

Daily Treasury Outlook

3 September 2024

Highlights

Global: US markets were closed on 2 September in observance of the Labour Day holiday. In terms of data, August manufacturing Purchasing Managers Index (PMI) figures for China, the UK and the Eurozone were the focus yesterday. China Caixin manufacturing PMI improved to 50.4 points (July: 49.8), even though China's official manufacturing PMI came in weaker-than-expected the prior day. UK's manufacturing PMI improved to 52.5 points (July final: 52.1), while the reading for Eurozone manufacturing PMI remained in contraction, at 45.8 points (July final: 45.8). Elsewhere, oil futures edged slightly higher while gold prices edged marginally lower.

Market Watch: Data releases today include South Korea's August headline CPI (which eased more than expected to 2.0% YoY versus 2.6% in July). Other data releases include US ISM prints such as the ISM manufacturing PMI and ISM employment data.

Oil: Crude oil prices rose on Monday, with Brent futures and WTI increasing by 0.8% and 0.7% respectively, closing at USD77.5/bbl and USD74.0/bbl. Oil prices edged higher following reports that Libya has declared a force majeure on oil exports at the country's major ports. Supply risks in Libya more than offset prospects of higher supply from the OPEC+ alliance. Consequently, this led to the recovery of some losses from Friday's selloff.

Major Markets

ID: Headline CPI and core inflation were unchanged at 2.1% YoY and 2.0% YoY in August. The drivers of the August headline CPI were mixed. Lower inflation in the 'food, beverage, and tobacco' category, education, and health were more than offset by higher utilities, transportation, and personal care & other services inflation. Year-to-August, headline CPI averaged 2.6% YoY, compared to 3.7% in 2023. Looking ahead, we maintain our forecast for headline CPI to average 2.5% in 2024, within Bank Indonesia's 1.5% - 3.5% target range, implying relatively well contained price pressures ahead.

MY: The seasonally adjusted S&P Global Malaysia Manufacturing PMI remained unchanged at 49.7 in August, marking the third consecutive month of slight easing in manufacturing activity (PMI reading below 50). Demand conditions continued to be subdued, with marginal declines in production and new order inflows, resulting in a slight decrease in employment levels. However, despite challenges such as rising input costs, firms expressed optimism regarding an increase in production over the next 12 months.

Key Market Movements

Equity	Value	% chg
S&P 500	5648.4	0.0%
DJIA	41563	0.0%
Nikkei 225	38701	0.1%
SH Comp	2811.0	-1.1%
STI	3463.1	0.6%
Hang Seng	17692	-1.7%
KLCI	1678.2	0.0%
	Value	% chg
DXY	101.653	0.0%
USDJPY	146.92	0.5%
EURUSD	1.1072	0.2%
GBPUSD	1.3146	0.1%
USDIDR	15525	0.5%
USDSGD	1.3069	0.0%
SGDMYR	3.3344	0.5%
	Value	chg (bp)
2Y UST	3.92	0.00
10Y UST	3.90	0.00
2Y SGS	2.57	2.40
10Y SGS	2.75	3.97
3M SORA	3.57	0.04
3M SOFR	5.37	0.00
	Value	% chg
Brent	77.52	0.8%
WTI	73.55	0.0%
Gold	2500	-0.2%
Silver	28.55	-1.1%
Palladium	981	1.2%
Copper	9183	-0.6%
BCOM	96.09	0.0%

Source: Bloomberg

ESG Updates

MY: Sarawak targets to have solar energy make up 12% of its energy mix in electricity generation by 2030, to contribute to its ambitious goal of achieving 10 GW renewable energy mix by 2030. Sarawak is exploring innovative methods to harness energy from hydropower, solar, biomass, sustainable fuels and hydrogen to achieve the target. There are also ongoing discussions to import 1GW of renewable energy from Sarawak to Singapore by 2032 via subsea cables, that can contribute to Singapore's target to import 4GW of low-carbon electricity by 2035.

Rest of the world: With COP29 approaching, countries are negotiating a new funding target to support developing countries in coping with climate change. However, countries remain far from agreement for a COP29 deal as this remains to be a contentious topic every year.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded relatively higher yesterday, with shorter tenors trading 4-5bps higher, belly tenors trading 5-6bps higher and 10Y trading 7bps higher. Per Bloomberg, ByteDance Ltd is planning to raise USD9.5bn of loans, making it the largest USD corporate facility in Asia ex-Japan. Standard Chartered PLC announced the call of its SGD750mn Additional Tier 1 STANLN 5.375% PERPc24s at first call date of 3 October 2024. Bloomberg Asia USD Investment Grade spreads widened by 1bps at 87bps while Bloomberg Asia USD High Yield spreads widened by 7bps to 523bps. (Bloomberg, OCBC)

New Issues:

There was no notable issue in the Asiadollar and Singdollar market yesterday.

Mandates:

- Vedanta Resources Finance II Plc (Guarantors: Twin Star Holdings Ltd and Welter Trading Ltd) is planning to issue USD 5NC2 and/or 7NC3 Notes.
- Power Construction Corp. of China is planning to issue USD senior unsecured green fixed bonds.
- Wuhan Metro Group Co. is planning to issue USD sustainable senior unsecured bonds.
- Nanshan Life Pte (Guarantor: Nan Shan Life Insurance Co.) is planning to issue USD 10Y Tier 2 Bonds.
- Woodside Finance is planning to issue USD 10Y and/or 30Y notes.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	101.653	-0.04%	USD-SGD	1.3069	0.02%
USD-JPY	146.920	0.51%	EUR-SGD	1.4472	0.27%
EUR-USD	1.107	0.22%	JPY-SGD	0.8896	-0.46%
AUD-USD	0.679	0.38%	GBP-SGD	1.7182	0.17%
GBP-USD	1.315	0.14%	AUD-SGD	0.8876	0.35%
USD-MYR	4.358	0.86%	NZD-SGD	0.8145	-0.24%
USD-CNY	7.117	0.37%	CHF-SGD	1.5347	-0.16%
USD-IDR	15525	0.45%	SGD-MYR	3.3344	0.52%
USD-VND	24884	0.04%	SGD-CNY	5.4457	0.23%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.5890	-0.36%	1M	5.1758	-0.30%
3M	3.4900	-0.43%	2M	5.1203	-0.03%
6M	3.3600	-0.47%	3M	5.0138	-0.01%
12M	3.0880	-0.64%	6M	4.7113	0.03%
			1Y	4.2331	0.13%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
07/31/2024	-0.020	-0.005	5.324
09/18/2024	-1.308	-0.327	5.003
11/07/2024	-2.613	-0.653	4.676
12/18/2024	-3.952	-0.988	4.342
01/29/2025	-5.088	-1.272	4.057

Equity and Commodity

Index	Value	Net change
DJIA	41,563.08	228.03
S&P	5,648.40	56.44
Nasdaq	17,713.63	197.20
Nikkei 225	38,700.87	53.12
STI	3,463.08	20.15
KLCI	1,678.19	-0.61
JCI	7,694.53	23.80
Baltic Dry	1,814.00	-13.00
VIX	15.55	0.55

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.57 (+0.02)	3.93(--)
5Y	2.56 (+0.03)	3.7(--)
10Y	2.75 (+0.04)	3.93(--)
15Y	2.84 (+0.04)	--
20Y	2.89 (+0.06)	--
30Y	2.89 (+0.04)	4.22(--)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	5.33
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	73.55	-3.11%	Corn (per bushel)	3.780	1.7%
Brent (per barrel)	77.52	-1.62%	Soybean (per bushel)	9.820	0.8%
Heating Oil (per gallon)	225.15	-1.42%	Wheat (per bushel)	5.328	1.5%
Gasoline (per gallon)	221.17	-1.60%	Crude Palm Oil (MYR/MT)	40.320	-1.1%
Natural Gas (per MMBtu)	2.13	-0.47%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9183.00	-0.56%	Gold (per oz)	2499.5	-0.2%
Nickel (per mt)	16625.00	-0.84%	Silver (per oz)	28.5	-1.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
09/03/2024 06:45	NZ	Terms of Trade Index QoQ	2Q	2.70%	2.00%	5.10%	--
09/03/2024 07:00	SK	CPI YoY	Aug	2.10%	2.00%	2.60%	--
09/03/2024 07:00	SK	CPI MoM	Aug	0.40%	0.40%	0.30%	--
09/03/2024 07:01	UK	BRC Sales Like-For-Like YoY	Aug	--	0.80%	0.30%	--
09/03/2024 07:50	JN	Monetary Base YoY	Aug	--	0.60%	1.00%	--
09/03/2024 07:50	JN	Monetary Base End of period	Aug	--	¥674.9t	¥673.1t	--
09/03/2024 09:30	AU	BoP Current Account Balance	2Q	-A\$5.0b	--	-A\$4.9b	--
09/03/2024 09:30	AU	Net Exports of GDP	2Q	0.6	--	-0.9	--
09/03/2024 20:00	CA	Bloomberg Nanos Confidence	Aug-30	--	--	52.6	--
09/03/2024 21:30	CA	S&P Global Canada Manufacturing PMI	Aug	--	--	47.8	--
09/03/2024 21:45	US	S&P Global US Manufacturing PMI	Aug F	48.1	--	48	--
09/03/2024 22:00	US	ISM Manufacturing	Aug	47.5	--	46.8	--
09/03/2024 22:00	US	Construction Spending MoM	Jul	0.10%	--	-0.30%	--
09/03/2024 22:00	US	ISM Prices Paid	Aug	52	--	52.9	--
09/03/2024 22:00	US	ISM New Orders	Aug	--	--	47.4	--
09/03/2024 22:00	US	ISM Employment	Aug	--	--	43.4	--

Source: Bloomberg

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