&P 500	3919.3	0.7%
DJIA	33704	0.6%
Nikkei 225	26176	0.8%
SH Comp	3169.5	-0.2%
STI	3262.9	-1.3%
Hang Seng	21331	-0.3%
KLCI	1485.1	-0.6%
	Value	% chg
DXY	103.236	0.2%
USDJPY	132.26	0.3%
EURUSD	1.0733	0.0%
GBPUSD	1.2154	-0.2%
USDIDR	15573	0.0%
USDSGD	1.3318	0.1%
SGDMYR	3.2873	0.2%
	Value	chg (bp)
2Y UST	4.25	3.95
10Y UST	3.62	8.67
2Y SGS	3.12	6.30
10Y SGS	2.91	1.10
3M LIBOR	4.78	-2.73
3M SIBOR	4.25	0.00
3M SOR	4.18	0.00
3M SORA	3.00	0.39
3M SOFR	3.78	1.41
	Value	% chg
Brent	80.1	0.6%
WTI	75.12	0.7%
Gold	1877	0.3%
Silver	23.60	-0.2%
Palladium	1784	0.2%
Copper	8912	0.6%
BCOM	108.65	-0.5%

Source: Bloomberg

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Major Markets

SG: Ministerial pay will likely be reviewed this year. The STI retreated 1.29% to close at 3262.91 yesterday but may stabilise today. SGD bond yields rose 1-6bps yesterday and may remain under pressure today.

ID: Indonesia's ruling party, PDI-P refrained from naming its candidate for the 2024 presidential elections. Its chairwoman, Megawati Soekarnoputri, was reportedly expected to name either her daughter, Puan Maharani, or a popular politician, Ganjar Pranowo as the party's nominee during its 50th anniversary celebrations yesterday. As it turned out, she refrained from doing so, saying that it is her prerogative to make the choice and decide when to announce it.

ESG Updates

SG: Singapore's food waste start-up UglyFood is closing down seven years after its launch, as it was not able to raise the funds required to maintain operating.

CN: Hong Kong is keen to find a way to link up with China's carbon trading market, but more work needs to be done to make that happen due to the complexity of the issue.

Bond Market Updates

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Market Commentary: The SGD SORA curve traded mostly lower yesterday, with shorter tenors trading 0-3bps higher, belly tenors trading 1-2bps lower, and 10Y which traded 2bps lower. UST 10Y yields rose by 9bps to 3.62% yesterday with investors looking to comments from Fed officials for fresh insights into the central bank's expectations for inflation and interest rate hikes. Uncertainty about whether the Fed will increase rates by 25 or 50bps at its next meeting later this month breeds among investors.

New issues:

Date	Issuer	Currency	Size (Mn)	Tenor (Yr)	Final Pricing	Initial Pricing
10/01/2023	Export-Import Bank of India (sustainability bond)	USD	1,000	10.0	T+190bps	T+220bps
10/01/2023	Macquarie Bank Ltd (Tier 2)	USD	1,000	10.0	T+320bps	T+350bps
10/01/2023	Mongolia Government International Bond	USD	450	5.0	8.95%	9.63%
10/01/2023	SK Hynix Inc	USD	750	3.0	T+240bps	T+280bps
10/01/2023	SK Hynix Inc (sustainability-linked bond)	USD	1,000	5.0	T+275bps	T+315bps
10/01/2023	SK Hynix Inc (green bond)	USD	750	10.0	T+310bps	T+360bps

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Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXV	103.236	0.23%	USD-SGD	1.3318	0.10%
USD-JPY	132.260	0.29%	EUR-SGD	1.4294	0.11%
EUR-USD	1.073	0.03%	JPY-SGD	1.0071	-0.18%
AUD-USD	0.689	-0.33%	GBP-SGD	1.6184	-0.19%
GBP-USD	1.215	-0.25%	AUD-SGD	0.9176	-0.22%
USD-MYR	4.373	-0.02%	NZD-SGD	0.8483	0.07%
USD-CNY	6.780	0.11%	CHF-SGD	1.4428	-0.10%
USD-IDR	15573	0.03%	SGD-MYR	3.2873	0.17%
USD-VND	23451	-0.03%	SGD-CNY	5.0901	-0.03%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	1.8980	1.90%	O/N	4.3123	4.31%
2M	-0.3360	-0.34%	1M	4.4043	4.40%
3M	2.2700	2.25%	3M	4.7826	4.81%
6M	2.8090	2.81%	6M	5.1410	5.20%
9M	-0.1940	-0.20%	12M	5.4619	5.56%
12M	3.3280	3.33%			

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
02/01/2023	1.239	0.310	4.641
03/22/2023	1.995	0.499	4.830
05/03/2023	2.360	0.590	4.921
06/14/2023	2.397	0.599	4.930
07/26/2023	2.155	0.539	4.870
09/20/2023	1.765	0.441	4.773

Equity and Commodity

Index	Value	Net change
DJIA	33,704.10	186.45
S&P	3,919.25	27.16
Nasdaq	10,742.63	106.98
Nikkei 225	26,175.56	201.71
STI	3,262.91	-42.76
KLCI	1,485.13	-8.29
JCI	6,622.50	-65.77
Baltic Dry	1,139.00	9.00
VIX	20.58	-1.39

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.12 (+0.06)	4.24(-)
5Y	2.76 (+0.03)	3.73 (+0.06)
10Y	2.91 (+0.01)	3.6 (+0.09)
15Y	2.92 (+0.02)	--
20Y	2.58 (+0.02)	--
30Y	2.48 (+0.02)	3.74 (+0.09)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	275.80	(-)
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)	75.12	0.66%	Corn (per bushel)	6.550	0.3%
Brent (per barrel)	80.10	0.56%	Soybean (per bushel)	15.100	0.4%
Heating Oil (per gallon)	313.57	3.28%	Wheat (per bushel)	7.310	-1.4%
Gasoline (per gallon)	232.77	1.52%	Crude Palm Oil (MYR/MT)	38.870	-3.3%
Natural Gas (per MMBtu)	3.64	-6.93%	Rubber (JPY/KG)	2.107	0.3%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8912.00	0.59%	Gold (per oz)	1877.0	0.3%
Nickel (per mt)	27466.00	0.12%	Silver (per oz)	23.6	-0.2%

Economic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
01/11/2023 07:00	SK	Unemployment rate SA	Dec	3.00%	3.30%	2.90%	--
01/11/2023 08:00	NZ	ANZ Commodity Price MoM	Dec	--	--	-3.90%	--
01/11/2023 08:30	AU	Retail Sales MoM	Nov	0.60%	--	-0.20%	--
01/11/2023 08:30	AU	Job Vacancies QoQ	Nov	--	--	-2.10%	--
01/11/2023 08:30	AU	CPI YoY	Nov	7.20%	--	6.90%	--
01/11/2023 08:30	AU	CPI Trimmed Mean YoY	Nov	5.50%	--	5.30%	--
01/11/2023 09:00	CH	FDI YTD YoY CNY	Dec	--	--	9.90%	--
01/11/2023 10:00	VN	Domestic Vehicle Sales YoY	Dec	--	--	-14.40%	--
01/11/2023 12:00	MA	Industrial Production YoY	Nov	2.90%	--	4.60%	--
01/11/2023 12:00	MA	Manufacturing Sales Value YoY	Nov	--	--	12.90%	--
01/11/2023 12:00	SK	Bloomberg Jan. South Korea Economic Survey	Jan	--	--	--	--
01/11/2023 13:00	JN	Leading Index CI	Nov P	97.60	--	98.60	--
01/11/2023 13:00	JN	Coincident Index	Nov P	99.10	--	99.60	--
01/11/2023 20:00	US	MBA Mortgage Applications	Jan-06	--	--	-10.30%	--

Source: Bloomberg

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