

Daily Treasury Outlook

22 April 2024

Highlights

Global: With the Middle East situation still on tenterhooks, global risk sentiments may remain fragile in the interim. The S&P500 slipped 0.88% on Friday while the 10-year UST bond yield was 1bp lower at 4.62%. The Fed's Financial Stability Report revealed that the banking sector remained sound and resilient", but the risk of persistent inflationary pressures leading to a more restrictive than expected monetary policy stance remained the most frequently cited risk. Meanwhile, Congress is pushing to force ByteDance Ltd to sell TikTok or risk a ban in the country. Separately, BOJ's Ueda opined that monetary policy will remain accommodative for a while.

Market Watch: Asian markets may open with a slightly careful tone this morning while awaiting China's 1- and 5-year LPR fixings (likely unchanged at 3.45% and 3.95%), Indonesia's March trade data, Taiwan's unemployment rate, and Chicago Fed's national activity index. ECB's Lagarde and Villeroy, and BOE's Benjamin are also speaking today. For the week ahead, watch for the US' March core PCE deflator (expected to rise 0.3% mom and 2.7% YoY), 1Q24 GDP growth, personal income and spending and inflation data, as well as the Asian and Eurozone's services and composite PMIs, Bank of Canada's summary of deliberations, Germany's IFO business index, South Korea's 1Q24 GDP growth, and inflation prints from Australia, Singapore, Malaysia and Hong Kong. On the central bank front, BI may keep its policy rate static at 6% on Wednesday, while the BOJ is tipped to keep its policy settings static on Friday but refresh its price forecasts. Corporate earnings results are also due from many tech companies including Alphabet, Intel, Meta and Microsoft. Separately, US Secretary of State Anthony Blinken will also visit China this week amid tensions over the latter's role in providing support to Russia.

SG: The STI declined 0.35% to close at 3,176.51 on Friday and may consolidate further today.

Oil: Crude oil benchmarks inched higher on Friday, and intraday trade was choppy. During early Asian trading hours, crude oil futures jumped more than 4% following Israel's retaliatory attack against Iran. Gains were, however, pared back after Iran downplayed the attacks by Israel on its soil and announced that it has made "no plan to retaliate immediately". On balance, WTI and Brent rose more than 0.2% to close at USD83.1/bbl and USD87.3/bbl respectively.

Key Market Movements

Equity	Value	% chg
S&P 500	4967.2	-0.9%
DJIA	37986	0.6%
Nikkei 225	37068	-2.7%
SH Comp	3065.3	-0.3%
STI	3176.5	-0.3%
Hang Seng	16224	-1.0%
KLCI	1547.6	0.2%
	Value	% chg
DXY	106.154	0.0%
USDJPY	154.64	0.0%
EURUSD	1.0656	0.1%
GBPUSD	1.2370	-0.5%
USDIDR	16255	0.5%
USDSGD	1.3616	0.0%
SGDMYR	3.5132	-0.2%
	Value	chg (bp)
2Y UST	4.99	-0.03
10Y UST	4.62	-1.19
2Y SGS	3.45	-0.90
10Y SGS	3.36	-1.01
3M SORA	3.63	-0.10
3M SOFR	5.35	-0.01
	Value	% chg
Brent	87.29	0.2%
WTI	83.14	0.5%
Gold	2392	0.5%
Silver	28.69	1.6%
Palladium	1031	0.6%
Copper	9876	1.5%
BCOM	103.06	0.9%

Source: Bloomberg

Major Markets

CN: Recent data showed an accelerating EV adoption in China. In the first half of April 2024, retail sales of passenger vehicles in China surged to 516,000 units. Notably, the market for new energy vehicles saw remarkable growth, with sales totalling 260,000 units, reflecting a remarkable 32% year-on-year increase. The penetration rate surpassing 50% for the first time in history.

ID: Maritime Affairs and Investment Coordinating Minister Luhut Binsar Pandjaitan expressed confidence in the strengthening of Indonesia-China relations under the next administration. Speaking at the 4th High-Level Dialogue and Cooperation Mechanism (HDCM) in Labuan Bajo, Minister Luhut highlighted the mutual trust, respect, and benefits that would drive the advancement of relations between the two countries to Chinese Foreign Affairs Minister Wang Yi. Minister Luhut added that he acknowledged the significance of the HDCM in supporting the comprehensive strategic partnership, which has already yielded operational results, including the Jakarta-Bandung high-speed train, as reported by Tempo.

MY: 1Q24 GDP growth improved to 3.9% YoY versus 3.0% in 4Q23, according to the advance estimates, driven by the services and manufacturing sectors as well as stronger trade. To that end, import growth picked up further to 12.5% YoY versus 8.0% in February while March export growth remained at -0.8% YoY. The trade surplus marginally widened to MYR12.8bn in March from MYR11.2bn in February. We continue to forecast better 2024 GDP growth of 4.2% YoY versus 3.9% in 2023, with Bank Negara Malaysia (BNM) expected to remain on hold.

PH: The balance of payments (BOP) flipped to a surplus of USD1.2bn from a slight deficit of USD0.2bn in February. The surplus in March reflected inflows which are largely driven from the National Government's net foreign currency deposits with the Bangko Sentral ng Pilipinas (BSP), as well as net income from BSP's investments abroad. Consequently, the year-to-date BOP surplus narrowed to USD0.2bn versus USD1.9bn in 4Q23. Separately, Finance Secretary Ralph G. Recto cautioned that policy rate cuts might be delayed should the Philippine peso weaken past the record low of 59 per dollar, as reported by Bloomberg.

Credit Market Updates

Market Commentary: The SGD SORA curve traded mixed last Friday, with 1Y and 1.5Y tenors trading 1-2bps higher, 2Y and 3Y trading 1-2bps lower. Belly tenors trading 2bps lower and 10Y trading 2bps lower. China Vanke Co. (“Vanke”) is introducing several steps to build confidence on its ability to avoid default. Last week, Vanke clarified that its executives remain free to travel abroad. The developer is also preparing an asset package totaling about RMB130bn (USD18bn) to use as collateral as it seeks new bank loans. It is also seeking to sell its entire stake in logistics firm GLP Pte. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 82bps while Asia USD High Yield spreads widened by 5bps to 606bps. (Bloomberg, OCBC)

New Issues:

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

Mandates:

- There are no Asiadollar mandates for today.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	106.154	0.00%	USD-SGD	1.3616	-0.04%
USD-JPY	154.640	0.00%	EUR-SGD	1.4511	0.08%
EUR-USD	1.066	0.12%	JPY-SGD	0.8805	-0.05%
AUD-USD	0.642	-0.05%	GBP-SGD	1.6845	-0.57%
GBP-USD	1.237	-0.53%	AUD-SGD	0.8738	-0.11%
USD-MYR	4.783	-0.05%	NZD-SGD	0.8017	-0.29%
USD-CNY	7.239	0.01%	CHF-SGD	1.4955	0.16%
USD-IDR	16255	0.49%	SGD-MYR	3.5132	-0.16%
USD-VND	25430	0.19%	SGD-CNY	5.3159	0.05%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8370	-0.47%	1M	5.3155	0.01%
3M	3.8920	-0.13%	2M	5.3213	0.02%
6M	3.8460	0.08%	3M	5.3245	0.05%
12M	3.7320	0.03%	6M	5.3025	0.08%
			1Y	5.2275	0.19%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/20/2024	-0.008	-0.002	5.327
05/01/2024	-0.026	-0.006	5.322
06/12/2024	-0.180	-0.045	5.284
07/31/2024	-0.465	-0.116	5.213
09/18/2024	-0.855	-0.214	5.115
11/07/2024	-1.080	-0.270	5.059
12/18/2024	-1.505	-0.376	4.953
01/29/2025	-1.755	-0.439	4.890

Equity and Commodity

Index	Value	Net change
DJIA	37,986.40	211.02
S&P	4,967.23	-43.89
Nasdaq	15,282.01	-319.49
Nikkei 225	37,068.35	-1011.35
STI	3,176.51	-11.15
KLCI	1,547.57	2.81
JCI	7,087.32	-79.50
Baltic Dry	1,919.00	18.00
VIX	18.71	0.71

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.45 (-0.01)	5(--)
5Y	3.3 (-0.02)	4.67 (-0.01)
10Y	3.36 (-0.01)	4.64 (-0.01)
15Y	3.29 (--)	--
20Y	3.29 (--)	--
30Y	3.21 (--)	4.73 (-0.02)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	5.30
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	83.14	0.50%	Corn (per bushel)	4.335	1.6%
Brent (per barrel)	87.29	0.21%	Soybean (per bushel)	11.505	1.4%
Heating Oil (per gallon)	254.13	0.29%	Wheat (per bushel)	5.503	2.5%
Gasoline (per gallon)	271.03	-0.13%	Crude Palm Oil (MYR/MT)	40.560	-1.7%
Natural Gas (per MMBtu)	1.75	-0.28%	Rubber (JPY/KG)	332.000	-0.1%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9876.00	1.45%	Gold (per oz)	2391.9	0.5%
Nickel (per mt)	19326.00	4.13%	Silver (per oz)	28.7	1.6%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Event	Survey	Actual	Prior	Revised
04/22/2024 07:01	UK Rightmove House Prices MoM	Apr	--	1.10%	1.50%
04/22/2024 07:01	UK Rightmove House Prices YoY	Apr	--	1.70%	0.80%
04/22/2024 09:15	CH 1-Year Loan Prime Rate	Apr-22	3.45%	--	3.45%
04/22/2024 09:15	CH 5-Year Loan Prime Rate	Apr-22	3.95%	--	3.95%
04/22/2024 12:00	ID Exports YoY	Mar	-10.73%	--	-9.45%
04/22/2024 12:00	ID Trade Balance	Mar	\$1225m	--	\$867m
04/22/2024 12:00	ID Imports YoY	Mar	-5.00%	--	15.84%
04/22/2024 15:00	MA Foreign Reserves	Apr-15	--	--	\$113.8b
04/22/2024 16:00	TA Export Orders YoY	Mar	4.00%	--	-10.40%
04/22/2024 16:00	TA Unemployment Rate	Mar	3.40%	--	3.40%
04/22/2024 17:00	EC Govt Debt/GDP Ratio	2023 P	--	--	91.00%
04/22/2024 18:00	UK CBI Trends Total Orders	Apr	-16	--	-18
04/22/2024 20:30	US Chicago Fed Nat Activity Index	Mar	0.09	--	0.05
04/22/2024 20:30	CA Industrial Product Price MoM	Mar	--	--	0.70%
04/22/2024 20:30	CA Raw Materials Price Index MoM	Mar	--	--	2.10%
04/22/2024 22:00	EC Consumer Confidence	Apr P	-14.5	--	-14.9

Source: Bloomberg

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