

## Daily Treasury Outlook

17 January 2023

### Highlights

**Global:** With US markets closed for holiday yesterday, all eyes were on Europe. The Euro Stoxx 50 closed up 0.15%, while the WEF annual meeting kicked off in Davos. Bitcoin rose above US\$21,000 for the first time since November whilst commodities like oil, gold and iron ore slipped with the latter, responding to news that China's NDRC will crackdown on illegal activities. Meanwhile, US Treasury Secretary Yellen will hold her first face-to-face meeting with Chinese Vice Premier Liu He on 18 January in Zurich to discuss economic issues. Elsewhere, BOE governor Bailey testified to parliament that the risk premium from the Truss budget is gone for now, but it will take some time to convince people that we're back to normal. Separately, German Defence Minister Lambrecht has resigned, posing a setback to Chancellor Scholz's government.

**Market watch:** Asian markets are likely off to a subdued start, while awaiting China's data releases including its 4Q GDP growth estimates, retail sales, fixed assets investments, jobless rates and industrial production. Today's economic data calendar also comprises of UK's December jobless rates, Germany's CPI and ZEW survey, and US' Empire manufacturing. ECB's Centeno and Muller, and Fed's Williams are also speaking.

**CN:** China's property price softened further in December, led by the decline in tier-3 and tier-4 cities. 55 cities out of 70 major cities reported the MoM decline of prices for new launches while 63 cities reported the MoM decline of resale prices. 40 cities will be qualified for China's new mortgage rate pricing mechanism, which is likely to be lowered for the first-time buyers.

**SG:** December NODX slumped 20.6% YoY (-3.3% MoM sa), the worst plunge since February 2013 and was dragged down by electronics exports which fell by double-digit again by 17.9% YoY. The November NODX contraction was also revised lower to 14.7% YoY. Notably, NODX also fell for China (-31.8% YoY), Hong Kong (-34.6%), Indonesia (-35.4%) and Malaysia (-15.7%), reinforcing the global demand slowdown theme. The STI slipped 0.31% to end at 3,283.60 yesterday and may tread water today. SGS bond yields rose 2-5bps yesterday and may remain on the defensive for now. There is a S\$5b 6-month T-bill auction tomorrow.

**Oil:** No settlement for WTI due to a US public holiday, while Brent fell by 1.0% on Monday to close at US\$84.46/bbl.

### Key Market Movements

Equity	Value	% chg
S&P 500	3999.1	0.0%
DJIA	34303	0.0%
Nikkei 225	25822	-1.1%
SH Comp	3227.6	1.0%
STI	3283.6	-0.3%
Hang Seng	21747	0.0%
KLCI	1493.6	-0.1%
	Value	% chg
DX	102.204	0.0%
USDJPY	128.58	0.6%
EURUSD	1.0822	-0.1%
GBPUSD	1.2194	-0.3%
USIDR	15045	-0.7%
USDSGD	1.3212	0.2%
SGDMYR	3.2700	-0.3%
	Value	chg (bp)
2Y UST	4.23	0.00
10Y UST	3.50	0.00
2Y SGS	3.13	3.20
10Y SGS	2.83	2.80
3M LIBOR	4.79	-3.73
3M SIBOR	4.25	0.00
3M SOR	4.13	0.00
3M SORA	3.03	1.83
3M SOFR	3.82	0.00
	Value	% chg
Brent	84.46	-1.0%
WTI	79.86	0.0%
Gold	1916	-0.2%
Silver	24.25	0.0%
Palladium	1759	-1.9%
Copper	9105	-0.9%
BCOM	111.58	0.0%

Source: Bloomberg

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### Major Markets

**MY:** Malaysia PM Anwar Ibrahim commented that other options should be considered instead of allowing for further EPF withdrawals to help those impacted by Covid-19, adding that the future of EPF contributors should be considered first before they are allowed for another round of special withdrawals. The remark came after another request by a group of EPF contributors to consider another round of EPF withdrawals of up to MYR30,000.

**ID:** Indonesia's trade surplus slightly narrowed to US\$3.89b in December 2022 from US\$5.16b in the previous month – though it still marked the country's 32<sup>nd</sup> month of consecutive trade surplus. Export rose 6.58% YoY to US\$23.83b, lower than the revised US\$24.09b in the previous month, while imports fell 6.61% to US\$19.94b, the biggest growth decline since November 2020. Noting that net export has been one of the country's key sources of growth in the past two years, the narrowing trade surplus underlines the growing pressure the economy is facing this year amid global recession woes and declining commodity prices.

### ESG Updates

**ID:** Indonesia will limit the construction of nickel smelters to ensure that new plants produce high-value products and follow green principles during production.

**Rest of world:** England will ban some single-use plastic items from October, including single-use plastic trays and food containers, to reduce plastic waste and littering in the country.

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### Bond Market Updates

**Market Commentary:** The SGD SORA curve traded mostly higher yesterday, with shorter tenors trading 0-3bps higher, belly tenors trading 4-5bps higher, and 10Y which traded 3bps higher. UST 10Y yields remained unchanged at 3.50% yesterday due to Martin Luther King Jr. Day, a federal holiday in the US.

**New issues:** There were no new issues priced yesterday.

#### Mandates:

- Shanghai Jinmao Investment Management Group Co. Ltd. Has mandated banks for a potential offering of senior unsecured CNH-denominated fixed rate notes.
- Asahi Mutual Life Insurance Company has mandated banks for a potential offering of perpetual subordinated bonds.

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## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	102.204	0.00%	USD-SGD	1.3212	0.18%
USD-JPY	128.580	0.56%	EUR-SGD	1.4297	0.11%
EUR-USD	1.082	-0.07%	JPY-SGD	1.0278	-0.40%
AUD-USD	0.696	-0.19%	GBP-SGD	1.6110	-0.15%
GBP-USD	1.219	-0.27%	AUD-SGD	0.9190	-0.13%
USD-MYR	4.317	-0.40%	NZD-SGD	0.8433	0.18%
USD-CNY	6.738	0.56%	CHF-SGD	1.4264	0.20%
USD-IDR	15045	-0.69%	SGD-MYR	3.2700	-0.31%
USD-VND	23443	0.01%	SGD-CNY	5.0986	0.35%

## Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	1.9080	1.92%	O/N	4.3137	4.31%
2M	-0.3360	-0.34%	1M	4.4649	4.45%
3M	2.3280	2.29%	3M	4.7947	4.79%
6M	2.8760	2.82%	6M	5.1154	5.10%
9M	-0.1940	-0.20%	12M	5.3927	5.36%
12M	3.3150	3.33%			

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
02/01/2023	1.106	0.276	4.605
03/22/2023	1.935	0.484	4.813
05/03/2023	2.356	0.589	4.918
06/14/2023	2.406	0.601	4.930
07/26/2023	2.205	0.551	4.880
09/20/2023	1.855	0.464	4.793

## Equity and Commodity

Index	Value	Net change
DJIA	34,302.61	112.64
S&P	3,999.09	15.92
Nasdaq	11,079.16	78.06
Nikkei 225	25,822.32	-297.20
STI	3,283.60	-10.15
KLCI	1,493.56	-1.47
JCI	6,688.06	46.23
Baltic Dry	946.00	-30.00
VIX	19.49	1.14

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.13 (+0.03)	4.23(--)
5Y	2.77 (+0.04)	3.61(--)
10Y	2.83 (+0.03)	3.52(--)
15Y	2.81 (+0.03)	--
20Y	2.66 (+0.05)	--
30Y	2.55 (+0.04)	3.63(--)

## Financial Spread (bps)

	Value	Change
EURIBOR-OIS	281.60	(--)
TED	35.36	--

## Secured Overnight Fin. Rate

SOFR	4.30
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	79.86	1.88%	Corn (per bushel)	6.750	0.6%
Brent (per barrel)	84.46	-0.96%	Soybean (per bushel)	15.383	0.6%
Heating Oil (per gallon)	325.59	1.15%	Wheat (per bushel)	7.438	0.1%
Gasoline (per gallon)	253.28	2.32%	Crude Palm Oil (MYR/MT)	38.460	0.7%
Natural Gas (per MMBtu)	3.42	-7.47%	Rubber (JPY/KG)	2.050	0.0%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9104.50	-0.88%	Gold (per oz)	1916.0	-0.2%
Nickel (per mt)	27217.00	1.57%	Silver (per oz)	24.3	0.0%

## Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
01/17/2023 07:30	AU Westpac Consumer Conf SA MoM	Jan	--	5.00%	3.00%
01/17/2023 08:30	SI Non-oil Domestic Exports YoY	Dec	-16.00%	--	-14.60%
01/17/2023 10:00	CH GDP YoY	4Q	1.60%	--	3.90%
01/17/2023 10:00	CH Industrial Production YoY	Dec	0.10%	--	2.20%
01/17/2023 10:00	CH Retail Sales YoY	Dec	-9.00%	--	-5.90%
01/17/2023 12:30	JN Tertiary Industry Index MoM	Nov	0.10%	--	0.20%
01/17/2023 15:00	UK Jobless Claims Change	Dec	--	--	30.5k
01/17/2023 15:00	GE CPI YoY	Dec F	8.60%	--	8.60%
01/17/2023 15:00	UK ILO Unemployment Rate 3Mths	Nov	3.70%	--	3.70%
01/17/2023 15:00	GE CPI MoM	Dec F	-0.80%	--	-0.80%
01/17/2023 15:00	UK Claimant Count Rate	Dec	--	--	3.90%
01/17/2023 18:00	GE ZEW Survey Expectations	Jan	-15.00	--	-23.30
01/17/2023 18:00	GE ZEW Survey Current Situation	Jan	-57.00	--	-61.40
01/17/2023 21:30	CA CPI YoY	Dec	6.40%	--	6.80%
01/17/2023 21:30	CA CPI NSA MoM	Dec	-0.50%	--	0.10%
01/17/2023 21:30	US Empire Manufacturing	Jan	-8.60	--	-11.20

Source: Bloomberg

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