

Daily Treasury Outlook

8 April 2024

Highlights

Global: Another blockbuster US labour market report. Nonfarm payrolls printed at a higher-than-expected 303k, exceeding market expectations for the fifth straight month and far surpassing the 214k consensus forecast. The two-month net revision was also +22k, and the unemployment rate fell from 3.9% to 3.8% as anticipated. The average weekly earnings rose 0.3% MoM (4.1% YoY) in line with expectations while the average hours worked unexpectedly increased to 34.4 hours. The S&P500 rallied 1.11% on Friday while the 10-year UST bond yield surged 9bps to 4.40%. Fed's Barkin opined that the reduction in inflation has been an unbalanced mix while the job market is very strong, while Bowman suggested that "we are still not yet at the point" to justify cutting interest rates and "I continue to see a number of upside risks to inflation". Elsewhere, US Treasury Secretary Yellen's visit to China, marking her second visit in nine months, saw her argue for balanced growth - she met with Premier Li Qiang yesterday and will meet with PBoC governor Pang Gong Sheng today.

Market Watch: Asian markets are likely to open firmer this morning, while waiting for the BSP policy decision (likely unchanged). Today's economic data calendar comprises of Malaysia's February industrial production, Japan's Eco Watchers survey, Germany's industrial production and trade, Eurozone's Sentix investor confidence. ECB's Stournaras, BOE's Breeden, and Fed's Goolsbee are also speaking today. For the week ahead, keep an eye on US' March CPI on Wednesday (with core CPI tipped to rise 0.3% MoM, down from 0.4% in February), China's CPI, PPI and trade data are also due, as well as UK's February GDP on Friday. On the central bank front, BOC is likely to keep its policy rate steady at 5% on Wednesday, but revise its growth forecast higher, while the RBNZ and BOT are also set to stay on hold at 5.5% and 2.5% respectively, followed by the ECB (likely on hold but setting the stage for a summer rate cut) and FOMC minutes on Thursday, as well as the MAS MPC (likely no change to S\$NEER settings) and BOK (also static at 3.5%) on Friday. Meanwhile, former Fed chair Bernanke is due to review the BOE forecasting errors on Friday. US earnings season also kick off with JPMorgan, Wells Fargo, Citigroup on Friday.

SG: 1Q24 GDP growth due on Friday is likely to accelerate to 2.9% YoY (0.2% QoQ sa), up from 4Q23's 2.2% YoY (1.2% QoQ sa), buoyed by a pickup in momentum for the manufacturing and services sectors. The STI slipped 0.52% on Friday to close at 3218.26 but may fare better today. SGS binds may see some selling pressure, tracking the UST bond market sell-off as investors pare back hopes of imminent FOMC rate cuts.

Key Market Movements

Equity	Value	% chg
S&P 500	5204.3	1.1%
DJIA	38904	0.8%
Nikkei 225	38992	-2.0%
SH Comp	3069.3	0.0%
STI	3218.3	-0.5%
Hang Seng	16724	0.0%
KLCI	1555.3	0.1%
	Value	% chg
DXY	104.298	0.2%
USDJPY	151.62	0.2%
EURUSD	1.0837	0.0%
GBPUSD	1.2638	0.0%
USDIDR	15845	-0.3%
USDSGD	1.3487	0.0%
SGDMYR	3.5223	0.1%
	Value	chg (bp)
2Y UST	4.75	10.31
10Y UST	4.40	9.22
2Y SGS	3.39	-2.30
10Y SGS	3.21	-3.46
3M SORA	3.68	-0.33
3M SOFR	5.35	0.01
	Value	% chg
Brent	91.17	0.6%
WTI	86.91	0.4%
Gold	2330	1.7%
Silver	27.48	2.1%
Palladium	1006	-1.7%
Copper	9330	-0.3%
BCOM	102.90	0.6%

Source: Bloomberg

Major Markets

CN: Gold reserves continue to increase in March, marking the 17th consecutive month of accumulation. The nation's gold reserves expanded to 72.74 million ounces, a marginal increase from the previous month's holdings of 72.58 million ounces. During the Qingming holiday, total number of domestic tourists rose by 11.5% compared to the same period in 2019 to 119 million trips. Domestic tourists demonstrated robust spending during their travels, collectively contributing 539.5 billion yuan to the tourism sector. This expenditure represents a notable 12.7% increase compared to the pre-pandemic levels observed in 2019. Per capita spending surpassed pre-Covid levels. This encouraging trend indicates a notable improvement in consumer confidence.

MY: Bank Negara Malaysia's foreign reserves stood at USD 113.8bn as of March 29, slightly lower compared to USD 114.3bn as of February 29. The reserves position is sufficient to finance 5.4 months of imports of goods and services and is 1.0-time total short-term external debt. Elsewhere, the government discussed the proposed revision of the Industrial Coordination Act 1975 on Friday, as reported by The Edge Malaysia. The act mandates manufacturing companies with shareholder funds of RM2.5mn or more, or employing 75 or more full-time workers, to obtain a manufacturing license from the Malaysian Investment Development Authority (MIDA).

ID: The state-owned toll road operator, PT Jasa Marga, has revealed that 807,510 vehicles have left the Jakarta, Bogor, Tangerang, and Bekasi (Jabotabek) areas between D-7 to D-4 of the 2024 Eid al-Fitr (Eid Day) or from April 3 to 6, 2024. The total traffic volume represents an approximately 13% increase compared to the Eid homecoming in 2023. Separately, the Ministry of Transportation has predicted that about 193.5 million people will travel on homecoming trips this year. Indonesia is currently on Eid al-Fitr holiday until 15 March.

TH: Headline inflation remained negative for the sixth consecutive month in March, narrowing to -0.5% YoY versus -0.8% in February. Meanwhile, core inflation was stable at 0.4% YoY in March, similar to February. The drivers of headline inflation remained subdued, with food, apparel & footwears, and transportation declining modestly. We revise lower our 2024 average headline inflation forecast to 1.2% YoY from 2.0% previously. This not only reflects the lower-than-expected 1Q24 headline inflation outcome of -0.8% YoY but also government policies to keep the cost-of-living pressure contained. Notwithstanding, our forecast is still for higher headline inflation in the coming quarters. From a monetary policy perspective, our base case is for BOT to keep its policy rate unchanged at 2.50% at its April meeting given that the latest growth-inflation prints suggest some stabilisation. Notwithstanding, it is a matter of time before the BOT cuts rates, but we maintain that the rate cutting cycle will be shallow. We expect the first 25bp rate cut in June followed by another 25bp in 3Q24.

PH: We expect BSP to keep its policy rate unchanged at its 8 April Monetary Board meeting as the disinflation process remains bumpy and uneven. Following US Federal Reserve rate cuts, which in our house view will start in June, we expect BSP to deliver a cumulative 100bp in rate cuts in 2024. Meanwhile, March headline CPI rose by 3.7% YoY versus 3.4% in February. By contrast, core inflation eased to 3.4% YoY versus 3.6% in February. The main drivers of headline CPI were the food, health, transport, recreation, and restaurants and accommodation services components. For 1Q24, headline inflation averaged 3.3% YoY versus 4.3% in 4Q23 suggesting that an uneven disinflation process is underway. Looking ahead, we maintain our average headline inflation forecast of 3.9% YoY in 2024, easing from 6.0% in 2023. This, nonetheless, implies higher inflation in the coming months, touching the upper end of BSP's 2-4% target range.

Oil: Crude oil benchmarks continued to rally higher on Friday. WTI and Brent rose by more than 0.3% to close at USD86.9/bbl and USD91.2/bbl respectively. Escalating tensions in the Middle East have kept oil prices elevated, with Iran vowing to take "revenge against Israel for an attack that killed high-ranking Iranian military personnel", as reported by Reuters. The withdrawal of some troop presence from southern Gaza by Israel and Israel sending over a team to Egypt to discuss a potential ceasefire with Hamas may provide some reprieve. Reacting to these events, the oil market could face some downward pressures during Asian trading hours.

ESG Updates

SG: Singapore's carbon tax transition framework, meant to help carbon tax-liable companies remain competitive while coping with higher carbon tax rates, will be revealed with further details in about a year. The government has been engaging about 20 companies on the carbon tax transition framework, including companies from the chemicals, electronics and biomedical manufacturing sectors.

ID: Indonesia's Coordinating Minister for Maritime Affairs and Investment aims to complete the digitization of the tin management system by June 2024 to prevent corruption. This can enable transparency in tracing the origin of the tin, tax payment and tracking royalty payments. There are plans to expand the digitization to the management of nickel, palm oil, and other natural resource products in the future.

Credit Market Updates

Market Commentary: The SGD SORA curve traded lower last Friday, with short tenors trading 2-3bps lower, belly tenors trading 2-3bps lower and 10Y trading 3bps lower. Country Garden Holdings Co. ("COGARD") said it has engaged Linklaters LLP as the principal legal adviser for its offshore debt restructuring. COGARD will mainly communicate with its offshore creditors through Linklaters. COGARD has also engaged Kroll LLC to perform an independent recovery analysis on the group to provide greater clarity for creditors. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 84bps while Asia USD High Yield spreads tightened by 8bps to 588bps, respectively. (Bloomberg, OCBC)

New Issues:

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

Mandates:

- There are no Asiadollar mandates today.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	104.298	0.17%	USD-SGD	1.3487	0.01%
USD-JPY	151.620	0.19%	EUR-SGD	1.4615	0.01%
EUR-USD	1.084	0.00%	JPY-SGD	0.8895	-0.17%
AUD-USD	0.658	-0.14%	GBP-SGD	1.7046	-0.01%
GBP-USD	1.264	-0.03%	AUD-SGD	0.8874	-0.10%
USD-MYR	4.748	0.15%	NZD-SGD	0.8110	-0.17%
USD-CNY	7.233	0.01%	CHF-SGD	1.4952	-0.05%
USD-IDR	15845	-0.30%	SGD-MYR	3.5223	0.09%
USD-VND	24962	0.06%	SGD-CNY	5.3644	-0.13%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8880	0.28%	1M	5.3185	-0.02%
3M	3.8850	-0.15%	2M	5.3280	0.00%
6M	3.8340	-0.26%	3M	5.3061	0.02%
12M	3.6560	-0.19%	6M	5.2475	0.04%
			1Y	5.0809	0.08%

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	-0.057	-0.014	5.312
06/12/2024	-0.518	-0.129	5.197
07/31/2024	-0.895	-0.224	5.102
09/18/2024	-1.540	-0.385	4.941
11/07/2024	-1.887	-0.472	4.854
12/18/2024	-2.523	-0.631	4.696
01/29/2025	-2.915	-0.729	4.597

Equity and Commodity

Index	Value	Net change
DJIA	38,904.04	307.06
S&P	5,204.34	57.13
Nasdaq	16,248.52	199.44
Nikkei 225	38,992.08	-781.06
STI	3,218.26	-16.75
KLCI	1,555.25	2.01
JCI	7,286.88	32.48
Baltic Dry	1,628.00	-41.00
VIX	16.03	-0.32

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.39 (-0.02)	4.75(--)
5Y	3.13 (-0.02)	4.39 (+0.1)
10Y	3.21 (-0.03)	4.4 (+0.09)
15Y	3.18 (-0.04)	--
20Y	3.15 (-0.02)	--
30Y	3.11 (-0.02)	4.55 (+0.08)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	5.32
-------------	------

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	86.91	0.37%	Corn (per bushel)	4.343	-0.2%
Brent (per barrel)	91.17	0.57%	Soybean (per bushel)	11.850	0.4%
Heating Oil (per gallon)	277.30	1.16%	Wheat (per bushel)	5.673	2.0%
Gasoline (per gallon)	278.86	-0.20%	Crude Palm Oil (MYR/MT)	45.640	-0.3%
Natural Gas (per MMBtu)	1.79	0.62%	Rubber (JPY/KG)	336.600	0.2%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9329.50	-0.32%	Gold (per oz)	2329.8	1.7%
Nickel (per mt)	17804.00	0.53%	Silver (per oz)	27.5	2.1%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Economic Calendar

Date	Event	Survey	Actual	Prior	Revised
04/08/2024 07:30	JN Labor Cash Earnings YoY	Feb 1.80%	1.80%	2.00%	1.50%
04/08/2024 07:30	JN Real Cash Earnings YoY	Feb -1.40%	-1.30%	-0.60%	-1.10%
04/08/2024 07:50	JN BoP Current Account Balance	Feb ¥3050.0b	¥2644.2b	¥438.2b	¥457.0b
04/08/2024 07:50	JN Trade Balance BoP Basis	Feb -¥189.5b	-¥280.9b	-¥144.27b	--
04/08/2024 07:50	JN BoP Current Account Adjusted	Feb ¥1995.0b	¥1368.6b	¥2727.5b	¥2746.3b
04/08/2024 09:30	AU Investor Loan Value MoM	Feb --	--	-2.60%	--
04/08/2024 12:00	MA Industrial Production YoY	Feb 1.80%	--	4.30%	--
04/08/2024 12:00	MA Manufacturing Sales Value YoY	Feb --	--	3.20%	--
04/08/2024 14:00	GE Industrial Production SA MoM	Feb 0.50%	--	1.00%	--
04/08/2024 14:00	GE Industrial Production WDA YoY	Feb -6.80%	--	-5.50%	--
04/08/2024 14:00	GE Exports SA MoM	Feb -0.50%	--	6.30%	--
04/08/2024 14:00	GE Imports SA MoM	Feb -1.20%	--	3.60%	3.70%
04/08/2024 14:30	AU Foreign Reserves	Mar --	--	A\$90.5b	--
04/08/2024 15:00	PH BSP Overnight Borrowing Rate	Apr-08 6.50%	--	6.50%	--
04/08/2024 16:30	EC Sentix Investor Confidence	Apr -8.3	--	-10.5	--
04/08/2024 17:00	SI Foreign Reserves	Mar --	--	\$357.35b	--

Source: Bloomberg

Macro Research

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

Herbert Wong
Hong Kong & Macau
HerberhtWong@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
Cindyckeung@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