

Daily Treasury Outlook

12 January 2023

Highlights

Global: Market hopes of easing US inflation print later tonight runs high.

The S&P500 rallied 1.28%, led by tech stocks, while UST bonds also gained overnight, with the 10-year yield down 8bps to 3.54%. The US\$32b 10-year bond re-opening fetched 3.575% with a 2.53x bid-cover ratio. Fed's Collins (non-voter) is also favouring a 25bps rate hike at the next FOMC meeting as "adjusting slowly gives more time to assess the incoming data before we make each decision, as we get close to where we're going to hold" and "smaller changes give us more flexibility". Meanwhile, BOJ officials are said to review the side effects of its ultra-loose policy according to Yomiuri Shimbun Japanese newspaper publisher. Elsewhere, some 10,000 UK civil servants plan to strike on 1 February over pay.

Market watch: Asian markets may also open a tad firmer, tracking the US market action amid rising hopes that easing US inflation will prompt the Fed to taper its pace of tightening further. Main market focus today will be on US' December headline and core CPI which are tipped at 6.5% YoY (-0.1% MoM) and 5.7% YoY (0.3% MoM) respectively, as well as China's CPI/PPI. The economic data calendar also comprises of US' initial jobless claims, India's CPI, and Thailand's consumer confidence. Fed's Harker, Bullard, Barkin and BOE's Mann are also speaking later.

PH: Finance Secretary Benjamin Diokno revealed that Philippines' fourth quarter GDP will likely grew by at least 7.5%. He further opined that Philippines central bank has room for transition to smaller rate hikes and its terminal rate will not deviate far away from the current 5.5%.

MY: Malaysia's wholesale and retail trade sales expanded 13.9% YoY to RM133.9b in November 2022, mainly boosted by the growth in the retail trade sub-sector, according to the Department of Statistics Malaysia (DOSM). Indeed, sub-sector retail sales rose 22.8% YoY, to a record RM58.7b (US\$13.4 billion) as inflation starts to slow. Malaysia's headline inflation stays at 4% in November after cooling a month earlier.

Oil: WTI and Brent rose 3.0% and 3.2% respectively yesterday, to close at US\$77.41/bbl and US\$82.67/bbl respectively. Crude Oil prices extended its growth on China's recent quota for crude imports.

Key Market Movements

Equity	Value	% chg
S&P 500	3969.6	1.3%
DJIA	33973	0.8%
Nikkei 225	26446	1.0%
SH Comp	3161.8	-0.2%
STI	3271.5	0.3%
Hang Seng	21436	0.5%
KLCI	1487.9	0.2%
	Value	% chg
DX	103.188	0.0%
USDJPY	132.45	0.1%
EURUSD	1.0757	0.2%
GBPUSD	1.2146	-0.1%
USDIDR	15483	-0.6%
USDSGD	1.3312	0.0%
SGDMYR	3.2832	-0.1%
	Value	chg (bp)
2Y UST	4.22	-2.93
10Y UST	3.54	-7.96
2Y SGS	3.11	-1.20
10Y SGS	2.86	-4.50
3M LIBOR	4.81	2.33
3M SIBOR	4.25	0.00
3M SOR	4.24	0.00
3M SORA	3.01	0.55
3M SOFR	3.79	1.42
	Value	% chg
Brent	82.67	3.2%
WTI	77.41	3.0%
Gold	1876	-0.1%
Silver	23.42	-0.8%
Palladium	1780	-0.2%
Copper	9125	2.4%
BCOM	109.67	0.9%

Source: Bloomberg

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Major Markets

SG: Housing affordability and cost of living issues are top concerns in a YouGov poll. The STI added 0.26% to close at 3,271.51 yesterday and may extend gains today, given the tilt towards risk on sentiments. With UST bond yields closing lower by 3-8bps led by the rally in the longer tenors, SGS bonds may mimic the performance today. There is a S\$5b 6-month T-bill auction on 18 January.

ID: The US electric-vehicle maker Tesla is reported to have nearing a preliminary deal to set up a factory in Indonesia, with a capacity of one million cars production per year, as reported by Bloomberg. The discussion covers plans for multiple facilities serving several functions, including production and supply chain. Previously in 2022, Tesla has signed a contract worth about US\$5b for nickel-supply agreement with Indonesia.

ESG Updates

CN: China electric vehicle (EV) battery manufacturers dominated the global market in 2022, with six companies amongst the top 10 players.

Rest of world: Japan's Ministry of Finance is considering issuing ¥1.6t of green transition bonds in the second half of next fiscal year from April, with an eye of those with maturity of 10 years and 20 years.

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Bond Market Updates

Market Commentary: The SGD SORA curve traded mostly lower yesterday, with shorter tenors trading 5bps lower, belly tenors trading 4-5bps lower, and 10Y which traded 2bps lower. UST 10Y yields dipped by 8bps to 3.54% yesterday as Federal Reserve Bank of Boston President, Susan Collins, showed her support toward a quarter-point interest rate hike at the central bank's next meeting ending 1 February as officials near a peak in borrowing costs.

New issues:

Date	Issuer	Type	Currency	Size (Mn)	Tenor (Yr)	Final Pricing	Initial Pricing
11-Jan-23	GDS Holdings Ltd	-	USD	580	7.0	4.50%	-
11-Jan-23	Industrial & Commercial Bank of China Ltd/Dubai DIFC	Green & Sustainability Bond	USD	600	3.0	SOFR+93bps	SOFR+140bps
11-Jan-23	Industrial & Commercial Bank of China Ltd/Hong Kong	Green & Sustainability Bond	USD	900	3.0	T+61bps	T+110bps
11-Jan-23	Rakuten Group Inc	-	USD	450	1.9	10.25%	-

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Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	103.188	-0.05%	USD-SGD	1.3312	-0.05%
USD-JPY	132.450	0.14%	EUR-SGD	1.4320	0.18%
EUR-USD	1.076	0.22%	JPY-SGD	1.0048	-0.23%
AUD-USD	0.690	0.22%	GBP-SGD	1.6170	-0.09%
GBP-USD	1.215	-0.07%	AUD-SGD	0.9192	0.17%
USD-MYR	4.370	-0.05%	NZD-SGD	0.8472	-0.13%
USD-CNY	6.765	-0.21%	CHF-SGD	1.4293	-0.94%
USD-IDR	15483	-0.58%	SGD-MYR	3.2832	-0.12%
USD-VND	23448	-0.01%	SGD-CNY	5.0809	-0.18%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	1.9350	1.90%	O/N	4.3087	4.31%
2M	-0.3360	-0.34%	1M	4.4299	4.40%
3M	2.2840	2.27%	3M	4.8059	4.78%
6M	2.8200	2.81%	6M	5.1419	5.14%
9M	-0.1940	-0.20%	12M	5.4337	5.46%
12M	3.3380	3.33%			

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
02/01/2023	1.252	0.313	4.644
03/22/2023	2.015	0.504	4.835
05/03/2023	2.380	0.595	4.926
06/14/2023	2.443	0.611	4.942
07/26/2023	2.215	0.554	4.885
09/20/2023	1.840	0.460	4.791

Equity and Commodity

Index	Value	Net change
DJIA	33,973.01	268.91
S&P	3,969.61	50.36
Nasdaq	10,931.67	189.04
Nikkei 225	26,446.00	270.44
STI	3,271.51	8.60
KLCI	1,487.87	2.74
JCI	6,584.45	-38.05
Baltic Dry	1,096.00	-43.00
VIX	21.09	0.51

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.11 (-0.01)	4.22(-)
5Y	2.75 (-0.02)	3.66 (-0.07)
10Y	2.86 (-0.04)	3.55 (-0.08)
15Y	2.87 (-0.05)	--
20Y	2.58 (-0.01)	--
30Y	2.48 (-)	3.68 (-0.08)

Financial Spread (bps)

Value	Change	
EURIBOR-OIS	277.20	(-)
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)	77.41	3.05%	Corn (per bushel)	6.560	0.2%
Brent (per barrel)	82.67	3.21%	Soybean (per bushel)	15.150	0.3%
Heating Oil (per gallon)	321.79	2.62%	Wheat (per bushel)	7.400	1.2%
Gasoline (per gallon)	243.45	4.59%	Crude Palm Oil (MYR/MT)	38.230	-1.6%
Natural Gas (per MMBtu)	3.67	0.88%	Rubber (JPY/KG)	2.119	0.6%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9124.50	2.38%	Gold (per oz)	1875.7	-0.1%
Nickel (per mt)	27039.00	-1.55%	Silver (per oz)	23.4	-0.8%

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
01/12/2023 05:45	NZ Building Permits MoM	Nov	--	7.00%	-10.70%
01/12/2023 07:50	JN BoP Current Account Balance	Nov	¥481.0b	¥1803.6b	-¥64.1b
01/12/2023 07:50	JN Trade Balance BoP Basis	Nov	-¥1620.0b	-¥1537.8b	-¥1875.4b
01/12/2023 08:30	AU Trade Balance	Nov	A\$11300m	--	A\$12217m
01/12/2023 09:30	CH CPI YoY	Dec	1.80%	--	1.60%
01/12/2023 09:30	CH PPI YoY	Dec	-0.10%	--	-1.30%
01/12/2023 16:00	GE Current Account Balance	Nov	--	--	5.9b
01/12/2023 20:00	IN Industrial Production YoY	Nov	2.80%	--	-4.00%
01/12/2023 20:00	IN CPI YoY	Dec	5.90%	--	5.88%
01/12/2023 21:30	US Initial Jobless Claims	Jan-07	215k	--	204k
01/12/2023 21:30	US CPI MoM	Dec	-0.10%	--	0.10%
01/12/2023 21:30	US CPI YoY	Dec	6.50%	--	7.10%
01/12/2023 21:30	US CPI Ex Food and Energy MoM	Dec	0.30%	--	0.20%
01/12/2023 21:30	US Continuing Claims	Dec-31	1710k	--	1694k
01/12/2023 21:30	US CPI Ex Food and Energy YoY	Dec	5.70%	--	6.00%
01/12/2023 21:30	US CPI Core Index SA	Dec	300.75	--	300.07

Source: Bloomberg

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