

## Daily Treasury Outlook

2 April 2024

### Highlights

**Global:** On an illiquid Monday session (as European and HK markets were out for Easter holiday), the US soft landing narrative was supported by a surprise expansion in US manufacturing activity. US ISM manufacturing unexpectedly rose to 50.3 in March, in expansionary zone for the first time since September 2022, from 47.8 in February. Meanwhile, prices components signalled cost stickiness, notably the 'prices paid' sub-index picked up to 55.8 from 52.8 in February. US Treasury yields jumped, and the DXY index spiked to its highest level since November, as the market was focusing on the inflationary aspect of the ISM reading. The probability of a rate cut in June slipped to below 50% briefly. China Caixin manufacturing PMI rose to 51.1 in March from 50.9 in February, the fastest pace in 13 months, reinforcing surprisingly strong official survey data over the weekend. Oil prices also jumped to new cycle highs as geopolitical risks persisted.

**Market Watch:** Asian markets are likely to open with a modestly softer tone this morning. The economic calendar is light for Asian markets today, with only RBA meeting minutes and Singapore March PMI due. Releases later in the day include US' February factory orders, ECB's February inflation expectations, and Germany's March CPI.

**SG:** HDB resale prices rose 1.7% QoQ in 1Q24 from 1.1% QoQ prior. Flash estimates showed resale volumes rising as well in 1Q24, up 5.5% YoY from 1Q23. HDB noted that the resale market is showing signs of stabilisation as prices rose 4.9% YoY in 2023. Against 10.4% YoY in 2022 and 12.7% YoY in 2021. On markets, STI edged up 0.3% to end at 3,234.9 by market close.

**Oil:** Crude oil benchmarks extended gains on Monday. WTI settled higher at USD83.7/bbl while Brent June futures closed at USD87.4/bbl (this is higher than the 28 April settlement price for the June contract). Prospects of tightening global oil supplies and increased geopolitical tensions in the Middle East were the major drivers of higher oil prices. Global oil supplies are set to tighten further as Pemex (Mexico's state-owned oil company) "plans to halt some crude exports over the next few months. In addition, an Israeli airstrike on the Iranian embassy in Syria was met with the threat of further responses from Iran.

### Key Market Movements

Equity	Value	% chg
S&P 500	5243.8	-0.2%
DJIA	39567	-0.6%
Nikkei 225	39803	-1.4%
SH Comp	3077.4	1.2%
STI	3234.9	0.3%
Hang Seng	16541	0.0%
KLCI	1544.0	0.5%
	Value	% chg
DXY	105.019	0.5%
USDJPY	151.65	0.2%
EURUSD	1.0743	-0.4%
GBPUSD	1.2552	-0.6%
USDIDR	15890	0.2%
USDSGD	1.3523	0.2%
SGDMYR	3.5071	0.2%
	Value	chg (bp)
2Y UST	4.71	8.53
10Y UST	4.31	10.89
2Y SGS	3.46	1.40
10Y SGS	3.10	-0.16
3M SORA	3.68	0.67
3M SOFR	5.35	-0.18
	Value	% chg
Brent	87.42	0.5%
WTI	83.71	0.6%
Gold	2251	1.0%
Silver	25.08	0.5%
Palladium	1007	-0.9%
Copper	8867	0.0%
BCOM	99.90	0.4%

Source: Bloomberg

## Major Markets

**CN:** The equity market surged on the first trading day of the second quarter, with significant gains seen across major indices. The benchmark Shanghai index saw a notable rise of over 1%, while the ChiNext index, representing growth-oriented companies, soared by more than 3%. This bullish momentum was driven by positive economic data, including stronger-than-expected Purchasing Managers Index (PMI) readings and other key indicators. The robust performance reflects investor optimism regarding the economic outlook.

**ID:** Headline CPI rose to 3.0% YoY in March versus 2.8% in February, above consensus expectations (OCBC: 3.1%, Consensus: 2.9%). Core inflation also picked up to 1.8% YoY in March versus 1.7% in February. The uptick in March was primarily due to food inflation, which accelerated to 7.4% YoY in March compared to 6.4% in February. This contributed 2.1 percentage points (pp) to headline inflation, versus 1.8pp in February. Average 1Q24 inflation was stable at 2.8% YoY, similar to 4Q23. Looking ahead, we maintain our forecast for inflation to average 3.1% in 2024, easing relative to 3.7% in 2023, but implying higher inflation in the coming months. Headline inflation will still remain within Bank Indonesia's 1.5-3.5% range.

**MY:** Approximately 17.7mn people, accounting for 58.7% of the population, have successfully registered or updated their profiles in the central database hub (PADU) system. Economy Minister Rafizi Ramli stated that 11.6mn citizens, who are over 18, have registered, as reported by The Edge. The Ministry of Economy will present the subsidy retargeting plan to the cabinet this month, with further updates to be announced by the government in the future.

**TH:** The business sentiment index (BSI) rose to 49.6 in March from 48.8 in February. The increase in BSI was due to higher sentiment across most components, except for the 'employment' component. By sector, "the BSI slightly increased in both the manufacturing and non-manufacturing sectors, hovering around the 50-threshold since 2022" as reported by Bank of Thailand (BOT). Admittedly, business confidence remains fragile: the three-month expected BSI dropped lower to 51.9 from 53.5 in February, "owing mainly to worsen confidence in production, total order books, and performance".

**PH:** March headline inflation is expected to "settle within 3.4%-4.2%", according to Bangko Sentral ng Pilipinas (BSP). BSP revealed that the primary sources of upward price pressures in March will come from "continued price increases of rice and meat along with higher domestic oil prices and electricity rates". Meanwhile, "lower prices of fruits, vegetables, and fish along with the peso appreciation" are sources of downward price pressures. Moving forward, the BSP reiterated its intention "to monitor developments affecting the outlook for inflation and growth in line with its data-dependent approach to monetary policy decision-making".

## ESG Updates

**SG:** The Climate Action Data Trust (CAD Trust), launched by the Singapore Government, World Bank and the International Emissions Trading Association in 2022, has onboarded six carbon credit registries with the aim of increasing transparency to improve confidence in carbon markets. The six registries (including Verra) represent 85% of carbon credits issued to date, and it aims to expand this by bringing on board most of the large independent registries by end June. Discussions are ongoing with other registries such as Gold Standard and the American Carbon Registry.

**CN:** China's Xiaomi launched its first electric vehicle, the Speed Ultra 7 (SU7) sedan, in Beijing on 28 Mar. Xiaomi has pledged to invest US\$10 billion in automobiles over a decade and is one of the few new players in China's EV market to gain approval from authorities who have been reluctant to add to a supply glut. Amid weaker domestic demand, BYD has conducted price cutting this year in a bid to increase sales.

## Credit Market Updates

**Market Commentary:** The SGD SORA curve traded lower yesterday, with short tenors trading 0-2bps lower, belly tenors trading 0-1bps lower and 10Y trading 1bps lower. China Vanke's Shandong-based partners accused China Vanke and its Chairman Yu Liang of misuse of funds, usury, tax evasion and money laundering, according to a joint statement on WeChat account of one of the joint venture partners. China Vanke stated that the allegations are untrue. Bloomberg Asia USD Investment Grade tightened 2bps to 84bps, which is at all-time lows, while Asia USD High Yield spreads tightened 2bps to 585bps. (Bloomberg, OCBC)

### New Issues:

- There were no notable bond issuances in the Asiadollar and Singdollar market yesterday.

### Mandates:

- There are no Asiadollar mandates today.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	105.019	0.51%	<b>USD-SGD</b>	1.3523	0.22%
<b>USD-JPY</b>	151.650	0.20%	<b>EUR-SGD</b>	1.4528	-0.21%
<b>EUR-USD</b>	1.074	-0.44%	<b>JPY-SGD</b>	0.8917	0.03%
<b>AUD-USD</b>	0.649	-0.49%	<b>GBP-SGD</b>	1.6974	-0.35%
<b>GBP-USD</b>	1.255	-0.56%	<b>AUD-SGD</b>	0.8775	-0.25%
<b>USD-MYR</b>	4.731	0.12%	<b>NZD-SGD</b>	0.8051	-0.24%
<b>USD-CNY</b>	7.231	0.12%	<b>CHF-SGD</b>	1.4954	-0.07%
<b>USD-IDR</b>	15890	0.22%	<b>SGD-MYR</b>	3.5071	0.16%
<b>USD-VND</b>	24800	0.04%	<b>SGD-CNY</b>	5.3455	-0.17%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
<b>1M</b>	3.8550	0.52%	<b>1M</b>	5.3258	-0.01%
<b>3M</b>	3.8920	-0.41%	<b>2M</b>	5.3303	0.02%
<b>6M</b>	3.8510	-0.28%	<b>3M</b>	5.3097	-0.02%
<b>12M</b>	3.6690	-0.41%	<b>6M</b>	5.2513	-0.07%
			<b>1Y</b>	5.0729	-0.13%

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/20/2024	#N/A Terminated	#N/A Terminated	#N/A Terminated
05/01/2024	#N/A Terminated	#N/A Terminated	#N/A Terminated
06/12/2024	#N/A Terminated	#N/A Terminated	#N/A Terminated
07/31/2024	#N/A Terminated	#N/A Terminated	#N/A Terminated
09/18/2024	#N/A Terminated	#N/A Terminated	#N/A Terminated
11/07/2024	#N/A Terminated	#N/A Terminated	#N/A Terminated
12/18/2024	#N/A Terminated	#N/A Terminated	#N/A Terminated
01/29/2025	#N/A Terminated	#N/A Terminated	#N/A Terminated

## Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	39,566.85	-240.52
<b>S&amp;P</b>	5,243.77	-10.58
<b>Nasdaq</b>	16,396.83	17.37
<b>Nikkei 225</b>	39,803.09	-566.35
<b>STI</b>	3,234.89	10.88
<b>KLCI</b>	1,544.02	7.95
<b>JCI</b>	7,205.06	-83.75
<b>Baltic Dry</b>	1,821.00	-24.00
<b>VIX</b>	13.65	0.64

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	3.46 (+0.01)	4.69(--)
<b>5Y</b>	3.04 (-0.01)	4.32 (+0.11)
<b>10Y</b>	3.1 (-)	4.31 (+0.11)
<b>15Y</b>	3.09 (-)	--
<b>20Y</b>	3.05 (+0.01)	--
<b>30Y</b>	3.01 (+0.01)	4.45 (+0.11)

## 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>	5.34
-------------	------

## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	83.71	#DIV/0!	Corn (per bushel)	4.355	#DIV/0!
Brent (per barrel)	87.42	#DIV/0!	Soybean (per bushel)	11.858	#DIV/0!
Heating Oil (per gallon)	262.71	#DIV/0!	Wheat (per bushel)	5.570	#DIV/0!
Gasoline (per gallon)	271.00	#DIV/0!	Crude Palm Oil (MYR/MT)	44.180	2.2%
Natural Gas (per MMBtu)	1.84	#DIV/0!	Rubber (JPY/KG)	338.300	-1.2%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	#N/A N/A	#VALUE!	Gold (per oz)	2251.4	#DIV/0!
Nickel (per mt)	#N/A N/A	#VALUE!	Silver (per oz)	25.1	#DIV/0!

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date	Event	Survey	Actual	Prior	Revised
04/02/2024 07:00	SK CPI YoY	Mar 3.00%	3.10%	3.10%	--
04/02/2024 07:00	SK CPI MoM	Mar 0.10%	0.10%	0.50%	--
04/02/2024 08:00	AU Melbourne Institute Inflation MoM	Mar --	0.10%	-0.10%	--
04/02/2024 13:00	IN HSBC India PMI Mfg	Mar F --	--	59.2	--
04/02/2024 14:00	UK Nationwide House PX MoM	Mar 0.30%	--	0.70%	--
04/02/2024 14:00	UK Nationwide House Px NSA YoY	Mar 2.40%	--	1.20%	--
04/02/2024 15:55	GE HCOB Germany Manufacturing PMI	Mar F 41.6	--	41.6	--
04/02/2024 16:00	EC HCOB Eurozone Manufacturing PMI	Mar F 45.7	--	45.7	--
04/02/2024 16:30	UK S&P Global UK Manufacturing PMI	Mar F 49.9	--	49.9	--
04/02/2024 16:30	UK Mortgage Approvals	Feb 56.5k	--	55.2k	--
04/02/2024 20:00	GE CPI YoY	Mar P 2.20%	--	2.50%	--
04/02/2024 20:00	GE CPI MoM	Mar P 0.50%	--	0.40%	--
04/02/2024 20:00	GE CPI EU Harmonized YoY	Mar P 2.40%	--	2.70%	--
04/02/2024 21:00	SI Purchasing Managers Index	Mar --	--	50.6	--
04/02/2024 22:00	US Durable Goods Orders	Feb F 1.40%	--	1.40%	--
04/02/2024 22:00	US Factory Orders	Feb 1.00%	--	-3.60%	--

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