

## Daily Treasury Outlook

22 March 2024

### Highlights

**Global:** US stocks extended their gains to close higher on Thursday. Dow Jones, S&P and Nasdaq were up by 0.7%, 0.3% and 0.2% respectively. US treasury yields closed mixed relative to its previous close, with the UST 2Y closed marginally higher from its previous close at 4.64% while the UST 10Y yields held steady at 4.27%. Central bank decisions were the key focus yesterday: the Bank of England kept its policy rate unchanged at 5.25% as widely expected. The emphasis was on the vote, with the vote pattern at 8-1 to maintain the Bank Rate. Only one member voted for a 25bp cut (to 5.00%). On inflation, BOE Governor Andrew Bailey acknowledged "that there had been further encouraging signs that inflation is coming down but added that the BOE needed more certainty that price pressures were fully under control". The Swiss National Bank surprised expectations by lowering its policy rate by 25bps to 1.50% (becoming the first major economy to lower policy rates) while Norges Bank maintained its policy rate at 4.50%. Over in Asia, CBC surprised by raising its policy rate by 12.5bps to 2%. On the data front, US initial jobless claims edged lower by 0.9% to 210k (week ending 16 March) while continuing claims edged marginally higher by 0.2% to 1.81mn (week ending 9 March). Resilience in the labour market will continue to support the US economy in the near-term. In another separate reading, preliminary readings for US composite PMI edged slightly lower to 52.2 points for March against 52.5 points the previous month. Specifically, manufacturing PMI improved to 52.5 points versus 52.2 points the previous month while services PMI edged lower to 51.7 points versus 52.3 points the previous month. US manufacturing PMI remained at expansion territory for a third straight month. This was the highest reading since June 2022, driven by improvements in supply chains and employment.

**Market Watch:** Asian markets will likely start on a firm note today. Data releases today include Japan's February CPI which rose 2.8% YoY versus 2.2% in January. Other data releases include UK February retail sales.

**SG:** STI edged higher by 1.3% to end at 3,220.4 by market close.

**Oil:** Crude oil benchmarks extended losses on Thursday. WTI and Brent declined 0.7% and 0.2% to close lower at USD81.1/bbl and USD85.8/bbl respectively. Prices edged lower as a stronger DXY profile more than offset optimism from the outcome in March FOMC, and bullish US crude oil and gasoline inventories data. The downside was supported by reports that the US has drafted a UN resolution calling for an Israel-Hamas ceasefire which would allow the release of Israeli hostages in exchange for Palestinians that are detained in Israeli jail, as reported by Reuters.

### Key Market Movements

Equity	Value	% chg
S&P 500	5241.5	0.3%
DJIA	39781	0.7%
Nikkei 225	40816	2.0%
SH Comp	3077.1	-0.1%
STI	3220.4	1.3%
Hang Seng	16863	1.9%
KLCI	1541.4	0.4%
	Value	% chg
DX	104.007	0.6%
USDJPY	151.62	0.2%
EURUSD	1.0860	-0.6%
GBPUSD	1.2658	-1.0%
USDIDR	15660	-0.3%
USDSGD	1.3439	0.3%
SGDMYR	3.5217	0.0%
	Value	chg (bp)
2Y UST	4.64	3.40
10Y UST	4.27	-0.59
2Y SGS	3.40	-4.20
10Y SGS	3.07	-1.71
3M SORA	3.62	0.46
3M SOFR	5.35	0.00
	Value	% chg
Brent	85.78	-0.2%
WTI	81.07	-0.2%
Gold	2181	-0.2%
Silver	24.74	-3.3%
Palladium	1011	-1.3%
Copper	8951	0.3%
BCOM	99.44	0.2%

Source: Bloomberg

## Major Markets

**HK:** Inflation picked up to 2.1% YoY in February, largely due to the Lunar New Year effects. Prices of miscellaneous services (+3.6% YoY) and food (+2.2% YoY) grew at an accelerated pace during the month, while clothing and footwear (1.3% YoY) slowed. On the other hand, housing inflation reached the highest level since 2022, at 3.0% YoY. Taking the first two months of 2024 together, CPI rose by 1.9% YoY, slightly below that of 2.1% for 2023. Overall, inflationary pressures are likely to stay modest in the near term.

**ID:** Director of supply chain and public services at the state's logistics agency Bulog, Mokhamad Suyamto, announced that the agency will import 450k tonnes of rice this month. The rice will be sourced from Thailand, Cambodia, Vietnam, and Myanmar to ensure sufficient stock for Ramadan and Eid festivities in April. The national rice imports quota was increased to 1.6mn tons in February, bringing the total imports quota for this year to 3.6mn. Additionally, the average daily rice prices have risen by ~17% YoY mtd, up from 15.3% rise in February.

**MY:** Prime Minister Anwar Ibrahim revealed that the recent trade mission to Australia, France, and Germany has successfully attracted potential foreign investments worth MYR 76.1bn as of March 2024. PM Anwar attributed this achievement to the collaborative efforts of various ministries and agencies, including the Ministry of Finance, Ministry of Investment, Trade and Industry, Ministry of Foreign Affairs, Securities Commission Malaysia, and Bursa Malaysia.

**PH:** Philippine officials continue to share their views on the state of the economy. Finance Secretary Ralph G. Recto opined that policy rate cuts are expected to take place this year. On inflation, Finance Secretary Recto shared that the inflation print for March is likely at 3.9% YoY. On growth, he revealed that the government will review and adjust its GDP growth targets (through 2028) to a "more realistic" level. Specifically, he mentioned that "6% is a good number" for economic growth target in 2024, as reported by Bloomberg.

## Credit Market Updates

**Market Commentary:** The SGD SORA curve traded lower yesterday, with short tenors trading 3-5bps lower, belly tenors trading 5bps lower and 10Y trading 4bps lower. Beijing-based builder Radiance Holdings Group Co. defaulted on a USD300mn bond after it missed a payment due Wednesday. The company blamed extreme pressure in China's property sector and poor sales. Elsewhere in South Korea, the delinquency rate on real estate project financing loans at South Korean financial companies rose to 2.7% at end-2023 vs 2.42% at end-Sept. Governor of South Korea's Financial Supervisory Service Lee Bokhyun noted that the delinquency rate at current levels is manageable although added in a meeting yesterday with financial and construction firms that lenders should increase financial support such as expanding the project finance stabilization fund and actively restructure troubled loans given declining profitability and rising debt risks at real estate projects. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 89bps, while the Asia USD High Yield spreads tightened by 12bps to 561bps. (Bloomberg, OCBC)

### New Issues:

- There were three notable bond issuances in the Asiadollar market yesterday. Guoneng Environmental Protection Investment Group Co Ltd (GUOENV) (Guarantor: Jinan Energy Group Co Ltd) priced a USD210mn 1Y Green Fixed bond with final pricing of 5.85% (coupon of 5.842%). FWD Group Holdings Limited priced a USD900mn 5Y Fixed bond with final pricing of 8.4%. CDBL Funding 2 priced a USD100mn 3Y FRN with final pricing of SOFR+95bps.
- 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>DX</b>	104.007	0.60%	<b>USD-SGD</b>	1.3439	0.31%
<b>USD-JPY</b>	151.620	0.24%	<b>EUR-SGD</b>	1.4594	-0.27%
<b>EUR-USD</b>	1.086	-0.57%	<b>JPY-SGD</b>	0.8864	0.08%
<b>AUD-USD</b>	0.657	-0.24%	<b>GBP-SGD</b>	1.7011	-0.68%
<b>GBP-USD</b>	1.266	-0.99%	<b>AUD-SGD</b>	0.8830	0.08%
<b>USD-MYR</b>	4.716	-0.45%	<b>NZD-SGD</b>	0.8123	-0.29%
<b>USD-CNY</b>	7.200	0.02%	<b>CHF-SGD</b>	1.4975	-0.87%
<b>USD-IDR</b>	15660	-0.35%	<b>SGD-MYR</b>	3.5217	-0.03%
<b>USD-VND</b>	24781	-0.01%	<b>SGD-CNY</b>	5.3567	-0.34%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
<b>1M</b>	3.8620	0.00%	<b>1M</b>	5.3303	0.01%
<b>3M</b>	3.9220	-0.33%	<b>2M</b>	5.3303	0.00%
<b>6M</b>	3.9060	-0.08%	<b>3M</b>	5.3147	-0.03%
<b>12M</b>	3.7550	-0.03%	<b>6M</b>	5.2366	0.00%
			<b>1Y</b>	5.0150	-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	5.328
05/01/2024	-0.124	-0.031	5.297
06/12/2024	-0.765	-0.191	5.136
07/31/2024	-1.220	-0.305	5.023
09/18/2024	-2.010	-0.502	4.825
11/07/2024	-2.496	-0.624	4.704
12/18/2024	-3.215	-0.804	4.524
01/29/2025	-3.690	-0.923	4.405

## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	81.07	-0.75%	Corn (per bushel)	4.408	0.4%
Brent (per barrel)	85.78	-0.20%	Soybean (per bushel)	12.120	0.2%
Heating Oil (per gallon)	266.88	-1.00%	Wheat (per bushel)	5.468	0.3%
Gasoline (per gallon)	272.71	-0.22%	Crude Palm Oil (MYR/MT)	43.520	-0.3%
Natural Gas (per MMBtu)	1.68	-0.94%	Rubber (JPY/KG)	362.900	0.0%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	8950.50	0.25%	Gold (per oz)	2181.3	-0.2%
Nickel (per mt)	17541.00	0.28%	Silver (per oz)	24.7	-3.3%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date		Event		Survey	Actual	Prior	Revised
03/22/2024 05:00	SK	PPI YoY	Feb	--	1.50%	1.30%	--
03/22/2024 05:45	NZ	Trade Balance NZD	Feb	--	-218m	-976m	-1089m
03/22/2024 07:30	JN	Natl CPI YoY	Feb	2.90%	2.80%	2.20%	--
03/22/2024 07:30	JN	Natl CPI Ex Fresh Food YoY	Feb	2.80%	2.80%	2.00%	--
03/22/2024 08:01	UK	GfK Consumer Confidence	Mar	-19	-21	-21	--
03/22/2024 15:00	UK	Retail Sales Inc Auto Fuel MoM	Feb	-0.40%	--	3.40%	--
03/22/2024 15:00	UK	Retail Sales Inc Auto Fuel YoY	Feb	-0.80%	--	0.70%	--
03/22/2024 15:00	UK	Retail Sales Ex Auto Fuel MoM	Feb	-0.10%	--	3.20%	--
03/22/2024 15:00	UK	Retail Sales Ex Auto Fuel YoY	Feb	-0.80%	--	0.70%	--
03/22/2024 15:00	MA	Foreign Reserves	Mar-15	--	--	\$114.3b	--
03/22/2024 15:30	TH	Gross International Reserves	Mar-15	--	--	\$225.4b	--
03/22/2024 17:00	GE	IFO Business Climate	Mar	85.9	--	85.5	--
03/22/2024 17:00	GE	IFO Expectations	Mar	84.7	--	84.1	--
03/22/2024 17:00	GE	IFO Current Assessment	Mar	86.8	--	86.9	--
03/22/2024 20:30	CA	Retail Sales MoM	Jan	-0.40%	--	0.90%	--
03/22/2024 20:30	CA	Retail Sales Ex Auto MoM	Jan	-0.40%	--	0.60%	--

Source: Bloomberg

## Macro Research

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

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

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