

Daily Treasury Outlook

15 April 2024

Highlights

Global: The weekend missile and drone attacks by Iran against Israel over the weekend has contributed to a tilt towards risk-off. The S&P500 fell 1.46% while the 10-year UST yields also rallied 6.5bps to close lower at 4.52% on Friday. Separately, German Chancellor Scholz visited China to hold high-level talks on trade, including EVs. Meanwhile, ECB's Villeroy opined that the central bank is likely to cut interest rates in early June and will be followed by other cuts by year-end.

Market Watch: Asian markets are likely to open on a slightly cautious tone today. Today's economic data calendar comprises of the Eurozone's industrial production, India's trade and US' March retail sales. Fed's Logan, ECB's Simkus and Lane, Fed's Williams and BOE's Breeden are also speaking today. For the week ahead, watch for China's data dump that includes its 1Q24 GDP growth estimate, industrial output, retail sales, property investment and trade data. Elsewhere, Japan's inflation and trade data, Malaysia's 1Q24 GDP growth, and Singapore's March trade data are also due this week. The IMF is tipped to slightly upgrade its global growth forecast from the existing 3.1% tomorrow, but market attention is likely to be more focused on speeches from Fed chair Powell, US Treasury Secretary Yellen, UK Chancellor of the Exchequer Hunt, as well as others from ECB, OBJ and BOE at the IMF, World Bank and G20 meetings this week. Fed's Beige book is also due Thursday.

CN: Exports experienced a notable downturn in March, declining by 7.5% YoY, following unexpected growth of 7.1% in the first two months of 2024. Similarly, imports fell by 1.9% YoY in March, following gains of 3.5% in January and February 2024. By destination, the contraction in export growth to major trading partners like ASEAN and Japan narrowed in March, while the downturn in exports to the US and EU worsened. Notably, China's exports in the first quarter of 2024 rose by 1.5% YoY, rebounding from a 4.6% decline in 2023, aligning with the narrative of a global trade recovery in 2024. As such, the larger-than-expected decline in total trade growth in March may have been influenced by base effects. Moreover, the trade surplus for the first quarter reached a high of \$183.7 billion, a record for the first quarter, underscoring the resilience of external demand.

Oil: Crude oil benchmarks inched higher on Friday, reversing Thursday's loss. WTI and Brent increased by ~0.8% to close at USD85.7/bbl and USD90.5/bbl respectively. Over the weekend, Iran launched drone and missile attacks into Israel, which did not result in any fatalities. Following its retaliatory attack on Israel, Iran has now "deemed the matter concluded" as reported by Reuters. Heightened geopolitical tensions as well as supply tightness will likely keep sentiment in the oil market supported during Asian trading hours.

Key Market Movements

| Equity | Value | % chg |
|------------|---------|----------|
| S&P 500 | 5123.4 | -1.5% |
| DJIA | 37983 | -1.2% |
| Nikkei 225 | 39524 | 0.2% |
| SH Comp | 3019.5 | -0.5% |
| STI | 3216.9 | -0.3% |
| Hang Seng | 16722 | -2.2% |
| KLCI | 1551.0 | -0.2% |
| | Value | % chg |
| DXY | 106.038 | 0.7% |
| USDJPY | 153.23 | 0.0% |
| EURUSD | 1.0643 | -0.8% |
| GBPUSD | 1.2452 | -0.8% |
| USDIDR | 15845 | 0.0% |
| USDSGD | 1.3614 | 0.6% |
| SGDMYR | 3.5118 | -0.6% |
| | Value | chg (bp) |
| 2Y UST | 4.90 | -6.43 |
| 10Y UST | 4.52 | -6.49 |
| 2Y SGS | 3.46 | -5.80 |
| 10Y SGS | 3.33 | -6.00 |
| 3M SORA | 3.65 | -0.43 |
| 3M SOFR | 5.35 | 0.00 |
| | Value | % chg |
| Brent | 90.45 | 0.8% |
| WTI | 85.66 | 0.8% |
| Gold | 2344 | -1.2% |
| Silver | 27.88 | -2.0% |
| Palladium | 1052 | 0.2% |
| Copper | 9458 | 1.2% |
| BCOM | 102.93 | 0.6% |

Source: Bloomberg

Major Markets

MY: The Ministry of Science, Technology, and Innovation (MOSTI) is set to launch the Single Window Initiative, which aims to bolster the startup ecosystem by simplifying processes and centralizing resources. Minister Chang Lih Kang also highlighted the Malaysian Startup Ecosystem Roadmap (SUPER), is designed to propel Malaysia's startup scene as a regional hub by focusing on talent development, funding accessibility, market access, technology innovation, and social impact. Additionally, Minister Chang mentioned that Malaysia's Venture Capital Roadmap (MVCR), MyDigital initiatives, and incentives for foreign investment should enhance Malaysia's appeal to digital businesses seeking a regional presence, as reported by The Star.

PH: The overall consumer confidence index (CI) improved to -10.9% in 1Q24 from -19.0% in 4Q23. The improvement in consumer sentiment was brought about by respondents' expectations of "additional and higher income, availability of more jobs and permanent employment, and additional working family members", according to Bangko Sentral ng Pilipinas (BSP). Meanwhile, BSP reported that consumer sentiment was less optimistic for 2Q24 and the next 12 months. The weaker outlook was due to respondents' anticipation of "faster increase in the prices of goods, fewer available jobs, and lower income". By contrast, the overall business CI declined to 33.1% in 1Q24 from 35.9% in 4Q23. The decline was due to the "firms' concerns over the post-holiday decline in demand for goods and services and slowdown in business activities, persistent inflationary pressures stemming from higher food and oil prices and its impact on the economy, stiff competition, and adverse effects of a strong El Nino event in 2024 on the agriculture sector". Nonetheless, firms were more optimistic about the country's business outlook for 2Q24 and the next 12 months.

ESG Updates

SG: A study showed that birds in six areas in Singapore linked to future developments, including Tengah and Springleaf, could face increased risk of flying into buildings. Both resident and migratory birds face this risk as they seek out forest patches to forage and rest. Moving forward, the conservation community can work more closely with building developers and government agencies to ensure that these impacts are mitigated, and light pollution is better managed.

Credit Market Updates

Market Commentary: The SGD SORA curve traded lower last Friday, with short tenors trading 5-7bps lower, belly tenors trading 6-7bps lower and 10Y trading 6bps lower. Last Friday, S&P Global Ratings lowered its long-term issuer credit rating on Longfor Group Holdings Ltd to 'BB+' from 'BBB-', while lowering the rating on their senior unsecured notes to 'BB' from 'BB+'. This is due to Longfor's expected weak contracted sales in 2024 amidst prolonged industry downturn. S&P is forecasting the company's total contracted sales to decline by 22% in 2024 to RMB136bn. Longfor's contracted sales fell 53% year on year in the first quarter of 2024. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 82bps while Asia USD High Yield spreads widened by 7bps to 587bps. (Bloomberg, OCBC)

New Issues:

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

- **Malayan Banking Berhad** priced a USD100mn 5Y with final pricing of SOFR+90bps.

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

Mandates:

- Hyundai Card Co., Ltd., (“Hyundai Card”) is planning to issue USD-denominated Reg S only fixed rate senior unsecured bond offering with expected tenor of 3- or 5-year.

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 106.038 | 0.72% | USD-SGD | 1.3614 | 0.61% |
| USD-JPY | 153.230 | -0.03% | EUR-SGD | 1.4487 | -0.19% |
| EUR-USD | 1.064 | -0.77% | JPY-SGD | 0.8881 | 0.60% |
| AUD-USD | 0.647 | -1.09% | GBP-SGD | 1.6949 | -0.22% |
| GBP-USD | 1.245 | -0.80% | AUD-SGD | 0.8810 | -0.42% |
| USD-MYR | 4.771 | 0.48% | NZD-SGD | 0.8082 | -0.41% |
| USD-CNY | 7.237 | 0.00% | CHF-SGD | 1.4888 | 0.13% |
| USD-IDR | #N/A N/A | #VALUE! | SGD-MYR | 3.5118 | -0.57% |
| USD-VND | 25031 | 0.16% | SGD-CNY | 5.3159 | -0.62% |

SOFR

| Tenor | EURIBOR | Change | Tenor | USD SOFR | Change |
|------------|---------|--------|-----------|----------|--------|
| 1M | 3.8360 | -1.11% | 1M | 5.3183 | 0.02% |
| 3M | 3.9230 | 0.44% | 2M | 5.3249 | 0.02% |
| 6M | 3.8650 | 0.08% | 3M | 5.3215 | 0.07% |
| 12M | 3.7480 | 0.51% | 6M | 5.2866 | 0.09% |
| | | | 1Y | 5.1800 | 0.02% |

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 | -0.047 | -0.012 | 5.317 |
| 06/12/2024 | -0.271 | -0.068 | 5.261 |
| 07/31/2024 | -0.645 | -0.161 | 5.168 |
| 09/18/2024 | -1.118 | -0.279 | 5.049 |
| 11/07/2024 | -1.389 | -0.347 | 4.982 |
| 12/18/2024 | -1.877 | -0.469 | 4.860 |
| 01/29/2025 | -2.205 | -0.551 | 4.778 |

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 37,983.24 | -475.84 |
| S&P | 5,123.41 | -75.65 |
| Nasdaq | 16,175.09 | -267.11 |
| Nikkei 225 | 39,523.55 | 80.92 |
| STI | 3,216.91 | -10.70 |
| KLCI | 1,551.04 | -2.47 |
| JCI | #N/A N/A | #VALUE! |
| Baltic Dry | 1,729.00 | 39.00 |
| VIX | 17.31 | 2.40 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 3.46 (-0.06) | 4.89(--) |
| 5Y | 3.28 (-0.04) | 4.56 (-0.07) |
| 10Y | 3.33 (-0.06) | 4.53 (-0.06) |
| 15Y | 3.27 (-0.07) | -- |
| 20Y | 3.24 (-0.07) | -- |
| 30Y | 3.19 (-0.07) | 4.65 (-0.05) |

Financial Spread (bps)

| | Value | Change |
|--------------------|----------|--------|
| EURIBOR-OIS | #N/A N/A | (--) |
| TED | 35.36 | -- |

Secured Overnight Fin. Rate

| | |
|-------------|------|
| SOFR | 5.31 |
|-------------|------|

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|---------|-------|-------------------------|---------|-------|
| WTI (per barrel) | 85.66 | 0.75% | Corn (per bushel) | 4.355 | 1.6% |
| Brent (per barrel) | 90.45 | 0.79% | Soybean (per bushel) | 11.740 | 1.3% |
| Heating Oil (per gallon) | 268.51 | 0.95% | Wheat (per bushel) | 5.560 | 0.8% |
| Gasoline (per gallon) | 280.29 | 1.04% | Crude Palm Oil (MYR/MT) | 44.980 | -0.4% |
| Natural Gas (per MMBtu) | 1.77 | 0.34% | Rubber (JPY/KG) | 343.000 | -1.7% |

| Base Metals | Futures | % chg | Precious Metals | Futures | % chg |
|-----------------|----------|--------|-----------------|---------|-------|
| Copper (per mt) | 9457.50 | 1.24% | Gold (per oz) | 2344.4 | -1.2% |
| Nickel (per mt) | 17797.00 | -0.08% | Silver (per oz) | 27.9 | -2.0% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

| Date | Event | Survey | Actual | Prior | Revised |
|------------------|--------------------------------------|------------|--------|---------|---------|
| 04/15/2024 | PH Overseas Cash Remittances YoY | Feb 2.40% | -- | 2.70% | -- |
| 04/15/2024 | PH Overseas Workers Cash Remittances | Feb -- | -- | \$2836m | -- |
| 04/15/2024 | IN Exports YoY | Mar -- | -- | 11.90% | -- |
| 04/15/2024 | IN Imports YoY | Mar -- | -- | 12.20% | -- |
| 04/15/2024 07:50 | JN Core Machine Orders MoM | Feb 0.80% | 7.70% | -1.70% | -- |
| 04/15/2024 07:50 | JN Core Machine Orders YoY | Feb -6.00% | -1.80% | -10.90% | -- |
| 04/15/2024 14:30 | IN Wholesale Prices YoY | Mar 0.60% | -- | 0.20% | -- |
| 04/15/2024 17:00 | EC Industrial Production SA MoM | Feb 0.80% | -- | -3.20% | -- |
| 04/15/2024 17:00 | EC Industrial Production WDA YoY | Feb -5.50% | -- | -6.70% | -- |
| 04/15/2024 20:30 | US Retail Sales Advance MoM | Mar 0.40% | -- | 0.60% | -- |
| 04/15/2024 20:30 | US Empire Manufacturing | Apr -5 | -- | -20.9 | -- |
| 04/15/2024 20:30 | US Retail Sales Ex Auto MoM | Mar 0.50% | -- | 0.30% | -- |
| 04/15/2024 20:30 | CA Manufacturing Sales MoM | Feb 0.70% | -- | 0.20% | -- |
| 04/15/2024 20:30 | US Retail Sales Ex Auto and Gas | Mar 0.30% | -- | 0.30% | -- |
| 04/15/2024 20:30 | CA Wholesale Sales ex Petroleum MoM | Feb 0.80% | -- | 0.10% | -- |
| 04/15/2024 22:00 | US NAHB Housing Market Index | Apr 51 | -- | 51 | -- |

Source: Bloomberg

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