

Daily Treasury Outlook

25 November 2024

Highlights

Global: Trump has picked Scott Bessent as Treasury Secretary. Bessent has touted a "3-3-3" plan to target 3% GDP growth, trim budget deficit to 3% of GDP and hike US oil production by 3mn bpd. The S&P500 gained 0.35% on Friday while the 10-year UST bond yield closed down 2bps at 4.40%. Over in the Euro-area, business activity unexpectedly contracted in November amid political and economic uncertainties, namely Germany's upcoming snap elections, escalating Russia-Ukraine conflict and concerns about Trump tariffs. This in turn weighed on the Euro and prompted traders to see a higher probability of a 50bps rate cut in December, notwithstanding 3Q24 negotiated wages accelerating from 3.5% YoY in 2Q24 to 5.4%.

Market Watch: Asian markets may react positively to the Bessent pick for US Treasury Secretary. Today's economic data calendar comprises of Taiwan's industrial production, Germany's Ifo index of business expectations, US' Chicago Fed national activity index. BoE governor Bailey, Dhingra and Lombardelli are also speaking today. For the week ahead, watch for the FOMC minutes on Tuesday, US' October core PCE price index which likely rose 0.3% MoM (2.8% YoY) on Wednesday (potentially marking the biggest increase since April, and coupled with the upcoming November CPI and PPI, will be the key inflation data prints the Fed would be watching ahead of the 17-18 December FOMC decision), as well as the revised 3Q24 GDP, durable goods orders, jobless claims and trade deficit data ahead of the Thanksgiving holiday on Thursday. Elsewhere, keep an eye on China's industrial profits on Wednesday and PMI data, trade data from Hong Kong and Thailand, Eurozone's inflation data, and Taiwan's GDP growth on Friday.

On the central bank front, the RBNZ may cut by up to 50bps from the current 4.75% on Wednesday, while the BoK may stay pat at 3.25% on Thursday after pivoting in October, and RBA governor Bullock (watch for post-inflation assessment) and BoE's Lane are also speaking, while the ECB's consumer expectations survey for October, BOE's financial stability review and policy committee minutes are all due on Friday.

SG: Headline and core CPI likely rose 2.0% and 2.5% YoY respectively in October, compared to 2.0% and 2.8% in September.

Oil: WTI and Brent rose by 1.6% and 1.3% on Friday, closing at USD71.2/bbl and USD75.2/bbl, respectively. Escalating geopolitical tensions in Europe remain the key driver to higher oil prices. However, gains were limited by weaker business activity in the UK and Eurozone. Prelim November composite PMI for both UK and Eurozone fell into contraction territory at 49.9 points and 48.1 points, respectively, down from 51.8 and 50.0 in October. OPEC+ will hold its Joint Ministerial Monitoring Committee (JMMC) on 1 December to assess market conditions.

Key Market Movements

Equity	Value	% chg
S&P 500	5969.3	0.3%
DJIA	44297	1.0%
Nikkei 225	38284	0.7%
SH Comp	3267.2	-3.1%
STI	3746.0	0.2%
Hang Seng	19230	-1.9%
KLCI	1589.8	0.1%
	Value	% chg
DXY	107.554	0.5%
USDJPY	154.78	0.2%
EURUSD	1.0418	-0.5%
GBPUSD	1.2530	-0.5%
USDIDR	15875	-0.3%
USDSGD	1.3467	0.0%
SGDMYR	3.3132	-0.3%
	Value	chg (bp)
2Y UST	4.37	2.43
10Y UST	4.40	-2.16
2Y SGS	2.84	-0.30
10Y SGS	2.88	0.70
3M SORA	3.25	-0.48
3M SOFR	4.97	-0.85
	Value	% chg
Brent	75.17	1.3%
WTI	71.24	1.6%
Gold	2716	1.7%
Silver	31.35	1.8%
Palladium	1012	-1.9%
Copper	8968	-0.4%
BCOM	98.97	0.1%

Source: Bloomberg

Major Markets

ID: President Prabowo Subianto and UAE President Mohammed bin Zayed witnessed the announcement of several agreements and Memoranda of Understanding between both countries. These agreements aim to expand joint cooperation across both public and private sectors, covering broad areas such as technology, renewable energy, healthcare and many others. Both presidents also discussed bilateral relations and geopolitical developments, while reaffirming their commitment to multilateral efforts to address global challenges.

MY: Headline inflation rose more-than-expected to 1.9% YoY in October versus 1.8% in September. On the other hand, core inflation remained flat at 1.8% YoY in October. The main drivers to higher headline CPI were higher inflation in the 'food and beverages' and 'personal care, social protection & miscellaneous goods & services' categories. In terms of monetary policy, our baseline is for Bank Negara Malaysia (BNM) to keep its policy rate unchanged at 3.00% for the rest of 2024 and 2025. However, we expect BNM to remain vigilant of second-round inflationary pressures.

TH: The constitutional court has dismissed a petition against former PM Thaksin Shinawatra as it did not fulfil the court's conditions and criteria. The petition alleged that former PM Thaksin Shinawatra was attempting to undermine the monarchy and influence the ruling Pheu Thai Party. PM Paetongtarn Shinawatra welcomed this decision and stated that this would further reinforce the stability of her government. Former PM Thaksin Shinawatra also faces a royal defamation case, and the trial will begin in July 2025.

ESG Updates

SG: Singapore's blended finance initiative, FAST-P, has pledged USD500mn in concessional funding to support green and transition projects in Asia. This is part of Singapore's commitment to provide climate financing solutions in the region, with FAST-P aiming to raise USD5bn with international partners to make climate action less financially risky.

Rest of the World: COP29 closed with some disappointment from developing countries over the USD300 bn climate finance goal, as they thought the amount to be mobilised was insufficient to enable conducive climate action. However, Article 6 negotiators reached a historic agreement on international carbon markets that concluded the rules governing the trading and crediting of mitigation outcomes under Article 6 of the Paris Agreement.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher last Friday, with shorter tenors, belly tenors and 10Y trading 2bps higher. A Jakarta court has approved a 14-day extension for a debt restructuring hearing for Indonesia's PT Pan Brothers, according to a stock exchange filing made by the company on Friday. Sino-Ocean Group Holdings Ltd. ("Sino-Ocean") announced that 24 Hong Kong scheme creditors, representing 86.2% of the total value of voting claims, approved the Hong Kong scheme, meeting the required majority. The company will now seek the Hong Kong Court's approval, with the sanction hearing scheduled for January 24 at 10 a.m. Simultaneously, Sino-Ocean will pursue approval from the English Court for the English restructuring plan, with hearings set for January 15-17. Bloomberg Asia USD Investment Grade spreads remained flat at 72bps while Bloomberg Asia USD High Yield spreads tightened by 2bps to 438bps. (Bloomberg, OCBC)

New Issues:

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

Mandates:

- There were no new Asiadollar mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	107.554	0.54%	USD-SGD	1.3467	0.02%
USD-JPY	154.780	0.16%	EUR-SGD	1.4030	-0.52%
EUR-USD	1.042	-0.53%	JPY-SGD	0.8700	-0.15%
AUD-USD	0.650	-0.15%	GBP-SGD	1.6880	-0.42%
GBP-USD	1.253	-0.47%	AUD-SGD	0.8755	-0.14%
USD-MYR	4.470	0.07%	NZD-SGD	0.7858	-0.41%
USD-CNY	7.248	0.08%	CHF-SGD	1.5062	-0.80%
USD-IDR	15875	-0.31%	SGD-MYR	3.3132	-0.31%
USD-VND	25422	0.01%	SGD-CNY	5.3758	-0.03%

Equity and Commodity

Index	Value	Net change
DJIA	44,296.51	426.16
S&P	5,969.34	20.63
Nasdaq	19,003.65	31.23
Nikkei 225	38,283.85	257.68
STI	3,746.02	6.80
KLCI	1,589.78	1.10
JCI	7,195.57	54.65
Baltic Dry	1,537.00	-39.00
VIX	15.24	-1.63

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.0750	-0.13%	1M	4.5828	0.12%
3M	3.0220	0.57%	2M	4.5529	0.11%
6M	2.7700	-0.29%	3M	4.5249	0.12%
12M	2.4890	-0.08%	6M	4.4516	0.19%
			1Y	4.3394	0.44%

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.84 (-)	4.37 (-)
5Y	2.82 (+0.02)	4.29 (-0.01)
10Y	2.88 (+0.01)	4.4 (-0.02)
15Y	2.95 (+0.01)	--
20Y	2.91 (+0.01)	--
30Y	2.8 (+0.01)	4.59 (-0.01)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
12/18/2024	-0.559	-0.140	4.446
01/29/2025	-0.795	-0.199	4.387
03/19/2025	-1.333	-0.333	4.253
05/07/2025	-1.600	-0.400	4.186
06/18/2025	-2.014	-0.504	4.083
07/30/2025	-2.245	-0.561	4.025

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.57
------	------

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	71.24	1.63%	Corn (per bushel)	4.255	-0.3%
Brent (per barrel)	75.17	1.27%	Soybean (per bushel)	9.835	0.6%
Heating Oil (per gallon)	227.49	0.02%	Wheat (per bushel)	5.443	-0.8%
Gasoline (per gallon)	206.14	0.10%	Crude Palm Oil (MYR/MT)	47.900	-2.1%
Natural Gas (per MMBtu)	3.13	-6.29%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8968.00	-0.45%	Gold (per oz)	2716.2	1.7%
Nickel (per mt)	15970.00	1.63%	Silver (per oz)	31.3	1.8%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
11/25/2024 05:45	NZ	Trade Balance NZD	Oct	--	-1544m	-2108m	-2154m
11/25/2024 05:45	NZ	Retail Sales Ex Inflation QoQ	3Q	-0.50%	-0.10%	-1.20%	--
11/25/2024 05:45	NZ	Exports NZD	Oct	--	5.77b	5.01b	4.91b
11/25/2024 05:45	NZ	Imports NZD	Oct	--	7.31b	7.12b	7.06b
11/25/2024 13:00	SI	CPI YoY	Oct	1.80%	--	2.00%	--
11/25/2024 13:00	SI	CPI NSA MoM	Oct	0.20%	--	0.30%	--
11/25/2024 13:00	JN	Leading Index CI	Sep F	--	--	109.4	--
11/25/2024 13:00	JN	Coincident Index	Sep F	--	--	115.7	--
11/25/2024 13:30	JN	Nationwide Dept Sales YoY	Oct	--	--	2.30%	--
11/25/2024 13:30	JN	Tokyo Dept Store Sales YoY	Oct	--	--	-0.60%	--
11/25/2024 16:00	TA	Industrial Production YoY	Oct	9.20%	--	11.22%	--
11/25/2024 17:00	GE	IFO Business Climate	Nov	86	--	86.5	--
11/25/2024 17:00	GE	IFO Expectations	Nov	87	--	87.3	--
11/25/2024 17:00	GE	IFO Current Assessment	Nov	85.5	--	85.7	--
11/25/2024 21:30	US	Chicago Fed Nat Activity Index	Oct	-0.2	--	-0.28	--
11/25/2024 23:30	US	Dallas Fed Manf. Activity	Nov	-2.4	--	-3	--

Source: Bloomberg

Macro Research

Selena Ling
Head of Research & Strategy
lingsselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberhtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathannq4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyionq1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
menqteechin@ocbc.com

This publication is solely for information purposes and general circulation 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. Oversea-Chinese Banking Corporation Limited ("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