

Daily Treasury Outlook

30 October 2024

Highlights

Global: U.S. stocks ended mixed ahead of Friday's key labour market data, with Tuesday's report offering a mixed view of the job market. JOLTS job openings fell by 418K to 7.443mn in September, the lowest level since January 2021 and well below market expectations of 8mn. August's figures were revised down to 7.861mn from the previously reported 8.040mn. The ratio of job openings to unemployed persons remained largely unchanged at 1.09, down slightly from 1.10 in August. Notably, much of the decline in job openings occurred in the U.S. South, which was impacted by Hurricanes Helene and Milton in September. Layoffs rose by 165,000 to 1.833mn, while the quits rate edged down to 1.9% from 2%, reaching its lowest level since June 2020 and potentially easing wage pressures. Elsewhere, U.S. consumer confidence rebounded sharply in October, rising to 108.7 from an upwardly revised 99.2. The share of consumers viewing jobs as "plentiful" increased to 35.1% from 31.3% in September, while those who saw jobs as "hard to get" declined to 16.8% from 18.6%. The labour market differential, reflecting whether jobs are seen as plentiful or hard to get, climbed to 18.3 from 12.7 in September, signalling ongoing labour market strength that may support a low unemployment rate.

In international news, Reuters reported that China's National People's Congress may approve up to a CNY10trn stimulus package next week to address local government hidden debt risks and support the property market. Following the close of China's market, this news initially lifted A50 futures. The current policy priorities in China appear to focus first on addressing local government hidden debt, followed by financial system stability, and then on supporting domestic demand. The key question remains: how will the debt swaps be financed? If local governments are the primary financiers of the swap, converting hidden debt into on-balance-sheet obligations may reduce interest expenses. However, this approach alone may not increase local government expenditure unless there is a debt transfer from the local to central governments. The issuance of central government special bonds will play a significant role in this strategy.

Market Watch: This morning, Australia's 3Q24 CPI eased slightly more than expected to 2.8% YoY (2Q24: 3.8%; consensus: 2.9%). Trimmed mean CPI for 3Q24 eased in line with consensus to 3.5% YoY (2Q24: 4.0%). Today, data releases come mainly from the Eurozone and the US. France, Germany, Spain, Italy and the Eurozone will release their 3Q24 GDP estimates, supplemented by Germany's October inflation data and unemployment claims rate and Spain's October inflation data. Later tonight, market attention will turn to the U.S. as 3Q24 GDP and October ADP employment change data will be released.

Key Market Movements

Equity	Value	% chg
S&P 500	5832.9	0.2%
DJIA	42233	-0.4%
Nikkei 225	38904	0.8%
SH Comp	3286.4	-1.1%
STI	3590.4	0.2%
Hang Seng	20701	0.5%
KLCI	1615.1	0.3%
	Value	% chg
DXY	104.316	0.0%
USDJPY	153.36	0.0%
EURUSD	1.0819	0.1%
GBPUSD	1.3015	0.3%
USDIDR	15760	0.2%
USDSGD	1.3241	0.1%
SGDMYR	3.3064	0.2%
	Value	chg (bp)
2Y UST	4.10	-4.15
10Y UST	4.25	-2.80
2Y SGS	2.73	-2.40
10Y SGS	2.85	-1.90
3M SORA	3.39	-0.64
3M SOFR	5.15	-0.57
	Value	% chg
Brent	71.12	-0.4%
WTI	67.21	-0.3%
Gold	2775	1.2%
Silver	34.45	2.3%
Palladium	1212	-0.4%
Copper	9531	-0.1%
BCOM	98.45	0.2%

Source: Bloomberg

Oil: Crude oil benchmarks extended their losses for the second consecutive session, with WTI and Brent declining by 0.3% and 0.4%, respectively, closing at USD67.2/bbl and USD71.1/bbl. Easing tensions in the Middle East exerted downward pressure on oil prices following reports that Israeli PM Benjamin Netanyahu plans to hold a meeting to discuss a diplomatic solution to the war in Lebanon. Separately, the American Petroleum Institute (API) reported a decline of 0.6mn bbls in US crude inventories for the week ending on 25 October. The Energy Information Administration (EIA) is scheduled to release its oil inventories tonight (30 October), with consensus anticipating a buildup of 1.4mn bbls in US crude inventories.

Major Markets

ID: President Prabowo Subianto will embark on a five-country trip beginning 8 November, with visits to China and the U.S. among its destinations, as reported by Kompas. Specifically, Kompas noted that President Prabowo's itinerary includes a visit to China, where he will meet President Xi Jinping and other officials, followed by a meeting with U.S. President Joe Biden in Washington. President Prabowo will also attend the APEC summit in Peru on 14-15 November and the G20 summit in Brazil on 18-19 November, followed by a visit to the UK. Elsewhere, Coordinating Minister for Food Zulkifli Hasan indicated that the government is considering a plan to import 1mn metric tons of rice from India in 2025, as reported by Kompas.

MY: Minister of Investment, Trade and Industry Zafrul Abdul Aziz announced that his ministry is moving forward with 15 priority economic deliverables (PEDs) to strengthen economic integration and tackle challenges within ASEAN, with discussions scheduled for December. These PEDs are designed to enhance regional cooperation by broadening trade partnerships, fostering sustainable growth, and improving economic connectivity, especially through digital initiatives and support for micro, small, and medium enterprises in the region. Furthermore, Minister Zafrul mentioned that plans are in progress to create an AI safety network by 2025 as part of efforts to develop a resilient digital economy.

TH: The Ministry of Finance and Bank of Thailand (BoT) have reached a tentative agreement to maintain the current monetary policy target at 1-3% for 2025, in exchange for assurances that the BoT will support fiscal policies aimed at boosting economic growth. According to Finance Minister Pichai Chunhavajira, "the inflation target of 1%-3% is acceptable, but there must be measures to support growth and bring actual inflation up to an appropriate point, near the midpoint at 2%." He added that the BoT will submit a proposal to the ministry addressing issues such as the household debt and low investment.

ESG Updates

Rest of the world: The UN has assessed that existing national pledges to reduce greenhouse gas emissions still fall short of what is needed to limit global warming. As part of the Paris Agreement obligations, nations need to deliver new and stronger Nationally Determined Contributions (NDCs) before Feb 2025. The setting of more ambitious pledges could depend on the success of COP29 climate talks and progress on key topics like climate finance.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday, with shorter tenors, belly tenors and 10Y trading 1bps higher. Yuzhou Group Holdings Co Ltd (“Yuzhou”) has stated in an HKEX filing that the payment of the full outstanding principal amount of the YUZHOU 8.375% ‘24s, along with the accrued and unpaid interest, is not anticipated to be made on the maturity date of 30 October 2024. Yuzhou, a Chinese property developer, defaulted in 2022. According to a statement, ofi Group Limited, a wholly owned subsidiary of Olam Group Limited, priced USD65mn 5Y FRN through a private placement. Bloomberg Asia USD Investment Grade spreads remained flat at 76bps while Bloomberg Asia USD High Yield spreads also remained flat at 465bps. (Bloomberg, OCBC)

New Issues:

There were two notable issuances in the Asiadollar market yesterday.

- Export-Import Bank of China/The priced a USD1bn 3Y FRN at SOFR+38bps.
- SPIC Preferred Co. No. 4 Ltd. (Keepwell Provider: State Power Investment Corp Ltd) priced a USD1bn PerpNC3 Green at Par to Yield 4.95%.

There was one notable issuance in the Singdollar market yesterday.

- PowerDC Holdco Pte Ltd (Guarantor: Credit Guarantee & Investment Facility) priced a SGD100mn 5Y Fixed at Par to Yield 3.625%.

Mandates:

- Chengdu Communications Investment Group Corporation Limited is planning to issue USD senior unsecured bonds.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	104.316	0.00%	USD-SGD	1.3241	0.11%
USD-JPY	153.360	0.05%	EUR-SGD	1.4325	0.17%
EUR-USD	1.082	0.06%	JPY-SGD	0.8636	0.08%
AUD-USD	0.656	-0.33%	GBP-SGD	1.7234	0.44%
GBP-USD	1.302	0.33%	AUD-SGD	0.8687	-0.24%
USD-MYR	4.379	0.37%	NZD-SGD	0.7910	0.00%
USD-CNY	7.129	0.00%	CHF-SGD	1.5268	-0.12%
USD-IDR	15760	0.22%	SGD-MYR	3.3064	0.23%
USD-VND	25304	-0.21%	SGD-CNY	5.3830	-0.08%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.1520	0.80%	1M	4.6715	-0.25%
3M	3.0520	-0.23%	2M	4.6184	-0.21%
6M	2.9050	0.38%	3M	4.5636	-0.27%
12M	2.5800	0.58%	6M	4.4023	-0.10%
			1Y	4.1425	-0.20%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
11/07/2024	-0.965	-0.241	4.587
12/18/2024	-1.792	-0.448	4.381
01/29/2025	-2.445	-0.611	4.218
03/19/2025	-3.177	-0.794	4.035
05/07/2025	-3.740	-0.935	3.894
06/18/2025	-4.286	-1.072	3.757

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	67.21	-0.25%	Corn (per bushel)	4.138	0.7%
Brent (per barrel)	71.12	-0.42%	Soybean (per bushel)	9.653	-0.9%
Heating Oil (per gallon)	213.37	0.24%	Wheat (per bushel)	5.705	2.1%
Gasoline (per gallon)	195.18	-0.74%	Crude Palm Oil (MYR/MT)	47.370	2.3%
Natural Gas (per MMBtu)	2.35	1.60%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9530.50	-0.12%	Gold (per oz)	2774.7	1.2%
Nickel (per mt)	15873.00	-0.89%	Silver (per oz)	34.5	2.3%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	42,233.05	-154.52
S&P	5,832.92	9.40
Nasdaq	18,712.75	145.56
Nikkei 225	38,903.68	298.15
STI	3,590.36	6.28
KLCI	1,615.08	4.61
JCI	7,606.60	-28.03
Baltic Dry	1,382.00	-28.00
VIX	19.34	-0.46

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.73 (-0.02)	4.09(--)
5Y	2.71 (-0.03)	4.08 (-0.04)
10Y	2.85 (-0.02)	4.24 (-0.03)
15Y	2.9 (-0.02)	--
20Y	2.85 (-0.02)	--
30Y	2.75 (-0.02)	4.49 (-0.03)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.82
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Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
10/30/2024 08:30	AU	CPI YoY	3Q	2.90%	--	3.80%	--
10/30/2024 08:30	AU	CPI QoQ	3Q	0.30%	--	1.00%	--
10/30/2024 16:55	GE	Unemployment Change (000's)	Oct	15.0k	--	17.0k	--
10/30/2024 17:00	GE	GDP SA QoQ	3Q P	-0.10%	--	-0.10%	--
10/30/2024 18:00	EC	GDP SA QoQ	3Q A	0.20%	--	0.20%	--
10/30/2024 18:00	EC	GDP SA YoY	3Q A	0.80%	--	0.60%	--
10/30/2024 19:00	US	MBA Mortgage Applications	Oct-25	--	--	-6.70%	--
10/30/2024 20:15	US	ADP Employment Change	Oct	111k	--	143k	--
10/30/2024 20:30	US	GDP Annualized QoQ	3Q A	2.90%	--	3.00%	--
10/30/2024 20:30	US	GDP Price Index	3Q A	1.90%	--	2.50%	--
10/30/2024 20:30	US	Personal Consumption	3Q A	3.30%	--	2.80%	--
10/30/2024 21:00	GE	CPI YoY	Oct P	1.80%	--	1.60%	--
10/30/2024 21:00	GE	CPI MoM	Oct P	0.20%	--	0.00%	--
10/30/2024 21:00	GE	CPI EU Harmonized YoY	Oct P	2.10%	--	1.80%	--
10/30/2024 21:00	GE	CPI EU Harmonized MoM	Oct P	0.20%	--	-0.10%	--
10/30/2024 22:00	US	Pending Home Sales MoM	Sep	1.90%	--	0.60%	--

Source: Bloomberg

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