

Daily Treasury Outlook

5 March 2024

Highlights

Global: US stocks tumbled in a relatively quiet session on Monday, while gold and bitcoin both attempted new highs (trading above US\$2,100 and US\$68,000 respectively). Fed officials continued to signal patience on rate cuts ahead of Fed Chair Powell's semi-annual testimony to Congress and US nonfarm payroll due on Friday. Atlanta Fed President Bostic commented that it will likely be appropriate for two quarter-point rate cuts by the end of this year, though he highlighted the risk of inflation staying above the 2% target or higher from "pent-up exuberance". Once rate cuts start, he did not envision them being "back-to-back," with the pace depending on "how participants in the markets, business leaders and families respond". Meanwhile, his ECB counterpart Holzmann also warned against early rate cuts. He said the ECB members "have to wait, have to be attentive and cannot rush to a decision". Overnight, Fed rate cut expectations moved closer to pricing in three cuts now. UST yields rose across the curve, erasing much of Friday's decline. The dollar edged lower, though staying broadly within recent range. On data front, Eurozone's Sentix investor confidence surprised market slightly to the upside, at -10.5 in March (vs. estimate of -10.6). Meanwhile, Tokyo's inflation came hotter than expected in February, with CPI and core CPI (ex. fresh food) rising by 2.6% YoY and 2.5% YoY respectively (vs. estimate of 2.5%). South Korea's GDP growth rate came in as expected at 2.2% YoY in the final quarter last year, while full-year growth rate met expectation at 1.4%. This week the political calendar is also packed with a slew of potential market moving events, as more than a dozen US states will hold Republican and Democratic primaries. In China, National People's Congress will kick start today.

Market Watch: Asian markets may trade with a cautious tone today. The market will watch China's NPC, US' February ISM services, Eurozone's January PPI. BoJ's Ueda will speak today. Other key data releases coming out of Asia include Philippines' and Thailand's February CPI, China's February Caixin service PMI, as well as Singapore's January retail sales.

SG: The Ministry of Manpower approved (MoM) approved 4,200 applications for the Overseas Networks and Expertise (One) Pass during its first year of implementation, stated Minister Tan See Leng in Parliament on 4 March. The pass was introduced in January 2023 and seeks to facilitate the recruitment of individuals who "possess valuable networks, as well as deep skills and expertise". Applicants must earn a minimum salary of S\$30,000 per month to qualify and will be entitled to sponsoring dependents work in Singapore on a Letter of Consent. Minister Tan further shared that most One Pass holders are conversions from other existing passes instead of new applications but expects this ratio to shift in future. On markets, STI fell 0.4% to close at 3,122.2 despite gains in other indices in the region.

Key Market Movements

Equity	Value	% chg
S&P 500	5131.0	-0.1%
DJIA	38990	-0.2%
Nikkei 225	40109	0.5%
SH Comp	3039.3	0.4%
STI	3122.2	-0.4%
Hang Seng	16596	0.0%
KLCI	1539.3	0.1%
	Value	% chg
DXY	103.832	0.0%
USDJPY	150.53	0.3%
EURUSD	1.0856	0.2%
GBPUSD	1.2692	0.3%
USDIDR	15740	0.3%
USDSGD	1.3434	0.0%
SGDMYR	3.5157	-0.3%
	Value	chg (bp)
2Y UST	4.60	7.04
10Y UST	4.21	3.33
2Y SGS	3.37	-1.70
10Y SGS	3.07	-3.88
3M LIBOR	5.59	0.00
3M SIBOR	4.06	0.00
3M SORA	3.65	0.31
3M SOFR	5.35	-0.25
	Value	% chg
Brent	82.8	-0.9%
WTI	78.74	-1.5%
Gold	2114	1.5%
Silver	23.89	3.3%
Palladium	965	0.7%
Copper	8543	0.5%
BCOM	97.65	0.5%

Source: Bloomberg

Major Markets

ID: The Ministry of Finance and the National Food Agency, Bappenas, are considering establishing an emergency response fund program to ensure stable food supplies and prices. The fund would be used to support the National Logistics Agency, Bulog, and state-owned food holding firm, ID Food, in building food reserves. The two companies are currently receiving financing from the state-owned banks, which will also provide interest subsidies and collateral if needed, as reported by Tempo citing Director General of Budget at the MoF, Isa Rachmatarwata. The plan is aimed at curbing food price inflation and ensuring the availability of food during Ramadan and Eid al-Fitr.

MY: Four Memoranda of Understanding (MoUs) were formalized in Melbourne during PM Anwar Ibrahim visit to Australia on Monday. Two new MoUs were established between Malaysia and Australia, focusing on cooperation in science and technology for the implementation of the Comprehensive Nuclear-Test Ban Treaty (CTBT), as well as cyber security and critical technology. Specifically, The MoU on the CTBT will facilitate data sharing, capacity building, and nuclear non-proliferation efforts between Malaysia and Australia, as reported by the Edge. The other two MoUs signed covers cooperation in sports and higher education.

TH: An official in Thailand has renewed calls for the Bank of Thailand (BOT) to undergo an early rate cut. Prommin Lertsuridej, the secretary-general to PM Srettha Thavisin, said the lowering of policy rates “can help tackle household debt and boost export value if the baht weakens as a result”. On the digital wallet programme, he added that the Thai government “still aims to roll out the programme in May, although there is scope for some possible delays”, as reported by Bloomberg.

ESG Updates

SG: The Singapore-based units of ExxonMobil Asia Pacific Pte. Ltd. and Shell Singapore Pte. Ltd. have formed the S-Hub consortium to work with the Singapore Economic Development Board as lead developers for a carbon capture and storage (CCS) project to reduce the country's emissions. The CCS project aims to capture and permanently store at least 2.5 million tons of CO2 emissions deep underground or under the seabed annually by 2030.

EU: EU countries are negotiating exemptions for a proposed EU-wide tax on polluting aviation fuel for islands, a move that could benefit countries such as Ireland, Cyprus, Spain and Greece. These countries are negotiating for softer rules as island territories are reliant on aviation and shipping for transport and trade. Based on a compromise proposal, islands would be exempted from the jet fuel tax until 2032. For other countries, a minimum EU tax rate would apply from 2028 and gradually increase, while EU member states would have the option to introduce their own national levies immediately after the policy is adopted.

Credit Market Updates

Market Commentary: The SGD SORA curve traded lower yesterday, with short tenors trading 3-4bps lower, belly tenors trading 3bps lower and 10Y trading 3bps lower. According to Bloomberg, China's lenders have approved more than CNY200bn (USD28bn) of bank loans for property projects. Chinese commercial banks had approved that amount as of 28 February, an increase from about CNY29bn as of 20 February. About 6,000 projects are now included on a list that make them eligible for housing support. Yesterday, Bloomberg Asia USD Investment Grade spreads remained flat at 93bps while the Asia USD High Yield spreads tightened by 8bps to 590bps, per Bloomberg.

New Issues:

- There were no notable bond issuances in the Singdollar market yesterday.
- There were two notable bond issuances in the Asiadollar market yesterday. Commonwealth Bank of Australia (CBAAU) priced a USD1.25bn 10Y fixed with final pricing of T+162bps. Adani Green Energy Ltd priced a USD409mn 18Y/12.7Y (Door to Door / Wgt Avg) Fixed Senior Secured Notes with final pricing of 6.7%.

Mandates:

- There are no Asiadollar mandates for today.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	103.832	-0.03%	USD-SGD	1.3434	-0.04%
USD-JPY	150.530	0.27%	EUR-SGD	1.4584	0.11%
EUR-USD	1.086	0.18%	JPY-SGD	0.8924	-0.29%
AUD-USD	0.651	-0.26%	GBP-SGD	1.7050	0.25%
GBP-USD	1.269	0.29%	AUD-SGD	0.8745	-0.31%
USD-MYR	4.723	-0.50%	NZD-SGD	0.8188	-0.22%
USD-CNY	7.199	0.03%	CHF-SGD	1.5181	-0.22%
USD-IDR	15740	0.25%	SGD-MYR	3.5157	-0.25%
USD-VND	24675	0.15%	SGD-CNY	5.3589	0.07%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8170	-1.24%	1M	5.3228	-0.01%
3M	3.9380	0.03%	2M	5.3306	0.01%
6M	3.9120	0.10%	3M	5.3289	0.00%
12M	3.7440	-0.13%	6M	5.2585	-0.07%
			1Y	5.0415	-0.12%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/20/2024	-0.023	-0.006	5.323
05/01/2024	-0.209	-0.052	5.276
06/12/2024	-0.783	-0.196	5.133
07/31/2024	-1.323	-0.331	4.998
09/18/2024	-2.073	-0.518	4.810
11/07/2024	-2.647	-0.662	4.667
12/18/2024	-3.350	-0.837	4.491
01/29/2025	-3.913	-0.978	4.350
0	0.000	0.000	0.000

Equity and Commodity

Index	Value	Net change
DJIA	38,989.83	-97.55
S&P	5,130.95	-6.13
Nasdaq	16,207.51	-67.43
Nikkei 225	40,109.23	198.41
STI	3,122.21	-13.55
KLCI	1,539.27	1.25
JCI	7,276.75	-35.16
Baltic Dry	2,203.00	92.00
VIX	13.49	0.38

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.37 (-0.02)	4.6(--)
5Y	3.01 (-0.04)	4.2 (+0.05)
10Y	3.07 (-0.04)	4.21 (+0.03)
15Y	3.08 (-0.03)	--
20Y	3.04 (-0.03)	--
30Y	2.99 (-0.01)	4.35 (+0.03)

Financial Spread (bps)

Value	Change
EURIBOR-OIS	#N/A N/A
TED	35.36

Secured Overnight Fin. Rate

SOFR	5.31
------	------

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	78.74	-1.54%	Corn (per bushel)	4.175	1.3%
Brent (per barrel)	82.80	-0.90%	Soybean (per bushel)	11.470	0.3%
Heating Oil (per gallon)	264.72	-2.11%	Wheat (per bushel)	5.635	0.6%
Gasoline (per gallon)	258.57	-1.10%	Crude Palm Oil (MYR/MT)	40.170	-0.2%
Natural Gas (per MMBtu)	1.92	4.41%	Rubber (JPY/KG)	243.200	-0.1%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8542.50	0.46%	Gold (per oz)	2114.5	1.5%
Nickel (per mt)	17945.00	1.60%	Silver (per oz)	23.9	3.3%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Event	Survey	Actual	Prior	Revised
03/05/2024 07:00	SK GDP YoY	4Q P	2.20%	2.20%	2.20%
03/05/2024 07:00	SK GDP SA QoQ	4Q P	0.60%	0.60%	0.60%
03/05/2024 07:30	JN Tokyo CPI Ex-Fresh Food YoY	Feb	2.50%	2.50%	1.60%
03/05/2024 07:30	JN Tokyo CPI YoY	Feb	2.50%	2.60%	1.60%
03/05/2024 08:30	AU BoP Current Account Balance	4Q	A\$5.0b	--	-A\$0.2b
03/05/2024 09:00	PH CPI YoY 2018=100	Feb	3.00%	--	2.80%
03/05/2024 09:45	CH Caixin China PMI Services	Feb	52.9	--	52.7
03/05/2024 11:30	TH CPI YoY	Feb	-0.80%	--	-1.11%
03/05/2024 13:00	SI Retail Sales YoY	Jan	7.10%	--	-0.40%
03/05/2024 16:55	GE HCOB Germany Services PMI	Feb F	48.2	--	48.2
03/05/2024 17:00	EC HCOB Eurozone Composite PMI	Feb F	48.9	--	48.9
03/05/2024 17:30	UK S&P Global UK Services PMI	Feb F	54.3	--	54.3
03/05/2024 23:00	US Durable Goods Orders	Jan F	-6.10%	--	-6.10%
03/05/2024 23:00	US Factory Orders	Jan	-3.00%	--	0.20%
03/05/2024 23:00	US ISM Services Index	Feb	53	--	53.4
03/05/2024 23:00	US Durables Ex Transportation	Jan F	-0.30%	--	-0.30%

Source: Bloomberg

Macro Research

Selena Ling
Head of Strategy & Research
LingSSSelena@ocbc.com

Herbert Wong
Hong Kong & Macau
HerberthtWong@ocbc.com

Jonathan Ng
ASEAN Economist
JonathanNg4@ocbc.com

Tommy Xie Dongming
Head of Greater China Research
XieD@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
LavanyaVenkateswaran@ocbc.com

Ong Shu Yi
ESG Analyst
ShuyiOng1@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau
Cindyckung@ocbcwh.com

Ahmad A Enver
ASEAN Economist
Ahmad.Enver@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Rates Strategist
FrancesCheung@ocbc.com

Christopher Wong
FX Strategist
ChristopherWong@ocbc.com

Credit Research

Andrew Wong
Credit Research Analyst
WongVKAM@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
EzienHoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
WongHongWei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
MengTeeChin@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.: 193200032W