

## Daily Treasury Outlook

14 April 2025

### Highlights

**Global:** Is the glass half full with US president Trump's temporary 90-day pause on tariffs and the latest reprieve for tech imports? Given the escalating tit-for-tat US-China tensions to 145% tariffs, it is not a surprise that the University of Michigan sentiment index sank from 57.0 in March to 50.8 while the 1- and 5-10-year inflation gauges surged to 6.7% and 4.4% respectively. Nevertheless, Wall Street climbed on Friday with the S&P 500 rising 1.8%, driven by strong tech sector gains. Investor sentiment likely improved after US exemptions for smartphones, servers, memory chips, solar cells, flat panel TVs and a slew of tech goods largely sourced from China. Meanwhile, the US 10-year Treasury yield fell slightly to around 4.49% after hitting an intraday high of 4.59%, reflecting calmer bond markets after a volatile April but had registered its biggest weekly jump in more than two decades. Still, there is lingering market speculation over whether foreign holdings of UST bonds have been weaponised in this trade war. Jamie Dimon tips a "kerfuffle" in Treasuries which could prompt a Fed intervention. Japan's ruling party LDP policy chief Onodera came out to say the country is not planning to use its UST holdings as a negotiation tool. Over the weekend, China's March credit data surge suggested policy stimulus is taking effect.

**Market Watch:** Asian markets are likely to start on a slightly firm tone this morning. Today's economic data releases include China's March trade data and US' New York Fed 1-year inflation expectations. Fed's Waller, Harper, Boston and RBNZ chief economist are also speaking today. Looking ahead, investors will closely watch a heavy week of key data and central bank meetings - there is RBA policy minutes tomorrow morning, China's 1Q25 GDP growth estimates and US' retail sales due on Wednesday, Singapore's March NODX on Thursday, and Malaysia's 1Q25 GDP growth on Friday. On the central bank front, watch for policy decisions from Bank of Canada (likely static at 2.75%) on Wednesday, BOK (likely unchanged at 2.75%) and ECB (25bps cut expected) on Thursday, with ECB's Lagarde's press conference of interest due to the ongoing US tariff situation. On the US corporate earnings front, Netflix, Nvidia and Goldman Sachs are among those reporting results later this week.

**Commodities:** Crude oil benchmarks rebounded on Friday, with WTI and Brent increasing by 2.4% and 2.3%, respectively, to USD61.5/bbl and USD64.8/bbl. Nevertheless, oil prices still experienced a second consecutive weekly decline due to the escalating US-China trade war. A prolonged dispute between the two economies has raised concerns over its potential impact on global economic growth, as well as the demand for commodities. Elsewhere, US and Iran agreed to extend discussions following a constructive meeting in Oman. The next meeting will be on 19 April, with Oman continuing the facilitate the discussions.

### Key Market Movements

Equity	Value	% chg
S&P 500	5363.4	1.8%
DJIA	40213	1.6%
Nikkei 225	33586	-3.0%
SH Comp	3238.2	0.5%
STI	3512.5	-1.8%
Hang Seng	20915	1.1%
KLCI	1454.8	-0.6%
	Value	% chg
DXY	100.102	-0.8%
USDJPY	143.54	-0.6%
EURUSD	1.1355	1.4%
GBPUSD	1.3087	0.9%
USDIDR	16795	0.0%
USDSGD	1.3191	-0.8%
SGDMYR	3.3557	0.5%
	Value	chg (bp)
2Y UST	3.96	9.79
10Y UST	4.49	6.46
2Y SGS	2.35	-7.10
10Y SGS	2.66	-0.46
3M SORA	2.50	-0.90
3M SOFR	4.36	0.08
	Value	% chg
Brent	64.76	2.3%
WTI	61.5	2.4%
Gold	3238	1.9%
Silver	32.31	3.5%
Palladium	919	0.1%
Copper	9155	1.9%
BCOM	101.48	1.7%

Source: Bloomberg

**CN:** The upward spiral of tariff hikes appears to have reached its peak. Following China's final retaliatory move - raising tariffs on US imports to a maximum of 125% - Beijing has indicated it will not respond to any further US tariff increases, as doing so would no longer be economically rational. In a notable shift, the US quietly announced exemptions for smartphones, laptops, and semiconductor manufacturing equipment from its "reciprocal tariff" regime. These exemptions create a path for around 20% of Chinese imports to avoid the 125% rate, though they may still face the separate 20% fentanyl-related tariff. Over the weekend, China's Commerce Ministry considered this as a small step by the US towards correcting the misguided approach of unilateral 'reciprocal tariffs'.

**ID:** President Prabowo Subianto received a call from Chinese President Xi Jinping on Sunday (13 April), during which President Xi pledged to deepen the strategic partnership between the two countries. The call coincided with the 75th anniversary of diplomatic ties, with President Xi highlighting the global significance of their bilateral relationship, according to Xinhua. President Xi is set to visit Vietnam, Malaysia, and Cambodia this week to strengthen ties with key Southeast Asian neighbours.

**MY:** The Industrial Production Index (IPI) growth slowed to 1.5% YoY in February from 2.1% in January. By sector, deeper contractions in mining (-8.9% YoY in February from -3.1% in January) and electricity (-2.8% from -0.2%) more than offset the improvement in manufacturing (4.8% from 3.7%) sector growth. By orientation, domestic IPI grew 4.1% YoY in February from 0.2% in January, while export-oriented IPI recorded a contraction (-0.2% from 5.6%). IPI growth averaged 1.8% in the January–February 2025 period, easing from 3.4% in 4Q24.

**PH:** The Bangko Sentral ng Pilipinas (BSP) reported that net Foreign Direct Investment (FDI) inflows has declined by 20% YoY (December: -85.2%) to USD0.7bn in January 2025. The decrease in net FDI inflows was primarily driven by a decline in non-residents' net investment in debt instruments. Meanwhile, the majority of equity capital investments came from Japan, the US and Singapore, and were primarily directed towards the manufacturing, financial and insurance, and real estate sectors.

**TH:** Bank of Thailand (BoT) Governor Sethaput Suthiwartnarueput issued an open letter to the Ministry of Finance to explain the recent movement of the country's headline inflation, which has averaged below the BoT's 1-3% target over the last twelve months. In the letter, he stated that supply-side factors, such as lower energy, food prices, as well as the government's cost-of-living measures were the primary drivers to the below target inflation. The Monetary Policy Committee (MPC) noted that low inflation does not pose an obstacle to economic growth, as private consumption remains strong, and price stability persists without signs of deflation. Meanwhile, challenges to investment growth stem from structural issues and competition, not low inflation. A stable inflation trend has helped keep funding costs in the bond market low. Looking ahead, the MPC will continue to monitor risks to ensure that inflation does not reach levels that could negatively impact economic stability, competitiveness, or investment prospects.

**VN:** Vietnam has formed a Government Negotiation Delegation on trade issues with the US, led by Minister of Industry and Trade Nguyen Hong Dien, to handle trade talks with the United States following the Trump administration's imposition of steep reciprocal tariffs. The team will draft negotiation plans, lead bilateral discussions, and report progress to the Prime Minister. The move comes as the US enforces tariffs of up to 56% on Vietnamese goods. The Ministry of Industry and Trade will serve as the team's coordinating agency, supported by a working group from key ministries.

## ESG

**Rest of the world:** The Trump administration aims to eliminate the arm of the National Oceanic and Atmospheric Administration that oversees research on climate change and refocus the US fisheries service to support energy development, according to a draft White House budget document. In addition, it also plans to cancel funding for the UN Global Change Research Program, which produces the National Climate Assessment published every five years on how climate change affects the US. The role of the US in global climate action continues to be a concern as the changes under the Trump administration can lead to increased vulnerability to climate-related risks in the US and globally.

**Market Commentary:** The SGD SORA OIS curve traded lower last Friday with shorter tenors trading 10-12bps lower, belly tenors trading 3-7bps higher and 10Y trading 1bps lower. Per Bloomberg, Chinese local government financing vehicles (LGFVs) have issued USD1.8bn in USD bonds this month, marking the highest issuance for the first 10 days of April since 2014. This surge is largely due to cornerstone orders from domestic banks, as reported by sources familiar with the situation. LGFVs, which borrow for local government infrastructure projects, have benefited from Beijing's initiatives to mitigate credit risk in the sector. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 97bps while Bloomberg Asia USD High Yield spreads widened by 6bps to 599bps respectively. (Bloomberg, OCBC)

**New Issues:**

There was one notable issuance in the Asiadollar market yesterday.

- Liangshan Development (Holdings) Group Co., Ltd. priced a USD58.5mn 3Y Sustainable Fixed bond at 6.50%.

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

**Mandates:**

There were no notable mandates yesterday.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	100.102	-0.76%	USD-SGD	1.3191	-0.84%
USD-JPY	143.540	-0.63%	EUR-SGD	1.4990	0.61%
EUR-USD	1.136	1.37%	JPY-SGD	0.9196	-0.14%
AUD-USD	0.629	1.04%	GBP-SGD	1.7262	0.04%
GBP-USD	1.309	0.90%	AUD-SGD	0.8299	0.24%
USD-MYR	4.425	-1.00%	NZD-SGD	0.7687	0.64%
USD-CNY	7.292	-0.35%	CHF-SGD	1.6182	0.19%
USD-IDR	16795	-0.03%	SGD-MYR	3.3557	0.55%
USD-VND	25737	-0.17%	SGD-CNY	5.5232	0.35%

## Equity and Commodity

Index	Value	Net change
DJIA	40,212.71	619.05
S&P	5,363.36	95.31
Nasdaq	16,724.46	337.15
Nikkei 225	33,585.58	-1023.42
STI	3,512.53	-65.30
KLCI	1,454.76	-8.37
JCI	6,262.23	8.20
Baltic Dry	1,274.00	5.00
VIX	37.56	-3.16

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.3040	-2.00%	1M	4.3298	0.03%
3M	2.2790	0.62%	2M	4.3127	0.01%
6M	2.2440	2.47%	3M	4.2706	-0.04%
12M	2.1670	3.24%	6M	4.1378	-0.11%
			1Y	3.9150	-0.57%

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.35 (-0.07)	3.93(--)
5Y	2.39 (-0.04)	4.16 (+0.09)
10Y	2.66 (-)	4.47 (+0.06)
15Y	2.74 (-0.01)	--
20Y	2.75 (-0.02)	--
30Y	2.75 (-0.03)	4.88(--)

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
05/07/2025	-0.265	-26.5	-0.066
06/18/2025	-0.894	-62.9	-0.224
07/30/2025	-1.605	-71.1	-0.401
09/17/2025	-2.237	-63.2	-0.559
12/10/2025	-3.227	-53.2	-0.807

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.37
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	61.50	2.38%	Com (per bushel)	4.903	1.5%
Brent (per barrel)	64.76	2.26%	Soybean (per bushel)	10.428	1.3%
Heating Oil (per gallon)	206.53	0.92%	Wheat (per bushel)	5.558	3.3%
Gasoline (per gallon)	199.91	1.93%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.53	-0.84%	Rubber (JPY/KG)	309.500	2.8%

  

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9154.50	1.85%	Gold (per oz)	3237.6	1.9%
Nickel (per mt)	15069.00	1.83%	Silver (per oz)	32.3	3.5%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
4/14/2025 6:30	NZ	Performance Services Index	Mar	--	49.1	49.1	49
4/14/2025 6:45	NZ	Card Spending Total MoM	Mar	--	-1.50%	0.00%	-0.10%
4/14/2025 6:45	NZ	Net Migration SA	Feb	--	5430	2380	2370
4/14/2025 6:45	NZ	Card Spending Retail MoM	Mar	--	-0.80%	0.30%	--
4/14/2025 7:01	UK	Rightmove House Prices MoM	Apr	--	1.40%	1.10%	--
4/14/2025 7:01	UK	Rightmove House Prices YoY	Apr	--	1.30%	1.00%	--
4/14/2025 8:00	SI	GDP YoY	1Q A	4.50%	3.80%	5.00%	--
4/14/2025 8:00	SI	GDP SA QoQ	1Q A	-0.40%	-0.80%	0.50%	--
4/14/2025 8:00	SI	Singapore MAS April 2025 Monetary Policy Statement					
4/14/2025 10:00	CH	Trade Balance	Mar	\$75.15b	--	\$31.72b	--
4/14/2025 10:00	CH	Exports YoY	Mar	4.60%	--	-3.00%	--
4/14/2025 10:00	CH	Imports YoY	Mar	-2.10%	--	1.50%	--
4/14/2025 10:00	CH	Exports YoY CNY	Mar	--	--	-1.90%	--
4/14/2025 10:00	CH	Imports YoY CNY	Mar	--	--	2.50%	--
4/14/2025 10:00	CH	Trade Balance CNY	Mar	--	--	228.19b	--
4/14/2025 11:00	ID	Foreign Reserves	Mar	--	--	\$154.5b	--

Source: Bloomberg

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