

## Daily Treasury Outlook

11 March 2024

### Highlights

**Global:** Another blockbuster nonfarm payrolls which printed at 275k, above the consensus forecast of 200k, albeit the January data was revised lower from 353k to 229k (net 2-month revision was -167k). The unemployment rate also rose from 3.7% to a 2-year high of 3.9% and the under-employment rate also hit 7.3%, while the average hourly earnings eased to 0.1% MoM (4.3% YoY). This data set is unlikely to prompt the Fed to pull the easing trigger at the upcoming 19-20 March FOMC, but traders have boosted bets for a June rate cut. The S&P500 slipped 0.65% while the 10-year UST bond yield was 1bp softer at 4.08% on Friday. Elsewhere, China's February CPI revised rose from -0.8% in January to 0.7% YoY, beating market expectations for +0.3% whilst the PPI contracted a deeper 2.7%.

**Market Watch:** Asian markets are likely to range trade to start the week. Today's economic data calendar comprises of Japan's Feb machine tool orders and the New York Fed 1-year inflation expectations. For the week ahead, watch for the US' Feb CPI, China's new Yuan loans, aggregate financing and FDI, MAS' survey of professional forecasters on Wednesday, US' retail sales and PPI on Thursday, US' University of Michigan sentiment index and China's home prices and 1-year MLF on Friday.

**SG:** The STI gained 0.42% to close at 3147.09 on Friday and may extend cautious trading today.

**Oil:** Crude oil benchmarks traded weak on Friday. Both WTI and Brent declined by ~1.1% on Friday to close at USD78.0/bbl and 82.1/bbl respectively. Markets remained cautious of China's oil demand following the release of January-February trade data which showed a soft buying trend. While oil prices may continue to have a modest downward bias today, geopolitical tensions continue to simmer as a cease-fire between Israel and Hamas has still not been finalised.

### Key Market Movements

Equity	Value	% chg
S&P 500	5123.7	-0.7%
DJIA	38723	-0.2%
Nikkei 225	39689	0.2%
SH Comp	3046.0	0.6%
STI	3147.1	0.4%
Hang Seng	16353	0.8%
KLCI	1539.9	0.3%
	Value	% chg
DX	102.712	-0.1%
USDJPY	147.06	-0.7%
EURUSD	1.0939	-0.1%
GBPUSD	1.2858	0.4%
USDIDR	15590	-0.4%
USDSGD	1.3311	-0.2%
SGDMYR	3.5184	-0.1%
	Value	chg (bp)
2Y UST	4.47	-2.79
10Y UST	4.07	-0.78
2Y SGS	3.36	-2.10
10Y SGS	2.99	-3.01
3M SORA	3.64	-0.31
3M SOFR	5.35	-0.01
	Value	% chg
Brent	82.08	-1.1%
WTI	78.01	-1.2%
Gold	2179	0.9%
Silver	24.31	-0.1%
Palladium	1024	-1.6%
Copper	8580	-0.7%
BCOM	98.00	-0.3%

Source: Bloomberg

## Major Markets

**ID:** The Indonesian Ministry of Agriculture is planning to simplify the rules and requirements for smallholder palm oil rejuvenation. The simplification process will involve harmonizing regulations with the ministries of environment and forestry, coordinating economic affairs, and maritime affairs and fisheries, as reported by Tempo. The new regulations, expected to be published within the next two months, aim to streamline and optimize the program for rejuvenating smallholder oil palm plantations. This includes making the verification process for forest areas and planting rights more efficient, as well as facilitating the rejuvenation of smallholder oil palm plantations.

**MY:** The unemployment rate and labor force participation rate remained stable at 3.3% and 70.2% respectively in January 2024. In particular, the number of employed individuals increased by 25.3k (0.2% MoM) to 16.5mn, while the number of unemployed individuals decreased by 0.5k (-0.1%) to 567.3k. The Department of Statistics Malaysia (DOSM) emphasized that there was a rise in employment in the services sector, particularly in wholesale & trade, food & beverage services, and transportation & storage. Similar trends were also observed in the manufacturing, construction, mining & quarrying, as well as the agriculture sector.

**TH:** The budget deficit, during the first four months of FY2024 (October 2023 to January 2024), narrowed to THB350bn versus THB441.2bn over the same period last year. This can be attributed to lower expenditures, which declined by 7.2% YoY while revenue collection declined modestly by 0.2% YoY, according to the Ministry of Finance.

**PH:** The Philippine Statistics Authority (PSA) reported that unemployment rate in the country rose to 4.5% in January 2024 from 3.1% in December 2023 (January 2023: 4.8%). The labour force participation rate dipped to 61.1% in January from 66.6% in December (January 2023: 64.5%). By economic sectors, the PSA reported an annual increase in the number of employed persons in the 'construction', 'transportation and storage', 'administrative and support service activities', 'fishing and aquaculture', 'other service activities'.

## Credit Market Updates

**Market Commentary:** The SGD SORA curve traded lower last Friday, with short tenors trading 0-3bps lower, belly tenors trading 3-4bps lower and 10Y trading 3bps lower. Chinese regulators are closely looking at bond investments of regional banks amid worry that they are speculating on the securities rather than lending to boost the economy. China's local government financing vehicles are facing greater difficulty in issuing bonds, as authorities have been increasing efforts to curb risks. Regulators terminated applications for 53 new LGFV bonds with a combined CNY75.2bn (USD10.4bn) between January and February, both the highest for the same period since 2021 when S&P Global Ratings began compiling the data. Last Friday, Bloomberg Asia USD Investment Grade spreads remained flat at 95bps while the Asia USD High Yield spreads tightened by 2bps to 598bps. (Bloomberg, OCBC)

### New Issues:

- There was one notable bond issuance in the Singdollar market last Friday. Ascott REIT MTN Pte Ltd (ARTSP) (Guarantors: DBS Trustee Ltd, in its capacity as trustee of and Capitaland Ascott Real Estate Investment Trust) priced a SGD120mn 5Y Fixed bond with final pricing of 3.69%.
- There were no notable bond issuances in the Asiadollar market last Friday.

### Mandates:

- There are no Asiadollar mandates for today.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	102.712	-0.11%	USD-SGD	1.3311	-0.16%
USD-JPY	147.060	-0.67%	EUR-SGD	1.4564	-0.22%
EUR-USD	1.094	-0.08%	JPY-SGD	0.9053	0.53%
AUD-USD	0.662	0.06%	GBP-SGD	1.7120	0.26%
GBP-USD	1.286	0.38%	AUD-SGD	0.8821	-0.06%
USD-MYR	4.684	-0.46%	NZD-SGD	0.8223	-0.10%
USD-CNY	7.187	-0.07%	CHF-SGD	1.5173	-0.12%
USD-IDR	15590	-0.40%	SGD-MYR	3.5184	-0.11%
USD-VND	24651	-0.16%	SGD-CNY	5.3970	0.05%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8780	0.26%	1M	5.3222	-0.02%
3M	3.9400	0.28%	2M	5.3258	0.12%
6M	3.9020	-0.26%	3M	5.3205	-0.04%
12M	3.7450	-0.03%	6M	5.2235	-0.03%
			1Y	4.9615	0.02%

## 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	-0.251	-0.063	5.266
06/12/2024	-0.912	-0.228	5.100
07/31/2024	-1.563	-0.391	4.938
09/18/2024	-2.421	-0.605	4.723
11/07/2024	-3.003	-0.751	4.578
12/18/2024	-3.777	-0.944	4.384
01/29/2025	-4.373	-1.093	4.235

## Equity and Commodity

Index	Value	Net change
DJIA	38,722.69	-68.66
S&P	5,123.69	-33.67
Nasdaq	16,085.11	-188.27
Nikkei 225	39,688.94	90.23
STI	3,147.09	13.31
KLCI	1,539.86	4.03
JCI	7,381.91	7.94
Baltic Dry	2,345.00	94.00
VIX	14.74	0.30

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.36 (-0.02)	4.47(--)
5Y	2.96 (-0.03)	4.05 (-0.03)
10Y	2.99 (-0.03)	4.07 (-0.01)
15Y	3 (-0.02)	--
20Y	3 (-0.01)	--
30Y	2.95 (-0.01)	4.25 (+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)	78.01	-1.17%	Corn (per bushel)	4.263	0.1%
Brent (per barrel)	82.08	-1.06%	Soybean (per bushel)	11.705	1.2%
Heating Oil (per gallon)	264.09	-2.00%	Wheat (per bushel)	5.268	1.2%
Gasoline (per gallon)	252.72	-1.08%	Crude Palm Oil (MYR/MT)	41.810	0.9%
Natural Gas (per MMBtu)	1.81	-0.72%	Rubber (JPY/KG)	303.500	3.1%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8579.50	-0.71%	Gold (per oz)	2179.0	0.9%
Nickel (per mt)	18011.00	0.16%	Silver (per oz)	24.3	-0.1%

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

## Economic Calendar

Date	Event	Survey	Actual	Prior	Revised
03/11/2024 - 03/15/2024	CH Money Supply M2 YoY	Feb 8.80%	--	8.70%	--
03/11/2024 - 03/15/2024	CH New Yuan Loans CNY	Feb 1550.0b	--	4920.0b	--
03/11/2024 - 03/15/2024	CH Money Supply M1 YoY	Feb 2.00%	--	5.90%	--
03/11/2024 - 03/15/2024	CH Money Supply M0 YoY	Feb --	--	5.90%	--
03/11/2024 - 03/15/2024	CH Aggregate Financing CNY	Feb 2340.0b	--	6500.0b	6501.7b
03/11/2024 07:50	JN GDP SA QoQ	4Q F 0.30%	0.10%	-0.10%	--
03/11/2024 07:50	JN GDP Annualized SA QoQ	4Q F 1.10%	0.40%	-0.40%	--
03/11/2024 07:50	JN GDP Deflator YoY	4Q F 3.80%	3.90%	3.80%	--
03/11/2024 07:50	JN Money Stock M2 YoY	Feb --	2.50%	2.40%	2.50%
03/11/2024 07:50	JN Money Stock M3 YoY	Feb --	1.80%	1.80%	--
03/11/2024 07:50	JN GDP Nominal SA QoQ	4Q F 0.70%	0.50%	0.30%	--
03/11/2024 07:50	JN Inventory Contribution % GDP	4Q F 0.00%	-0.10%	0.00%	--
03/11/2024 07:50	JN GDP Business Spending QoQ	4Q F 2.40%	2.00%	-0.10%	--
03/11/2024 14:00	JN Machine Tool Orders YoY	Feb P --	--	-14.00%	--
03/11/2024 20:00	CA Bloomberg Nanos Confidence	Mar-08 --	--	52.5	--

Source: Bloomberg

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