

Highlights

Global: Risk on again? The S&P500 added 0.74% to its highest since August, aided by the tech stock rally (notwithstanding the current Sam Altman news) which sent the Nasdaq 100 to a 22-month high, whilst the US\$16bn of 20-year UST bonds also fetched strong demand. Fed's Barkin opined that it is too early for the Fed to declare victory on inflation, whereas ECB's Wunsch warned that markets are too optimistic to rule out further rate hikes. Elsewhere, Taiwan's October export orders fell less than expected by 4.6% YoY, easing from a 14.7% YoY slump in September.

Market Watch: Asian markets should be off to a firm start this morning, while waiting for the FOMC minutes from the 1 November meeting. Today's economic data calendar comprises of Hong Kong's CPI, US' existing home sales, Philadelphia Fed non-manufacturing activity and Chicago Fed national activity index. BOE governor Bailey is testifying to the UK Parliament, while ECB's Lagarde, Schnabel, Centeno are also speaking.

MY: Trade activities remain weak, albeit showing signs of improvement, at the start of 4Q23. Export growth improved to -4.4% YoY from -13.8% in September, while imports contracted by 0.4% YoY, versus -11.1% in September. The trade surplus narrowed sharply to MYR12.9bn from MYR24.4bn in September. October's export contraction was attributed to the lower values of re-exports and domestic exports, while the contraction in intermediate goods imports have more than offset the improvement in capital and consumption goods imports.

PH: The Philippines reported a balance of payments surplus of US\$1.5bn in October from a deficit of US\$0.4bn in September, according to the Bangko Sentral ng Pilipinas (BSP). This brings the year-to-date (Jan to Oct 2023) BOP surplus to US\$3.2bn from a deficit of US\$7.1bn in 2022. According to BSP, this development "reflected mainly on the improvement in the balance of trade alongside the higher net inflows from personal remittances, trade in services, and foreign borrowings by the National Government. Further, net inflows from foreign direct investments contributed to the surplus, albeit lower during the period". Meanwhile, the country's gross international reserves rose to US\$101.0bn as of end-Oct 2023 from US\$98.1bn the previous month. This level is equivalent to 7.5 months' worth of imports of goods and payments of services and primary income.

Oil: Both WTI and Brent increased by 2.3% and 2.1% on Monday to close at US\$77.6/bbl and US\$82.3/bbl, respectively. Prices edged higher on market's expectations that the OPEC+ group will announce further supply cuts in production to support the market at its 26 November meeting. Additionally, the upside was further supported by a softer DXY profile which would have made oil purchases attractive (a weaker dollar would make oil purchases relatively less expensive to other currencies).

Key Market Movements

Equity	Value	% chg
S&P 500	4547.4	0.7%
DJIA	35151	0.6%
Nikkei 225	33388	-0.6%
SH Comp	3068.3	0.5%
STI	3111.6	-0.4%
Hang Seng	17778	1.9%
KLCI	1456.9	-0.3%
	Value	% chg
DXY	103.438	-0.5%
USDJPY	148.39	-0.8%
EURUSD	1.0940	0.2%
GBPUSD	1.2505	0.3%
USDIDR	15445	-0.3%
USDSGD	1.3382	-0.4%
SGDMYR	3.4850	0.2%
	Value	chg (bp)
2Y UST	4.91	2.54
10Y UST	4.42	-1.56
2Y SGS	3.36	3.50
10Y SGS	3.00	2.65
3M LIBOR	5.63	0.00
3M SIBOR	4.06	0.00
3M SORA	3.75	-0.06
3M SOFR	5.34	0.07
	Value	% chg
Brent	82.32	2.1%
WTI	77.83	2.4%
Gold	1978	-0.1%
Silver	23.44	-1.2%
Palladium	1082	2.4%
Copper	8267	0.0%
BCOM	102.69	0.8%

Source: Bloomberg

Daily Treasury Outlook

21 November 2023

Major Markets

CN: The benchmark Loan Prime Rate was kept unchanged for the third consecutive month after an outsized MLF operation last week. RMB extended its gains on Monday with the spot rate finally converging towards the daily fixing for the first time since early August. It is noteworthy that this particular rebound took place amidst an improvement in offshore CNH liquidity. This development indicates that the market appears to have adopted a more rational approach towards the narrative surrounding RMB, moving away from a singular focus on the Sino-US interest rate differential.

TH: 3Q23 GDP growth disappointed at 1.5% YoY, indicating a further slowdown from 1.8% in 2Q23 (Consensus: 2.2%; OCBC 2.8%). On a seasonally adjusted basis, growth picked up to 0.8% QoQ SA from 0.2% in 2Q23. The public sector was the weakest link on the demand-side along with goods export growth. By contrast, private sector was more resilient as household and investment spending picked up in 3Q23 versus 2Q23. On the supply-side, the weakness was broad-based with growth in the agriculture, manufacturing, and services sectors weakening in 3Q23 versus 2Q23. Given that GDP growth averaged 1.9% YoY in 1Q-3Q23, we reduce our 2023 GDP growth forecast to 2.0% from 2.6% previously. Although private sector spending has remained strong, the weakness in public sector spending and export growth remains a large drag. For 2024, we modestly lower our GDP growth forecast to 2.8% from 3.0%. Growth will still be buoyed by government policies aimed at bolstering household spending while export growth, driven by electronics exports, is also expected to improve. With growth improving (albeit still below 3.0%) and inflation relatively well contained, we expect BOT to keep its policy rate unchanged at 2.50% for the rest of 2023 and into 2024.

SG: The 3Q23 GDP growth revision due tomorrow at 9am is likely to be revised up from the flash 0.7% YoY (1.0% QoQ sa) to 0.9% YoY (1.1% QoQ sa) due to better-than-expected manufacturing performance in September. The STI slipped 0.42% to close at 3,111.58 yesterday, bucking the trend for regional bourses, but should trade firmer today amid the improved risk sentiments. SGS bond yields rose 2-5bps yesterday.

ID: The government plans to initiate the third phase of groundbreaking for projects in the new capital city, Nusantara, in December 2023, as reported by Tempo. The focus of this phase includes the development of a green forest city, creating ecosystems for work, residence, and recreation, and establishing various governmental agencies and a hospital. The estimated investment for this phase is Rp10 trillion, following earlier groundbreaking phases conducted in September and November 2023.

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ESG Updates

ID: Indonesia's state utility Perusahaan Listrik Negara (PLN) plans to build an additional 31.6 gigawatts of renewable power capacity between 2024 and 2033, aimed at accelerating the adoption of cleaner energy to reach net-zero before 2060. It will also build transmissions to connect hydropower and other renewable energy sources to Java where power demand is high and Sulawesi where consumption is expected to increase in the future. There is also interest to implement carbon capture and storage technologies when they become available.

Rest of the world: The US transition to electric cars may face delays because of concerns about vehicle range and limited charging infrastructure. Some automakers have pushed back EV sales targets and delayed capital projects as they prioritise reducing inventories of unsold EVs at dealerships.

Credit Market Updates

Market Commentary: The SGD SORA curve traded mostly higher yesterday, with shorter tenors trading 1-2bps higher, belly tenors trading 3bps higher, and the 10Y trading 2bps higher. According to Bloomberg, Sino-Ocean Group has reached an agreement on a repayment plan with bondholders of its two on-shore bonds – (1) 4.76% '25s and (2) 4.00% '24s. Bonds will remain suspended on the Shanghai Stock Exchange. On a positive note, Chinese property developers saw its dollar bonds rally as Chinese regulators drafted a list of 50 developers eligible for a range of financing to aid operations and developments amidst continuous weakness in the property market, per Bloomberg. Yesterday, Bloomberg Asia USD Investment Grade spreads remained flat at 111bps, and Asia USD High Yield spreads tightened by 4bps to 847bps, per Bloomberg.

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing	Initial Pricing
20-Nov-2023	National Australia Bank Ltd (Guarantor: NAB Covered Bond Trust)	Fixed	USD	1,750	5-Year	T +70.6bps	T +98bps

Mandates: The Government of Mongolia has mandated several banks to arrange a series of fixed income investor meetings and calls starting 20 November on a potential issuance of a 144A / Reg S USD-denominated senior bond in connection with the tender offer of its existing US\$600mn 8.750% bonds due 2024 (current amount outstanding is US\$392.6mn).

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Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	103.438	-0.46%	USD-SGD	1.3382	-0.39%
USD-JPY	148.390	-0.83%	EUR-SGD	1.4640	-0.14%
EUR-USD	1.094	0.23%	JPY-SGD	0.9018	0.43%
AUD-USD	0.656	0.64%	GBP-SGD	1.6734	-0.04%
GBP-USD	1.251	0.35%	AUD-SGD	0.8773	0.25%
USD-MYR	4.668	-0.28%	NZD-SGD	0.8078	0.39%
USD-CNY	7.167	-0.66%	CHF-SGD	1.5120	-0.33%
USD-IDR	15445	-0.31%	SGD-MYR	3.4850	0.18%
USD-VND	24212	-0.24%	SGD-CNY	5.3576	-0.26%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8190	-0.52%	1M	5.3375	0.07%
3M	3.9840	-0.45%	2M	5.3590	-0.01%
6M	4.0640	-0.17%	3M	5.3770	0.03%
12M	3.9910	-1.04%	6M	5.3795	-0.03%
			1Y	5.2390	-0.17%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
12/13/2023	0.000	0.000	5.338
01/31/2024	0.020	0.005	5.343
03/20/2024	-0.299	-0.075	5.263
05/01/2024	-0.714	-0.178	5.159
06/12/2024	-1.267	-0.317	5.021
07/31/2024	-1.800	-0.450	4.887
09/18/2024	-2.422	-0.606	4.732

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	77.60	2.25%	Corn (per bushel)	4.695	0.5%
Brent (per barrel)	82.32	2.12%	Soybean (per bushel)	13.673	2.0%
Heating Oil (per gallon)	284.95	2.78%	Wheat (per bushel)	5.435	-1.3%
Gasoline (per gallon)	222.60	1.90%	Crude Palm Oil (MYR/MT)	38.030	-0.2%
Natural Gas (per MMBtu)	2.88	-2.64%	Rubber (JPY/KG)	2.521	-10.0%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8430.50	1.98%	Gold (per oz)	1978.1	-0.1%
Nickel (per mt)	16952.00	0.28%	Silver (per oz)	23.4	-1.2%

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
11/21/2023 05:00	SK PPI YoY	Oct	--	0.80%	1.40%
11/21/2023 05:45	NZ Trade Balance NZD	Oct	--	-1709m	-2425m
11/21/2023 05:45	NZ Exports NZD	Oct	--	5.40b	4.77b
11/21/2023 05:45	NZ Imports NZD	Oct	--	7.11b	7.19b
11/21/2023 05:45	NZ Trade Balance 12 Mth YTD NZD	Oct	--	-14805m	-15333m
11/21/2023 11:00	ID BoP Current Account Balance	3Q	-\$1822m	--	-\$1900m
11/21/2023 15:00	UK PSNB ex Banking Groups	Oct	12.8b	--	14.3b
11/21/2023 15:00	UK Public Sector Net Borrowing	Oct	10.7b	--	13.5b
11/21/2023 15:00	UK Public Finances (PSNCR)	Oct	--	--	-11.8b
11/21/2023 15:00	EC EU27 New Car Registrations	Oct	--	--	9.20%
11/21/2023 16:30	HK CPI Composite YoY	Oct	2.10%	--	2.00%
11/21/2023 21:30	CA CPI YoY	Oct	3.10%	--	3.80%
11/21/2023 21:30	CA CPI NSA MoM	Oct	0.10%	--	-0.10%
11/21/2023 21:30	US Chicago Fed Nat Activity Index	Oct	0	--	0.02
11/21/2023 23:00	US Existing Home Sales	Oct	3.90m	--	3.96m
11/21/2023 23:00	US Existing Home Sales MoM	Oct	-1.50%	--	-2.00%

Source: Bloomberg

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