

Daily Treasury Outlook

20 March 2025

Highlights

Global: Market reaction overnight seemed to suggest that the interpretation of the US FOMC decision was mildly dovish. US equities ended the session higher (S&P: +1.1%; NASDAQ: 1.4%; Dow: 0.9%), the DXY was modestly higher while UST yields ended lower (the 10yr was down 3.3bp while the 2yr came off ~6bp). Fed funds futures are now pricing in 66.1bp in rate cuts this year compared to 59.1bp two days ago. The statement maintained that “uncertainty around the economic outlook has increased. The Committee is attentive to the risks to both sides of its dual mandate.” The Summary of Economic Projections, or the dot plot, was revised significantly. GDP growth was downgraded across the period horizon: the most significant change was made to 2025 (1.7% from 2.1%), while for 2026 and 2027, the GDP downgrades were 0.2pp and 0.1pp, respectively. For core PCE, the forecast was revised higher by 0.3pp to 2.8% for 2025 but was left unchanged for 2026 and 2027. The unemployment rate was revised higher by to 4.4% from 4.3% for 2025 and left unchanged for 2026 and 2027. The projection for the Fed funds rates still pointed to two rate cuts this year, even as inflation was revised higher amid weaker growth. The FOMC also “made the technical decision to slow the pace of decline in the size” of its balance sheet, according to Fed Chair Powell. He noted that since the start of QT, the Fed’s “securities holdings have declined by more than \$2 trillion”. Recent “signs of increased tightness in money markets”, led the FOMC to lower its monthly cap on Treasury redemptions to \$5 billion from \$25 billion, starting April. The Committee will maintain the monthly redemption cap on agency debt and agency mortgage-backed securities at USD35bn.

Market Watch: The data today includes Australia’s February employment and Malaysia’s February trade, UK February labour market and US weekly labour market data. In terms of central bank meetings, China’s 1-yr and 5-yr LPR rate and Taiwan CBC benchmark interest rates are expected to remain unchanged.

Commodities: Crude oil benchmarks rebounded on Wednesday, with WTI and Brent edging higher by 0.4% and 0.3%, respectively, to USD67.2/bbl and USD70.8/bbl. Despite a larger-than-expected buildup in US crude oil inventories, the drawdown in US fuel inventories supported the oil market. According to the Energy Information Administration (EIA), US crude inventories increased by 1.7mn bbls, which was larger than consensus expectations of a 0.5mn bbls buildup but significantly lower than the 4.6mn bbls buildup reported by the American Petroleum Institute (API) the previous day. Meanwhile, gasoline and distillate inventories declined by 0.5mn bbls and 2.8mn bbls, respectively, reaching 240.6mn bbls and 114.8mn bbls for the week ending 14 March. Elsewhere, geopolitical tensions in the Middle East have escalated following the resumption of Israeli military ground operations in Gaza.

Key Market Movements

Equity	Value	% chg
S&P 500	5675.3	1.1%
DJIA	41965	0.9%
Nikkei 225	37752	-0.2%
SH Comp	3426.4	-0.1%
STI	3908.3	0.3%
Hang Seng	24771	0.1%
KLCI	1517.7	-0.7%
	Value	% chg
DXY	103.428	0.2%
USDJPY	148.69	-0.4%
EURUSD	1.0903	-0.4%
GBPUSD	1.3003	0.0%
USDIDR	16525	0.6%
USDSGD	1.3306	0.0%
SGDMYR	3.3274	-0.4%
	Value	chg (bp)
2Y UST	3.97	-6.75
10Y UST	4.24	-4.03
2Y SGS	2.51	0.20
10Y SGS	2.68	-0.11
3M SORA	2.59	-0.60
3M SOFR	4.36	-0.29
	Value	% chg
Brent	70.78	0.3%
WTI	67.16	0.4%
Gold	3048	0.4%
Silver	33.80	-0.6%
Palladium	961	-0.7%
Copper	9988	0.8%
BCOM	106.07	0.6%

Source: Bloomberg

Major Markets

SG: The MAS Survey of Professional Forecasters kept the 2025 GDP growth forecast unchanged at 2.6% but adjusted the headline and core CPI lower to 1.7% (-0.2% points) and 1.5% (-0.3% points) respectively. They also tip the 2026 growth and headline/core CPI forecasts at 2.35 and 1.8%/1.7% yoy. Geopolitical tensions, including from higher tariffs, was cited as the top downside risk, while more robust growth from China was the top upside risk. For monetary policy, survey respondents see 16% anticipating a slope reduction in the S\$NEER slope in April, with 29.4% seeing a July move instead.

ID: BI kept its policy rate unchanged at 5.75%, in line with consensus but against our expectations of a 25bp rate cut. While BI's decision played safe in terms of maintaining IDR stability, it maintained that it is looking for the time to cut. In doing so, BI could run the risk of being perceived as doing 'too little, too late' particularly if rate cuts are seen as a reaction to weaker data or sentiment moves. Moreover, there is limited clarity on the window of opportunities for rate cuts, leaving BI's decision more focused on external developments rather than the more fundamental growth-inflation-sentiment nexus. We expect another 25bp cut from BI in 2025, the timing is far from certain.

MY: Flood-related losses in Malaysia rose to MYR933.4mn in 2024 from MYR755.4mn in 2023, primarily affecting living quarters (MYR372.2mn), public assets and infrastructure (MYR303.4mn), agriculture (MYR185.2mn), and business premises (MYR54.1mn). Meanwhile, vehicle damages (MYR17.3mn) and damages in the manufacturing sector (MYR1.2million) were notably lower. By area, the hardest-hit states were Kelantan, Terengganu, and Kedah. To enhance long-term economic resilience, the Chief Statistician of the Department of Statistics Malaysia (DOSM), Mohd Uzir Mahidin, emphasized the need to improve flood defences and adaptive infrastructure in the country.

PH: The Philippines and the United Kingdom (UK) held their first Joint Economic and Trade Committee (JETCO) meeting in London on 17 March. Both countries aim to strengthen collaboration in sectors including infrastructure, renewable energy, agriculture and technology. The UK also expressed interest in funding Philippine infrastructure projects through its Financing Framework Partnership. Meanwhile, UK Minister for Trade and Policy and Economic Security Douglas Alexander emphasised the importance of enhancing bilateral trade with the Philippines, particularly in agriculture. He highlighted the growing investment opportunities that have arisen following the lifting of the ban on the importation of live cattle and meat products from the UK.

VN: Minister of Home Affairs Pham Thi Thanh Tra revealed that the government plans to complete the merger of communes and wards by June 30 and localities by August 30. Vietnam currently has 63 provinces and centrally run cities, 705 districts, and 10,595 communes and wards. Prime Minister Pham Minh Chinh had earlier indicated that the number of provinces and cities will be reduced by about 50%, while grassroots administrative units will decrease by 60-70%. The reorganization aims to establish a two-tier local governance system, streamlining operations by reducing the current three levels of administration to two.

ESG

CN: China and the UK plan to deepen cooperation in financial services, trade and investment, as well as green and low-carbon development to address global climate challenges. The UK is expected to launch a formal Climate Dialogue with Chinese counterparts, inviting Chinese ministers to London later this year and institutionalising climate change talks between both countries moving forward. There are also plans to engage with China on concerns such as forced labour in supply chains.

ID: Indonesia's Ministry of Industry plans to expand carbon trading activities to nine industrial subsectors by 2027, namely cement, textiles, steel/metal, paper pulp, ceramics and glasses, food and beverage, fertilizers, transportation means, and chemicals. Collecting data on each subsector's carbon emissions would be necessary to achieve this aim and reduce the amount of emissions generated by industries by 912mn tons by 2030, as mandated by Indonesia's enhanced Nationally Determined Contribution document.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 1-2bps higher, belly tenors trading flat to 1bps higher and 10Y trading 1bps higher. According to Bloomberg, Hong Kong Judge Russell Coleman announced on Wednesday that Xia Haijun, the former CEO of China Evergrande Group (“Evergrande”), is required to disclose his assets by 4 p.m. on March 28. Failure to meet this deadline will result in Xia being prohibited from submitting a defense in the case. Additionally, in a separate ruling on Tuesday, the Hong Kong judge rejected a request from Ding Yumei, the ex-wife of Evergrande Chairman Hui, for a confidentiality summons and clarification of an existing injunction. In other news, Bloomberg has reported that a Hong Kong court has postponed a winding-up hearing involving Chinese developer Sunac China Holdings Ltd. until March 24. According to The Paper, Country Garden Holdings Co Ltd (“Country Garden”) is looking to delay payments on its two domestic bonds, originally due in March, until September. Country Garden stated that its cash resources are severely constrained, making it currently unable to secure enough funds for the bond payments. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 75bps while Bloomberg Asia USD High Yield spreads widened by 6bps to 407bps. (Bloomberg, OCBC)

New Issues:

There were four notable issuances in the Asiadollar market yesterday.

- Bank of China Ltd/Luxembourg priced a USD500mn 3Y FRN at SOFR+50bps.
- Chang Development International Ltd (guarantor: Changchun Urban Development & Investment Holdings Group Co Ltd) priced a USD250mn 3Y Fixed bond at 6.25%.
- Muthoot Finance Ltd priced a USD250mn retap of its existing MUTHIN 6.375% '29s at 6.651%.
- Foshan Gaoming Constructions Investment Group Co Ltd priced a USD200mn 3Y Fixed Transition bond at 5.28%.

There was one notable issuance in the Singdollar market yesterday.

- Swiss RE Subordinated Finance PLC (guarantor: Swiss Re AG) priced a SGD450mn 6NC5 Subordinated bond at 3.75%.

Mandates:

- Zhengzhou Jinshui Holding Group Co. may issue USD denominated Senior Unsecured Fixed bonds.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	103.428	0.18%	USD-SGD	1.3306	0.00%
USD-JPY	148.690	-0.39%	EUR-SGD	1.4507	-0.38%
EUR-USD	1.090	-0.38%	JPY-SGD	0.8948	0.39%
AUD-USD	0.636	-0.06%	GBP-SGD	1.7303	0.02%
GBP-USD	1.300	0.02%	AUD-SGD	0.8459	-0.07%
USD-MYR	4.436	-0.21%	NZD-SGD	0.7738	-0.06%
USD-CNY	7.229	0.05%	CHF-SGD	1.5161	-0.12%
USD-IDR	16525	0.61%	SGD-MYR	3.3274	-0.42%
USD-VND	25541	0.04%	SGD-CNY	5.4349	0.07%

Equity and Commodity

Index	Value	Net change
DJIA	41,964.63	383.32
S&P	5,675.29	60.63
Nasdaq	17,750.79	246.67
Nikkei 225	37,751.88	-93.54
STI	3,908.31	13.34
KLCI	1,517.66	-10.15
JCI	6,311.66	88.27
Baltic Dry	1,650.00	-8.00
VIX	19.90	-1.80

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.3630	-0.96%	1M	4.3220	0.01%
3M	2.4260	-1.22%	2M	4.3160	-0.01%
6M	2.4220	0.00%	3M	4.3018	0.01%
12M	2.4160	-0.94%	6M	4.2204	0.01%
			1Y	4.0475	0.00%

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.51 (--)	3.97(--)
5Y	2.53 (--)	4.02 (-0.05)
10Y	2.68 (--)	4.24 (-0.04)
15Y	2.74 (--)	--
20Y	2.74 (-0.01)	--
30Y	2.71 (--)	4.55 (-0.03)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/19/2025	-0.008	-0.8	-0.002
05/07/2025	-0.207	-20.7	-0.052
06/18/2025	-0.799	-59.3	-0.2
07/30/2025	-1.15	-35.1	-0.288
09/17/2025	-1.796	-64.6	-0.449
12/10/2025	-2.655	-49.5	-0.664

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.31
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	67.16	0.39%	Corn (per bushel)	4.620	0.7%
Brent (per barrel)	70.78	0.31%	Soybean (per bushel)	10.083	-0.4%
Heating Oil (per gallon)	223.19	1.70%	Wheat (per bushel)	5.635	-0.3%
Gasoline (per gallon)	216.96	0.06%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	4.25	4.81%	Rubber (JPY/KG)	309.500	2.8%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9987.50	0.84%	Gold (per oz)	3047.8	0.4%
Nickel (per mt)	16399.00	0.92%	Silver (per oz)	33.8	-0.6%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
3/20/2025 2:00	US	FOMC Rate Decision (Upper Bound)	19-Mar	4.50%	4.50%	4.50%	--
3/20/2025 4:00	US	Total Net TIC Flows	Jan	--	-\$48.8b	\$87.1b	\$103.2b
3/20/2025 5:45	NZ	GDP YoY	4Q	-1.40%	-1.10%	-1.50%	-1.60%
3/20/2025 5:45	NZ	GDP SA QoQ	4Q	0.40%	0.70%	-1.00%	-1.10%
3/20/2025 9:00	CH	1-Year Loan Prime Rate	20-Mar	3.10%	--	3.10%	--
3/20/2025 9:00	CH	5-Year Loan Prime Rate	20-Mar	3.60%	--	3.60%	--
3/20/2025 9:00	CH	Swift Global Payments CNY	Feb	--	--	3.79%	--
3/20/2025 15:00	UK	Average Weekly Earnings 3M/YoY	Jan	5.80%	--	6.00%	--
3/20/2025 15:00	UK	ILO Unemployment Rate 3Mths	Jan	4.40%	--	4.40%	--
3/20/2025 15:00	UK	Employment Change 3M/3M	Jan	91k	--	107k	--
3/20/2025 15:00	UK	Jobless Claims Change	Feb	--	--	22.0k	--
3/20/2025 16:30	HK	CPI Composite YoY	Feb	1.90%	--	2.00%	--
3/20/2025 20:00	UK	Bank of England Bank Rate	20-Mar	4.50%	--	4.50%	--
3/20/2025 20:30	US	Initial Jobless Claims	15-Mar	224k	--	220k	--
3/20/2025 20:30	US	Continuing Claims	8-Mar	1887k	--	1870k	--
3/20/2025 20:30	US	Philadelphia Fed Business Outlook	Mar	9	--	18.1	--

Source: Bloomberg

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