

## Daily Treasury Outlook

14 May 2024

### Highlights

**Global:** US stock market was mixed on Monday as investors braced for the important US CPI data in April. The increase in inflation expectations and household debt stress from The New York Fed's survey also provided some selling pressure. Respondents projected inflation a year from now at 3.3% (vs 3% previously), while three-year and five-year ahead inflation were seen at 2.8% (vs 2.9% previously), and 2.8% (vs 2.6% previously) respectively. By the close, the S&P was little changed, Nasdaq was up by 0.3%, and the Dow was the laggard. USTs were bid but still traded in a narrow range. The dollar ended the day marginally lower, and gold gave back more than half of last week's gains. Fed Vice Chair Jefferson said Monday that current level of interest rates is appropriate until further signs that inflation is on a sustainable path toward the 2% target. The Bank of Japan trimmed bond buying, pushing the JGB yields higher across the curve on Monday. BoJ announced it would purchase 425 billion yen of 5 to 10 year government bonds, down by 50 billion yen as compared to the previous week, the first reduction since December last year. Separately, China is selling the first batch of ultra-long government bond this Friday.

**Market Watch:** Asian markets are likely to open with a cautious tone, as market awaits US' April CPI data. Asia's economic calendar on Tuesday is light, with April PPI figures from Japan and India, while Australia government will also unveil its budget. Later tonight, US' April PPI final demand, UK' March job market data, Germany April CPI and May ZEW survey, will be watched by market.

### Key Market Movements

Equity	Value	% chg
S&P 500	5221.4	0.0%
DJIA	39432	-0.2%
Nikkei 225	38179	-0.1%
SH Comp	3148.0	-0.2%
STI	3303.7	0.4%
Hang Seng	19115	0.8%
KLCI	1602.9	0.1%
	<b>Value</b>	<b>% chg</b>
DXY	105.218	-0.1%
USDJPY	156.22	0.3%
EURUSD	1.0790	0.2%
GBPUSD	1.2559	0.3%
USDIDR	16080	0.2%
USDSGD	1.3535	-0.1%
SGDMYR	3.4939	-0.3%
	<b>Value</b>	<b>chg (bp)</b>
2Y UST	4.86	-0.43
10Y UST	4.49	-0.98
2Y SGS	3.44	2.60
10Y SGS	3.33	6.60
3M SORA	3.69	1.75
3M SOFR	5.35	0.00
	<b>Value</b>	<b>% chg</b>
Brent	83.36	0.7%
WTI	79.12	1.1%
Gold	2336	-1.0%
Silver	28.20	0.1%
Palladium	965	-1.6%
Copper	10186	1.8%
BCOM	103.27	0.5%

Source: Bloomberg

## Major Markets

**ID:** The consumer confidence index (CCI) rose to an 11-month high of 127.7 in April from 123.8 in March. The increased optimism was attributed to improvements in both the 'present situation' sub-index and the 'expectation' index. Specifically, in the former, improvements were seen in all subcomponents, with income and employment conditions leading, followed by durable goods purchases. Likewise, there was a notable uptick in business condition outlook, which lifted the 'expectation' sub-index. The April CCI print brings the three-month rolling average to 124.9, compared to 124.0 in March and 123.9 in 4Q23.

**MY:** The unemployment rate remained stable at 3.3% in March, while the labour force participation rate rose marginally to 70.3% from 70.2% in February. In particular, the number of employed individuals increased by 24.3 thousand (0.1% MoM) to 16.5mn in March, while the number of unemployed individuals were little changed, at 566.6 in March (-0.4 thousand from February). By sector, the Department of Statistics Malaysia (DOSM) emphasized that there was a rise in employment in the services sector, particularly in the wholesale & trade, food & beverage services, and information & communication. Similar uptick trends were also observed in the manufacturing, construction, mining & quarrying, as well as the agriculture sector.

## ESG Updates

**CN:** US and China discussed Chinese overcapacity in solar and battery manufacturing, steel production and coal power during two days of bilateral meetings on climate change in Washington. They also intend to discuss methane and non-carbon dioxide greenhouse gases at the upcoming United Nations COP29 climate summit to be held in Baku, Azerbaijan.

## Credit Market Updates

**Market Commentary:** The SGD SORA curve traded higher yesterday, with short tenors trading 2-4bps higher, belly tenors trading 4-5bps higher and 10Y trading 5bps higher. Chinese developer Agile Group Holdings Ltd has defaulted on interest payments due on its USD483mn AGILE 6.05% '25s. The 30-day grace period on the payments ended on 13th May. This is the company's first default on its dollar bonds and the company is reportedly engaging an external financial adviser and legal adviser to assess its structure and liquidity. China is set to commence the sale of the initial portion of its RMB1tn (USD138bn) ultra-long special sovereign bonds this week. As per an announcement from the Ministry of Finance, the central government will initiate the series of special bond sales by issuing RMB40bn worth of 30-year bonds on Friday. These bonds, which are only the fourth of their kind in the past 26 years, aim to provide support to the economy. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 80bps while Asia USD High Yield spreads tightened by 2bps to 550bps. (Bloomberg, OCBC)

### New Issues:

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

- Oversea-Chinese Banking Corp Ltd priced a USD500mn 10NC5 Tier 2 at T+103bps.

There were no notable bond issuers in the Singdollar market yesterday.

### Mandates:

There is no Asiadollar mandate today.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	105.218	-0.08%	USD-SGD	1.3535	-0.08%
USD-JPY	156.220	0.28%	EUR-SGD	1.4604	0.10%
EUR-USD	1.079	0.18%	JPY-SGD	0.8664	-0.36%
AUD-USD	0.661	0.06%	GBP-SGD	1.6998	0.18%
GBP-USD	1.256	0.27%	AUD-SGD	0.8944	-0.02%
USD-MYR	4.730	-0.22%	NZD-SGD	0.8144	-0.13%
USD-CNY	7.233	0.09%	CHF-SGD	1.4901	-0.29%
USD-IDR	16080	0.22%	SGD-MYR	3.4939	-0.26%
USD-VND	25452	0.00%	SGD-CNY	5.3446	0.15%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8560	-0.16%	1M	5.3195	-0.01%
3M	3.8180	0.32%	2M	5.3278	0.00%
6M	3.7890	-0.34%	3M	5.3290	-0.02%
12M	3.6290	0.03%	6M	5.2955	-0.10%
			1Y	5.1613	-0.17%

## 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	5.313
07/31/2024	-0.270	-0.067	5.258
09/18/2024	-0.770	-0.192	5.133
11/07/2024	-1.109	-0.277	5.048
12/18/2024	-1.664	-0.416	4.909
01/29/2025	-2.050	-0.512	4.813

## Equity and Commodity

Index	Value	Net change
DJIA	39,431.51	-81.33
S&P	5,221.42	-1.26
Nasdaq	16,388.24	47.37
Nikkei 225	38,179.46	-49.65
STI	3,303.66	12.96
KLCI	1,602.91	2.24
JCI	7,099.26	10.47
Baltic Dry	2,129.00	-37.00
VIX	13.60	1.05

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.44 (+0.03)	4.85(--)
5Y	3.29 (+0.04)	4.51 (-0.01)
10Y	3.33 (+0.07)	4.48 (-0.01)
15Y	3.34 (+0.07)	--
20Y	3.34 (+0.07)	--
30Y	3.34 (+0.08)	4.63 (-0.01)

## 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)	79.12	1.10%	Corn (per bushel)	4.585	0.6%
Brent (per barrel)	83.36	0.69%	Soybean (per bushel)	12.055	0.0%
Heating Oil (per gallon)	243.68	0.10%	Wheat (per bushel)	6.703	3.8%
Gasoline (per gallon)	251.05	0.43%	Crude Palm Oil (MYR/MT)	39.080	1.4%
Natural Gas (per MMBtu)	2.38	5.73%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	10185.50	1.81%	Gold (per oz)	2336.3	-1.0%
Nickel (per mt)	19230.00	1.47%	Silver (per oz)	28.2	0.1%

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

## Economic Calendar

date	country	item	period	survey	actual	prior	revised
05/14/2024 05:15	IN	Exports YoY	Apr	--	--	-0.007	--
05/14/2024 05:00	NZ	REINZ House Sales YoY	Apr	--	0.253	8.00%	--
05/14/2024 07:50	JN	PPI YoY	Apr	0.008	0.009	0.80%	0.009
05/14/2024 14:00	GE	CPI YoY	Apr F	0.022	--	0.022	--
05/14/2024 14:00	UK	Jobless Claims Change	Apr	--	--	10.9k	--
05/14/2024 14:00	GE	CPI MoM	Apr F	0.005	--	0.50%	--
05/14/2024 14:00	UK	ILO Unemployment Rate 3Mths	Mar	0.043	--	4.20%	--
05/14/2024 14:00	UK	Claimant Count Rate	Apr	--	--	4.00%	--
05/14/2024 14:00	GE	CPI EU Harmonized YoY	Apr F	0.024	--	0.024	--
05/14/2024 14:00	UK	Payrolled Employees Monthly Change	Apr	20k	--	-67k	--
05/14/2024 14:00	GE	CPI EU Harmonized MoM	Apr F	0.006	--	0.60%	--
05/14/2024 14:00	UK	Average Weekly Earnings 3M/YoY	Mar	0.055	--	5.60%	--
05/14/2024 14:30	IN	Wholesale Prices YoY	Apr	0.011	--	0.53%	--
05/14/2024 17:00	GE	ZEW Survey Expectations	May	4640.00%	--	4290.00%	--
05/14/2024 17:00	GE	ZEW Survey Current Situation	May	-75.9	--	-79.2	--
05/14/2024 20:30	US	PPI Final Demand MoM	Apr	0.30%	--	0.20%	--

Source: Bloomberg

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