

Daily Treasury Outlook

10 January 2024

Highlights

Global: The US tech bounce didn't last. S&P500 retreated 0.15% whilst UST bonds edged higher, with the 10-year yield down 2bps to 4.01% and the US\$52b of 3-year notes fetched 4.105% (lowest since May). Bitcoin slipped after the SEC clarified it has not approved spot-Bitcoin ETFs.

Market watch: Asian markets are likely to open with a consolidative tone today. Key data to watch today include Philippine's November trade, US' mortgage applications and wholesale inventories, and potentially also China's aggregate financing and loan data. BOE governor Bailey is testifying to Parliament, while ECB's Guindos, de Cos and Schnabel, and Fed's Williams are also speaking today.

MY: The Investment, Trade, and Industry Minister, Zafrul Aziz, revealed that the government plans to establish a Semiconductor Strategic Task Force to promote growth in the semiconductor ecosystem and attract strategic investments. The task force will consist of various ministries, academics, and industry players, with Minister Zafrul as the chairperson, as reported by FMT. Emphasizing the industry's significance for the nation's electrical and electronics sector and technology-based industries like electric vehicles, the task force aims to bolster the sector, which presently contributes 13% to global chip assembly, testing, and packaging activities.

CN: China's automotive industry has reached a significant milestone in 2023, with total car sales surpassing the 30 million units mark. The export volume of Chinese-made automobiles is projected to reach approximately 4.3 million units which positioned China ahead of Japan by nearly a million units, effectively making China the world's largest automobile exporter for the year. Elsewhere China's Nanjing city reduced the mortgage rate for the first-time buyers to LPR minus 30bps.

Oil: WTI and Brent rose by ~2.0% to close at USD72.2/bbl and USD77.6/bbl respectively. Prices rose on concerns surrounding the ongoing Middle East tensions and the continued supply outage in Libya's largest oilfield (Sharara oilfield). Meanwhile, the American Petroleum Institute (API) reported a drawdown of 5.2mn bbls in US crude inventories. However, US gasoline and distillate inventories were reported to have built up by 4.9mn bbls and 6.9mn bbls respectively, for the week ending 5 January. US Energy Information Administration (EIA) inventories data will be released tonight and could mirror these changes in US oil inventories.

Key Market Movements

Equity	Value	% chg
S&P 500	4756.5	-0.1%
DJIA	37525	-0.4%
Nikkei 225	33763	1.2%
SH Comp	2893.3	0.2%
STI	3198.0	0.3%
Hang Seng	16190	-0.2%
KLCI	1498.8	0.2%
	Value	% chg
DX	102.570	0.4%
USDJPY	144.48	0.2%
EURUSD	1.0931	-0.2%
GBPUSD	1.2710	-0.3%
USDIDR	15520	0.0%
USDSGD	1.331	0.2%
SGDMYR	3.4930	-0.1%
	Value	chg (bp)
2Y UST	4.36	-1.04
10Y UST	4.01	-1.72
2Y SGS	3.28	-1.40
10Y SGS	2.87	3.25
3M LIBOR	5.59	0.00
3M SIBOR	4.06	0.00
3M SORA	3.70	-0.09
3M SOFR	5.36	0.00
	Value	% chg
Brent	77.59	1.9%
WTI	72.24	2.1%
Gold	2030	0.1%
Silver	22.98	-0.6%
Palladium	981	-1.8%
Copper	8370	-0.9%
BCOM	98.28	0.9%

Source: Bloomberg

Major Markets

SG: The STI added 0.34% yesterday amid hopes of more Chinese policy stimulus and a rebound in US equities but may turn cautious today. SGS bonds should trade better bid with the reversal in risk sentiments. MAS sold S\$19.5b 84-day bills at cut-off of 4.04%.

ID: The Consumer Confidence Index (CCI) marginally rose to 123.8 in December from 123.6 in November, marking the eighth consecutive month where the index is above 100, indicating overall optimism among consumers. The improvement in December was driven by an uptick in the 'present situation' sub-index, which offset the slight deterioration in the 'expectation' sub-index. Specifically, the durable goods purchase index rose in the former sub-index, which more than offset the marginal drop in the 'income' and 'employment components.' The December reading brings the CCI for the 4Q23 to 123.9, up from 123.5 in the 3Q23, indicating an overall positive sentiment to close out 2023.

PH: According to preliminary data, the Philippine Statistics Authority (PSA) reported that unemployment rate in the country declined to 3.6% in November from 4.2% in October (November 2022: 4.2%). Additionally, the labour force participation rate rose to 65.9% in November from 63.9% in October (November 2022: 67.5%). By economic sectors, the PSA noted an annual increase in the number of employed persons in the 'agriculture and forestry', 'construction', 'transportation and storage', 'fishing and aquaculture', 'administrative and support service activities'. By contrast, there was an annual decrease in the number of employed persons in the 'manufacturing', 'wholesale and retail trade; repair of motor vehicles and motorcycles', 'public administration and defence; compulsory social security', 'information and communication', 'real estate activities'.

ESG Updates

SG: The Animal Concerns Research and Education Society (Acres) reported that the illegal wildlife market in Singapore grew on Telegram, a messaging platform, despite enforcement action taken against sellers. The number of banned wild animals found for sale on Telegram nearly doubled from 333 in 2021 to 660 in 2023. These animals include Indian star tortoises, leopard tortoises and scorpions.

CN: China's State Council approved regulations for its national ETS which has so far only been formally backed at the ministerial level. The China ETS concluded the second compliance period at the end of 2023, and market participants are anticipating more policy updates to be announced in the new year.

Credit Market Updates

Market Commentary:

The SGD SORA curve traded higher yesterday, with short tenors trading 1-2bps higher, belly tenors trading 1bps higher, and the 10Y trading 1bps higher. According to Bloomberg, China Vanke revealed its plan for three offshore bonds worth USD1.4bn due to a group of creditors this year. The repayment plan is to utilize both cash in hand and funds generated by onshore projects to repay a USD630mn note due in March. Its RMB1.4bn offshore dim sum bond due in May and another USD600mn dollar bond due in June is intended to be repaid via offshore bank loans. Taeyoung Group, parent company of Taeyoung Engineering & Construction is reported to offer its stake in one of South Korea's biggest broadcasters as collateral to gain approval for a debt restructuring at a unit. Yesterday, Bloomberg Asia USD Investment Grade spreads tightened 1bps to 109bps while the Asia USD High Yield spreads tightened 4 bps to 722bps, per Bloomberg.

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
09 Jan	Hanwha Totalenergies Petrochemical Co Ltd	Fixed	USD	400	5.5-Yr	5.53%	T+185bps
09 Jan	BOC Aviation USA Corp (Guarantor: BOC Aviation Ltd)	Fixed	USD	500	5-Yr	5.25%	T+150bps
09 Jan	Ji'an Chengtuo Holding Group Co Ltd (SBLC Provider: Postal Savings Bank of China Co., Ltd)	Fixed and Green	USD	96.32	3-Yr	5.55%	5.90%
09 Jan	Oversea-Chinese Banking Corp Ltd	AT1	SGD	450	PerpNC5.75	4.05%	4.375% area

New Issues:

- Sumitomo Life Insurance is planning to raise benchmark size USD 144A/Reg S perpNC10 step-up callable subordinated notes.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	102.570	0.35%	USD-SGD	1.3310	0.22%
USD-JPY	144.480	0.17%	EUR-SGD	1.4549	0.04%
EUR-USD	1.093	-0.17%	JPY-SGD	0.9212	0.04%
AUD-USD	0.669	-0.49%	GBP-SGD	1.6917	-0.08%
GBP-USD	1.271	-0.30%	AUD-SGD	0.8901	-0.27%
USD-MYR	4.643	-0.19%	NZD-SGD	0.8305	0.04%
USD-CNY	7.169	0.24%	CHF-SGD	1.5615	-0.29%
USD-IDR	15520	-0.04%	SGD-MYR	3.4930	-0.10%
USD-VND	24356	0.07%	SGD-CNY	5.3828	0.01%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8710	-0.18%	1M	5.3337	-0.01%
3M	3.9250	-0.28%	2M	5.3455	0.01%
6M	3.9290	0.43%	3M	5.3217	-0.05%
12M	3.6160	0.89%	6M	5.1733	-0.17%
			1Y	4.8210	-0.31%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
01/31/2024	-0.120	-0.030	5.302
03/20/2024	-0.788	-0.197	5.135
05/01/2024	-1.648	-0.412	4.920
06/12/2024	-2.587	-0.647	4.686
07/31/2024	-3.390	-0.848	4.485
09/18/2024	-4.290	-1.073	4.260
11/07/2024	-5.033	-1.258	4.074
12/18/2024	-5.700	-1.425	3.907
01/29/2025	-6.360	-1.590	3.743

Equity and Commodity

Index	Value	Net change
DJIA	37,525.16	-157.85
S&P	4,756.50	-7.04
Nasdaq	14,857.71	13.94
Nikkei 225	33,763.18	385.76
STI	3,197.96	10.94
KLCI	1,498.83	3.13
JCI	7,200.20	-83.37
Baltic Dry	2,022.00	-88.00
VIX	12.76	-0.32

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.28 (-0.01)	4.35(--)
5Y	2.73 (+0.01)	3.97 (-0.02)
10Y	2.87 (+0.03)	4 (-0.02)
15Y	2.9 (+0.02)	--
20Y	2.9 (+0.02)	--
30Y	2.83 (+0.02)	4.17 (-0.01)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	5.31
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	72.24	2.08%	Corn (per bushel)	4.593	0.9%
Brent (per barrel)	77.59	1.93%	Soybean (per bushel)	12.415	0.2%
Heating Oil (per gallon)	265.04	2.85%	Wheat (per bushel)	6.100	2.3%
Gasoline (per gallon)	207.68	2.42%	Crude Palm Oil (MYR/MT)	36.920	0.3%
Natural Gas (per MMBtu)	3.19	7.05%	Rubber (JPY/KG)	243.200	-0.1%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8369.50	-0.93%	Gold (per oz)	2030.2	0.1%
Nickel (per mt)	16287.00	-0.10%	Silver (per oz)	23.0	-0.6%

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
01/10/2024 04:00	NZ REINZ House Sales YoY	Dec	--	12.20%	--
01/10/2024 07:00	SK Unemployment rate SA	Dec	2.90%	3.30%	--
01/10/2024 07:30	JN Labor Cash Earnings YoY	Nov	1.50%	0.20%	--
01/10/2024 08:00	NZ ANZ Commodity Price MoM	Dec	--	2.40%	-1.20%
01/10/2024 09:00	PH Exports YoY	Nov	-12.90%	--	-17.50%
01/10/2024 09:00	PH Trade Balance	Nov	-\$4260m	--	-\$4175m
01/10/2024 09:00	PH Imports YoY	Nov	-4.30%	--	-4.40%
01/10/2024 09:00	CH Money Supply M2 YoY	Dec	10.10%	--	10.00%
01/10/2024 09:00	CH New Yuan Loans CNY	Dec	1350.0b	--	1090.0b
01/10/2024 09:00	CH Money Supply M1 YoY	Dec	1.50%	--	1.30%
01/10/2024 09:00	CH Money Supply M0 YoY	Dec	--	--	10.40%
01/10/2024 09:00	CH Aggregate Financing CNY	Dec	2150.0b	--	2450.0b
01/10/2024 10:00	PH Exports	Nov	--	--	\$6364.4m
01/10/2024 10:00	VN Domestic Vehicle Sales YoY	Dec	--	--	-15.20%
01/10/2024 20:00	US MBA Mortgage Applications	Jan-05	--	--	-10.70%
01/10/2024 23:00	US Wholesale Inventories MoM	Nov F	-0.20%	--	-0.20%

Source: Bloomberg

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