

GLOBAL MARKETS RESEARCH

Daily Treasury Outlook

19 September 2023



Highlights

Global: Rising oil prices present a threat to disinflation and may unsettle central banks. Brent was within sniffing distance of US\$95.0 per barrel before paring gains. The S&P500 was little changed at +0.07%. The 2-year bond yield rose to a 6-month high, before trading back to 5.053% levels, whereas the 10-year yield was lower to 4.308%. The US NAHB housing market index fell from 50 (breakeven level) to a 5-month low of 45 in September amid higher mortgage rates while the New York Fed services business activity index also slowed from 0.6 to -3.0. Meanwhile, House Speaker McCarthy's latest proposal to avert a US government shutdown is facing bigger domestic spending cuts.

Market Watch: Asian markets may tread water today as investors await the deluge of central bank meetings including a "hawkish pause" by the Fed tomorrow. For today, watch for RBA minutes, Malaysia's August trade data, HK's unemployment rate, Eurozone's CPI, OECD's economic outlook, US' August housing starts and building permits. ECB's Elderson and BOC's Kozicki are also speaking.

SG: Public transport fares will rise by up to 11 cents (+7%) for adults from 23 December. The STI retreated 0.53% to close at 3,263.39 yesterday and may consolidate further today ahead of the major central bank meetings. SGS bond yields rose by 1-3bps yesterday and may remain under pressure today. There is a S\$11.8bn and S\$17.8bn 28- and 84-day MAS bill sale today.

ID: The carbon trade exchange is expected to be inaugurated next week, providing companies the mechanism to offset their emissions while simultaneously financing initiatives aimed at reducing carbon. As reported by the Jakarta Post, the market will involve exchange of carbon credit certificates issued for activities or projects that remove carbon from the atmosphere, as well as for companies that emit pollution below the government-defined limit. The Indonesia Stock Exchange (IDX) is reported to be the carbon trading operation. Indonesia pledged to reach net carbon neutral by 2060.

CN: China's central bank governor Pan Gongsheng reiterated China's pledge to open up to foreign investors in his meeting with some international banks and corporations. China will also consider more measures to stabilize foreign investment and trade.

Oil: WTI and Brent rose 0.8% and 0.5% on Monday to close at US\$91.50/bbl and US\$94.40/bbl respectively. Prices closed near the 10-month high, extending the rally driven on tighter supply conditions. Further supporting this upward momentum, the US Energy Information Administration (EIA), in its monthly drilling productivity report, revealed that the US oil output from top shale-producing regions is projected to fall in October for a third straight month (the lowest since May 2022). This as a result spurred further concerns of supply tightness in the global oil market.

Key Market Movements		
Equity	Value	% chg
S&P 500	4453.5	0.1%
DJIA	34624	0.0%
Nikkei 225	33533	0.0%
SH Comp	3125.9	0.3%
STI	3263.4	-0.5%
Hang Seng	17931	-1.4%
KLCI	1458.0	-0.1%
	Value	% chg
DXY	105.202	-0.1%
USDJPY	147.61	-0.2%
EURUSD	1.0692	0.3%
GBPUSD	1.2383	0.0%
USIDR	15370	0.1%
USDSGD	1.3633	0.0%
SGDMYR	3.4372	0.0%
	Value	chg (bp)
2Y UST	5.05	2.13
10Y UST	4.30	-2.98
2Y SGS	3.59	3.80
10Y SGS	3.34	4.38
3M LIBOR	5.66	0.00
3M SIBOR	4.06	0.00
3M SORA	3.70	0.67
3M SOFR	5.24	0.88
	Value	% chg
Brent	94.43	0.5%
WTI	91.48	0.8%
Gold	1934	0.5%
Silver	23.24	0.9%
Palladium	1252	0.1%
Copper	8360	-0.5%
BCOM	107.40	-0.1%

Source: Bloomberg

Daily Treasury Outlook

19 September 2023

Major Markets

MY: Agriculture and Food Security Minister, Mohamad Sabu, noted that there is no urgent need to tap into the government's rice stockpile, which stands at 250K metric tonnes (mt). The nation's overall rice reserves amount to 900K mt, with the commercial sector holding the remaining 650K mt. Mohamad Sabu assured that this collective stockpile is sufficient to sustain domestic needs of up to 4-5 months, eliminating the need for emergency use. He attributed concerns about rice supply shortages to panic buying caused by rising imported rice prices. The ministry has responded by implementing measures such as restricting retail purchases and encouraging increased local white rice production through the Local White Rice Special Programme to address this issue.

TH: Deputy Finance Minister Julapun Amornvivat shared that the new Cabinet has approved a higher budget spending of THB3.48tn (Previous approved FY24 budget: THB3.35tn) for fiscal year 2024, along with a larger budget deficit of THB693bn (Previous approved FY24 budget: THB593bn). The new budget deficit is projected to be a 0.3% (Previous approved FY24 budget: -14.7%) decline from FY23 budget. According to the Budget Bureau, the budget would be ready in April 2024. The first reading for the budget plan will begin in early January. Subsequently, there will be two more readings in early April before the budget plan is submitted for Senate and royal approval. Separately, Government Spokesman Chai Wacharonke shared that the Cabinet has approved a further cut to the electricity charge by 2.7% to THB3.99 per unit from THB4.10. The power tariff reduction will take effect from September.

ESG Updates

ID: Indonesia, one of the world's top ten greenhouse-gas emitters, plans to run its maiden carbon trade exchange next week. This aims to offer companies and financial institutions a mechanism to offset their emissions as well as help the country achieve its greenhouse gas reduction targets by 2030. According to Mahendra Siregar, head of the Financial Services Authority, "The launch of the carbon exchange will take place on Sep 26, next week."

Rest of the world: This year's United Nations General Assembly (UNGA) will have the Sustainable Development Goals (SDGs) in focus among other headline topics. World leaders will gather in New York City in the United States for the UNGA this week with the aim of getting targets on course. The focus on SDGs in this year's UN General Assembly comes as we hit the halfway mark for SDGs, which were set in 2015, composed of 17 targets to hit by 2030 with the aim to address climate change, cut poverty, tackle inequality, and create a more prosperous world.

Daily Treasury Outlook

19 September 2023

Credit Market Updates

Market Commentary: The SGD SORA curve traded mostly higher yesterday, with shorter tenors trading 2-5bps higher, belly tenors trading 4bps higher, and the 10Y trading 4bps higher. Chinese property developer Country Garden Holdings Co. (“COGARD”) has won approval from creditors to extend its 4.50% yuan bond that was set to mature on 21 October although reportedly added a guarantee to ensure the approval following multiple voting delays. The Asian Pacific credit markets had a busy start to the week with heavy issues from two Korean issuers, while Asian insurer FWD Group Holdings decided to pull out from its proposed USD324mn 10Y Fixed 144a/RegS issuance. In Europe, UBS Group AG issued its first bond since the March acquisition of Credit Suisse Group AG, pricing USD4.5bn across three tenors. Yesterday, Asia USD Investment Grade spreads remained stagnant at 124bps while the Asia USD High Yield spreads widened 2bps to 954bps, per Bloomberg.

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
18-Sep-2023	LG Energy Solution Ltd	Green Fixed	USD	400	3-Year	T +100bps	T +140bps
18-Sep-2023	LG Energy Solution Ltd	Green Fixed	USD	600	5-Year	T +130bps	T +170bps
18-Sep-2023	Hyundai Capital America	Fixed	USD	700	3-Year	T +125bps	T +145bps
18-Sep-2023	Hyundai Capital America	Fixed	USD	800	5-Year	T +165bps	T +185bps
18-Sep-2023	Hyundai Capital America	Fixed	USD	500	7-Year	T +183bps	T + 210bps

Mandates: NBN Co. (“NBNAUS”) has mandated financial institutions to arrange a series of fixed income investor meetings starting 25 September on a potential offering of USD 5Y and/or 10Y Fixed 144A/Reg S senior unsecured notes issued under NBN's US\$50bn global medium term note program.

GLOBAL MARKETS RESEARCH



Daily Treasury Outlook

19 September 2023

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	105.202	-0.11%	USD-SGD	1.3633	-0.02%
USD-JPY	147.610	-0.16%	EUR-SGD	1.4578	0.34%
EUR-USD	1.069	0.33%	JPY-SGD	0.9236	0.16%
AUD-USD	0.644	0.08%	GBP-SGD	1.6883	-0.01%
GBP-USD	1.238	0.00%	AUD-SGD	0.8776	0.07%
USD-MYR	4.690	0.14%	NZD-SGD	0.8067	0.31%
USD-CNY	7.291	0.21%	CHF-SGD	1.5197	0.06%
USD-IDR	15370	0.11%	SGD-MYR	3.4372	0.03%
USD-VND	24376	0.53%	SGD-CNY	5.3468	0.22%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.7620	0.99%	1M	5.3240	0.01%
3M	3.8780	0.28%	2M	5.3610	0.02%
6M	4.0550	0.37%	3M	5.3941	0.01%
12M	4.1690	0.24%	6M	5.4650	0.00%
			1Y	5.4435	0.00%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
09/20/2023	0.008	0.002	5.333
11/01/2023	0.318	0.079	5.410
12/13/2023	0.443	0.111	5.441
01/31/2024	0.408	0.102	5.432
03/20/2024	0.185	0.046	5.377
05/01/2024	-0.174	-0.044	5.287
06/12/2024	-0.662	-0.165	5.165

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	91.48	0.78%	Corn (per bushel)	4.715	-1.0%
Brent (per barrel)	94.43	0.53%	Soybean (per bushel)	13.168	-1.8%
Heating Oil (per gallon)	328.83	-2.81%	Wheat (per bushel)	5.913	-2.2%
Gasoline (per gallon)	269.79	-0.38%	Crude Palm Oil (MYR/MT)	36.780	-0.3%
Natural Gas (per MMBtu)	2.73	3.18%	Rubber (JPY/KG)	2.330	1.4%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8359.50	-0.55%	Gold (per oz)	1933.8	0.5%
Nickel (per mt)	19877.00	-0.24%	Silver (per oz)	23.2	0.9%

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
09/19/2023 04:00	US Net Long-term TIC Flows	Jul	--	\$8.8b	\$186.0b
09/19/2023 04:00	US Total Net TIC Flows	Jul	--	\$140.6b	\$137.9b
09/19/2023 09:00	PH BoP Overall	Aug	--	--	--
09/19/2023 10:00	TH Car Sales	Aug	--	58419	--
09/19/2023 12:00	MA Exports YoY	Aug	-16.30%	--	-13.10%
09/19/2023 12:00	MA Trade Balance MYR	Aug	17.75b	--	17.09b
09/19/2023 12:00	MA Imports YoY	Aug	-19.00%	--	-15.90%
09/19/2023 16:30	HK Unemployment Rate SA	Aug	2.80%	--	2.80%
09/19/2023 17:00	EC CPI YoY	Aug F	5.30%	--	5.30%
09/19/2023 17:00	EC CPI MoM	Aug F	0.60%	--	0.60%
09/19/2023 17:00	EC CPI Core YoY	Aug F	5.30%	--	5.30%
09/19/2023 20:30	CA CPI YoY	Aug	3.80%	--	3.30%
09/19/2023 20:30	US Housing Starts	Aug	1439k	--	1452k
09/19/2023 20:30	CA CPI NSA MoM	Aug	0.20%	--	0.60%
09/19/2023 20:30	US Building Permits	Aug	1440k	--	1442k
09/19/2023 20:30	US Housing Starts MoM	Aug	-0.90%	--	3.90%

Source: Bloomberg

Global Markets Research & Strategy

Macro Research

Selena Ling

Head of Strategy & Research

LingSSSelena@ocbc.com

Tommy Xie Dongming

Head of Greater China Research

XieD@ocbc.com

Keung Ching (Cindy)

Hong Kong & Macau

cindyckeung@ocbcwh.com

Herbert Wong

Hong Kong & Macau

herberthtwong@ocbcwh.com

Lavanya Venkateswaran

Senior ASEAN Economist

lavanyavenkateswaran@ocbc.com

Ahmad A Enver

ASEAN Economist

ahmad.enver@ocbc.com

Jonathan Ng

ASEAN Economist

JonathanNg4@ocbc.com

Ong Shu Yi

ESG

ShuyiOng1@ocbc.com

FX/Rates Strategy

Frances Cheung

Rates Strategist

FrancesCheung@ocbc.com

Christopher Wong

FX Strategist

christopherwong@ocbc.com

Credit Research

Andrew Wong

Credit Research Analyst

WongVKAM@ocbc.com

Ezien Hoo

Credit Research Analyst

EzienHoo@ocbc.com

Wong Hong Wei

Credit Research Analyst

WongHongWei@ocbc.com

Chin Meng Tee

Credit Research Analyst

MengTeeChin@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, Bank of Singapore Limited, OCBC Investment Research Private Limited, OCBC Securities Private Limited or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.:193200032W