

Daily Treasury Outlook

21 April 2021

Highlights

Global: Extended pullback in the US equity market overnight amid fears of resurgent Covid waves. The S&P 500 retreated 0.68%, dragged down by Netflix whose new subscriptions disappointed market expectations, while VIX rose to 18.68. The UST bonds gained amid the flight to safety, led by the belly of the curve and pushing the 10-year yield down to 1.56%. Meanwhile, BI kept its policy rate static as expected. Separately, China Huarong International Holdings Ltd said it has returned to profit in 1Q.

Market watch: Asian markets may continue to consolidate today amid renewed Covid concerns. Bank of Canada is tipped to keep its policy rate unchanged at 0.25%, but may taper its weekly asset purchases from C\$4bn to C\$3bn. Today's economic calendar comprises UK's CPI/RPI/PPI, S'pore's COE tender results, and US' MBA mortgage applications. BOE's Bailey and Ramsden, and BOC's Macklem are also speaking.

Malaysia: According to some domestic press reports, Malaysia's UMNO party will decide on a time frame of when the party would end its support for the ruling Perikatan Nasional grouping. The supreme council is said to be meeting on Sunday, April 25 to discuss the issue. Earlier, UMNO's general assembly meeting on March 28 had unanimously agreed to set a date on when the party would withdraw its support for the government.

Indonesia: Bank Indonesia kept its policy rate unchanged at 3.5% as widely expected, due to ongoing concerns about global yields uptick. BI has also revised down its 2021 GDP forecast to 4.1-5.1% from 4.3-5.3% previously. It continued to urge banks to pass on the previous rate cuts, noting how the SOE banks have started to do so more earnestly compared to the others.

SG: S'pore will tighten quota on travellers from India and increase the SHN for those arriving from India by 7 days.

CN: PBoC Governor Yi Gang said in the Boao Forum that the central bank will provide more financial support to help the country achieve its goal of carbon neutrality. From a policy perspective, Yi Gang opined the central bank will closely evaluate the impact of climate change on financial stability and monetary policy. The central bank will focus on three areas including increasing the allocation of green bonds in foreign exchange reserves, limiting investment in carbon assets and incorporating climate change factors in the stress tests for financial institutions. In addition, China said it will produce more than 3 billion Covid-19 vaccines and will supply more vaccines globally in the latter half of 2021.

Key Market Movements

Equity	Value	% chg
S&P 500	4134.9	-0.7%
DJIA	33821	-0.8%
Nikkei 225	29100	-2.0%
SH Comp	3472.9	-0.1%
STI	3192.2	-0.5%
Hang Seng	29136	0.1%
KLCI	1607.6	0.5%
	Value	% chg
DXY	91.241	0.2%
USDJPY	108.11	-0.1%
EURUSD	1.2036	0.0%
GBPUSD	1.3937	-0.4%
USDIDR	14498	-0.3%
USDSGD	1.3293	-0.1%
SGDMYR	3.0996	0.0%
	Value	chg (bp)
2Y UST	0.15	-0.80
10Y UST	1.56	-4.58
2Y SGS	0.45	0.40
10Y SGS	1.59	5.28
3M LIBOR	0.19	-0.23
3M SIBOR	0.44	0.00
3M SOR	0.28	0.00
3M SORA	0.18	-0.09
3M SOFR	0.03	-0.07
	Value	% chg
Brent	66.57	-0.7%
WTI	62.67	-1.2%
Gold	1779	0.4%
Silver	25.84	0.1%
Palladium	2762	-1.7%
Copper	9322	-0.6%
BCOM	86.98	0.2%

Source: Bloomberg

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Major Markets

US: US equities retreated last night as rising global Covid cases weighed on market sentiment amid a largely firmer US corporate earnings. The S&P 500 index fell 0.68%. 10Y UST bonds yields slipped 4.58bps to close at 1.56%. For today, investors will keep a close watch on virus and Covid vaccine related news where a significant pick up in the former may be a precursor to further downside in the US equity market. Baker Hughes, Ericsson and Chipotle are among the companies reporting today.

SG: The STI declined 0.55% to close at 3192.17 yesterday and may slide further today amid weak overnight leads from Wall Street. With the flight to safety, SGS bonds may open firmer today, but investors are awaiting the announcement of the re-opening size for the 15-year SGS bond issue on 28 April.

Oil: Oil endured a volatile session yesterday, with Brent swinging between \$65.51 to \$68.08 in intraday movements. Brent ended 0.7% lower on the day. We maintain our bullish tilt on oil in the near term.

Gold: Gold rose 0.4% to \$1778.75/oz yesterday as Treasury yields fell to 1.559% and the dollar index slid briefly below its 100D moving average.

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Bond Market Updates

Market Commentary: The SGD swap curve traded higher yesterday, with shorter tenors trading at 1-4bps higher. Belly tenors traded 5bps higher while longer tenors traded 6-7bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 2bps to 145bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 631bps. The HY-IG Index Spread tightened 5bps to 486bps. There were heavy flows in SGD corporates yesterday including flows in OLAMSP 5.375%-PERPs, STSP 3.3%-PERPs, OLAMSP 4%'26s, STANLN 5.375%-PERPs and MLTSP 4.18%-PERPs. 10Y UST Yields fell 4bps to 1.56% as losses in global equities spurred active bidding of safe-haven assets like government paper.

New Issues: TSMC Global Ltd (Guarantor: Taiwan Semiconductor Manufacturing Company Limited) priced a USD1.1bn 5-year senior unsecured bond at T+50bps, tightening from IPT of T+80bps area, a USD900mn 7-year senior unsecured bond at T+55bps, tightening from IPT of T+85bps area, and a USD1.5bn 10-year senior unsecured bond at T+70bps, tightening from IPT of T+100bps area. Abu Dhabi National Energy Co PJSC priced a USD750mn 7-year senior unsecured bond at T+80bps, tightening from IPT of T+110bps area, and a USD750mn 30-year senior unsecured bond at 3.4%, tightening from IPT of 3.75% area. Korea Hydro & Nuclear Power Co Ltd priced a USD500mn 5-year senior unsecured bond at T+57.5bps, tightening from IPT of T+90bps area. Kaisa Group Holdings Ltd priced a USD200mn re-tap of its KAISAG 9.75% '23s at 9.15%, tightening from IPT of 9.45% area. AVIC Automotive Systems Holdings Co., Ltd has arranged investor calls commencing 20 April for its proposed USD bond offering. Sino-Ocean Group Holding Limited has arranged investor calls commencing 20 April for its proposed USD Green bond offering. PT Pakuwon Jati Tbk has arranged investor calls commencing 20 April for its proposed USD bond offering. Changchun Urban Development & Investment Holdings has arranged investor calls commencing 20 April for its proposed USD bond offering. Shangrao Innovation Development Industry Investment Group Co., Ltd. has mandated banks for its proposed USD bond offering. Bank of China Limited has mandated banks for its proposed USD bond offering.

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Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	91.241	0.19%	USD-SGD	1.3293	-0.08%
USD-JPY	108.110	-0.06%	EUR-SGD	1.5998	-0.10%
EUR-USD	1.204	-0.01%	JPY-SGD	1.2299	0.00%
AUD-USD	0.773	-0.43%	GBP-SGD	1.8526	-0.44%
GBP-USD	1.394	-0.35%	AUD-SGD	1.0267	-0.51%
USD-MYR	4.116	-0.19%	NZD-SGD	0.9534	-0.15%
USD-CNY	6.500	-0.17%	CHF-SGD	1.4517	-0.11%
USD-IDR	14498	-0.34%	SGD-MYR	3.0996	0.04%
USD-VND	23071	0.03%	SGD-CNY	4.8894	-0.08%

Equity and Commodity

Index	Value	Net change
DJIA	33,821.30	-256.33
S&P	4,134.94	-28.32
Nasdaq	13,786.27	-128.50
Nikkei 225	29,100.38	-584.99
STI	3,192.17	-17.55
KLCI	1,607.57	7.28
JCI	6,038.32	-14.22
Baltic Dry	2,385.00	62.00
VIX	18.68	1.39

Interbank Offer Rates (%)

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

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.45 (--)	0.16(--)
5Y	0.8 (+0.03)	0.79 (-0.04)
10Y	1.59 (+0.05)	1.6 (-0.05)
15Y	1.97 (+0.06)	--
20Y	1.98 (+0.06)	--
30Y	1.95 (+0.05)	2.3 (-0.05)

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	0.098	0.092	0.092

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	-5.20	(--)
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)	62.44	-1.48%	Corn (per bushel)	6.065	2.4%
Brent (per barrel)	66.57	-0.72%	Soybean (per bushel)	14.720	1.5%
Heating Oil (per gallon)	188.01	-0.66%	Wheat (per bushel)	6.598	1.1%
Gasoline (per gallon)	201.74	-1.33%	Crude Palm Oil (MYR/MT)	42.310	1.2%
Natural Gas (per MMBtu)	2.73	-0.80%	Rubber (JPY/KG)	2.227	1.3%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9322.00	-0.58%	Gold (per oz)	1778.8	0.4%
Nickel (per mt)	16038.00	-0.51%	Silver (per oz)	25.8	0.1%

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
04/21/2021 06:45	NZ CPI QoQ	1Q 0.80%	0.80%	0.50%	--
04/21/2021 06:45	NZ CPI YoY	1Q 1.50%	1.50%	1.40%	--
04/21/2021 08:30	AU Westpac Leading Index MoM	Mar --	--	0.01%	--
04/21/2021 09:00	PH BoP Overall	Mar --	--	-\$2020m	--
04/21/2021 09:30	AU Retail Sales MoM	Mar P 1.00%	--	-0.80%	--
04/21/2021 14:00	UK CPI YoY	Mar 0.80%	--	0.40%	--
04/21/2021 14:00	UK CPI MoM	Mar 0.40%	--	0.10%	--
04/21/2021 14:00	UK CPI Core YoY	Mar 1.10%	--	0.90%	--
04/21/2021 14:00	UK RPI MoM	Mar 0.40%	--	0.50%	--
04/21/2021 14:00	UK RPI YoY	Mar 1.60%	--	1.40%	--
04/21/2021 14:00	UK Retail Price Index	Mar 297.2	--	296	--
04/21/2021 16:00	SI Automobile COE Open Bid Cat A	Apr-21 --	--	45600	--
04/21/2021 19:00	US MBA Mortgage Applications	Apr-16 --	--	-3.70%	--
04/21/2021 20:30	CA CPI YoY	Mar 2.30%	--	1.10%	--
04/21/2021 20:30	CA CPI NSA MoM	Mar 0.60%	--	0.50%	--
04/21/2021 22:00	CA Bank of Canada Rate Decision	Apr-21 0.25%	--	0.25%	--

Source: Bloomberg

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