

Daily Treasury Outlook

5 April 2024

Highlights

Global: US stocks dropped overnight as benchmark indices closed notably lower (S&P 500: -1.2%, Dow Jones and Nasdaq -1.4% each), ahead of Friday's labour market data and escalating geopolitical tensions. The risk-off sentiment was also reflected in falling UST yields, with the 10yr yield currently hovering around 4.3%. Minneapolis Fed Chief Neel Kashkari opined that the Fed may not cut rates at all this year if inflation is "moving sideways," while Cleveland Fed Loretta Mester commented that central banks may be nearing the confidence level it needs to start easing but adding that "need to see more evidence that confirms" inflation is moving down. In terms of data, the initial jobless claims rose to 221k for the week ending Mar 30, slightly above consensus expectations and the highest reading since late January. Meanwhile, continuing claims fell to 1.79mn for the week ending March 23 from 1.81. The non-farm payroll print is expected to ease to 214k in March from 275k in February, while the unemployment rate is expected to ease slightly to 3.8%.

Market Watch: Asian markets may tread water today as traders await US payroll data for further clues on labour market conditions. Elsewhere, Thailand and Philippines CPI will be released, along with Singapore's retail sales for February and Indonesia's March foreign reserves. On central banks, the Reserve Bank of India (RBI) will announce its monetary policy decision, where we expect the repurchase rate to hold steady at 6.50%.

SG: February retail sales likely rose 2.1% YoY (2.8% MoM sa), accelerating from January's 1.3% YoY (-0.7% MoM sa) due to the Lunar New Year festive holiday spending. STI gained 0.4% to end at 3,235.0 by market close.

Oil: WTI and Brent increased by more than 1.4% to settle at USD86.6/bbl and USD90.7/bbl respectively on Thursday. The main driver for the increase was due to signs of escalating geopolitical tensions. Israeli PM Benjamin Netanyahu, in a security cabinet meeting, said that Israel will "operate against Iran and its proxies and will hurt those who seek to harm it", as reported by Bloomberg. Meanwhile, Israeli embassies have also been placed on high alert due to increasing threats on its diplomats around the world. Heightened geopolitical tensions as well as supply tightness will keep sentiment in the oil market supported during Asian trading hours.

Key Market Movements

Equity	Value	% chg
S&P 500	5147.2	-1.2%
DJIA	38597	-1.4%
Nikkei 225	39773	0.8%
SH Comp	3069.3	0.0%
STI	3235.0	0.4%
Hang Seng	16725	0.0%
KLCI	1553.2	1.1%
	Value	% chg
DXY	104.121	-0.1%
USDJPY	151.34	-0.2%
EURUSD	1.0837	0.0%
GBPUSD	1.2642	-0.1%
USDIDR	15893	-0.2%
USDSGD	1.3485	0.0%
SGDMYR	3.5190	0.1%
	Value	chg (bp)
2Y UST	4.65	-2.49
10Y UST	4.31	-3.78
2Y SGS	3.48	-0.20
10Y SGS	3.24	2.71
3M SORA	3.68	-0.34
3M SOFR	5.35	0.00
	Value	% chg
Brent	90.65	1.5%
WTI	86.59	1.4%
Gold	2291	-0.4%
Silver	26.91	-1.0%
Palladium	1023	0.2%
Copper	9359	1.0%
BCOM	102.26	0.3%

Source: Bloomberg

Major Markets

MY & ID: Malaysia and Indonesia are committed to enhancing defence cooperation, as affirmed during the visit of Indonesia's President-elect and Defence Minister, Prabowo Subianto, to Defence Minister Datuk Seri Mohamed Khaled Nordin in Kuala Lumpur. Mohamed Khaled praised Prabowo's expertise and contributions to defence, expecting them to enhance regional stability. Both ministers expressed confidence that their collaboration would advance existing and future defence activities. This visit marks Prabowo's third overseas trip since being announced as the official winner of the February 2024 presidential election, following visits to China and Japan earlier this week.

TH: The Oil Fuel Fund Office could extend the diesel price subsidy, which is set to expire on 19 April, as reported by Thansettakij newspaper. The report also revealed that the price subsidy would increase by 9.6% to around THB4.57/litre. This measure would lead to an extension of the diesel cap (THB30/litre) that has kept inflation low over the last few months.

PH: The Philippines government has revised lower its economic growth targets and widened its fiscal deficit projections for 2024. Economic Planning Secretary Arsenio Balisacan shared that the country is projected to grow between 6-7% (previous: 6.5-7.5%) in 2024. Meanwhile, the economic growth target for 2025 was narrowed to 6.5-7.5% (previous: 6.5-8%). Secretary Arsenio attributed the impact of elevated policy rates as one of the reasons for "the lower performance last year... and expectedly lower performance this year", as reported by Bloomberg. On fiscal deficit, the fiscal deficit projections have been widened to 5.6% and 5.2% of GDP for 2024 and 2025 versus 5.1% and 4.1% previously.

ESG Updates

MY: Petronas has signed a joint study agreement with Japanese power generation company JERA to evaluate the separation and capture of carbon dioxide emitted by JERA in Japan, for cross-border transportation and CO2 storage in Malaysia. This study can strengthen the carbon capture and storage value chain in Asia and enhance decarbonisation efforts.

Credit Market Updates

Market Commentary: The SGD SORA curve traded mixed yesterday, with short tenors trading from -1bps lower to 1bps higher, belly tenors trading 1bps higher and 10Y trading 2bps higher. The foreign currency bond sales of Indian companies outpaced offshore loans for the first time since 2021 according to Bloomberg as capital markets borrowings got cheaper than bank lending. Indian companies raised USD4.7bn via bonds versus USD2bn through loans in the first three months of 2024. Adani Green Energy Limited and Shriram Finance Limited were among the top bond issuers last quarter. Conversely, local currency bond sales in Thailand fell 24% y/y in 1Q2024 according to the Thai Bond Market Association due to issuer expectations of rate cuts and ample liquidity. Finally, global green bond and sustainability bond sales had a record quarter in 1Q2024 with USD187.7bn and USD64.3bn issued according to Bloomberg. Driving green bond sales, which remain the largest bond type within the green, social, sustainability and sustainability-linked (“GSSSL”) credit market, are governments with sovereigns accounting for 40% of 1Q2024 green bond sales. Bloomberg Asia USD Investment Grade spreads widened by 2bps to 85bps while Asia USD High Yield spreads widened by 5bps to 596bps, respectively. (Bloomberg, OCBC)

New Issues:

There were no notable bond issuances in the Asiadollar market yesterday. There was one notable bond issuance in the Singdollar market yesterday.

- **QNB Finance Ltd** priced a SGD16.5mn retap of QNBK 4.08% '25s.

Mandates:

- There are no Asiadollar mandates today.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	104.121	-0.12%	USD-SGD	1.3485	0.03%
USD-JPY	151.340	-0.24%	EUR-SGD	1.4614	0.03%
EUR-USD	1.084	0.01%	JPY-SGD	0.8910	0.26%
AUD-USD	0.659	0.35%	GBP-SGD	1.7048	-0.06%
GBP-USD	1.264	-0.08%	AUD-SGD	0.8883	0.36%
USD-MYR	4.740	-0.33%	NZD-SGD	0.8124	0.27%
USD-CNY	7.233	0.01%	CHF-SGD	1.4959	0.18%
USD-IDR	15893	-0.17%	SGD-MYR	3.5190	0.05%
USD-VND	24946	-0.20%	SGD-CNY	5.3715	0.09%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8520	-0.08%	1M	5.3170	0.02%
3M	3.8570	-0.67%	2M	5.3176	0.02%
6M	3.8220	-0.52%	3M	5.2859	0.05%
12M	3.6480	-0.44%	6M	5.2091	0.08%
			1Y	5.0175	0.12%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/20/2024	-0.008	-0.002	5.327
05/01/2024	-0.119	-0.030	5.297
06/12/2024	-0.722	-0.181	5.146
07/31/2024	-1.155	-0.289	5.038
09/18/2024	-1.837	-0.459	4.867
11/07/2024	-2.249	-0.562	4.764
12/18/2024	-2.924	-0.731	4.595
01/29/2025	-3.355	-0.839	4.488

Equity and Commodity

Index	Value	Net change
DJIA	38,596.98	-530.16
S&P	5,147.21	-64.28
Nasdaq	16,049.08	-228.38
Nikkei 225	39,773.14	321.29
STI	3,235.01	12.35
KLCI	1,553.24	16.23
JCI	7,254.40	87.56
Baltic Dry	1,711.00	-3.00
VIX	16.35	2.02

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.48 (--)	4.65 (--)
5Y	3.15 (+0.02)	4.3 (-0.03)
10Y	3.24 (+0.03)	4.31 (-0.04)
15Y	3.22 (+0.04)	--
20Y	3.17 (+0.03)	--
30Y	3.13 (+0.03)	4.47 (-0.03)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	5.32
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	86.59	1.36%	Corn (per bushel)	4.353	0.8%
Brent (per barrel)	90.65	1.45%	Soybean (per bushel)	11.800	-0.2%
Heating Oil (per gallon)	274.13	0.33%	Wheat (per bushel)	5.563	0.0%
Gasoline (per gallon)	279.42	1.21%	Crude Palm Oil (MYR/MT)	45.770	0.0%
Natural Gas (per MMBtu)	1.77	-3.64%	Rubber (JPY/KG)	336.600	0.0%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9359.00	1.04%	Gold (per oz)	2290.9	-0.4%
Nickel (per mt)	17711.00	2.15%	Silver (per oz)	26.9	-1.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Event	Survey	Actual	Prior	Revised
04/05/2024 07:00	SK BoP Current Account Balance	Feb	--	\$6858.3m	\$3045.7m --
04/05/2024 08:30	AU Trade Balance	Feb	A\$10500m	--	A\$11027m --
04/05/2024 08:30	HK S&P Global Hong Kong PMI	Mar	--	49.7	--
04/05/2024 09:00	PH CPI YoY 2018=100	Mar	3.80%	--	3.40% --
04/05/2024 11:00	ID Foreign Reserves	Mar	--	--	\$144.00b --
04/05/2024 11:30	TH CPI YoY	Mar	-0.40%	--	-0.77% --
04/05/2024 11:30	TH CPI Core YoY	Mar	0.40%	--	0.43% --
04/05/2024 12:30	IN RBI Repurchase Rate	Apr-05	6.50%	--	6.50% --
04/05/2024 13:00	SI Retail Sales YoY	Feb	1.90%	--	1.30% --
04/05/2024 14:00	GE Factory Orders MoM	Feb	0.70%	--	-11.30% --
04/05/2024 15:30	TH Gross International Reserves	Mar-29	--	--	\$223.6b --
04/05/2024 16:30	UK S&P Global UK Construction PMI	Mar	49.9	--	49.7 --
04/05/2024 20:30	US Change in Nonfarm Payrolls	Mar	214k	--	275k --
04/05/2024 20:30	CA Unemployment Rate	Mar	5.90%	--	5.80% --
04/05/2024 20:30	US Unemployment Rate	Mar	3.80%	--	3.90% --
04/05/2024 20:30	CA Net Change in Employment	Mar	25.0k	--	40.7k --

Source: Bloomberg

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