

## Daily Treasury Outlook

17 December 2024

### Highlights

**Global:** Markets braced for a data- and headline-heavy Monday trading session. The resignation of Canada's finance minister, a vote of no confidence in Germany's Chancellor, as well as a review of impeachment of South Korea President Yoon all rattled the market. However, investors found some silver linings from a monthly rebound in Euro area and UK services PMIs, as well as the highest US services PMI prints since October 2021. Major US stock indexes closed the day mixed, with Nasdaq notching its 36th closing record high this year. UST yields and dollar were little changed, ahead of FOMC meeting this week. On data front, the US S&P services PMI rose more than expected to 58.5 in December, against expectations for a decline. Manufacturing PMI however declined more-than-expected to 48.3 in December, with decreases in the output, new orders, and employment sub-indexes. Eurozone manufacturing PMI stayed unchanged at 45.2 in December (versus consensus of 45.3), while services PMI rose to 51.4, beating consensus estimates of 49.5. On the other hand, UK's services PMI edged up to 51.4 in December (versus consensus of 51.0) from that of 50.8 last month, though manufacturing PMI fell to 47.3 (versus consensus of 48.5). China showed mixed data in November, with the pace of industrial output growth up while retail sales disappointed. The Bank of France cut its 2025 growth outlook to 0.9% YoY from 1.2%, citing "increased uncertainty" for the economic outlook both at home and abroad.

**Market Watch:** Tuesday's Asian calendar comprises Australia's December Westpac consumer confidence (-2.0% MoM), Singapore's November non-oil domestic exports (+3.4% YoY), China's 1-year MLF rate and Hong Kong's November unemployment rate. Later today, the market will watch UK's October labour market data, Germany's December IFO and ZEW expectations, the Eurozone's ZEW expectations, Canada's November CPI, as well as US' November retail sales and industrial production. Central bank speakers today include ECB's Kazimir and Rehn, while Banco de Espana will release its economic forecasts later today.

**SG:** Non-oil domestic exports grew more than expected by 3.4% YoY in November (consensus: -1.0%), reversing October's 4.7% contraction. Electronics NODX expanded by 23.2% YoY in November, a faster pace versus October's 2.6% growth. Meanwhile, non-electronic NODX contracted 1.6% YoY in November, moderating from October's 6.8% decline. NODX to 5 of the top 10 major markets showed growth, one less compared to October, with NODX to EU27, Thailand, Japan, China and the US contracting in November.

### Key Market Movements

Equity	Value	% chg
S&P 500	6074.1	0.4%
DJIA	43717	-0.3%
Nikkei 225	39457	0.0%
SH Comp	3386.3	-0.2%
STI	3821.0	0.3%
Hang Seng	19795	-0.9%
KLCI	1606.9	-0.1%
	Value	% chg
DXY	106.858	-0.1%
USDJPY	154.15	0.3%
EURUSD	1.0512	0.1%
GBPUSD	1.2683	0.5%
USDIDR	16000	0.0%
USDSGD	1.3498	0.1%
SGDMYR	3.2988	0.0%
	Value	chg (bp)
2Y UST	4.25	0.42
10Y UST	4.40	0.00
2Y SGS	2.80	2.90
10Y SGS	2.79	3.15
3M SORA	3.14	-0.96
3M SOFR	4.78	-2.52
	Value	% chg
Brent	73.91	-0.8%
WTI	70.71	-0.8%
Gold	2653	0.2%
Silver	30.55	0.0%
Palladium	951	-0.6%
Copper	9063	0.1%
BCOM	98.17	-0.5%

Source: Bloomberg

## Major Markets

**CN:** Retail sales moderated to 3% YoY in November, falling short of expectations. However, the trade-in program continued to provide strong support. Retail sales of household appliances and audiovisual equipment, automobiles, and furniture at large-scale retail enterprises grew by 22.2% YoY, 6.6%, and 10.5%, respectively—significantly outpacing overall retail sales growth and driving market expansion. The weaker November figures were primarily due to the diversion effect of online shopping during the "Double Eleven" event as the shopping festival started earlier this year from mid-October. That said, when combining October and November, the average growth of total retail sales of consumer goods reached 3.9% YoY, an acceleration of 1.2 percentage points compared to 3Q24, signalling a broader recovery in consumer demand since the start of 4Q24.

Signs of property price stabilization have also strengthened as policy measures to stabilize the real estate market take effect. Market activity has picked up, and housing prices are showing a recovering trend. In November, among 70 large and medium-sized cities, the number of cities reporting MoM increases in new home prices rose by 10, while cities with rising second-hand home prices increased by 2. Resale prices in tier-1 cities grew 0.4% MoM, marking the second consecutive month of gains. Meanwhile, the rate of decline in second- and third-tier cities narrowed by 0.2 and 0.1 percentage points, respectively.

Overall, we believe that the recent indicators suggest that the economy remains on track to achieve 5% growth in 4Q24, supported by improving retail sales trends and early signs of stabilization in the property market.

**ID:** Export growth slowed to 9.1% YoY in November from 10.3% in October but exceeded expectations for a more subdued growth (Consensus: 6.3%). Meanwhile, import growth was flat at 0.0% YoY in November, following 17.5% growth in October (Consensus: 7.1%). Consequently, the trade surplus widened to USD4.4bn, compared to USD2.5bn in October. Specifically for imports based on end-use, capital goods imports contracted by 2.9% YoY in November, down from 16.4% in October, while raw materials (0.6% down from 12.2%) and consumer goods (0.6% down from 12.2%) imports also eased notably

**MY:** Malaysia and Thailand have reaffirmed their commitment to boost bilateral trade and investment, targeting USD30bn by 2027 through the Joint Task Force on Trade and Investment. Prime Ministers Anwar Ibrahim and Paetongtarn Shinawatra also emphasized the importance of focusing on border provinces, improving connectivity, and addressing flood challenges to enhance economic ties. Key areas of cooperation include the digital economy, tourism, and rubber and halal industries, marked by the signing of MOUs on rubber and cultural collaboration to strengthen economic and people-to-people relations.

## ESG Updates

**Rest of the world:** Canada has set a new transitory target before the Paris Agreement's 2050 goal of net-zero emissions, with the aim of reducing emissions by 45–50% below 2005 levels by 2035. The new target builds upon a goal of cutting greenhouse gas emissions by 40% to 45% below 2005 levels by 2030. However, this was met with criticism from climate groups that the targets were not ambitious enough to avoid the worst effects of the climate crisis.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded higher yesterday, with shorter tenors trading 2bps higher, belly tenors trading 3-4bps higher and the 10Y trading 4bps higher. A court in Hong Kong has postponed a hearing regarding a liquidation petition against one of the subsidiaries of Guangzhou R&F Properties Co. until 31 March. In November, the decline in home prices in China slowed for the third consecutive month and according to data from the National Bureau of Statistics released on Monday, new-home prices in 70 cities, excluding state-subsidized housing, fell by 0.2% from October, marking the smallest drop in 17 months. The prices of used homes decreased by 0.35%, the least since May 2023. Additionally, separate official data revealed an increase in home sales, while real estate investment continued to decline. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 75bps while Bloomberg Asia USD High Yield spreads widened by 6bps to 443bps. (Bloomberg, OCBC)

### New Issues:

There were no notable issuances in the Asiadollar and Singdollar market last Friday.

### Mandates:

- Yancheng High-tech Zone Investment Group Corp Ltd (SBLC Provider: Bank of Shanghai Co Ltd/Nanjing) may price a USD 3Y Sustainability, Fixed at 4.8% today.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	106.858	-0.14%	USD-SGD	1.3498	0.07%
USD-JPY	154.150	0.33%	EUR-SGD	1.4189	0.16%
EUR-USD	1.051	0.10%	JPY-SGD	0.8755	-0.31%
AUD-USD	0.637	0.14%	GBP-SGD	1.7121	0.57%
GBP-USD	1.268	0.51%	AUD-SGD	0.8599	0.20%
USD-MYR	4.449	0.00%	NZD-SGD	0.7804	0.40%
USD-CNY	7.284	0.14%	CHF-SGD	1.5090	-0.12%
USD-IDR	16000	0.03%	SGD-MYR	3.2988	-0.01%
USD-VND	25393	-0.04%	SGD-CNY	5.3977	0.11%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.8710	-1.07%	1M	4.3789	-0.08%
3M	2.8430	-1.49%	2M	4.3627	-0.05%
6M	2.6390	-0.64%	3M	4.3570	-0.04%
12M	2.4050	-0.66%	6M	4.2843	-0.04%
			1Y	4.1908	-0.10%

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
12/18/2024	-0.972	-0.243	4.340
01/29/2025	-1.133	-0.283	4.300
03/19/2025	-1.643	-0.411	4.172
05/07/2025	-1.895	-0.474	4.109
06/18/2025	-2.266	-0.566	4.017
07/30/2025	-2.443	-0.611	3.972

## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	70.71	-0.81%	Corn (per bushel)	4.450	3.5%
Brent (per barrel)	73.91	-0.78%	Soybean (per bushel)	9.820	-0.6%
Heating Oil (per gallon)	226.40	-0.26%	Wheat (per bushel)	5.500	4.5%
Gasoline (per gallon)	197.57	-1.30%	Crude Palm Oil (MYR/MT)	49.000	-4.7%
Natural Gas (per MMBtu)	3.21	-2.01%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9062.50	0.11%	Gold (per oz)	2652.7	0.2%
Nickel (per mt)	15708.00	-0.97%	Silver (per oz)	30.5	0.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Equity and Commodity

Index	Value	Net change
DJIA	43,717.48	-110.58
S&P	6,074.08	22.99
Nasdaq	20,173.89	247.17
Nikkei 225	39,457.49	-12.95
STI	3,821.03	10.68
KLCI	1,606.85	-1.90
JCI	7,258.63	-66.16
Baltic Dry	1,051.00	-4.00
VIX	14.69	0.88

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.8 (+0.03)	4.24(--)
5Y	2.73 (+0.03)	4.26 (+0.01)
10Y	2.79 (+0.03)	4.39(--)
15Y	2.82 (+0.03)	--
20Y	2.8 (+0.03)	--
30Y	2.75 (+0.03)	4.6(--)

## Financial Spread (bps)

Value	Change	
EURIBOR-OIS	#N/A N/A	(--)
TED	35.36	--

## Secured Overnight Fin. Rate

SOFR	4.60
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## Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
12/17/2024 07:30	AU	Westpac Consumer Conf SA MoM	Dec	--	-2.00%	5.30%	--
12/17/2024 08:30	SI	Non-oil Domestic Exports YoY	Nov	-1.00%	--	-4.60%	--
12/17/2024 15:00	UK	Jobless Claims Change	Nov	--	--	26.7k	--
12/17/2024 15:00	UK	Payrolled Employees Monthly Change	Nov	-10k	--	-5k	--
12/17/2024 15:00	UK	ILO Unemployment Rate 3Mths	Oct	4.30%	--	4.30%	--
12/17/2024 15:00	UK	Claimant Count Rate	Nov	--	--	4.70%	--
12/17/2024 15:00	UK	Average Weekly Earnings 3M/YoY	Oct	4.60%	--	4.30%	--
12/17/2024 16:30	HK	Unemployment Rate SA	Nov	3.10%	--	3.10%	--
12/17/2024 17:00	GE	IFO Business Climate	Dec	85.5	--	85.7	--
12/17/2024 17:00	GE	IFO Expectations	Dec	87.5	--	87.2	--
12/17/2024 18:00	GE	ZEW Survey Expectations	Dec	6.9	--	7.4	--
12/17/2024 18:00	GE	ZEW Survey Current Situation	Dec	-92.6	--	-91.4	--
12/17/2024 21:30	CA	CPI YoY	Nov	2.00%	--	2.00%	--
12/17/2024 21:30	US	Retail Sales Advance MoM	Nov	0.60%	--	0.40%	--
12/17/2024 21:30	CA	CPI NSA MoM	Nov	0.10%	--	0.40%	--
12/17/2024 22:15	US	Industrial Production MoM	Nov	0.30%	--	-0.30%	--

Source: Bloomberg

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