

## Daily Treasury Outlook

21 November 2022

### Highlights

**Global:** Hung parliament in Malaysia with PH ahead with 82 seats, PN with 73 seats, BN with 30 seats, but none with a simple majority puts the onus on a coalition alliance ahead of today's 2pm deadline set by the King. Meanwhile, the S&P 500 rose 0.48% on Friday while the 10-year UST bond yield rose 6bps to 3.83% amid hawkish Fed comments, namely by Bullard that interest rates need to rise to at least 5-5.25% to curb inflation and Kashkari also opined that it was an "open question" how high rates need to go, albeit this was tempered by Bostic who said he prefers to slow the pace of rate hikes with only another 75-100bps of additional tightening to go. US' existing home sales fell for a record 9th straight month in October. Across in Europe, ECB officials were similarly hawkish with Lagarde indicating that the recession risk is rising but rates need to rise more to become more restrictive. Meanwhile, the COP27 talks in Egypt saw a last-minute deal to create a climate damage fund for poorer countries but fell short of European goals to reduce emissions. Separately, China reported its first Covid-related death in nearly six months.

**Market watch:** Asian markets may tread water today while awaiting China's 1- and 5-year Loan Prime Rate fixings (previously 3.65% and 4.3% respectively). Today's economic data calendar comprises of Taiwan's export orders, Thailand's 3Q22 GDP growth, Hong Kong's CPI, and US' Chicago Fed national activity index. BoE's Cunliffe, ECB's Vasle, Holzmann, Simkus and Centeno and Fed's Daly are also speaking. For the week ahead, watch for the global manufacturing and services PMIs, OECD's revised economic outlook tomorrow, S'pore's 3Q revised GDP growth and October CPI on Wednesday, US' October durable goods orders, FOMC minutes and Germany's IFO business climate index on Thursday. RBNZ meets on Wednesday and is likely to hike 75bps to 4.25% and BoK policy decision on Thursday with a 25bps rate hike to 3.25% expected while US celebrates Thanksgiving holidays on Thursday.

**CN:** China's President Xi concluded his first week-long overseas trip after the 20th Party Congress reassuring China's support for true multilateralism, inclusive development as well as open regional cooperation for the prosperity of the Asia-Pacific. President Xi's packed diplomatic schedule, including about 20 one-to-one meeting with global leaders in both Bali and Bangkok showed China's increasing effort to re-engage with the world. Separately, as compared to the property pivot, Covid reopening is far from pivot as we mentioned last week. The implementation on the ground remains the key challenge. The flipflop of Covid testing policy in Shijiazhuang also showed that China is still on trial-and-error stage.

Key Market Movements		
Equity	Value	% chg
S&P 500	3965.3	0.5%
DJIA	33746	0.6%
Nikkei 225	27900	-0.1%
SH Comp	3097.2	-0.6%
STI	3272.2	-0.4%
Hang Seng	17993	-0.3%
KLCI	1449.3	0.0%
	Value	% chg
DXY	106.930	0.2%
USDJPY	140.37	0.1%
EURUSD	1.0325	-0.4%
GBPUSD	1.1890	0.2%
USDIDR	15688	0.2%
USDSGD	1.3759	0.1%
SGDMYR	3.3172	0.2%
	Value	chg (bp)
2Y UST	4.53	8.09
10Y UST	3.83	6.31
2Y SGS	3.03	0.00
10Y SGS	3.11	-3.06
3M LIBOR	4.66	0.11
3M SIBOR	4.03	5.50
3M SOR	4.30	-0.02
3M SORA	2.70	1.40
3M SOFR	2.89	1.70
	Value	% chg
Brent	87.62	-2.4%
WTI	80.08	-1.9%
Gold	1751	-0.6%
Silver	20.94	-0.1%
Palladium	1939	-3.6%
Copper	8076	-0.4%
BCOM	114.79	-0.3%

Source: Bloomberg

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### Major Markets

**SG:** The STI fell 0.42% to close at 3,272.23 on Friday and may range trade today. With UST bond yields up between 5-8bps on Friday, SGS bonds may follow suit today. There is a \$4.8bn of 6-month T-bill auction on 24 November.

**MY:** Malaysia's King issued a statement on Sunday that the country's party leaders have until 2pm today to inform him of their choice of prime minister and the alliances they have formed, noting that his decision on the PM will be final, in line with the constitution. The announcement came after Saturday's election resulted in a hung parliament, with no coalition close to winning a majority to form a government on its own.

**ID:** Indonesia's Ministry of Manpower announced that minimum wages across the country will rise at a maximum of 10% next year. The increase falls short of labour unions' demand for wage increases of as high as 25%, citing double-digit food, fuel and housing inflation. Provinces will have until Nov 28th and cities until Dec 7th to decide on minimum wage levels that will come into force on Jan 1st.

### ESG Updates

**ID:** Indonesia, the Asian Development Board and a private power firm intend to prematurely retire a coal-fired power plant, which could eliminate around 30 million tonnes of greenhouse gas emissions over 15 years.

**Rest of the world:** Countries agreed to a loss and damage fund at COP27, but further details on how it will operate and sources of money need to be ironed out.

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### Bond Market Updates

**Market Commentary:** The SGD SORA curve traded mostly higher last Friday, with shorter tenors trading 8-13bps higher, belly tenors trading 8-11bps higher and 10Y trading 8bps higher. UST 10Y yields rose by 6bps to 3.83% last Friday as existing home sales tumbled again while Fed speak remained hawkish. US existing home sales fell for a ninth consecutive month by 5.9% MoM in October to 4.43mn, reaching levels last seen in December 2011 after excluding the plunge observed during Covid-19 pandemic (April to June 2020), although still slightly above Bloomberg median estimates of 4.4mn. Separately, Boston Federal Reserve (“Fed”) president Susan Collins mentioned that another 75bps rate hike in December could be possible amidst little evidence that price pressures are waning, commenting that “Seventy-five still is on the table; I think it's important to say that as well”, although she refused to mention where she thinks terminal rates should end at, commenting that “I won’t give you a number” when questioned so. Her comments telegraphed a slightly different message from Fed chairman Jerome Powell and several other Fed officials of late whom have signalled for slowing rate hikes and possibly higher terminal rates.

**New Issues:** There were no new issues last Friday.

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### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	106.930	0.22%	<b>USD-SGD</b>	1.3759	0.10%
<b>USD-JPY</b>	140.370	0.12%	<b>EUR-SGD</b>	1.4202	-0.29%
<b>EUR-USD</b>	1.033	-0.36%	<b>JPY-SGD</b>	0.9799	-0.04%
<b>AUD-USD</b>	0.667	-0.18%	<b>GBP-SGD</b>	1.6350	0.27%
<b>GBP-USD</b>	1.189	0.22%	<b>AUD-SGD</b>	0.9178	-0.14%
<b>USD-MYR</b>	4.556	0.25%	<b>NZD-SGD</b>	0.8461	0.44%
<b>USD-CNY</b>	7.120	-0.53%	<b>CHF-SGD</b>	1.4408	-0.23%
<b>USD-IDR</b>	15688	0.16%	<b>SGD-MYR</b>	3.3172	0.16%
<b>USD-VND</b>	24808	-0.03%	<b>SGD-CNY</b>	5.1835	-0.32%

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	33,745.69	199.37
<b>S&amp;P</b>	3,965.34	18.78
<b>Nasdaq</b>	11,146.06	1.10
<b>Nikkei 225</b>	27,899.77	-30.80
<b>STI</b>	3,272.23	-13.81
<b>KLCI</b>	1,449.32	0.94
<b>JCI</b>	7,082.18	37.19
<b>Baltic Dry</b>	1,189.00	-39.00
<b>VIX</b>	23.12	-0.81

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
<b>1M</b>	1.4130	1.43%	<b>O/N</b>	3.8121	3.81%
<b>2M</b>	-0.3360	-0.34%	<b>1M</b>	3.9567	3.94%
<b>3M</b>	1.8210	1.80%	<b>3M</b>	4.6649	4.68%
<b>6M</b>	2.3420	2.29%	<b>6M</b>	5.1427	5.12%
<b>9M</b>	-0.1940	-0.20%	<b>12M</b>	5.5094	5.46%
<b>12M</b>	2.8370	2.83%			

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	3.03 (--)	4.52 (--)
<b>5Y</b>	2.94 (-0.04)	4.01 (+0.07)
<b>10Y</b>	3.11 (-0.03)	3.81 (+0.06)
<b>15Y</b>	3.09 (-0.05)	--
<b>20Y</b>	2.93 (-0.09)	--
<b>30Y</b>	2.81 (-0.07)	3.92 (+0.05)

### Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Implied Rate
12/14/2022	2.059	0.515	4.370
02/01/2023	3.556	0.889	4.744
03/22/2023	4.359	1.090	4.945
05/03/2023	4.769	1.192	5.047
06/14/2023	4.818	1.204	5.060
07/26/2023	4.649	1.162	5.017

### Financial Spread (bps)

	Value	Change
<b>EURIBOR-OIS</b>	230.90	(--)
<b>TED</b>	35.36	--

### Secured Overnight Fin. Rate

<b>SOFR</b>	3.80
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### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	80.08	-1.91%	Corn (per bushel)	6.678	0.0%
Brent (per barrel)	87.62	-2.41%	Soybean (per bushel)	14.283	0.8%
Heating Oil (per gallon)	351.81	-0.19%	Wheat (per bushel)	8.033	-0.4%
Gasoline (per gallon)	242.08	-1.38%	Crude Palm Oil (MYR/MT)	37.910	-3.0%
Natural Gas (per MMBtu)	6.30	-1.04%	Rubber (JPY/KG)	2.148	0.9%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	8076.00	-0.42%	Gold (per oz)	1750.7	-0.6%
Nickel (per mt)	25385.00	1.28%	Silver (per oz)	20.9	-0.1%

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
11/21/2022 08:00	SK Exports 20 Days YoY	Nov	--	-16.70%	-5.50%
11/21/2022 08:00	SK Imports 20 Days YoY	Nov	--	-5.50%	1.90%
11/21/2022 09:15	CH 1-Year Loan Prime Rate	Nov-21	3.65%	--	3.65%
11/21/2022 09:15	CH 5-Year Loan Prime Rate	44501	4.30%	--	4.30%
11/21/2022 10:00	NZ Credit Card Spending YoY	Oct	--	--	34.10%
11/21/2022 10:00	NZ Credit Card Spending MoM	Oct	--	--	0.70%
11/21/2022 10:30	TH GDP YoY	3Q	4.50%	--	2.50%
11/21/2022 10:30	TH GDP SA QoQ	3Q	0.80%	--	0.70%
11/21/2022 13:00	JN Tokyo Condominiums for Sale YoY	Oct	--	--	-11.90%
11/21/2022 15:00	GE PPI YoY	Oct	42.10%	--	45.80%
11/21/2022 15:00	GE PPI MoM	Oct	0.60%	--	2.30%
11/21/2022 16:00	TA Export Orders YoY	Oct	-1.90%	--	-3.10%
11/21/2022 16:20	TA BoP Current Account Balance	3Q	--	--	\$26546m
11/21/2022 16:30	HK CPI Composite YoY	Oct	1.90%	--	4.40%
11/21/2022 21:00	CA Bloomberg Nanos Confidence	43405	--	--	43.40
11/21/2022 21:30	US Chicago Fed Nat Activity Index	Oct	-3.00%	--	10.00%

Source: Bloomberg

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