

## Daily Treasury Outlook

20 April 2021

### Highlights

**Global:** US equity markets pulled back overnight ahead of upcoming tech earnings and as many countries are battling fresh resurgence of Covid cases. The S&P 500 slipped 0.53%, dragged down by Tesla (following a fatal weekend crash) whereas Coca-Cola and GameStop rose, while VIX rose to 17.29. IBM also reported its first revenue increase in eleven quarters. The UST bond market retreated ahead of the 20-year bond re-opening tomorrow, pushing the 10-year yield up to 1.60%. The UST yield curve also steepened, tracking the bund sell-off. The 3-month LIBOR eased to 0.1860%. Meanwhile, China's LPR fixings due later this morning likely to be static again for the 12<sup>th</sup> month. Separately, OPEC+ is not expected to change their scheduled supply increase.

**Market watch:** Asian markets may drift lower today, awaiting the BI rate decision (likely static at 3.50% amid IDR volatility). Today's economic calendar comprises UK's jobless claims and ILO unemployment rate and Germany's PPI. US earnings results from P&G, J&J, IBM and United Airlines are due today, and Apple is also unveiling its first product offering this year. Chinese President Xi is also speaking at the Boao Forum on Asia today on global risks and challenges.

**EU:** The Bundesbank warned that economic output in Germany decreased in the first quarter of this year.

**UK:** The BOE and Treasury is creating a task force to coordinate on the possibility of a BOE-issued digital currency. Meanwhile, India has been added to the UK's travel ban list.

**CA:** PM Trudeau's government has lined up a pre-election budget of C\$101.4bn which entails a growth plan over three years to support the Canadian economy amid a third wave of Covid infections. However, the extra spending will be offset by higher revenue, so the budget deficit is still expected to narrow to 6.4% of GDP this fiscal year, down from 16.1% last year.

**SG:** MAS is auctioning \$4.4bn of 4-week and \$11.6bn of 12-week bills today.

**Malaysia:** Malaysia's PM Muhyiddin Yassin said that Microsoft will invest USD1bn over the next 5 years in the country as part of a new partnership program with government agencies and local companies. As part of the investment initiative, Microsoft is said to be planning to build a regional data centre that may create as many as 19000 jobs.

**Oil:** Brent rose 0.4% to \$67.05 yesterday. This is the first time in more than a month that the benchmark crude had closed above the \$67 level. We stay bullish on crude oil in both the short and medium term, with near-term resistance eyed at \$69.

### Key Market Movements

Equity	Value	% chg
S&P 500	4163.3	-0.5%
DJIA	34078	-0.4%
Nikkei 225	29685	0.0%
SH Comp	3477.5	1.5%
STI	3209.7	0.2%
Hang Seng	29106	0.5%
KLCI	1600.3	-0.5%
	Value	% chg
DXY	91.069	-0.5%
USDJPY	108.17	-0.6%
EURUSD	1.2037	0.5%
GBPUSD	1.3986	1.1%
USDIDR	14548	-0.1%
USDSGD	1.3303	-0.3%
SGDMYR	3.0985	0.1%
	Value	chg (bp)
2Y UST	0.16	-0.40
10Y UST	1.60	2.49
2Y SGS	0.45	-0.60
10Y SGS	1.54	1.09
3M LIBOR	0.19	-0.15
3M SIBOR	0.44	0.00
3M SOR	0.26	0.00
3M SORA	0.18	0.10
3M SOFR	0.03	-0.23
	Value	% chg
Brent	67.05	0.4%
WTI	63.38	0.4%
Gold	1771	-0.3%
Silver	25.82	-0.6%
Palladium	2809	1.2%
Copper	9376	1.8%
BCOM	86.78	0.3%

Source: Bloomberg

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### Major Markets

**US:** US equities fell last night on tech share loss amid rising virus concerns. The Nasdaq 100 Composite index declined 0.98%. 10Y UST bond yields rose 2.49bps to close at 1.60%. For the day ahead, investors will likely track key corporate earnings and Covid related news for further market cues. Netflix, Johnson & Johnson and P&G are among the companies to report earnings today.

**CN:** China's Vice Chairman of security regulator (CSRC) said on Monday that China's financial opening-up has further accelerated. However, he also warned that the regulator will suspend the trading of foreign accounts if they cause significant market volatility after entering China's onshore capital market.

**SG:** The STI added 0.25% to close at 3209.72 yesterday, but may surrender those gains today amid weak overnight leads from Wall Street and morning declines in Kospi. With UST bonds trading lower overnight, SGS bonds may also track lower ahead of the upcoming 15-year SGS bond re-opening on 28 April whose issuance size will be announced tomorrow.

**Indonesia:** Bank Indonesia is due to announce its monetary policy decision today. We expect the central bank to keep its policy rate unchanged at 3.5%, with the compulsion to preserve interest rate differential to help anchor market sentiment in mind.

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### Bond Market Updates

**Market Commentary:** The SGD swap curve mostly bear flattened, with shorter tenors trading 1-2bps higher while belly and longer tenors remained mostly unchanged. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 3bps to 143bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 10bps to 633bps. The HY-IG Index Spread tightened 7bps to 490bps. There were heavy flows in SGD corporates last Friday including flows in STSP 3.3%-PERPs, CS 5.625%-PERPs, OLAMSP 4%'26s and SOCGEN 6.125%-PERPs. 10Y UST Yields gained 2bps to 1.61% as investors continued to stay cautious during corporate earnings season, while monitoring the progress of the economic reopening.

**New Issues:** Putian State-owned Assets Investment Co Ltd priced a USD180mn 3-year senior unsecured bond at 4.7%, tightening from IPT of 5% area. Olam International Limited priced a SGD100mn re-tap of its OLAMSP 5.375% Perp at 5.375%. The Government of Malaysia has arranged investor calls commencing 19 April for its proposed USD sustainability bond offering. Taiwan Semiconductor Manufacturing Company Ltd., has arranged investor calls commencing 19 April for its proposed USD bond offering. Santos Finance Limited has arranged investor calls commencing 19 April for its proposed USD bond offering.

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### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	91.069	-0.53%	<b>USD-SGD</b>	1.3303	-0.28%
<b>USD-JPY</b>	108.170	-0.58%	<b>EUR-SGD</b>	1.6014	0.16%
<b>EUR-USD</b>	1.204	0.45%	<b>JPY-SGD</b>	1.2299	0.30%
<b>AUD-USD</b>	0.776	0.32%	<b>GBP-SGD</b>	1.8607	0.79%
<b>GBP-USD</b>	1.399	1.11%	<b>AUD-SGD</b>	1.0320	-0.01%
<b>USD-MYR</b>	4.124	-0.05%	<b>NZD-SGD</b>	0.9548	0.14%
<b>USD-CNY</b>	6.510	-0.16%	<b>CHF-SGD</b>	1.4533	0.16%
<b>USD-IDR</b>	14548	-0.12%	<b>SGD-MYR</b>	3.0985	0.14%
<b>USD-VND</b>	23063	0.00%	<b>SGD-CNY</b>	4.8931	0.12%

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	34,077.63	-123.04
<b>S&amp;P</b>	4,163.26	-22.21
<b>Nasdaq</b>	13,914.77	-137.57
<b>Nikkei 225</b>	29,685.37	2.00
<b>STI</b>	3,209.72	7.96
<b>KLCI</b>	1,600.29	-8.09
<b>JCI</b>	6,052.54	-33.72
<b>Baltic Dry</b>	2,385.00	62.00
<b>VIX</b>	17.29	1.04

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
<b>1M</b>	-0.5530	-0.56%	<b>O/N</b>	0.0728	0.07%
<b>2M</b>	-0.3360	-0.34%	<b>1M</b>	0.1159	0.12%
<b>3M</b>	-0.5380	-0.54%	<b>2M</b>	0.1515	0.15%
<b>6M</b>	-0.5110	-0.51%	<b>3M</b>	0.1883	0.19%
<b>9M</b>	-0.1940	-0.20%	<b>6M</b>	0.2236	0.22%
<b>12M</b>	-0.4780	-0.48%	<b>12M</b>	0.2924	0.29%

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	0.45 (-0.01)	0.16(--)
<b>5Y</b>	0.77 (--)	0.83(--)
<b>10Y</b>	1.54 (+0.01)	1.6 (+0.02)
<b>15Y</b>	1.91 (+0.01)	--
<b>20Y</b>	1.92 (--)	--
<b>30Y</b>	1.9 (--)	2.3 (+0.03)

### Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
04/28/2021	0.059	0.082	0.082
06/16/2021	0.100	0.093	0.093
07/28/2021	0.099	0.093	0.093
09/22/2021	0.099	0.093	0.093
11/03/2021	0.099	0.093	0.093
12/15/2021	0.097	0.092	0.092

### Financial Spread (bps)

	Value	Change
<b>EURIBOR-OIS</b>	-5.20	(--)
<b>TED</b>	35.36	--

### Secured Overnight Fin. Rate

<b>SOFR</b>	0.01
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### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	63.38	0.40%	Corn (per bushel)	5.920	1.1%
Brent (per barrel)	67.05	0.42%	Soybean (per bushel)	14.498	1.2%
Heating Oil (per gallon)	189.25	-0.17%	Wheat (per bushel)	6.523	0.0%
Gasoline (per gallon)	204.45	0.23%	Crude Palm Oil (MYR/MT)	41.800	-0.3%
Natural Gas (per MMBtu)	2.75	2.57%	Rubber (JPY/KG)	2.199	-2.4%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9376.00	1.79%	Gold (per oz)	1771.4	-0.3%
Nickel (per mt)	16121.00	-1.48%	Silver (per oz)	25.8	-0.6%

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
04/20/2021 09:00	PH BoP Overall	Mar	--	-\$2020m	--
04/20/2021 10:00	TH Car Sales	Mar	--	58960	--
04/20/2021 11:00	NZ Non Resident Bond Holdings	Mar	--	51.70%	--
04/20/2021 12:30	JN Tertiary Industry Index MoM	Feb	0.50%	-1.70%	--
04/20/2021 13:00	JN Convenience Store Sales YoY	Mar	--	-5.30%	--
04/20/2021 14:00	UK Jobless Claims Change	Mar	--	86.6k	--
04/20/2021 14:00	UK ILO Unemployment Rate 3Mths	Feb	5.00%	5.00%	--
04/20/2021 14:00	UK Claimant Count Rate	Mar	--	7.50%	--
04/20/2021 14:00	JN Machine Tool Orders YoY	Mar F	--	65.00%	--
04/20/2021 14:00	UK Average Weekly Earnings 3M/YoY	Feb	4.80%	4.80%	--
04/20/2021 14:00	GE PPI MoM	Mar	0.60%	0.70%	--
04/20/2021 14:00	GE PPI YoY	Mar	3.30%	1.90%	--
04/20/2021 14:00	UK Weekly Earnings ex Bonus 3M/YoY	Feb	4.20%	4.20%	--
04/20/2021 15:20	ID Bank Indonesia 7D Reverse Repo	Apr-20	3.50%	3.50%	--
04/20/2021 16:00	TA Export Orders YoY	Mar	34.90%	48.50%	--
04/20/2021 20:30	CA Teranet/National Bank HPI MoM	Mar	--	0.50%	--

Source: Bloomberg

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