

## Daily Treasury Outlook

1 April 2024

### Highlights

**Global:** China's official manufacturing PMI rose to 50.8 in March, the highest in a year, whilst the non-manufacturing also improved to 51.5, which raised hopes of an ongoing recovery. Over in the US, headline and core PCE inflation slowed to 0.3% MoM in February, but the January data was revised up to 0.4% and 0.5% respectively. The super-core PCE inflation gauge - core services excluding housing rents, slumped to 0.2% MoM from 0.7% in the previous month, reinforcing Powell's post-FOMC dovish bias. Meanwhile, US personal income rose just 0.3% in February, but the personal savings rate fell to 3.6% (lowest since December 2022) as personal spending accelerated.

**Market Watch:** Asian markets are likely to open with a modestly firmer tone this morning, while awaiting China's Caixin PMIs, as well as other global/regional manufacturing PMIs and Indonesia's March inflation. Fed chair Powell is speaking on Wednesday, together with a full line up of others including Williams, Daly, Goolsbee, Logan, and Barkin this week as well. For the week ahead, watch for the inflation data from the Eurozone and the Philippines, Thailand, RBA policy minutes and the RBI policy decision on Friday. On Friday, we also get US' nonfarm payrolls which likely exceeded 200k for the fourth straight month in March, but average hourly earnings may expand by 4.1% YoY (the smallest gain since mid-2021). The unemployment rate may ease slightly to 3.8%.

**SG:** URA private home prices for 1Q24 rose 1.5% QoQ in 1Q24, down from 4Q23's 2.8% QoQ as price and sales momentum in the private residential market slowed. S'pore markets were closed on Friday.

**Oil:** Crude oil benchmarks rose higher on the final day of the trading month. WTI and Brent increased by 2.2% and 1.6% to close at USD83.2/bbl and USD87.5/bbl respectively. Oil prices ended the month higher on prospects of a tighter global oil supply. Additional oil production cuts by OPEC+ are expected to be extended until the middle of the year exacerbated by the attacks on Russian and Ukrainian energy infrastructure.

### Key Market Movements

Equity	Value	% chg
S&P 500	5254.4	0.0%
DJIA	39807	0.0%
Nikkei 225	40369	0.5%
SH Comp	3041.2	1.0%
STI	3224.0	0.0%
Hang Seng	16541	0.0%
KLCI	1536.1	0.4%
	Value	% chg
DXY	104.487	-0.1%
USDJPY	151.35	0.0%
EURUSD	1.0790	0.0%
GBPUSD	1.2623	0.0%
USDIDR	15855	0.0%
USDSGD	1.3493	-0.1%
SGDMYR	3.5016	-0.1%
	Value	chg (bp)
2Y UST	4.62	0.00
10Y UST	4.20	0.00
2Y SGS	3.45	0.00
10Y SGS	3.11	0.00
3M SORA	3.68	0.00
3M SOFR	5.35	0.00
	Value	% chg
Brent	87	0.0%
WTI	83.17	0.0%
Gold	2230	0.0%
Silver	24.96	0.0%
Palladium	1017	0.0%
Copper	8867	0.0%
BCOM	99.49	0.0%

Source: Bloomberg

## Major Markets

**CN:** Manufacturing Purchasing Managers' Index (PMI) experienced a notable rebound in March, soaring to 50.8 from 49.1 in February. This resurgence propelled the manufacturing sector back into expansionary territory, driven by both demand and supply dynamics. The production index surged to 52.2 from 49.8, while new orders saw a substantial increase to 53 from 49. Furthermore, new export orders spiked by 5 points to 51.3, surpassing the 50-point threshold for the first time since March 2023. While the sequential rebound was anticipated following the Chinese New Year holiday, the rebound was stronger than indicated by seasonal patterns underscoring improving prospects, buoyed by the growing likelihood of a global soft landing. Notably, both medium-sized and small companies' PMI returned to expansion for the first time since March 2023, with 15 out of 21 sectors reporting expansion. Additionally, business expectations remained resilient, climbing to 55.6 from 54.2.

**ID:** President-elect Prabowo Subianto is visiting China from 31 March until 2 April, marking his first significant visit since the February 2024 presidential election. The visit was in response to an invitation from President Xi Jinping, who congratulated Prabowo on his victory and emphasized the importance of bilateral relations between the two nations. Meanwhile, the constitutional court started hearing challenges to the election results on Wednesday (27/3) and is expected to announce its verdict by April 22.

**MY:** Approximately 10.8mn individuals, accounting for 48.3% of Malaysians aged 18 and above, have updated their information on the Central Database Hub (PADU) as of Sunday (31/3) noon. Chief Statistician Mohd Uzir Mahidin expressed optimism that the target of 50% would be achieved by the midnight deadline, as physical registration counters reported a high influx of people. He further highlighted the benefits of the PADU data system, stating that it could assist the Department of Statistics Malaysia (DOSM) in consensus activities, analysis, and the distribution of government aid through more targeted policies.

**TH:** February's economic activity showed a mixed performance compared to January. On the domestic demand front, growth in the private consumption index improved to 2.1% YoY in February versus 1.5% in January. Meanwhile, the private investment index remained unchanged at 0.0% YoY in February (January: -0.2%) following two consecutive periods of contraction. By contrast, government spending remained weak, declining by 32.4% YoY in February versus -5.1% in January. On the external front, export growth moderated (2.5% YoY from 7.2% in January) while import growth picked up (3.1% YoY from 1.5% in January). However, the trade balance shifted to a surplus of USD1.7bn from a deficit of USD1.1bn in January. Consequently, the current account balance flipped to a surplus of USD2.0bn from a slight deficit of USD0.2bn in January. Separately, Thailand plans to lift its diesel price cap in April. This measure would allow retail diesel prices to rise above the THB30/litre cap and help alleviate losses of ~THB100bn in the country's state-owned oil fund, according to the Energy Policy & Planning Office.

**VN:** GDP growth eased to 5.7% YoY in 1Q24 versus 6.7% in 4Q23 led by a broad-based slowdown across the 'agriculture, forestry, and fishery' (3.1% YoY from 4.1% in 4Q23), 'industry and construction' (6.3% from 7.4%), and 'services' (6.8% from 10.1%) sectors. The government has set a growth target of 6.0% to 6.5% for the year, signalling better growth relative to 5.0% in 2023. Separately, inflation steadied at 4.0% YoY in March as food prices remained elevated (4.0% YoY), while transportation and education costs accelerated compared to February.

## ESG Updates

**SG:** The former chief of the Monetary Authority of Singapore, Ravi Menon, will be Singapore's first Ambassador for Climate Action and senior adviser at the National Climate Change Secretariat (NCCS). He will represent Singapore at international climate action platforms, as well as drive public-private partnerships with local stakeholders to capture opportunities in a low-carbon future.

**MY:** The Securities Commission Malaysia (SC) estimates that 75% of Malaysia's exports to the EU will be impacted by the EU's Carbon Border Adjustment Mechanism (CBAM), albeit accounting for only about 8% of Malaysia's total exports in 2021 to 2023. With the rise of more ESG-related standards and requirements at both the international and domestic level, more firms are being encouraged to relook at their business sustainability strategies to incorporate green transition plans.

## Credit Market Updates

**Market Commentary:** The SGD SORA curve traded higher last Thursday, with short tenors trading 1bps higher, belly tenors trading flat and 10Y trading flat. Country Garden Holdings Co., made an announcement late Thursday that it would delay the reporting of their annual results, saying it needed more information. Meanwhile, China Vanke Co. said net profit tumbled 46% last year, the biggest drop since its 1991 listing. The dire statements, along with a jump in bad loans at some banks with declining annual prices in February for both new and used homes show how China's property industry continues to struggle. Bloomberg Asia USD Investment Grade spreads remained flat at 86bps, while the Asia USD High Yield spreads widened by 12bps to 587bps. (Bloomberg, OCBC)

### New Issues:

- There was one notable bond issuance in the Asiadollar market last Thursday. **Chengdu Tianfu New Area Investment Group Co Ltd (CDNFNA) priced a USD300mn 3Y bond** at 5.45%.
- There were no notable bond issuances in the Singdollar market yesterday.

### Mandates:

- There are no Asiadollar mandates today.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	104.487	-0.06%	<b>USD-SGD</b>	1.3493	-0.07%
<b>USD-JPY</b>	151.350	-0.02%	<b>EUR-SGD</b>	1.4559	-0.05%
<b>EUR-USD</b>	1.079	0.01%	<b>JPY-SGD</b>	0.8914	-0.09%
<b>AUD-USD</b>	0.652	0.08%	<b>GBP-SGD</b>	1.7034	-0.06%
<b>GBP-USD</b>	1.262	-0.01%	<b>AUD-SGD</b>	0.8797	0.00%
<b>USD-MYR</b>	4.725	-0.20%	<b>NZD-SGD</b>	0.8070	0.06%
<b>USD-CNY</b>	7.222	-0.06%	<b>CHF-SGD</b>	1.4965	-0.07%
<b>USD-IDR</b>	15855	0.00%	<b>SGD-MYR</b>	3.5016	-0.08%
<b>USD-VND</b>	24791	0.03%	<b>SGD-CNY</b>	5.3544	0.04%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
<b>1M</b>	3.8550	0.52%	<b>1M</b>	5.3230	0.00%
<b>3M</b>	3.8920	-0.41%	<b>2M</b>	5.3237	-0.01%
<b>6M</b>	3.8510	-0.28%	<b>3M</b>	5.3003	-0.06%
<b>12M</b>	3.6690	-0.41%	<b>6M</b>	5.2272	-0.20%
			<b>1Y</b>	5.0171	-0.45%

## 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	-0.109	-0.027	5.302
06/12/2024	-0.714	-0.178	5.150
07/31/2024	-1.125	-0.281	5.048
09/18/2024	-1.852	-0.463	4.866
11/07/2024	-2.325	-0.581	4.748
12/18/2024	-3.037	-0.759	4.569
01/29/2025	-3.515	-0.879	4.450

## Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	39,807.37	47.29
<b>S&amp;P</b>	5,254.35	5.86
<b>Nasdaq</b>	16,379.46	-20.06
<b>Nikkei 225</b>	40,369.44	201.37
<b>STI</b>	3,224.01	0.00
<b>KLCI</b>	1,536.07	5.47
<b>JCI</b>	7,288.81	-21.28
<b>Baltic Dry</b>	1,821.00	-24.00
<b>VIX</b>	13.01	0.23

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	3.45 (-0.01)	4.6(--)
<b>5Y</b>	3.05 (-0.01)	4.21(--)
<b>10Y</b>	3.11 (--)	4.19(--)
<b>15Y</b>	3.09 (+0.01)	--
<b>20Y</b>	3.04 (-0.01)	--
<b>30Y</b>	3 (--)	4.34(--)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

<b>SOFR</b>	5.33
-------------	------

## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	83.17	2.24%	Corn (per bushel)	4.420	3.6%
Brent (per barrel)	87.48	1.61%	Soybean (per bushel)	11.915	-0.1%
Heating Oil (per gallon)	261.56	0.65%	Wheat (per bushel)	5.603	2.3%
Gasoline (per gallon)	276.11	2.85%	Crude Palm Oil (MYR/MT)	42.560	-1.8%
Natural Gas (per MMBtu)	1.76	2.62%	Rubber (JPY/KG)	330.300	1.3%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8867.00	0.20%	Gold (per oz)	2229.9	1.6%
Nickel (per mt)	16749.00	0.78%	Silver (per oz)	25.0	1.3%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date	Event	Survey	Actual	Prior	Revised	
04/01/2024 07:50	JN Tankan Large Mfg Index	1Q	10	11	12	--
04/01/2024 07:50	JN Tankan Large All Industry Capex	1Q	9.80%	4.00%	13.50%	--
04/01/2024 07:50	JN Tankan Large Mfg Outlook	1Q	10	10	8	--
04/01/2024 07:50	JN Tankan Large Non-Mfg Index	1Q	32	34	30	--
04/01/2024 07:50	JN Tankan Large Non-Mfg Outlook	1Q	29	27	24	--
04/01/2024 08:00	SK Exports YoY	Mar	4.20%	3.10%	4.80%	--
04/01/2024 08:30	VN S&P Global Vietnam PMI Mfg	Mar	--	--	50.4	--
04/01/2024 08:30	TA S&P Global Taiwan PMI Mfg	Mar	--	--	48.6	--
04/01/2024 08:30	ID S&P Global Indonesia PMI Mfg	Mar	--	--	52.7	--
04/01/2024 08:30	JN Jibun Bank Japan PMI Mfg	Mar F	--	--	48.2	--
04/01/2024 08:30	SK S&P Global South Korea PMI Mfg	Mar	--	--	50.7	--
04/01/2024 09:45	CH Caixin China PMI Mfg	Mar	51	--	50.9	--
04/01/2024 12:00	ID CPI YoY	Mar	2.91%	--	2.75%	--
04/01/2024 21:30	CA S&P Global Canada Manufacturing PMI	Mar	--	--	49.7	--
04/01/2024 21:45	US S&P Global US Manufacturing PMI	Mar F	52.5	--	52.5	--
04/01/2024 22:00	US ISM Manufacturing	Mar	48.3	--	47.8	--

Source: Bloomberg

## Macro Research

**Selena Ling**  
Head of Strategy & Research  
[LingSSSelena@ocbc.com](mailto:LingSSSelena@ocbc.com)

**Herbert Wong**  
Hong Kong & Macau  
[HerberhtWong@ocbc.com](mailto:HerberhtWong@ocbc.com)

**Jonathan Ng**  
ASEAN Economist  
[JonathanNg4@ocbc.com](mailto:JonathanNg4@ocbc.com)

**Tommy Xie Dongming**  
Head of Greater China Research  
[XieD@ocbc.com](mailto:XieD@ocbc.com)

**Lavanya Venkateswaran**  
Senior ASEAN Economist  
[LavanyaVenkateswaran@ocbc.com](mailto:LavanyaVenkateswaran@ocbc.com)

**Ong Shu Yi**  
ESG Analyst  
[ShuyiOng1@ocbc.com](mailto:ShuyiOng1@ocbc.com)

**Keung Ching (Cindy)**  
Hong Kong & Macau  
[Cindyckeung@ocbcwh.com](mailto:Cindyckeung@ocbcwh.com)

**Ahmad A Enver**  
ASEAN Economist  
[Ahmad.Enver@ocbc.com](mailto:Ahmad.Enver@ocbc.com)

## FX/Rates Strategy

**Frances Cheung, CFA**  
Rates Strategist  
[FrancesCheung@ocbc.com](mailto:FrancesCheung@ocbc.com)

**Christopher Wong**  
FX Strategist  
[ChristopherWong@ocbc.com](mailto:ChristopherWong@ocbc.com)

## Credit Research

**Andrew Wong**  
Credit Research Analyst  
[WongVKAM@ocbc.com](mailto:WongVKAM@ocbc.com)

**Ezien Hoo, CFA**  
Credit Research Analyst  
[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)

**Wong Hong Wei, CFA**  
Credit Research Analyst  
[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)

**Chin Meng Tee, CFA**  
Credit Research Analyst  
[MengTeeChin@ocbc.com](mailto:MengTeeChin@ocbc.com)

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.: 193200032W