

## Daily Treasury Outlook

19 April 2024

### Highlights

**Global:** The US equity markets closed mostly lower on Thursday, with the S&P500 declining for the fifth consecutive day. Meanwhile, UST yields ended higher, with the 10-year yield closing around 4.63% and the 2-year yield closer to 5%. In terms of data, jobless claims remained low at 212k for the week ending April 14, which was below the expected 215k and indicated a resilient labour market. Continuing claims only saw a slight increase to 1.812mn. Additionally, weakness in building permits, new orders, and consumer's outlook on business conditions led to a 0.3% decline in the Conference Board's leading economic index in March, following a 0.2% increase in the previous month. On the other hand, the Philadelphia Fed index showed significant improvement, rising to 15.5 in March from 3.2 in February, surpassing the expected 2.0.

**Market Watch:** Asian markets likely to tread water today, following a mixed Wall St close. Today's economic data calendar comprises Malaysia's 1Q24 GDP estimates and March trade data, the Philippines' March balance of payments position, and Thailand's national reserves. Elsewhere, the UK's retail sales and Germany's producer price index data for March are due.

**CN:** The interest rate for newly issued corporate loans in the first quarter was recorded at 3.75%, marking a decrease of 22 basis points YoY. Notably, the interest rate for new mortgage loan also saw a significant reduction, standing at 3.71%, down by 46 basis points compared to the previous year. Addressing concerns about whether real interest rates are high, the central bank emphasized the importance of considering the structural aspects of interest rates. It highlighted that different industries and enterprises have varying loan interest rates, and the magnitude of price changes for their products varies accordingly. As a result, the perceived real interest rates differ across sectors. Furthermore, in sectors requiring tighter financial resource allocation, slightly higher real interest rates can facilitate enterprise capacity control and destocking efforts. This approach aligns with the spirit of the Central Economic Work Conference's directive to maintain reasonable and adequate overall liquidity while adjusting the structure as needed. This implies that the real interest rate is unlikely to be the catalyst for China's monetary policy adjustment.

**Oil:** Both oil benchmarks traded mixed on Thursday. WTI remained relatively unchanged while Brent declined modestly by 0.2% to close at USD82.7/bbl and USD87.1/bbl respectively. During the intraday, the trade was choppy. Both oil benchmarks rose more than 0.5% to a session high before paring back gains. Markets seem to be unwinding some of the geopolitical risk premium in oil prices as Israel has so far refrained from retaliating against Iran, which could have reduced market jitters of a potential escalation between Israel and Iran.

### Key Market Movements

Equity	Value	% chg
S&P 500	5011.1	-0.2%
DJIA	37775	0.1%
Nikkei 225	38080	0.3%
SH Comp	3074.2	0.1%
STI	3187.7	1.0%
Hang Seng	16386	0.8%
KLCI	1544.8	0.3%
	<b>Value</b>	<b>% chg</b>
DXY	106.151	0.2%
USDJPY	154.64	0.2%
EURUSD	1.0643	-0.3%
GBPUSD	1.2436	-0.1%
USDIDR	16175	-0.3%
USDSGD	1.3622	0.1%
SGDMYR	3.5189	0.0%
	<b>Value</b>	<b>chg (bp)</b>
2Y UST	4.99	5.40
10Y UST	4.63	4.53
2Y SGS	3.46	-2.30
10Y SGS	3.37	-4.01
3M SORA	3.63	-0.34
3M SOFR	5.35	0.00
	<b>Value</b>	<b>% chg</b>
Brent	87.11	-0.2%
WTI	82.73	0.0%
Gold	2379	0.8%
Silver	28.24	0.1%
Palladium	1025	-0.4%
Copper	9735	1.6%
BCOM	102.09	-0.1%

Source: Bloomberg

## Major Markets

**CN:** PBOC said yesterday that over 1,129 overseas institutions from more than 70 countries and regions have entered the onshore bond market as of the end of March 2024. Foreign holdings in Chinese bonds have surpassed US\$570 billion, representing approximately 2.6% of the total custody volume of domestic bonds. This marks a notable increase of about 0.2 percentage points from the end of 2023. Overseas central banks, banks, and other financial institutions have been steadily increasing their holdings of domestic bonds, focusing primarily on long-term bonds such as government bonds and policy financial bonds. Notably, from October 2023 to March 2024, foreign investment in bonds with a maturity of over one year accounted for 56% of the total foreign investment.

**HK:** Hong Kong's job market softened marginally, with both the seasonally adjusted unemployment rate and underemployment rate edging up by 0.1 percentage point, to 3.0% and 1.1% respectively in the first quarter of 2024. Meanwhile, total labour force saw a mild uptick, alongside the steady labour participation rate. The increase in unemployment rate was broad-based. Breaking down by industry, unemployment rate in retail, accommodation and food services sector (at 3.8%) rose the most, when comparing to the figure in December 2023 - February 2024, amid the slackening consumer demand.

**ID:** Microsoft plans to invest IDR14tn in establishing a data center in Indonesia, with CEO Satya Nadella scheduled to visit Jakarta on April 30, 2024, to discuss the investment. Usman Kansong, from the Kominfo Ministry, also stated that Microsoft will develop the "Empower Indonesia's Digital Economy" project, potentially increasing state revenue by over IDR91tn and creating 60k new jobs in the next four years, as reported by Tempo. This visit follows Apple CEO Tim Cook's meeting with President Joko Widodo earlier this week (16/4), where they discussed investment and regulatory facilitation.

**MY:** PM Anwar Ibrahim stated that high-impact projects like the Johor-Singapore Special Economic Zone (JS-SEZ) and Special Financial Zone (SFZ) in Forest City will boost growth, and that Johor's economy is expected to outpace other states' growth in the next one to two years. He highlighted that the plans for a special economic zone were to strengthen ties with Singapore and a special financial zone in Forest City, both of which could spur growth. PM Anwar also noted Johor's low hardcore poverty level, expressing confidence in its swift resolution, and highlighted the prioritization of flood mitigation and other programs to address community challenges, as reported by The Edge.

**PH:** The Philippines and New Zealand have agreed to elevate bilateral ties. Both countries will cooperate and seek to boost bilateral trade and maritime security ties. Philippine President Ferdinand Marcos Jr. and New Zealand Prime Minister Christopher Luxon, in a joint briefing, shared that bilateral relations “will become a comprehensive partnership “ in 2026 during the 60th anniversary of their diplomatic ties, as reported by Bloomberg.

**TH:** Thailand plans to subsidise retail diesel price after the Ministry of Finance has decided against an extension of excise duty cut on retail diesel price. The Oil Fuel Fund Office, in a statement, said that “money from the oil fund will be used to cushion the impact of discontinuation of excise tax relief and prevent drastic changes in diesel price and the cost of living”, as reported by Bloomberg.

### ESG Updates

**SG:** High-net-worth families in Singapore have expressed growing interest in more impactful investments with social or environmental benefits, such as nature-friendly impact investments. This comes amid calls by the UN for financial institutions, governments and the private sector to step up financing for nature conservation. For example, Rumah Group has supported environmental initiatives since it started its environmental portfolio in 2017, through sustainability-linked investments to improve ocean health.

**Rest of the World:** The US will create a new trade task force aimed at reducing carbon emissions from global commerce and manufacturing, to address carbon leakage, carbon dumping, and emissions associated with upstream manufacturing and production. This comes as the US aims to expand the deployment of clean energy technology and manufacturing domestically, with growing competition from China.

## Credit Market Updates

**Market Commentary:** The SGD SORA curve traded lower yesterday, with short tenors trading 1-4bps lower, belly tenors trading 4-5bps lower and 10Y trading 5bps lower. HNA Group (International) Co. has received a winding up petition in a Hong Kong court from private creditor Creditor Golden Morning Hong Kong Ltd. Wang Chunying, spokeswoman of the People's Bank of China and State Administration of Foreign Exchange, mentioned that the regulator will continue to open up China's bond market and expand its size through increased holdings of Chinese bonds by Financial Institutions and promotion of domestic bonds to become qualified collateral offshore. Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 81bps while Asia USD High Yield spreads tightened by 13bps to 601bps. (Bloomberg, OCBC)

### New Issues:

There were four notable bond issuances in the Asiadollar market yesterday.

- **LG Electronics Inc** priced two bonds. A USD500mn 3Y with final pricing of T+95bps and a USD300mn 5Y Sustainability bond with final pricing of T+110bps.
- **Puma International Financing SA** (Guarantor: Puma Energy Holdings Pte Ltd) priced a USD500mn 5NC2 with final pricing of 7.75%.
- **Yinson Production Financial Services Pte. Ltd. (Singapore)** (Guarantor: Yinson Acacia Ltd, Yinson Production West Africa Pte Ltd) priced a USD500mn 5NC3 at 98.0 with final coupon of 9.625%.
- **Perenti Finance Pty Ltd** (Guarantors: Perenti Ltd and certain of its subsidiaries) priced a USD350mn 5NC2 with final pricing of 7.50%.

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

### Mandates:

- Muthoot Finance Limited has appointed bookrunners for investor update calls commencing 19 April 2024 for a potential benchmark sized 144A/Regulation S USD-denominated senior secured bond with 4 years door to door tenor and 3 years weighted average life.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	106.151	0.19%	<b>USD-SGD</b>	1.3622	0.12%
<b>USD-JPY</b>	154.640	0.16%	<b>EUR-SGD</b>	1.4499	-0.14%
<b>EUR-USD</b>	1.064	-0.28%	<b>JPY-SGD</b>	0.8809	-0.03%
<b>AUD-USD</b>	0.642	-0.22%	<b>GBP-SGD</b>	1.6941	-0.02%
<b>GBP-USD</b>	1.244	-0.14%	<b>AUD-SGD</b>	0.8748	-0.07%
<b>USD-MYR</b>	4.786	-0.16%	<b>NZD-SGD</b>	0.8040	-0.12%
<b>USD-CNY</b>	7.239	0.00%	<b>CHF-SGD</b>	1.4931	-0.04%
<b>USD-IDR</b>	16175	-0.28%	<b>SGD-MYR</b>	3.5189	0.01%
<b>USD-VND</b>	25382	0.05%	<b>SGD-CNY</b>	5.3130	-0.14%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
<b>1M</b>	3.8280	-0.70%	<b>1M</b>	5.3165	-0.02%
<b>3M</b>	3.8950	-0.23%	<b>2M</b>	5.3219	-0.03%
<b>6M</b>	3.8420	0.00%	<b>3M</b>	5.3235	-0.05%
<b>12M</b>	3.7200	0.49%	<b>6M</b>	5.3000	-0.06%
			<b>1Y</b>	5.2190	-0.02%

## 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	-0.026	-0.006	5.322
06/12/2024	-0.198	-0.050	5.279
07/31/2024	-0.505	-0.126	5.203
09/18/2024	-0.910	-0.228	5.101
11/07/2024	-1.150	-0.287	5.041
12/18/2024	-1.584	-0.396	4.933
01/29/2025	-1.865	-0.466	4.863

## Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	37,775.38	22.07
<b>S&amp;P</b>	5,011.12	-11.09
<b>Nasdaq</b>	15,601.50	-81.87
<b>Nikkei 225</b>	38,079.70	117.90
<b>STI</b>	3,187.66	32.97
<b>KLCI</b>	1,544.76	4.34
<b>JCI</b>	7,166.81	35.97
<b>Baltic Dry</b>	1,844.00	65.00
<b>VIX</b>	18.00	-0.21

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	3.46 (-0.02)	4.98(--)
<b>5Y</b>	3.31 (-0.03)	4.68 (+0.06)
<b>10Y</b>	3.37 (-0.04)	4.63 (+0.05)
<b>15Y</b>	3.3 (-0.03)	--
<b>20Y</b>	3.3 (-0.02)	--
<b>30Y</b>	3.22 (-0.02)	4.73 (+0.03)

## Financial Spread (bps)

Value	Change
<b>EURIBOR-OIS</b>	#N/A N/A
<b>TED</b>	35.36

## Secured Overnight Fin. Rate

<b>SOFR</b>	5.31
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	82.73	0.05%	Corn (per bushel)	4.268	-0.8%
Brent (per barrel)	87.11	-0.21%	Soybean (per bushel)	11.343	-1.3%
Heating Oil (per gallon)	253.39	-1.58%	Wheat (per bushel)	5.368	0.0%
Gasoline (per gallon)	271.37	-0.55%	Crude Palm Oil (MYR/MT)	41.250	-0.8%
Natural Gas (per MMBtu)	1.76	2.63%	Rubber (JPY/KG)	330.000	0.6%

  

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9734.50	1.59%	Gold (per oz)	2379.0	0.8%
Nickel (per mt)	18559.00	1.76%	Silver (per oz)	28.2	0.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date	Event	Survey	Actual	Prior	Revised
04/19/2024	PH BoP Overall	Mar	--	--	-\$196m
04/19/2024 04/24	TH Car Sales	Mar	--	--	52843
04/19/2024 07:30	JN Natl CPI YoY	Mar	2.80%	2.70%	2.80%
04/19/2024 07:30	JN Natl CPI Ex Fresh Food YoY	Mar	2.70%	2.60%	2.80%
04/19/2024 07:30	JN Natl CPI Ex Fresh Food, Energy YoY	Mar	3.00%	2.90%	3.20%
04/19/2024 12:00	MA GDP YoY	1Q A	3.90%	--	3.00%
04/19/2024 12:00	MA Exports YoY	Mar	-1.10%	--	-0.80%
04/19/2024 12:00	MA Trade Balance MYR	Mar	12.40b	--	10.87b
04/19/2024 12:00	MA Imports YoY	Mar	9.80%	--	8.40%
04/19/2024 14:00	UK Retail Sales Inc Auto Fuel MoM	Mar	0.30%	--	0.00%
04/19/2024 14:00	UK Retail Sales Inc Auto Fuel YoY	Mar	1.00%	--	-0.40%
04/19/2024 14:00	UK Retail Sales Ex Auto Fuel MoM	Mar	0.30%	--	0.20%
04/19/2024 14:00	UK Retail Sales Ex Auto Fuel YoY	Mar	1.00%	--	-0.50%
04/19/2024 14:00	GE PPI MoM	Mar	0.10%	--	-0.40%
04/19/2024 14:00	GE PPI YoY	Mar	-3.30%	--	-4.10%
04/19/2024 15:30	TH Gross International Reserves	Apr-11	--	--	\$223.7b

Source: Bloomberg

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