

## Daily Treasury Outlook

16 April 2024

### Highlights

**Global:** Markets braced for further escalations in the Middle East, with the flight to quality sending dollar and gold higher. US stock indices reversed solid early gains as the news of Israel weighing an imminent response to weekend attacks rolled in. Treasuries were sold across the board with the long-end hit hardest, following stronger-than-expected US retail sales figures. UST 10Y yields pushed into 4.66%, refreshing new highs since November 2023. US headline retail sales rose 0.7% MoM in March, topping market consensus of a 0.4% MoM rise. Manufacturing activity continued to contract in New York State in April, with the Empire manufacturing index remaining in negative territory, though slightly better than the March reading. The index rose to -14.3 in April from -20.9 prior. Eurozone's industrial production and Canada's manufacturing sales in February both printed in-line with consensus, rising by 0.8% MoM and 0.7% MoM respectively. Separately, the ECB's chief economist Lane expressed confidence regarding inflation moving towards the 2% target, but also remarked that the disinflation trend is necessarily bumpy on the account of base effects in the energy component and the reversal of upward effects of early timing of Easter on services inflation in March. Moving to Asia, Japan's core machine orders – a key gauge for capital spending, jumped the most in a year in February, rebounding sharply by 7.7% from the prior month's -1.7% decline, and well above the market estimate of a 0.8% increase.

**Market Watch:** Asian markets are likely to face another tough session today with the broad-based risk-off sentiment. Today's economic data calendar comprises of China's 1Q GDP, March industrial production, retail sales and investment data, as well as Canada's March CPI, UK' March industrial production and US's February job market data.

**Oil:** WTI and Brent traded modestly lower by 0.3% and 0.4% to close at USD85.4/bbl and USD90.1/bbl, respectively, on 15 April. Prices traded lower as the damage from Iranian attack was rather limited, which helped ease some concerns of a broader regional conflict. Nonetheless, markets will closely watch Israel's response to Iran's unprecedented attack on its soil. Geopolitical tensions remained heightened and will likely support oil prices during Asian trading hours.

### Key Market Movements

Equity	Value	% chg
S&P 500	5061.8	-1.2%
DJIA	37735	-0.7%
Nikkei 225	39233	-0.7%
SH Comp	3057.4	1.3%
STI	3183.6	-1.0%
Hang Seng	16600	-0.7%
KLCI	1542.5	-0.5%
	Value	% chg
DXY	106.208	0.2%
USDJPY	154.28	0.7%
EURUSD	1.0624	-0.2%
GBPUSD	1.2446	0.0%
USDIDR	15845	0.0%
USDSGD	1.363	0.1%
SGDMYR	3.5133	0.0%
	Value	chg (bp)
2Y UST	4.92	2.39
10Y UST	4.60	7.98
2Y SGS	3.46	0.50
10Y SGS	3.32	-0.51
3M SORA	3.64	-0.91
3M SOFR	5.35	0.00
	Value	% chg
Brent	90.1	-0.4%
WTI	85.41	-0.3%
Gold	2383	1.7%
Silver	28.87	3.6%
Palladium	1037	-1.5%
Copper	9576	1.3%
BCOM	102.81	-0.1%

Source: Bloomberg

## Major Markets

**CN:** Major stock indices defied the global sell-off trend and closed higher, buoyed by the release of the new "Nine Articles". These articles are designed to strengthen various facets of the capital market, including investor protection, supervision of listed companies, development of industry institutions, regulatory capabilities, and the facilitation of medium and long-term fund entry, among other key areas. However, small-cap stocks experienced a notable decline as investors shifted their focus from small-cap to large-cap stocks. This rotation was driven by concerns that small-cap companies, especially those unable to pay dividends, may face an elevated risk of delisting in the coming years.

**ID:** Wholesale car sales rose to 74,724 units in March from 70,698 in February, according to data from the Association of Indonesia Automotive Industries (GAIKINDO). March sales bring the 1Q24 wholesale car sales to reach 215,069 units, -23.9% YoY versus -13.7% in 4Q24. Gaikindo targets 1.1 million units of car sales in 2024, up from 1.0 million sales in 2023.

**MY:** In a statement on Monday, Bank Negara Malaysia (BNM) committed to managing risks stemming from heightened financial market volatility due to escalating geopolitical tensions in the Middle East. BNM underscored its preparedness to utilize available tools to maintain market order and efficiency, emphasizing continuous engagement with financial market participants to tackle uncertainties. Furthermore, BNM cited initiatives with various entities aimed at enhancing flows and liquidity in the foreign exchange market, reinforcing its endeavours to uphold market stability.

**TH:** The Thai Industry Sentiment Index rose to 92.4 points in March versus 90.0 in February. According to the Federation of Thai Industries, "the demand for consumer goods and durable goods as well as continued tourism recovery helped boost sentiment". Meanwhile, the sentiment index for the next three months is projected to increase further to 100.8 points versus 100 points in February, supported by "tourism promotion measures, disbursement budget in 2Q24, and improved exports due to global expansion of enterprises".

**PH:** Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona shared that monetary easing will more likely take place in 2025. He revealed that the BSP are "looking at staying tight for a while" and that "monetary easing will more likely begin in 1Q25, and the cuts won't be huge – just enough to bring the benchmark closer to the neutral rate of about 6% from the current 6.5%". According to BSP Governor Remolona, BSP's hawkishness was due to the increasing risks that inflation may breach its 2-4% inflation target in 2024. On another separate reading, overseas cash remittance rose 3.0% YoY in February from 2.7% in January.

## ESG Updates

**ID:** The Ministry of Agriculture is making efforts to accelerate electricity connection to reach rice field areas, to enable the modernisation of agricultural tools and optimise irrigation water pumping. This has already been implemented in the Ngawi District, East Java, to irrigate rain-fed dry lands so that farmers can plant rice thrice a year. This can enable a more consistent supply of crops, improve the livelihoods of farmers and reduce the impact of extreme weather events.

## Credit Market Updates

**Market Commentary:** The SGD SORA curve traded lower yesterday, with short tenors trading 2-3bps lower, belly tenors trading 1-2bps lower and 10Y trading 1bps lower. China Vanke Co. (“Vanke”) is preparing an asset package totaling about RMB130bn (USD18bn) to use as collateral as it seeks new bank loans. However, Vanke didn’t disclose details of the asset package or any potential sales. Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 80bps while Asia USD High Yield spreads widened by 3bps to 590bps. (Bloomberg, OCBC)

## New Issues:

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

- **Zhejiang Boxin Bvi Ltd (ZIBOXV)** (Keepwell Provider: Hangzhou Shangcheng District Urban Construction Investment Group Co Ltd ( SCUCIG ) has priced a USD200mn 1Y with final pricing of 6.2%.

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

## Mandates:

- Guangzhou Finance Holdings Group Co., Ltd. is planning to issue a proposed Regulation S offering of U.S. dollar-denominated bonds with tenor of 2Y.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	106.208	0.16%	<b>USD-SGD</b>	1.3630	0.12%
<b>USD-JPY</b>	154.280	0.69%	<b>EUR-SGD</b>	1.4481	-0.04%
<b>EUR-USD</b>	1.062	-0.18%	<b>JPY-SGD</b>	0.8835	-0.52%
<b>AUD-USD</b>	0.644	-0.39%	<b>GBP-SGD</b>	1.6964	0.09%
<b>GBP-USD</b>	1.245	-0.05%	<b>AUD-SGD</b>	0.8780	-0.34%
<b>USD-MYR</b>	4.780	0.20%	<b>NZD-SGD</b>	0.8047	-0.43%
<b>USD-CNY</b>	7.238	0.01%	<b>CHF-SGD</b>	1.4952	0.43%
<b>USD-IDR</b>	#N/A N/A	#VALUE!	<b>SGD-MYR</b>	3.5133	0.04%
<b>USD-VND</b>	25176	0.58%	<b>SGD-CNY</b>	5.3106	-0.10%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
<b>1M</b>	3.8360	-1.11%	<b>1M</b>	5.3174	0.02%
<b>3M</b>	3.9230	0.44%	<b>2M</b>	5.3232	0.00%
<b>6M</b>	3.8650	0.08%	<b>3M</b>	5.3206	-0.01%
<b>12M</b>	3.7480	0.51%	<b>6M</b>	5.2930	0.01%
			<b>1Y</b>	5.1957	0.03%

## 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	-0.244	-0.061	5.268
07/31/2024	-0.565	-0.141	5.188
09/18/2024	-1.045	-0.261	5.068
11/07/2024	-1.286	-0.321	5.007
12/18/2024	-1.770	-0.442	4.886
01/29/2025	-2.065	-0.516	4.813

## Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	37,735.11	-248.13
<b>S&amp;P</b>	5,061.82	-61.59
<b>Nasdaq</b>	15,885.02	-290.07
<b>Nikkei 225</b>	39,232.80	-290.75
<b>STI</b>	3,183.61	-33.30
<b>KLCI</b>	1,542.53	-8.51
<b>JCI</b>	#N/A N/A	#VALUE!
<b>Baltic Dry</b>	1,729.00	39.00
<b>VIX</b>	19.23	1.92

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	3.46 (--)	4.92 (--)
<b>5Y</b>	3.29 (--)	4.62 (+0.06)
<b>10Y</b>	3.32 (-0.01)	4.61 (+0.08)
<b>15Y</b>	3.26 (-0.02)	--
<b>20Y</b>	3.23 (-0.01)	--
<b>30Y</b>	3.18 (-0.01)	4.72 (+0.09)

## 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>	5.31
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	85.41	-0.29%	Corn (per bushel)	4.315	-0.9%
Brent (per barrel)	90.10	-0.39%	Soybean (per bushel)	11.583	-1.3%
Heating Oil (per gallon)	265.42	-1.15%	Wheat (per bushel)	5.518	-0.8%
Gasoline (per gallon)	278.39	-0.68%	Crude Palm Oil (MYR/MT)	44.050	-2.1%
Natural Gas (per MMBtu)	1.69	-4.46%	Rubber (JPY/KG)	337.000	0.3%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9576.00	1.25%	Gold (per oz)	2383.3	1.7%
Nickel (per mt)	17846.00	0.28%	Silver (per oz)	28.9	3.6%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date	Event	Survey	Actual	Prior	Revised
04/16/2024 05:00	NZ REINZ House Sales YoY	Mar	--	8.00%	37.90%
04/16/2024 10:00	CH GDP YoY	1Q	4.80%	--	5.20%
04/16/2024 10:00	CH Industrial Production YoY	Mar	6.00%	--	--
04/16/2024 10:00	CH Retail Sales YoY	Mar	4.80%	--	--
04/16/2024 14:00	UK Jobless Claims Change	Mar	--	--	16.8k
04/16/2024 14:00	GE Wholesale Price Index MoM	Mar	--	--	-0.10%
04/16/2024 14:00	UK ILO Unemployment Rate 3Mths	Feb	4.00%	--	3.90%
04/16/2024 14:00	UK Claimant Count Rate	Mar	--	--	4.00%
04/16/2024 14:00	UK Payrolled Employees Monthly Change	Mar	20k	--	20k
04/16/2024 17:00	GE ZEW Survey Expectations	Apr	35.5	--	31.7
04/16/2024 17:00	GE ZEW Survey Current Situation	Apr	-76	--	-80.5
04/16/2024 20:15	CA Housing Starts	Mar	243.5k	--	253.5k
04/16/2024 20:30	CA CPI YoY	Mar	2.90%	--	2.80%
04/16/2024 20:30	CA CPI NSA MoM	Mar	0.70%	--	0.30%
04/16/2024 20:30	US Housing Starts	Mar	1485k	--	1521k
04/16/2024 21:15	US Industrial Production MoM	Mar	0.40%	--	0.10%

Source: Bloomberg

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