

## Daily Treasury Outlook

27 January 2025

### Highlights

**Global:** Although Trump's softer tariff rhetoric had put downward pressure on the USD, the sudden imposition of a 25% emergency tariff on Colombia may reinforces his policy fickleness, amid widespread expectations that the Fed would remain on hold this week. On Friday, the S&P500 slipped 0.29% while the 10-year UST bond yield fell 2bps to 4.62%. Notable developments were the BOJ which hiked interest rates by 25bps to a 17-year high of 0.5% as expected while Taiwan's 4Q24 GDP growth disappointed at 1.84% YoY, which was a moderation from 4.17% in 3Q24. Meanwhile Eurozone's manufacturing and composite PMIs improved to 46.1 and 50.2 respectively despite the services PMI easing to 51.4. Similarly, the US' services PMI also softened from 56.8 to 52.4 in January, while the University of Michigan sentiment index eased to 71.1. Separately, the CIA said the Covid pandemic more likely originated from a lab leak rather than a natural source.

**Market Watch:** Asian markets may range trade ahead of China's data releases comprising of December industrial profits, and, manufacturing and services PMIs. Other data releases to watch today include Germany's IFO business climate, and US' new home sales, Chicago Fed national activity index and Dallas Fed manufacturing activity index. For the Lunar New Year-shortened week ahead, there are the US' durable goods orders, Australia's CPI, the Philippine's 4Q24 GDP growth, the Eurozone's economic confidence, US' 4Q24 core PCE price index, employment cost index and December personal spending. On the central bank front, there are the BOC policy decision (likely a 25bp cut to 3%, which would mark a slower pace compared to the earlier two consecutive 50bp cuts) on Wednesday, FOMC (likely static 4.25-4.5%) and the ECB (likely to trim 25bps) on Thursday. For corporate earnings, watch for Mag7's Apple, Tesla and Microsoft this week.

**Oil:** Crude oil benchmarks closed slightly higher on Friday, with WTI and Brent increasing by 0.1% and 0.3%, respectively, to close at USD74.7/bbl and USD78.5/bbl. However, crude oil prices still posted a weekly decline after falling for most part of the trading week. The decline was partly driven by US President Donald Trump's energy policies. Meanwhile, concerns regarding his trade policies and their impact on global economic growth and commodity demand further exerted downward pressure on oil prices.

### Key Market Movements

Equity	Value	% chg
S&P 500	6101.2	-0.3%
DJIA	44424	-0.3%
Nikkei 225	39932	-0.1%
SH Comp	3252.6	0.7%
STI	3804.3	-0.1%
Hang Seng	20066	1.9%
KLCI	1573.7	-0.2%
	Value	% chg
DXY	107.443	-0.6%
USDJPY	156	0.0%
EURUSD	1.0497	0.8%
GBPUSD	1.2484	1.1%
USDIDR	16173	-0.7%
USDSGD	1.3462	-0.6%
SGDMYR	3.2502	-0.8%
	Value	chg (bp)
2Y UST	4.27	-2.35
10Y UST	4.62	-2.22
2Y SGS	2.82	-1.50
10Y SGS	2.93	-0.98
3M SORA	2.92	-0.05
3M SOFR	4.55	-0.54
	Value	% chg
Brent	78.5	0.3%
WTI	74.66	0.1%
Gold	2771	0.6%
Silver	30.59	0.4%
Palladium	988	-0.8%
Copper	9276	0.5%
BCOM	103.43	0.0%

Source: Bloomberg

## Major Markets

**SG:** The January unemployment rate is likely to be unchanged at 1.8%.

**CN:** In December, China's public fiscal revenue surged by 24.25% YoY, continuing its sharp acceleration following November's notable uptick. The growth was driven primarily by non-tax revenue, which soared 93.8% YoY. For the full year 2024, non-tax revenue totalled 4.47 trillion yuan, reflecting a 25.4% YoY increase. This remarkable spike can be attributed to two main factors: specialized profit remittances from central units and local governments' efforts to monetize resources and assets through diversified channels.

**ID - MY:** Indonesian President Prabowo Subianto is on a State Visit to Malaysia today (27 January), invited by King Sultan Ibrahim. President Prabowo's visit will include a State Welcoming Ceremony, an audience with the king, and a bilateral meeting with Prime Minister Anwar Ibrahim to discuss cooperation and regional issues, as reported by Bernama. This marks the second time President Prabowo will meet PM Anwar in January 2025. This visit comes after President Prabowo's earlier trip to India, where both countries vowed to accelerate their economic partnership and defence cooperation.

**VN:** Deputy Prime Minister and Foreign Minister Bui Thanh Son spoke with US Secretary of State Marco Rubio last Friday (January 24), during which Rubio urged Vietnam to address trade imbalances while discussing shared concerns in the South China Sea, as reported by Reuters. Rubio praised the economic cooperation between the two nations and emphasized the need for Vietnam to rebalance its trade surplus with the US, which reached approximately USD100bn in 2023.

**TH:** Prime Minister Paetongtarn Shinawatra has declared a week (25 January to 31 January) of free public transport in Bangkok to combat rising air pollution in the capital. According to Deputy Prime Minister and Transport Minister Suriya Jungreangkit, buses and electric trains will offer free rides during this period. He added that the government will allocate THB140mn to compensate transport operators, pending cabinet approval. The initiative may be extended if pollution levels do not improve by the end of the period.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded lower last Friday, with shorter tenors trading 3-4bps lower, belly tenors trading 4bps lower and 10Y trading 3bps lower. According to an exchange filing, China Vanke Co. ("VANKE") plans to exercise the redemption option for its 3.42% bonds totalling RMB1bn that are set to mature in 2027. A Hong Kong court has postponed a hearing regarding Sino-Ocean Group Holding Ltd.'s restructuring agreement with its lenders. This delay is attributed to an awaiting ruling in a UK case concerning a debt plan for all creditors, with a decision anticipated on January 29. Bloomberg Asia USD Investment Grade spreads remained flat at 71bps while Bloomberg Asia USD High Yield spreads widened by 2bps to 431bps. (Bloomberg, OCBC)

### New Issues:

There were no notable issuances in the Asiadollar and Singdollar markets last Friday.

### Mandates:

There were no notable mandates last Friday.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	107.443	-0.56%	USD-SGD	1.3462	-0.65%
USD-JPY	156.000	-0.03%	EUR-SGD	1.4132	0.13%
EUR-USD	1.050	0.79%	JPY-SGD	0.8629	-0.62%
AUD-USD	0.631	0.46%	GBP-SGD	1.6805	0.40%
GBP-USD	1.248	1.06%	AUD-SGD	0.8499	-0.20%
USD-MYR	4.378	-1.50%	NZD-SGD	0.7685	-0.05%
USD-CNY	7.241	-0.62%	CHF-SGD	1.4860	-0.50%
USD-IDR	16173	-0.66%	SGD-MYR	3.2502	-0.78%
USD-VND	25085	-0.09%	SGD-CNY	5.3819	0.02%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.7350	-0.73%	1M	4.3143	-0.03%
3M	2.6410	-1.20%	2M	4.3080	-0.06%
6M	2.5810	-0.19%	3M	4.2952	-0.03%
12M	2.4990	0.24%	6M	4.2463	-0.06%
			1Y	4.1781	-0.10%

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
01/29/2025	-0.005	-0.001	4.328
03/19/2025	-0.275	-0.069	4.260
05/07/2025	-0.570	-0.142	4.186
06/18/2025	-1.015	-0.254	4.075
07/30/2025	-1.185	-0.296	4.033
09/17/2025	-1.437	-0.359	3.969

## Equity and Commodity

Index	Value	Net change
DJIA	44,424.25	-140.82
S&P	6,101.24	-17.47
Nasdaq	19,954.30	-99.38
Nikkei 225	39,931.98	-26.89
STI	3,804.26	-2.31
KLCI	1,573.73	-3.47
JCI	7,166.06	-66.59
Baltic Dry	778.00	-46.00
VIX	14.85	-0.17

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.82 (-0.02)	4.26(--)
5Y	2.84 (-0.01)	4.43 (-0.02)
10Y	2.93 (-0.01)	4.59 (-0.02)
15Y	2.94 (--)	--
20Y	2.91 (--)	--
30Y	2.85 (-0.01)	4.81 (-0.02)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.35
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	74.66	0.05%	Corn (per bushel)	4.865	-0.7%
Brent (per barrel)	78.50	0.27%	Soybean (per bushel)	10.558	-0.9%
Heating Oil (per gallon)	251.62	1.81%	Wheat (per bushel)	5.440	-1.8%
Gasoline (per gallon)	204.90	-0.80%	Crude Palm Oil (MYR/MT)	44.880	0.4%
Natural Gas (per MMBtu)	4.03	2.08%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9276.00	0.48%	Gold (per oz)	2770.6	0.6%
Nickel (per mt)	15668.00	0.00%	Silver (per oz)	30.6	0.4%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
01/27/2025 - 01/28/2025	US	Building Permits	Dec F	--	--	1483k	--
01/27/2025 09:30	CH	Manufacturing PMI	Jan	50.1	--	50.1	--
01/27/2025 09:30	CH	Non-manufacturing PMI	Jan	52.2	--	52.2	--
01/27/2025 09:30	CH	Industrial Profits YoY	Dec	--	--	-7.30%	--
01/27/2025 09:30	CH	Industrial Profits YTD YoY	Dec	--	--	-4.70%	--
01/27/2025 10:30	SI	Unemployment rate SA	Dec	--	--	1.80%	--
01/27/2025 13:00	JN	Leading Index CI	Nov F	--	--	107	--
01/27/2025 16:30	HK	Exports YoY	Dec	2.20%	--	2.10%	--
01/27/2025 16:30	HK	Imports YoY	Dec	1.70%	--	5.70%	--
01/27/2025 16:30	HK	Trade Balance HKD	Dec	-54.9b	--	-43.4b	--
01/27/2025 17:00	GE	IFO Business Climate	Jan	84.8	--	84.7	--
01/27/2025 17:00	GE	IFO Expectations	Jan	85	--	84.4	--
01/27/2025 17:00	GE	IFO Current Assessment	Jan	85.4	--	85.1	--
01/27/2025 21:30	US	Chicago Fed Nat Activity Index	Dec	-0.06	--	-0.12	--
01/27/2025 23:00	US	New Home Sales	Dec	672k	--	664k	--
01/27/2025 23:30	US	Dallas Fed Manf. Activity	Jan	-3	--	3.4	--

Source: Bloomberg

**Macro Research**

**Selena Ling**  
Head of Research & Strategy  
[lingssselena@ocbc.com](mailto:lingssselena@ocbc.com)

**Tommy Xie Dongming**  
Head of Asia Macro Research  
[xied@ocbc.com](mailto:xied@ocbc.com)

**Keung Ching (Cindy)**  
Hong Kong & Macau Economist  
[cindyckeung@ocbc.com](mailto:cindyckeung@ocbc.com)

**Herbert Wong**  
Hong Kong & Taiwan Economist  
[herberhtwong@ocbc.com](mailto:herberhtwong@ocbc.com)

**Lavanya Venkateswaran**  
Senior ASEAN Economist  
[lavyavenkateswaran@ocbc.com](mailto:lavyavenkateswaran@ocbc.com)

**Ahmad A Enver**  
ASEAN Economist  
[ahmad.enver@ocbc.com](mailto:ahmad.enver@ocbc.com)

**Jonathan Ng**  
ASEAN Economist  
[jonthanng4@ocbc.com](mailto:jonthanng4@ocbc.com)

**Ong Shu Yi**  
ESG Analyst  
[shuyiong1@ocbc.com](mailto:shuyiong1@ocbc.com)

**FX/Rates Strategy**

**Frances Cheung, CFA**  
Head of FX & Rates Strategy  
[francescheung@ocbc.com](mailto:francescheung@ocbc.com)

**Christopher Wong**  
FX Strategist  
[christopherwong@ocbc.com](mailto:christopherwong@ocbc.com)

**Credit Research**

**Andrew Wong**  
Head of Credit Research  
[wongvkam@ocbc.com](mailto:wongvkam@ocbc.com)

**Ezien Hoo, CFA**  
Credit Research Analyst  
[ezienhoo@ocbc.com](mailto:ezienhoo@ocbc.com)

**Wong Hong Wei, CFA**  
Credit Research Analyst  
[wonghongwei@ocbc.com](mailto:wonghongwei@ocbc.com)

**Chin Meng Tee, CFA**  
Credit Research Analyst  
[mengteechin@ocbc.com](mailto:mengteechin@ocbc.com)

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