

Daily Treasury Outlook

14 April 2021

Highlights

Global: The US is pausing the Johnson & Johnson Covid vaccine on blood clot concerns, but risk sentiments remained buoyant as both the S&P 500 and Nasdaq hit new records. The S&P 500 gained 0.33% (with Pfizer and Moderna advancing while J&J fell), and VIX also slipped to 16.65. UST bonds also rose amid a strong 30-year bond auction with the highest stop since January 2020 and the 10-year yield closed at 1.61%. This was despite US headline inflation printing at 2.6% as investors remained confident that higher inflation would not derail the US recovery. Meanwhile, Bitcoin also hit a record ahead of Coinbase's listing today. USD was lower and oil rose. US earnings season also kicks off today with JPMorgan, Goldman Sachs and Wells Fargo, where any Archegos-related news will be closely watch.

Market watch: Asian markets may open on a firm tone today, tracking the overnight rally in US equities. RBNZ's policy meeting today is likely to leave its official cash rate static at 0.25%. Today's economic calendar comprises Eurozone's industrial production, US' mortgage applications, import prices, and Fed's Beige Book. ECB's Lagarde, Panetta, Guindos, BOE's Haskel, and Fed's Powell, Clarida, Kaplan, Bostic and Williams are also speaking today.

US: Fed's Harker opined the US recovery was still a "little fragile" and "there's no reason to withdraw support yet", while Barkin also downplayed inflation concerns.

SG: Grab Holdings will list in the US in a record \$39.6bn SPAC deal through a merger with Altimeter Growth Corp. Elsewhere, Singapore's Q1 GDP expanded 0.2% yoy, firmly beating the median consensus of -0.5% yoy and consistent with our forecast. Concurrently, MAS has also left the SGD NEER parameters unchanged in its semi-annual MPS report, which was largely expected. We see the possibility that the official 2021 growth forecast of 4-6% yoy may be shaded up going forward, which will be more consistent with our full-year growth estimate of 6% yoy. We also keep to our headline CPI estimate of 1.0% yoy this year, which is at the midpoint of MAS' recently upgraded forecast range of 0.5-1.5% yoy.

Malaysia: Malaysia's Science Minister Khairy Jamaluddin said that 80% of Malaysians will have received their Covid-19 vaccinations by year's end. He added that, from June onward, the available vaccine supply will start to exceed the number of registrations for inoculations. As of April, the stock of vaccines stands at under 3mn doses, compared to 9mn people who have registered thus far. But the supply is said to come in more readily to meet demand by June.

Key Market Movements

Equity	Value	% chg
S&P 500	4141.6	0.3%
DJIA	33677	-0.2%
Nikkei 225	29752	0.7%
SH Comp	3396.5	-0.5%
STI	3187.9	0.4%
Hang Seng	28497	0.2%
KLCI	1597.7	-0.7%
	Value	% chg
DXY	91.852	-0.3%
USDJPY	109.06	-0.3%
EURUSD	1.1948	0.3%
GBPUSD	1.3750	0.1%
USDIDR	14605	0.1%
USDSGD	1.3413	0.0%
SGDMYR	3.0823	0.0%
	Value	chg (bp)
2Y UST	0.16	-0.79
10Y UST	1.61	-5.12
2Y SGS	0.48	-0.70
10Y SGS	1.62	2.14
3M LIBOR	0.19	-0.18
3M SIBOR	0.44	0.00
3M SOR	0.29	0.00
3M SORA	0.18	-0.10
3M SOFR	0.03	-0.08
	Value	% chg
Brent	63.67	0.6%
WTI	60.18	0.8%
Gold	1746	0.7%
Silver	25.35	2.1%
Palladium	2692	0.5%
Copper	8900	0.4%
BCOM	84.32	0.9%

Source: Bloomberg

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Major Markets

US: US equities advanced despite the firm March CPI print. The S&P 500 index rose 0.33%. 10Y UST bond yields slipped 5.12bps to close at 1.61%. For today, investors will likely track the Covid vaccine setback and other key corporate earnings for further cues.

CN: China's export rose by 30.6% yoy in March while import rose by 38.1% yoy beating market expectation. As a result of stronger imports, China's trade surplus narrowed to US\$13.8 billion. The stronger than expected import was mainly attributable to three factors. First, the import bill was inflated by higher commodity prices. China's imports of iron ore and crude oil by value surged by 112.51% yoy and 32.73% respectively as compared to 18.86% yoy and 20.82% yoy rise by volume. Second, China continued to stock up raw materials for electronics supply chain. China's imports of electronics integrated circuit rose by 23.27% yoy. Third, the higher domestic demand was also on the back of improving PMIs recently, which fueled hopes on the rebound of manufacturing investments.

SG: The STI gained 0.44% to close at 3187.90 yesterday and may rally further today in line with more upbeat sentiments from Wall Street. SGS bonds may also take its cue from MAS MPS decision.

HK: The Improving Electoral System Bill 2021 will be introduced into the Legislative Council for first reading and second reading today. The government expects to hold the Legislative Council election on 19 December.

Indonesia: Indonesia's Finance Ministry raised IDR24.23tn in a bond auction yesterday, below the IDR30tn target. The results continued a string of auctions in which the amount raised has come below target. The ministry is said to have received IDR42.97tn of incoming bids. Foreign investors accounted for 11.1% of incoming bids and 8.37% of awarded bids. Following the pattern of the previous auction sessions, the government will seek to raise the balance amount of IDR5.77tn through greenshoe options later this week.

Oil: Oil prices gained yesterday, with Brent rising 0.6% to \$63.67, after the monthly OPEC report showed the consumption forecast for 2021 was revised 190kbpd higher to average 96.46mbpd.

Gold: Gold prices rose for the first time in three sessions yesterday, gaining 0.7% overnight to close at \$1745.51. Resistance is expected at the current 50D MA of \$1752.

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Bond Market Updates

Market Commentary: The SGD swap curve bear steepened yesterday with shorter tenors unchanged, belly tenors up 1-2bps and longer tenors up 2-3.5bps. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 6bps to 143bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 13bps to 634bps. The HY-IG Index Spread widened 7bps to 491bps. There were heavy flows in SGD corporates yesterday including flows in STSP 3.3%-PERPs, HRINTH 3.2%'21s, OLAMSP 4.0%'26s, and ARTSP 3.07%-PERPs. 10Y UST Yields fell 5bps to 1.61% following a strong 30yr bond auction result but mostly due to vaccine concerns as the US is reportedly planning to call for a halt in the Johnson & Johnson vaccine after clotting cases.

New Issues: Pioneer Reward Limited priced a USD100mn re-tap of its HTSC 1.3%'24s at T+100bps. Tencent Holdings Limited arranged investor calls on 13 April for its proposed USD bond offering. China Construction Bank Corporation has arranged investor calls commencing 14 April to introduce its Green, Social, Sustainability and Sustainability-Linked Bond Framework and its newly established Transition Bond Framework for a potential USD bond offering.

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Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	91.852	-0.31%	USD-SGD	1.3413	0.01%
USD-JPY	109.060	-0.29%	EUR-SGD	1.6024	0.32%
EUR-USD	1.195	0.31%	JPY-SGD	1.2293	0.27%
AUD-USD	0.764	0.24%	GBP-SGD	1.8442	0.08%
GBP-USD	1.375	0.07%	AUD-SGD	1.0248	0.23%
USD-MYR	4.135	0.08%	NZD-SGD	0.9458	0.33%
USD-CNY	6.544	-0.06%	CHF-SGD	1.4564	0.19%
USD-IDR	14605	0.07%	SGD-MYR	3.0823	0.02%
USD-VND	23071	0.06%	SGD-CNY	4.8762	-0.13%

Equity and Commodity

Index	Value	Net change
DJIA	33,677.27	-68.13
S&P	4,141.59	13.60
Nasdaq	13,996.10	146.10
Nikkei 225	29,751.61	212.88
STI	3,187.90	13.97
KLCI	1,597.71	-10.71
JCI	5,927.44	-21.13
Baltic Dry	2,145.00	60.00
VIX	16.65	-0.26

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.5580	-0.56%	O/N	0.0735	0.07%
2M	-0.3360	-0.34%	1M	0.1123	0.11%
3M	-0.5380	-0.54%	2M	0.1429	0.15%
6M	-0.5170	-0.52%	3M	0.1858	0.19%
9M	-0.1940	-0.20%	6M	0.2146	0.21%
12M	-0.4900	-0.50%	12M	0.2844	0.29%

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.48 (-0.01)	0.16(--)
5Y	0.86 (-)	0.84 (-0.05)
10Y	1.62 (+0.02)	1.62 (-0.05)
15Y	1.97 (+0.01)	--
20Y	2.01 (+0.01)	--
30Y	2 (+0.01)	2.3 (-0.04)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
04/28/2021	0.038	0.077	0.077
06/16/2021	0.047	0.080	0.080
07/28/2021	0.058	0.082	0.082
09/22/2021	0.058	0.082	0.082
11/03/2021	0.058	0.082	0.082
12/15/2021	0.062	0.084	0.084

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	-5.22	(--)
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	0.01
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	60.18	0.80%	Corn (per bushel)	5.800	1.9%
Brent (per barrel)	63.67	0.62%	Soybean (per bushel)	13.895	0.5%
Heating Oil (per gallon)	181.45	0.36%	Wheat (per bushel)	6.298	0.3%
Gasoline (per gallon)	197.57	0.29%	Crude Palm Oil (MYR/MT)	42.450	0.2%
Natural Gas (per MMBtu)	2.62	2.26%	Rubber (JPY/KG)	2.181	-2.2%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8899.50	0.43%	Gold (per oz)	1745.5	0.7%
Nickel (per mt)	16161.00	0.17%	Silver (per oz)	25.3	2.1%

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
04/14/2021 05:00	US MBA Mortgage Applications	Apr-09	--	-5.10%	--
04/14/2021 07:00	SK Export Price Index YoY	Mar	--	5.60%	0.20%
04/14/2021 07:50	SK Unemployment rate SA	Mar	3.90%	3.90%	4.00%
04/14/2021 07:50	NZ RBNZ Official Cash Rate	Apr-14	0.25%	--	0.25%
04/14/2021 08:00	JN Core Machine Orders YoY	Feb	2.40%	-7.10%	1.50%
04/14/2021 08:30	SI GDP YoY	1Q A	-0.50%	0.20%	-2.40%
04/14/2021 08:30	AU Westpac Consumer Conf SA MoM	Apr	--	--	2.60%
04/14/2021 09:00	AU Westpac Consumer Conf Index	Apr	--	--	111.8
04/14/2021 09:00	CH Foreign Direct Investment YoY CNY	Mar	--	--	--
04/14/2021 10:00	PH Foreign Reserves	Mar	--	--	\$109.1b
04/14/2021 12:30	NE Trade Balance	Feb	--	--	5.0b
04/14/2021 17:00	EC Industrial Production SA MoM	Feb	-1.30%	--	0.80%
04/14/2021 17:00	EC Industrial Production WDA YoY	Feb	-1.40%	--	0.10%
04/14/2021 19:00	JN Core Machine Orders MoM	Feb	2.50%	-8.50%	-4.50%
04/14/2021 20:30	US Import Price Index MoM	Mar	0.90%	--	1.30%
04/14/2021 20:30	US Import Price Index YoY	Mar	6.40%	--	3.00%

Source: Bloomberg

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