

## Daily Treasury Outlook

28 March 2024

### Highlights

**Global:** It was data light overnight with the US equity indices closing higher (S&P:+0.86%; NASDAQ: +0.51%; Dow Jones: +1.22%), the DXY index trading fairly range bound and UST yields easing led by the belly and long end of the curve. Fed official Christopher Waller reiterated that there is “still no rush”. He added that he saw “economic output and labour market showing continued strength, while progress in reducing inflation has slowed”. Meanwhile, JPY and BoJ remains in focus. The Bank of Japan, the Finance Ministry and Japan's Financial Services Agency held a meeting on 27 March to discuss the currency and Masato Kanda said he “won't rule out any steps to respond to disorderly FX moves”. The summary of opinions from BoJ's 18-19 March meeting was released this morning. It noted among other things that “it is important to clearly communicate ... that the changes in the monetary policy framework proposed at this MPM will not be a regime shift toward monetary tightening, but rather a part of efforts to achieve the price stability target.” It was also noted that “in order to proceed deliberately but steadily with monetary policy normalization in response to developments in economic activity and prices, and thereby successfully unwind the unprecedented large-scale monetary easing, the Bank's future policy conduct will be crucial. To this end, it is appropriate that the Bank reach the starting line of monetary policy normalization at this MPM.”

**Market Watch:** The third estimate of 4Q23 GDP growth for US will be released tonight, along with initial jobless claims for week of 23 March, March MNI Chicago PMI, and the final reading of March University of Michigan readings. The more anticipated data February US PCE deflator and core deflator will be released on Friday. Elsewhere, the final print of UK 4Q23 GDP will be released and ECB's Panetta speaks.

**SG:** STI rose 0.6% to end at 3,251.7 by market close.

**Oil:** Crude oil benchmarks extended their losses for a second consecutive trading day on Wednesday. WTI and Brent edged marginally lower by 0.3% and 0.2% to close at USD81.4/bbl and USD86.1/bbl respectively. The main reason for the drop in prices was the unexpected weekly increase in crude and gasoline inventories: US crude and gasoline inventories rose by 3.2mn bbls and 1.3mn bbls to 448.2mn bbls and 232.1mn bbls respectively, for the week ending on 22 March.

### Key Market Movements

Equity	Value	% chg
S&P 500	5248.5	0.9%
DJIA	39760	1.2%
Nikkei 225	40763	0.9%
SH Comp	2993.1	-1.3%
STI	3251.7	0.6%
Hang Seng	16393	-1.4%
KLCI	1530.6	-0.5%
	Value	% chg
DXY	104.348	0.0%
USDJPY	151.33	-0.2%
EURUSD	1.0828	0.0%
GBPUSD	1.2640	0.1%
USDIDR	15855	0.4%
USDSGD	1.3476	0.1%
SGDMYR	3.5128	0.0%
	Value	chg (bp)
2Y UST	4.57	-2.28
10Y UST	4.19	-4.13
2Y SGS	3.45	-0.20
10Y SGS	3.11	0.35
3M SORA	3.67	0.56
3M SOFR	5.35	-0.08
	Value	% chg
Brent	86.09	-0.2%
WTI	81.35	-0.3%
Gold	2195	0.7%
Silver	24.65	0.8%
Palladium	994	-0.4%
Copper	8850	-0.1%
BCOM	98.31	-0.4%

Source: Bloomberg

## Major Markets

**CN:** In the first two months of 2024, industrial profit surged by 10.2% YoY, largely driven by a favourable low base effect. This marks a significant improvement from the 2.3% YoY decline observed in 2023. Among industries, while industrial profits in the mining sector continued to contract, shrinking by 21.1% YoY, this was offset by robust profit growth in manufacturing and electricity, heating, and water supply sectors, which saw increases of 17.4% and 63.1% YoY, respectively. Notably, the industrial profit growth was predominantly driven by the computer, communications, and other electrical equipment sectors, as well as the auto manufacturing sector. Together, these sectors accounted for a substantial portion of total industrial profit growth in the first two months of the year, with the former contributing around 40% and the latter contributing over 20%. We anticipate that the auto sector, particularly driven by electric vehicles (EVs), will continue to play a pivotal role in supporting the economic growth trajectory this year. Moreover, the recovery observed in the computer, communications, and other electrical equipment sector brings optimism for the semiconductor cycle's rebound. Furthermore, the increase in finished goods inventory by 2.4% YoY in the first two months, accelerating from December's 2.1%, suggests that the inventory cycle has bottomed. Restocking is expected to remain a key factor in supporting China's efforts to achieve its targeted around 5% growth this year. Overall, these developments underscore positive momentum in the industrial sector and reinforce belief in a sustained economic recovery.

**ID:** The Constitutional Court began hearing challenges on Wednesday (27/3) to the results of last month's general election. The two losing presidential candidates, Anies Baswedan and Ganjar Pranowo, are urging the court to disqualify winner Prabowo Subianto and call for a new vote. Both challengers presented their cases in person, with Baswedan arguing that the election was unfair and unjust, while Ganjar alleged abuse of power in the lead-up to the polls. In the 2024 presidential election, Prabowo received 58.6% of the votes, followed by Anies (24.9%) and Ganjar (16.5%). The court is expected to deliver its verdict by April 22nd.

**MY:** The producer price index (PPI) rose 0.3% YoY in February, up from -0.6% in January. This marks the first positive reading since September 2023. By sector, inflation increased in agriculture, forestry, and fishing (6.0% YoY in February, up from 3.2% in January), mining (5.3% from -1.3%), water supply (3.6% from 0.6%), and electricity and gas supply (0.1% from -0.8%). Meanwhile, PPI contraction lessened to 0.7% YoY from -0.9% for manufacturing. The February reading brings the year-to-date PPI to -0.2% YoY, up from -1.0% in 4Q23.

**TH:** PM Srettha Thavisin has tasked the Ministry of Finance and the Budget Bureau to assess and propose a financing plan for the digital wallet programme, according to Permanent Secretary for Finance Lavaron Sangsnit. He added that the plan will be presented to the digital wallet committee on 10 April. Meanwhile, PM Srettha Thavisin revealed that the "Bank of Thailand governor and secretary-general of the National Economic and Social Development Council have agreed with the digital wallet plan".

## ESG Updates

**SG:** Ultra-fast EV chargers are slated to be installed in Singapore by the end of 2024. EV-electric (EVe), a subsidiary of the Land Transport Authority, signed an agreement with Huawei to bring in these chargers that can fully charge an EV within 30 minutes. Under the agreement, EVe and Huawei will use solar panels and battery energy storage systems to power the chargers, therefore reducing the load on the electricity grid. These new chargers are meant to serve EV users such as taxi and delivery drivers who need to recharge their vehicles frequently and quickly. This is part of efforts to enhance EV infrastructure for EV users in Singapore to push for greater adoption of EVs.

## Credit Market Updates

**Market Commentary:** The SGD SORA curve traded mixed yesterday, with short tenors trading flattish to 1bps lower, belly tenors trading 1-2bps higher and 10Y trading 1bps higher. Country Garden has hired Kroll for liquidation analysis, though Country Garden further clarified that the liquidation analysis is necessary material to be submitted to the court during debt restructuring. Bloomberg Asia USD Investment Grade spreads bounced slightly off all-time lows to widen by 1bps to 86bps, while the Asia USD High Yield spreads widened by 2bps to 575bps. (Bloomberg, OCBC)

### New Issues:

- In the Asiadollar market yesterday, Bank Negara Indonesia Persero Tbk PT (BBNIII) priced a USD500mn 5Y bond at T+107bps.
- In the Singdollar market yesterday, Mapletree Logistics Trust priced a SGD75mn 7Y bond at 3.81%.

### Mandates:

- There are no Asiadollar mandates today.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	104.348	0.05%	USD-SGD	1.3476	0.14%
USD-JPY	151.330	-0.15%	EUR-SGD	1.4592	0.11%
EUR-USD	1.083	-0.03%	JPY-SGD	0.8910	0.34%
AUD-USD	0.654	0.03%	GBP-SGD	1.7033	0.23%
GBP-USD	1.264	0.10%	AUD-SGD	0.8805	0.15%
USD-MYR	4.735	0.30%	NZD-SGD	0.8091	0.12%
USD-CNY	7.226	0.13%	CHF-SGD	1.4910	0.15%
USD-IDR	15855	0.41%	SGD-MYR	3.5128	0.02%
USD-VND	24783	0.03%	SGD-CNY	5.3585	-0.11%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8300	-0.31%	1M	5.3280	0.00%
3M	3.9020	0.41%	2M	5.3282	0.08%
6M	3.8580	0.08%	3M	5.3073	0.14%
12M	3.6750	0.46%	6M	5.2395	0.38%
			1Y	5.0311	0.65%

## 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	-0.109	-0.027	5.302
06/12/2024	-0.686	-0.171	5.157
07/31/2024	-1.065	-0.266	5.063
09/18/2024	-1.810	-0.452	4.876
11/07/2024	-2.301	-0.575	4.754
12/18/2024	-3.020	-0.755	4.574
01/29/2025	-3.495	-0.874	4.455

## Equity and Commodity

Index	Value	Net change
DJIA	39,760.08	477.75
S&P	5,248.49	44.91
Nasdaq	16,399.52	83.82
Nikkei 225	40,762.73	364.70
STI	3,251.71	18.38
KLCI	1,530.60	-7.82
JCI	7,310.09	-55.57
Baltic Dry	1,989.00	-134.00
VIX	12.78	-0.46

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.45 (--)	4.61(--)
5Y	3.05 (--)	4.19 (-0.03)
10Y	3.11 (--)	4.21 (-0.04)
15Y	3.08 (--)	--
20Y	3.05 (-0.01)	--
30Y	3 (--)	4.37 (-0.05)

## Financial Spread (bps)

Value	Change	
EURIBOR-OIS	#N/A	N/A
TED	35.36	--

## Secured Overnight Fin. Rate

SOFR	5.32
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	81.35	-0.33%	Corn (per bushel)	4.268	-1.3%
Brent (per barrel)	86.09	-0.19%	Soybean (per bushel)	11.925	-0.5%
Heating Oil (per gallon)	259.86	-0.88%	Wheat (per bushel)	5.475	0.7%
Gasoline (per gallon)	268.47	-0.59%	Crude Palm Oil (MYR/MT)	42.560	-1.8%
Natural Gas (per MMBtu)	1.72	9.08%	Rubber (JPY/KG)	328.000	0.7%

  

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8849.50	-0.14%	Gold (per oz)	2194.8	0.7%
Nickel (per mt)	16620.00	-0.12%	Silver (per oz)	24.6	0.8%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date	Event	Survey	Actual	Prior	Revised
03/28/2024 08:00	NZ ANZ Business Confidence	Mar	--	22.9	34.7
03/28/2024 08:30	AU Retail Sales MoM	Feb	0.40%	--	1.10%
03/28/2024 08:30	AU Private Sector Credit MoM	Feb	0.40%	--	0.40%
03/28/2024 08:30	AU Private Sector Credit YoY	Feb	--	--	4.90%
03/28/2024 15:00	UK GDP QoQ	4Q F	-0.30%	--	-0.30%
03/28/2024 15:00	UK GDP YoY	4Q F	-0.20%	--	-0.20%
03/28/2024 16:55	GE Unemployment Change (000's)	Mar	10.0k	--	11.0k
03/28/2024 17:00	EC M3 Money Supply YoY	Feb	0.30%	--	0.10%
03/28/2024 20:30	US Initial Jobless Claims	Mar-23	212k	--	210k
03/28/2024 20:30	US GDP Annualized QoQ	4Q T	3.20%	--	3.20%
03/28/2024 20:30	CA GDP MoM	Jan	0.40%	--	0.00%
03/28/2024 20:30	US GDP Price Index	4Q T	1.60%	--	1.60%
03/28/2024 20:30	CA GDP YoY	Jan	0.80%	--	1.10%
03/28/2024 21:45	US MNI Chicago PMI	Mar	46	--	44
03/28/2024 22:00	US U. of Mich. Sentiment	Mar F	76.5	--	76.5
03/28/2024 22:00	US Pending Home Sales MoM	Feb	1.50%	--	-4.90%

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)

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