

## Daily Treasury Outlook

25 March 2024

### Highlights

**Global:** After surprises from the BOJ, SNB and CBC last week, this week may kickstart with markets focusing on central bank rhetoric. In particular, Fed's Bostic opined he now sees just one rate cut this year. Meanwhile, ECB's Nagel opined that "the probability that we will lower interest rates before the summer break has recently increased" while Centeno also noted that "inflation is back at levels below 3% - monetary policy has to follow that reality as is evident and will do it." Separately, US president Biden has signed a US\$1.2trn funding package that will avert a partial government shutdown through 30 September. On Friday, the S&P500 slide 0.14% while the 10-year UST bond yield fell 7bps to 4.2%.

**Market Watch:** Asian markets are likely to tread water today, while digesting the central bank gyrations and anticipated interest rate trajectory. Today's economic data releases include inflation from Singapore and Malaysia, Japan's February department sales, Taiwan's industrial production, and US' new home sales. ECB's Lagarde, Holzmann, BoE's Mann (one of the two hawks who capitulated), Fed's Goolsbee, Bostic and Cook are also speaking today. For the holiday-shortened week ahead, focus will be on the US' durable goods orders tomorrow, the third estimate of 4Q23 GDP growth on Thursday, followed by the core PCE report due on Good Friday holiday (which may edge higher due to transportation services), as well as inflation prints from Australia (with potential for a Taylor Swift bump in hospitality-related spending) and Japan, and trade data from Thailand and HK. On the corporate earnings front, watch for Country Garden and China Vanke for a status report on the Chinese property situation.

**SG:** Headline and core CPI likely to come in at 3.4% and 3.3% respectively for February, following 2.9% and 3.1% in January, partly attributable to the Lunar New Year festive holidays. The STI closed marginally lower by 0.07% at 3,217.97 on Friday and may consolidate today. There is a new 5-year SGS (MD) auction on 26 March, with an issue size of S\$2.8bn (with MAS taking S\$300mn).

**Oil:** Crude oil benchmarks extended their losses for a third consecutive trading day on Friday. WTI and Brent edged lower by 0.5% and 0.4% to settle at USD80.6/bbl and USD85.4/bbl respectively. Prices edged lower as a stronger DXY profile more than offset a tighter oil market. Over the weekend, Ukrainian drone attacks struck oil refineries in the Samara region while a terrorist attack took place in Moscow, Russia. We expect the oil market to start firm during Asian trading hours in the wake of heightened geopolitical tensions.

### Key Market Movements

Equity	Value	% chg
S&P 500	5234.2	-0.1%
DJIA	39476	-0.8%
Nikkei 225	40888	0.2%
SH Comp	3048.0	-0.9%
STI	3218.0	-0.1%
Hang Seng	16499	-2.2%
KLCI	1542.4	0.1%
	Value	% chg
DXY	104.430	0.4%
USDJPY	151.41	-0.1%
EURUSD	1.0808	-0.5%
GBPUSD	1.2601	-0.5%
USDIDR	15780	0.8%
USDSGD	1.3486	0.3%
SGDMYR	3.5118	-0.3%
	Value	chg (bp)
2Y UST	4.59	-4.72
10Y UST	4.20	-6.88
2Y SGS	3.40	0.50
10Y SGS	3.08	0.48
3M SORA	3.63	0.66
3M SOFR	5.35	-0.01
	Value	% chg
Brent	85.43	-0.4%
WTI	80.63	-0.5%
Gold	2165	-0.7%
Silver	24.67	-0.3%
Palladium	988	-2.3%
Copper	8867	-0.9%
BCOM	98.70	-0.7%

Source: Bloomberg

## Major Markets

**CN:** The CNY experienced significant depreciation last Friday, partly influenced by a strengthening US dollar index following a surprise rate cut by the Swiss central bank and a weakened Yen following the Bank of Japan's rate hike. Additionally, the USDCNH pair breached 7.28 in the offshore market this morning, surpassing the 2% implied ceiling of 7.24. This suggests that offshore investors are speculating that China may need to adjust its USDCNY fixing beyond the approximately 7.10 range. China's central bank reiterated its commitment to allowing the market to play a decisive role in exchange rate formation during its latest press conference last week. It remains to be seen whether China will ease its control over the daily fixing, as it has maintained relative stability for over a quarter.

**ID:** The Nusantara Capital City Authority (OIKN) is developing the creative economy in Nusantara City by creating a regional roadmap called Talanpekda. The roadmap is being compiled to plan creative and economic development programs and activities in Nusantara City, with completion targeted for May 2024, as reported by Tempo. The development of the creative economy in Nusantara City is seen as a priority sector that can contribute to the economy while also positively impacting social, cultural, and environmental aspects, fostering creativity, innovation, and social tolerance.

**MY:** Economy Minister Rafizi Ramli warned that the government would have to bear a monthly cost of at least MYR2bn for blanket petrol subsidies if the implementation of targeted subsidies is further delayed. He emphasized the need for the government to adhere to the scheduled restructuring of subsidies this year and stated that the 31st of March deadline for registration and updating information on the central database hub (PADU) would not be extended. Minister Rafizi proposed channeling the funds towards assisting deserving families instead, and also mentioned the government's consideration of implementing direct monthly cash transfers as a new method of aid distribution through PADU, which could provide additional income to recipients.

**PH:** Bangko Sentral ng Pilipinas (BSP) will hold its second meeting of the Monetary Board (MB) on 8 April 2024 instead of 4 April 2024. BSP has rescheduled its upcoming MB meeting as the "MB wanted to wait for the release of the March CPI data which comes out on 5 April 2024, together with other data", as reported by Bloomberg.

**TH:** The House of Representatives has approved the THB3.5tn FY2024 budget bill. The results revealed that 298 lawmakers in the 500-member House of Representatives approved the budget. Meanwhile, 166 lawmakers voted against it and one lawmaker abstained. The FY2024 budget bill will be submitted to the Senate for approval, before its submission for royal endorsement.

## Credit Market Updates

**Market Commentary:** The SGD SORA curve traded higher last Friday, with short tenors trading 2-3bps higher, belly tenors trading 3-4bps higher and 10Y trading 3bps higher. China's financial regulator is planning to revise the management measures for syndicated loans to strengthen the commercial loans market. They plan to (1) lower a single lead manager's minimum underwriting threshold in a syndicated loan to 15% (from 20%) and (2) lower the minimum distribution percentage to 30% (from 50%) and (3) allow banks to partially transfer outstanding syndicated loans principal and interest. Bloomberg Asia USD Investment Grade spreads tightened by 3bps to 86bps, while the Asia USD High Yield spreads widened by 15bps to 576bps. (Bloomberg, OCBC)

### New Issues:

- There were no notable bond issuances in the Asiadollar market last Friday.
- There was one notable bond issuance in the Singdollar market last Friday. Oxley Holdings Ltd priced a SGD88mn 1Y bond with final pricing of 7.25%.

### Mandates:

- Korea Mine Rehabilitation & Mineral Resources Corp. ("KOMIR") is planning to issue USD-denominated Reg S only senior unsecured bonds offering with expected tenor of 5Y and 1 month.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	104.430	0.41%	<b>USD-SGD</b>	1.3486	0.35%
<b>USD-JPY</b>	151.410	-0.14%	<b>EUR-SGD</b>	1.4577	-0.12%
<b>EUR-USD</b>	1.081	-0.48%	<b>JPY-SGD</b>	0.8906	0.47%
<b>AUD-USD</b>	0.652	-0.84%	<b>GBP-SGD</b>	1.7002	-0.05%
<b>GBP-USD</b>	1.260	-0.45%	<b>AUD-SGD</b>	0.8795	-0.40%
<b>USD-MYR</b>	4.737	0.45%	<b>NZD-SGD</b>	0.8082	-0.50%
<b>USD-CNY</b>	7.229	0.41%	<b>CHF-SGD</b>	1.5029	0.36%
<b>USD-IDR</b>	15780	0.77%	<b>SGD-MYR</b>	3.5118	-0.28%
<b>USD-VND</b>	24770	-0.04%	<b>SGD-CNY</b>	5.3547	-0.04%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
<b>1M</b>	3.8530	0.13%	<b>1M</b>	5.3311	0.02%
<b>3M</b>	3.9030	-0.59%	<b>2M</b>	5.3264	-0.08%
<b>6M</b>	3.8740	-0.72%	<b>3M</b>	5.3055	-0.02%
<b>12M</b>	3.6820	-1.42%	<b>6M</b>	5.2155	-0.04%
			<b>1Y</b>	4.9838	-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	-0.165	-0.041	5.286
06/12/2024	-0.842	-0.210	5.117
07/31/2024	-1.340	-0.335	4.993
09/18/2024	-2.153	-0.538	4.789
11/07/2024	-2.636	-0.659	4.669
12/18/2024	-3.354	-0.839	4.489
01/29/2025	-3.850	-0.962	4.365

## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	80.63	-0.54%	Corn (per bushel)	4.393	-0.3%
Brent (per barrel)	85.43	-0.41%	Soybean (per bushel)	11.925	-1.6%
Heating Oil (per gallon)	265.34	-0.58%	Wheat (per bushel)	5.548	1.5%
Gasoline (per gallon)	273.98	0.47%	Crude Palm Oil (MYR/MT)	43.070	-1.0%
Natural Gas (per MMBtu)	1.66	-1.43%	Rubber (JPY/KG)	362.900	-4.7%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	8866.50	-0.94%	Gold (per oz)	2165.4	-0.7%
Nickel (per mt)	17242.00	-1.70%	Silver (per oz)	24.7	-0.3%

Source: Bloomberg, Reuters  
(Note that rates are for reference only)

## Economic Calendar

Date		Event		Survey	Actual	Prior	Revised
03/25/2024 12:00	MA	CPI YoY	Feb	1.50%	--	1.50%	--
03/25/2024 13:00	SI	CPI YoY	Feb	3.20%	--	2.90%	--
03/25/2024 13:00	SI	CPI NSA MoM	Feb	--	--	-0.70%	--
03/25/2024 13:00	JN	Leading Index CI	Jan F	--	--	109.9	--
03/25/2024 13:00	JN	Coincident Index	Jan F	--	--	110.2	--
03/25/2024 13:00	SI	CPI Core YoY	Feb	3.40%	--	3.10%	--
03/25/2024 13:30	JN	Nationwide Dept Sales YoY	Feb	--	--	7.10%	--
03/25/2024 13:30	JN	Tokyo Dept Store Sales YoY	Feb	--	--	6.70%	--
03/25/2024 16:00	TA	Industrial Production YoY	Feb	0.01%	--	15.98%	--
03/25/2024 19:00	UK	CBI Retailing Reported Sales	Mar	-14	--	-7	--
03/25/2024 20:00	CA	Bloomberg Nanos Confidence	Mar-22	--	--	53.5	--
03/25/2024 20:30	US	Chicago Fed Nat Activity Index	Feb	-0.34	--	-0.3	--
03/25/2024 22:00	US	New Home Sales	Feb	675k	--	661k	--
03/25/2024 22:00	US	New Home Sales MoM	Feb	2.10%	--	1.50%	--
03/25/2024 22:30	US	Dallas Fed Manf. Activity	Mar	-11.5	--	-11.3	--

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  
[Cindyckung@ocbcwh.com](mailto:Cindyckung@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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