

Daily Treasury Outlook

26 April 2024

Highlights

Global: US markets edged lower overnight following lower-than-expected 1Q24 US GDP growth and hotter PCE data. US equities declined with the Dow, S&P and Nasdaq down by 1.0%, 0.5% and 0.6% respectively. The DXY index traded marginally lower while US treasury yields rose. 2Y UST and 10Y UST yields closed higher at 5.00% and 4.70% respectively. The advance estimates for 1Q24 US growth came in at a 1.6% QoQ annualised rate versus 3.4% in 4Q23. Similarly, consumer spending was softer-than-expected, rising 2.5% QoQ annualised versus 3.3% in 4Q23. Meanwhile, the 1Q24 core PCE price index accelerated to 3.7% QoQ against 2% prior. This suggests a potential upside risk to March core PCE deflator (to be released 26 April). On other data releases, initial jobless claims declined by 2.4% to 207k (week ending 20 April) while continuing claims edged marginally lower by 0.8% to 1.78mn (week ending 13 April). Both sets of data continue to point towards resilience in the US labour market.

Market Watch: Asian markets may open softer today following a weaker Wall Street close. Data releases today include Japan's Tokyo CPI which eased to 1.8%YoY in April versus 2.6% in March. Other data releases include Singapore's March industrial production, US March PCE deflator, personal income, and personal spending amongst others.

Oil: Crude oil futures went higher on Thursday. Both WTI and Brent rose more than 0.9% to close at USD83.6/bbl and USD89.0/bbl respectively. Despite lower-than-expected 1Q24 US GDP growth, oil prices traded higher on potential geopolitical risk following Israel's increased military operations in the southern Gaza city of Rafah. Meanwhile, a softer DXY profile also supported higher oil prices.

Key Market Movements

Equity	Value	% chg
S&P 500	5048.4	-0.5%
DJIA	38086	-1.0%
Nikkei 225	37628	-2.2%
SH Comp	3052.9	0.3%
STI	3287.8	-0.2%
Hang Seng	17285	0.5%
KLCI	1569.3	-0.1%
	Value	% chg
DXY	105.598	-0.2%
USDJPY	155.65	0.2%
EURUSD	1.0730	0.3%
GBPUSD	1.2514	0.4%
USDIDR	16188	0.2%
USDSGD	1.359	-0.2%
SGDMYR	3.5132	0.1%
	Value	chg (bp)
2Y UST	5.00	7.06
10Y UST	4.70	6.22
2Y SGS	3.47	-0.30
10Y SGS	3.41	1.38
3M SORA	3.64	0.13
3M SOFR	5.35	-0.01
	Value	% chg
Brent	89.01	1.1%
WTI	83.57	0.9%
Gold	2332	0.7%
Silver	27.43	1.0%
Palladium	987	-1.5%
Copper	9865	0.9%
BCOM	103.02	0.3%

Source: Bloomberg

Major Markets

ID: Coordinating Maritime Affairs and Investment Minister Luhut Pandjaitan and Singapore Deputy Prime Minister (DPM) and Prime Minister-elect Lawrence Wong recently discussed potential Indonesian national projects involving Singapore. Minister Luhut shared that he presented various projects to DPM Wong, inviting Singapore's participation in cross-border carbon capture and storage (CCS), as well as opportunities in agriculture and "blue food." He also mentioned DPM Wong's keen interest in establishing an international hospital in Bali. DPM Wong acknowledged the exciting areas for Singapore to explore, emphasizing renewable energy, green technology, healthcare, and the digital economy.

MY: Low March CPI. Headline CPI remained unchanged at 1.8% YoY in March, slightly below expectations (February: 1.8%; Consensus: 2.0%). Food inflation eased to 1.7% YoY versus 1.9% in February, which offset increases in the utilities, restaurant, and transportation components. Core inflation eased further to 1.7% YoY in March versus 1.8% in February. Headline inflation averaged 1.7% YoY in 1Q24, below our baseline, reflecting that inflationary pressures remain benign. The main risk to inflation in the coming months will be the timing and mechanism of the government's fuel subsidy rationalisation policies. We will assess the implications of the government's impending announcement. For now, we maintain our 2024 average CPI inflation forecast of 2.5%.

TH: Deputy Government Spokesman Karom Polpornklang said that the tripartite wage committee will meet in May to consider the raising of the daily minimum wage to THB400. The committee will also review the eligibility for the minimum wage hike. Meanwhile, Pichai Chunhavajira has resigned as the Chairman of the Stock Exchange of Thailand.

ESG Updates

CN: China's carbon price topped 100 CNY/t for the first time since the market launched in mid-2021. Plans are being discussed by the Ministry of Ecology and Environment to include measures to address overallocation of allowances and impose limits on the volume of permits that can be carried over to the following year. Authorities are expected to expand the system to more than 70% of the country's CO2 emissions by 2030, and prices may reach 200 CNY/t then according to estimates from the Beijing Institute of Technology.

Rest of the world: The EU's annual packaging waste grew by around 25% from 2009 to 2021 to reach 84 million tonnes, and recycling rates cannot keep up with this growth. To curb the growth of packaging waste, the EU Parliament approved a proposed law to ban certain single-use plastic packaging like mini cosmetic bottles in hotels, condiments in fast food restaurants and thin plastic bags for groceries. If approved by EU countries, it would require extensive changes to the types of packaging allowed by various parties including F&B companies and online retailers.

Market Commentary: The SGD SORA curve traded mixed yesterday, with short tenors trading 0-2bps lower, belly tenors trading 0-2bps higher and 10Y trading 2bps higher. China is still imposing restrictions on domestic investors' access to offshore debt from local government financing vehicles ("LGFV"). The National Association of Financial Market Institutional Investors (NAFMII), which oversees the interbank market in the country, has stopped accepting new registrations for credit-linked notes. These notes are a type of derivative product that utilize offshore LGFV debt as the underlying assets. Bloomberg Asia USD Investment Grade spreads tightened by 1bp to 81bps while Asia USD High Yield spreads widened by 1bp to 610bps. (Bloomberg, OCBC)

New Issues:

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

Mandates:

- There are no Asiadollar mandates for today.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	105.598	-0.24%	USD-SGD	1.3590	-0.22%
USD-JPY	155.650	0.19%	EUR-SGD	1.4584	0.08%
EUR-USD	1.073	0.29%	JPY-SGD	0.8731	-0.41%
AUD-USD	0.652	0.31%	GBP-SGD	1.7008	0.19%
GBP-USD	1.251	0.40%	AUD-SGD	0.8859	0.10%
USD-MYR	4.776	-0.03%	NZD-SGD	0.8085	0.00%
USD-CNY	7.240	-0.08%	CHF-SGD	1.4899	0.11%
USD-IDR	16188	0.21%	SGD-MYR	3.5132	0.10%
USD-VND	25359	-0.22%	SGD-CNY	5.3247	0.09%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8520	0.97%	1M	5.3140	-0.02%
3M	3.8790	-0.08%	2M	5.3211	-0.02%
6M	3.8330	-0.29%	3M	5.3297	-0.01%
12M	3.7010	-0.46%	6M	5.3136	-0.02%
			1Y	5.2423	-0.01%

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	-0.115	-0.029	5.300
07/31/2024	-0.325	-0.081	5.248
09/18/2024	-0.738	-0.184	5.144
11/07/2024	-0.947	-0.237	5.092
12/18/2024	-1.377	-0.344	4.984
01/29/2025	-1.615	-0.404	4.925

Equity and Commodity

Index	Value	Net change
DJIA	38,085.80	-375.12
S&P	5,048.42	-23.21
Nasdaq	15,611.76	-100.99
Nikkei 225	37,628.48	-831.60
STI	3,287.75	-5.38
KLCI	1,569.25	-2.23
JCI	7,155.29	-19.24
Baltic Dry	1,774.00	-30.00
VIX	15.37	-0.60

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.47 (--)	5 (--)
5Y	3.33 (--)	4.72 (+0.06)
10Y	3.41 (+0.01)	4.71 (+0.06)
15Y	3.37 (+0.01)	--
20Y	3.36 (+0.01)	--
30Y	3.27 (+0.01)	4.82 (+0.04)

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)	83.57	0.92%	Corn (per bushel)	4.410	0.7%
Brent (per barrel)	89.01	1.12%	Soybean (per bushel)	11.628	-0.3%
Heating Oil (per gallon)	255.04	0.02%	Wheat (per bushel)	6.023	1.3%
Gasoline (per gallon)	275.82	0.87%	Crude Palm Oil (MYR/MT)	39.580	-2.0%
Natural Gas (per MMBtu)	1.64	-0.91%	Rubber (JPY/KG)	315.000	-2.5%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9865.00	0.94%	Gold (per oz)	2332.5	0.7%
Nickel (per mt)	19157.00	1.12%	Silver (per oz)	27.4	1.0%

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

Economic Calendar

Date		Event	Survey	Actual	Prior	Revised
04/26/2024	JN	BOJ GDP Current Forecast +2	2Q	--	--	--
04/26/2024	JN	BOJ Target Rate (Upper Bound)	Apr-26	0.10%	--	0.10%
04/26/2024	JN	BOJ GDP Current Forecast +1	2Q	--	--	1.00%
04/26/2024 04:30	TH	Customs Exports YoY	Mar	-4.00%	--	3.60%
04/26/2024 07:01	UK	GfK Consumer Confidence	Apr	-20	-19	-21
04/26/2024 07:30	JN	Tokyo CPI Ex-Fresh Food YoY	Apr	2.20%	1.60%	2.40%
04/26/2024 07:30	JN	Tokyo CPI YoY	Apr	2.50%	1.80%	2.60%
04/26/2024 09:30	AU	PPI YoY	1Q	--	--	4.10%
04/26/2024 09:30	AU	PPI QoQ	1Q	--	--	0.90%
04/26/2024 13:00	SI	Industrial Production YoY	Mar	-1.50%	--	3.80%
04/26/2024 13:00	SI	Industrial Production SA MoM	Mar	-8.80%	--	14.20%
04/26/2024 15:30	TH	Gross International Reserves	Apr-19	--	--	\$222.1b
04/26/2024 16:00	EC	M3 Money Supply YoY	Mar	0.60%	--	0.40%
04/26/2024 20:30	US	Personal Income	Mar	0.50%	--	0.30%
04/26/2024 20:30	US	Personal Spending	Mar	0.60%	--	0.80%
04/26/2024 22:00	US	U. of Mich. Sentiment	Apr F	77.9	--	77.9

Source: Bloomberg

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