

Daily Treasury Outlook

21 May 2024

Highlights

Global: Despite limited economic data, the US stock market hovered near an all-time high, as the “fear of missing out” fuelled the risk rallies. The S&P and Nasdaq closed with 0.1% and 0.6% gain, while the Dow was the laggard. Treasury yields ended the day marginally higher (1-2bps). Subsequently, dollar also rose modestly to end the session at 104.61. On Monday, Vice Chair of the Federal Reserve Jefferson said that, while the April CPI report was encouraging, however, it’s too early to tell whether the recent slowdown will be long lasting. The story of the day was in gold and crypto. Gold traded in the range of US\$2407 to US\$2450 but failed to close above the prior high of US\$2431 while the impending expected approval for an Ethereum ETF by the SEC drove crypto higher. Ethereum surged by 9.1%, while bitcoin hit the 70k mark.

Market Watch: Asian markets are likely to open with a tad cautious tone. The focus for today will be the RBA minutes. Additionally, speeches from Fed Waller, Barkin, Williams, and Bostic could provide new insights to the market. Later tonight, Canada’s April CPI and Germany’s April PPI, will be watched by market.

Key Market Movements

Equity	Value	% chg
S&P 500	5308.1	0.1%
DJIA	39807	-0.5%
Nikkei 225	39070	0.7%
SH Comp	3171.1	0.5%
STI	3314.1	0.0%
Hang Seng	19636	0.4%
KLCI	1627.5	0.7%
	Value	% chg
DXY	104.565	0.1%
USDJPY	156.26	0.4%
EURUSD	1.0857	-0.1%
GBPUSD	1.2706	0.0%
USDIDR	15975	0.1%
USDSGD	1.3475	0.2%
SGDMYR	3.4820	0.1%
	Value	chg (bp)
2Y UST	4.85	2.33
10Y UST	4.44	2.35
2Y SGS	3.39	3.60
10Y SGS	3.25	4.80
3M SORA	3.69	-0.67
3M SOFR	5.35	0.03
	Value	% chg
Brent	83.71	-0.3%
WTI	79.8	-0.3%
Gold	2425	0.4%
Silver	31.82	1.1%
Palladium	1029	1.7%
Copper	10889	2.1%
BCOM	107.24	1.4%

Source: Bloomberg

Major Markets

ID: The current account deficit (CAD) widened to USD2.2bn (0.6% of GDP) in 1Q24 from USD1.1bn (0.3% of GDP) in 4Q23. A narrower goods surplus was the main driver of the wider CAD, reflecting weaker export growth. Meanwhile, the capital and financial account shifted to a deficit of USD2.3bn (0.7% of GDP) in 1Q24 from a USD11.1bn (3.3% of GDP) surplus in 4Q23. The portfolio account recorded a net outflow of USD1.8bn in 1Q24, compared to net inflows of USD4.9bn in 4Q23, “mainly driven by foreign capital outflows from domestic debt securities in line with increasing global financial market uncertainty” according to Bank Indonesia (BI). Encouragingly, the net FDI inflows increased to USD4.3bn in 1Q24 from USD3.3bn in 4Q23, despite election related uncertainties, and reaffirming Indonesia as an attractive FDI destination.

MY: Export and imports growth improved to 9.1% YoY and 15.6% in April from -0.9% and 12.5% in March, respectively. As a result, the trade surplus narrowed more-than-expected to MYR7.7bn in April from MYR112.7bn in March. Improvements were recorded in all major categories of exports including chemicals, LNG, machinery and appliances. Encouragingly, electrical and electronics exports grew by 0.6% YoY versus -1.7% in March, first positive growth in eight months. Meanwhile, the pickup in import growth to 15.6% YoY was supported by strong growth in intermediate goods (+30.5%), consumption goods (+19.5%) and capital goods (+9.7%) imports. Looking ahead, there is likely to be some normalisation in export growth in YoY terms as favourable base effects fade. We maintain our 2024 current account surplus forecast of 2.5% of GDP.

ESG Updates

Rest of the world: Thailand may have to consider relocating its capital because of rising sea levels, according to a senior official in the country's climate change office. Bangkok faces flooding during the rainy season and risks being inundated by the ocean before the end of the century. Thailand is working on its first climate change legislation that is likely to pass into law this year, which includes provisions on carbon pricing, mitigation and adaptation measures.

Credit Market Updates

Market Commentary: The SGD SORA curve traded higher yesterday, with short tenors trading 2-4bps higher, belly tenors and 10Y trading 5bps higher. China land sales in April 2024 fell 21% y/y to RMB238.9bn, which is the lowest level in eight years, indicating a worsening property crisis that has compelled Beijing to increase its assistance. Bloomberg Asia USD Investment Grade spreads remained flat at 78bps, which is at its all-time lows, while Asia USD High Yield spreads tightened by 2bps to 503bps, which is the lowest level since 2020. (Bloomberg, OCBC)

New Issues:

There was one notable bond issuer in the Asiadollar market yesterday.

- China Cinda 2020 I Management Ltd (Guarantor: China Cinda HK Holdings Co Ltd) priced a USD800mn 5Y at T+130bps.

There was one notable bond issuer in the Singdollar market yesterday.

- HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of CapitaLand Ascendas REIT) priced a SGD300mn 10Y Green bond at 3.73%.

Mandates:

- There are no Asiadollar mandates for today.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	104.565	0.11%	USD-SGD	1.3475	0.19%
USD-JPY	156.260	0.39%	EUR-SGD	1.4631	0.06%
EUR-USD	1.086	-0.11%	JPY-SGD	0.8625	-0.19%
AUD-USD	0.667	-0.39%	GBP-SGD	1.7122	0.21%
GBP-USD	1.271	0.04%	AUD-SGD	0.8985	-0.19%
USD-MYR	4.686	-0.03%	NZD-SGD	0.8227	-0.30%
USD-CNY	7.235	0.15%	CHF-SGD	1.4801	0.03%
USD-IDR	15975	0.13%	SGD-MYR	3.4820	0.07%
USD-VND	25454	0.02%	SGD-CNY	5.3702	-0.03%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.7990	-0.47%	1M	5.3205	-0.01%
3M	3.8300	0.10%	2M	5.3310	-0.01%
6M	3.7910	-0.11%	3M	5.3305	-0.01%
12M	3.6450	-0.14%	6M	5.2980	-0.02%
			1Y	5.1640	-0.02%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
05/01/2024	-0.005	-0.001	5.329
06/12/2024	-0.050	-0.012	5.318
07/31/2024	-0.250	-0.063	5.267
09/18/2024	-0.750	-0.188	5.142
11/07/2024	-1.063	-0.266	5.064
12/18/2024	-1.639	-0.410	4.920
01/29/2025	-2.010	-0.502	4.828

Equity and Commodity

Index	Value	Net change
DJIA	39,806.77	-196.82
S&P	5,308.13	4.86
Nasdaq	16,794.88	108.91
Nikkei 225	39,069.68	282.30
STI	3,314.05	0.57
KLCI	1,627.50	10.88
JCI	7,266.69	-50.55
Baltic Dry	1,844.00	27.00
VIX	12.15	0.16

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.39 (+0.04)	4.85(--)
5Y	3.22 (+0.05)	4.47 (+0.02)
10Y	3.25 (+0.05)	4.44 (+0.02)
15Y	3.27 (+0.04)	--
20Y	3.28 (+0.04)	--
30Y	3.3 (+0.04)	4.58 (+0.03)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	5.31
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	79.80	-0.32%	Corn (per bushel)	4.605	1.8%
Brent (per barrel)	83.71	-0.32%	Soybean (per bushel)	12.480	1.6%
Heating Oil (per gallon)	248.71	0.03%	Wheat (per bushel)	6.888	5.8%
Gasoline (per gallon)	253.99	-1.33%	Crude Palm Oil (MYR/MT)	39.050	0.3%
Natural Gas (per MMBtu)	2.75	4.76%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	10889.00	2.07%	Gold (per oz)	2425.3	0.4%
Nickel (per mt)	21615.00	2.54%	Silver (per oz)	31.8	1.1%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
05/21/2024 05:00	SK	Consumer Confidence	May	--	98.4	100.7	--
05/21/2024 08:00	SK	Exports 20 Days YoY	May	--	1.50%	11.10%	--
05/21/2024 08:30	AU	Westpac Consumer Conf SA MoM	May	--	--	-2.40%	--
05/21/2024 08:30	AU	Westpac Consumer Conf Index	May	--	--	82.4	--
05/21/2024 11:00	SK	South Korea Household Credit	1Q	--	--	KR1886.4t	--
05/21/2024 13:00	JN	Tokyo Condominiums for Sale YoY	Apr	--	--	0.50%	--
05/21/2024 14:00	GE	PPI MoM	Apr	0.30%	--	0.20%	--
05/21/2024 14:00	GE	PPI YoY	Apr	-3.10%	--	-2.90%	--
05/21/2024 16:00	EC	ECB Current Account SA	Mar	--	--	29.5b	--
05/21/2024 17:00	EC	Trade Balance SA	Mar	20.0b	--	17.9b	--
05/21/2024 18:00	UK	CBI Trends Total Orders	May	-20	--	-23	--
05/21/2024 18:00	UK	CBI Trends Selling Prices	May	25	--	27	--
05/21/2024 20:30	CA	CPI YoY	Apr	2.70%	--	2.90%	--
05/21/2024 20:30	CA	CPI NSA MoM	Apr	0.50%	--	0.60%	--
05/21/2024 20:30	US	Philadelphia Fed Non-Manufacturing Activity	May	--	--	-12.4	--
05/21/2024 20:30	CA	Consumer Price Index	Apr	160.7	--	159.8	--

Source: Bloomberg

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