

Daily Treasury Outlook

12 March 2024

Highlights

Global: US stocks eased further from recent high on Monday, as markets brace for the US February CPI print. UST yields rose with front-end underperforming, while the dollar and gold edged up. Bitcoin again rose to another record high of over \$72,000. Ahead of CPI reading, New York Fed survey suggested that consumer inflation expectations increased over the medium to long-term horizons (3-years at 2.7%, up from 2.4% previously; 5-year at 2.9%, up from 2.5%). Meanwhile, Biden pitched a US\$7.3 trillion budget for the 2025 fiscal year, above that of US\$6.9 trillion this year. The proposal includes tax credits for homeowners, childcare subsidies, and these will be funded by raising the corporate income tax rate to 28% from 21%, and a minimum 25% tax on billionaires. In Asia, convictions for BoJ to raise its policy rate have increased, following an upward revision to 4Q23 GDP growth and a slew of reports suggesting some discussion around BoJ's exit from its Negative Interest Rate Policy (NIRP). Specifically, Japan's annualized quarter-to-quarter GDP growth was revised upward to 0.4% in 4Q, versus a preliminary reading of -0.4%, due to solid business spending (+2.0% QoQ). Subsequently, Japan's benchmark index fell by 2%, while yen strengthened further against major currencies. Hang Seng Index gained more than 1%, led by Chinese tech stock, amid improvement in China's inflation data.

Market Watch: Asian markets may stay on sidelines today pending the release of US inflation data. The market will watch US February CPI and core CPI, as well as UK January unemployment rate. Other key data releases coming out of Asia includes the Philippines January trade data and Malaysia January industrial production, and Australia February business confidence.

SG: Local business sentiment hit a one-year high for 2Q24 as the Commercial Credit Bureau (SCCB) Business Optimism Index rose to 4.82 ppts from 4.48 ppts in 1Q24. The 2Q24 figure marks the third consecutive quarter of increase, with indicators of sales volume, net profit, selling price, new orders and employment seeing expansions, while inventories remained in contractionary territory, according to the SCCB survey. On a sectoral basis, the outlook construction and transport were the most upbeat, followed by finance and manufacturing. Sentiment within the wholesale sector remained subdued, dragged by declines in indicators of sales volume, net profit and new orders. On markets, STI shed 0.3% to end at 3,138.4 at market close.

Key Market Movements

Equity	Value	% chg
S&P 500	5117.9	-0.1%
DJIA	38770	0.1%
Nikkei 225	38820	-2.2%
SH Comp	3068.5	0.7%
STI	3138.4	-0.3%
Hang Seng	16588	1.4%
KLCI	1544.7	0.3%
	Value	% chg
DXY	102.869	0.2%
USDJPY	146.95	-0.1%
EURUSD	1.0926	-0.1%
GBPUSD	1.2814	-0.3%
USDIDR	15590	0.0%
USDSGD	1.3304	-0.1%
SGDMYR	3.5208	0.1%
	Value	chg (bp)
2Y UST	4.54	6.25
10Y UST	4.10	2.33
2Y SGS	3.37	0.80
10Y SGS	2.97	-2.06
3M SORA	3.64	-0.82
3M SOFR	5.35	-0.04
	Value	% chg
Brent	82.21	0.2%
WTI	77.93	-0.1%
Gold	2183	0.2%
Silver	24.47	0.6%
Palladium	1032	0.8%
Copper	8580	0.0%
BCOM	98.30	0.3%

Source: Bloomberg

Major Markets

ID: Wholesale car sales rose to 70,657 units in February from 69,619 in January, according to data from the Indonesian Motor Vehicle Industry Association (Gaikindo). However, the February figure marks an 18.8% YoY contraction. The February print brings the January-February wholesale car sales total to 140,274 units, a 22.6% YoY decline. Gaikindo targets 1.1mn units of car sales in 2024, up from 1.0mn sales in 2023.

MY: The Ministry of Tourism, Arts, and Culture expects Malaysia to welcome 27.3mn tourists in 2024, aiming for an income of MYR102.bn. Deputy Minister Khairul Firdaus Akbar Khan noted that Malaysia saw 20.1mn tourist arrivals in 2023, generating MYR71.3bn. Looking ahead, the ministry targets 31.4 mn tourists and an income of MYR125.5bn in 2025, followed by 35.6mn tourists and MYR147.1bn in 2026. Khairul emphasized the ministry's focus on participating in international exhibitions, enhancing airline cooperation, and promoting new tourism offerings.

PH: US Secretary of Commerce Gina Raimondo is leading the US Presidential Trade and Investment Mission (PTIM) in the Philippines from 11-12 March 2024. The PTIM is being participated by 22 executives from US companies and business organisations and is expected to bring USD1bn of investments into the Philippines. US Secretary of Commerce Raimondo said the commitments are "high impact investments in high impact industries", as reported by PNA. Specifically, the PTIM delegation is seeking to provide education and training in digital and artificial intelligence (AI). Citing an example, she shared that Microsoft is establishing a partnership with the Technical Education and Skills Development Authority to accelerate the adoption of AI in the country.

Oil: Crude oil benchmarks traded mixed on Monday. WTI declined marginally by 0.1% while Brent edged slightly higher by 0.2% to close at USD77.9/bbl and 82.2/bbl respectively. Markets will remain cautious ahead of the release of US February CPI today (12 March). On the geopolitical front, Israel-Hamas ceasefire talks remain elusive ahead of the Ramadan. OPEC will release its monthly report today.

ESG Updates

Rest of the world: IFC is making a new US\$64 million investment through a green loan facility to develop more renewable energy projects in Thailand, Indonesia, and Vietnam, aiming to address the region's growing energy demand. The funding will finance the development and construction of renewable energy projects in the region (e.g. solar farms, solar rooftops, biomass). This can better support developing countries in accelerating their green transition and move away from coal.

Credit Market Updates

Market Commentary: The SGD SORA curve traded lower yesterday, with short tenors trading 1-2bps lower, belly tenors trading 1bps lower and 10Y trading 1bps lower. China South City Holdings Ltd said HKD25.3bn (USD3.23bn) of its total borrowing has been defaulted or cross defaulted after it failed to meet the mandatory redemption in February for its 9.0% senior notes due October 2024 notes. The company previously flagged this in February in a Hong Kong stock exchange filing as well as that it doesn't expect to pay the coupon on the notes that is due in April. China Vanke Co. Ltd ("Vanke") is facing resistance from Industrial & Commercial Bank of China Ltd. ("ICBC") and China Construction Bank Corp. ("CCB") on a new HKD4.5bn (USD575mn) offshore loan. These two banks have yet to sign off on the syndicated loan as of last week despite Bank of China Ltd. internally approving its own HKD1.5bn portion. ICBC and CCB have asked Vanke to provide sufficient collateral to back the new loan as without collateral or other forms of credit enhancement, the lenders would need clearing from regulators to proceed. Yesterday, Bloomberg Asia USD Investment Grade spreads remained flat at 95bps while the Asia USD High Yield spreads tightened by 6bps to 592bps. (Bloomberg, OCBC)

New Issues:

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

Mandates:

- Avic International Leasing Co. is planning to issue US dollar-denominated Regulation S (Category 2) guaranteed senior unsecured notes.
- EHi Car Services Ltd. is planning to issue USD-denominated Regulation S (Category 1) senior notes.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	102.869	0.15%	USD-SGD	1.3304	-0.05%
USD-JPY	146.950	-0.07%	EUR-SGD	1.4535	-0.20%
EUR-USD	1.093	-0.12%	JPY-SGD	0.9054	0.01%
AUD-USD	0.661	-0.15%	GBP-SGD	1.7048	-0.42%
GBP-USD	1.281	-0.34%	AUD-SGD	0.8800	-0.24%
USD-MYR	4.682	-0.04%	NZD-SGD	0.8209	-0.17%
USD-CNY	7.181	-0.08%	CHF-SGD	1.5162	-0.07%
USD-IDR	15590	-0.40%	SGD-MYR	3.5208	0.07%
USD-VND	24647	-0.02%	SGD-CNY	5.3985	0.03%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8780	0.26%	1M	5.3270	-0.01%
3M	3.9400	0.28%	2M	5.3301	0.02%
6M	3.9020	-0.26%	3M	5.3270	-0.01%
12M	3.7450	-0.03%	6M	5.2350	-0.08%
			1Y	4.9861	-0.14%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/20/2024	-0.039	-0.010	5.323
05/01/2024	-0.245	-0.061	5.271
06/12/2024	-0.873	-0.218	5.114
07/31/2024	-1.479	-0.370	4.963
09/18/2024	-2.296	-0.574	4.758
11/07/2024	-2.889	-0.722	4.610
12/18/2024	-3.628	-0.907	4.425
01/29/2025	-4.249	-1.062	4.270

Equity and Commodity

Index	Value	Net change
DJIA	38,769.66	46.97
S&P	5,117.94	-5.75
Nasdaq	16,019.27	-65.84
Nikkei 225	38,820.49	-868.45
STI	3,138.42	-8.67
KLCI	1,544.71	4.85
JCI	7,381.91	7.94
Baltic Dry	2,345.00	94.00
VIX	15.22	0.48

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.37 (+0.01)	4.54(--)
5Y	2.94 (-0.02)	4.09 (+0.04)
10Y	2.97 (-0.02)	4.1 (+0.02)
15Y	2.96 (-0.03)	--
20Y	2.97 (-0.02)	--
30Y	2.93 (-0.02)	4.26 (+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)	77.93	-0.10%	Corn (per bushel)	4.283	0.5%
Brent (per barrel)	82.21	0.16%	Soybean (per bushel)	11.650	-0.5%
Heating Oil (per gallon)	265.18	0.41%	Wheat (per bushel)	5.375	2.0%
Gasoline (per gallon)	258.05	2.11%	Crude Palm Oil (MYR/MT)	42.080	0.6%
Natural Gas (per MMBtu)	1.76	-2.55%	Rubber (JPY/KG)	313.000	4.3%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8653.00	0.86%	Gold (per oz)	2182.8	0.2%
Nickel (per mt)	18377.00	2.03%	Silver (per oz)	24.5	0.6%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Event	Survey	Actual	Prior	Revised
03/12/2024 - 03/13/2024	VN Domestic Vehicle Sales YoY	Feb	--	19.30%	--
03/12/2024 - 03/15/2024	CH Money Supply M2 YoY	Feb	8.80%	8.70%	--
03/12/2024 07:50	JN PPI YoY	Feb	0.50%	0.20%	--
03/12/2024 09:00	PH Exports YoY	Jan	7.40%	-0.50%	--
03/12/2024 15:00	GE CPI YoY	Feb F	2.50%	2.50%	--
03/12/2024 15:00	UK Jobless Claims Change	Feb	--	14.1k	--
03/12/2024 15:00	GE CPI MoM	Feb F	0.40%	0.40%	--
03/12/2024 15:00	UK ILO Unemployment Rate 3Mths	Jan	3.80%	3.80%	--
03/12/2024 15:00	UK Claimant Count Rate	Feb	--	4.00%	--
03/12/2024 15:00	GE CPI EU Harmonized YoY	Feb F	2.70%	2.70%	--
03/12/2024 15:00	UK Payrolled Employees Monthly Change	Feb	25k	48k	--
03/12/2024 20:00	IN Industrial Production YoY	Jan	4.10%	3.80%	--
03/12/2024 20:00	IN CPI YoY	Feb	5.05%	5.10%	--
03/12/2024 20:30	US CPI MoM	Feb	0.40%	0.30%	--
03/12/2024 20:30	US CPI YoY	Feb	3.10%	3.10%	--
03/12/2024 20:30	US CPI Ex Food and Energy MoM	Feb	0.30%	0.40%	--

Source: Bloomberg

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