

## Daily Treasury Outlook

3 December 2024

### Highlights

**Global:** There were plenty of data and headlines for markets to digest on Monday. French opposition party National Rally led by Marine Le Pen confirmed it will back a no-confidence motion against the Barnier-led government, for the usage of article 49.3 to push through parts of his budget bill without a parliamentary vote. The Euro tumbled more than 1% and French yield spreads widened notably. Dollar index bounced off the two-week low amid the weak euro and tariff-related comments from Trump. Yuan weakened to the lowest level since July, amid new curb on China's access to memory chips by the US. US stock market appears unscathed by the turmoil in Europe, with the S&P 500 notching its 54th record close of the year. Fed governor Waller said he is leaning toward a rate cut later this month, absent a data surprise. Williams said it will be appropriate to continue to move to a more neutral policy setting and there are reasons to be confident that inflation will reach target. On data front, the Trump's victory reignited market confidence in November, with ISM's Manufacturing PMI jumping more-than-expected from 46.5 to 48.4. New orders index rose to 50.4, above the boom-bust divide, while prices paid index fell to 50.3. China's Caixin manufacturing PMI rose further to 51.5 in November, the highest reading in five months, from that of 50.3 in October, as the impact of stimulus started to kick in, while it also reflects exporters' front-loading efforts under Trump's tariff threats.

**Market Watch:** Looking ahead, the economic data calendar is fairly light today. Tuesday's Asian calendar comprises South Korea's November CPI (1.5% YoY versus estimate of 1.7%), Japan's November Monetary data, and Australia's 3Q24 current account balance. Central bank speakers today are mostly from the Fed, with Daly, Kugler and Goolsbee all set to speak. Also speaking today are ECB's Cipollone and Panetta.

**Oil:** Crude oil benchmarks closed relatively flat, with Brent little changed at ~USD72/bbl, while WTI edged marginally higher by 0.1% to close at USD68.1/bbl. Crude oil prices advanced during Asian trading hours following stronger-than-expected manufacturing PMI prints from China. The November NBS manufacturing PMI rose to 50.3 points, and Caixin manufacturing PMI increased to 51.5 points, compared to previous readings of 50.1 and 50.3, respectively. Improved factory activity raises optimism for a gradual recovery of China's economy. Nevertheless, this was somewhat offset by a stronger DXY profile, which exerted downward pressure on oil prices.

### Key Market Movements

Equity	Value	% chg
S&P 500	6047.2	0.2%
DJIA	44782	-0.3%
Nikkei 225	38513	0.8%
SH Comp	3364.0	1.1%
STI	3751.4	0.3%
Hang Seng	19550	0.7%
KLCI	1595.5	0.1%
	Value	% chg
DXY	106.446	0.7%
USDJPY	149.6	-0.1%
EURUSD	1.0498	-0.7%
GBPUSD	1.2655	-0.6%
USDIDR	15900	0.3%
USDSGD	1.3449	0.4%
SGDMYR	3.3133	-0.2%
	Value	chg (bp)
2Y UST	4.18	2.87
10Y UST	4.19	2.12
2Y SGS	2.76	-0.50
10Y SGS	2.73	-1.58
3M SORA	3.21	-1.75
3M SOFR	4.89	-2.46
	Value	% chg
Brent	71.83	0.0%
WTI	68.1	0.1%
Gold	2639	-0.2%
Silver	30.51	-0.4%
Palladium	983	0.0%
Copper	8993	-0.2%
BCOM	97.04	-1.1%

Source: Bloomberg

## Major Markets

**CN:** The People's Bank of China (PBoC) has announced a significant adjustment to the definition of narrow money (M1), effective January 2025. This redefinition will now encompass individual demand deposits and client reserves held by non-bank payment institutions. The inclusion of these components aims to provide a more accurate representation of the money supply, reflecting the evolving landscape of financial assets and payment behaviours. In addition, PBoC Governor Pan Gongsheng has reaffirmed the central bank's commitment to maintaining an accommodative monetary policy stance in the forthcoming year. The PBoC plans to utilize a diverse array of monetary policy tools to enhance countercyclical adjustments.

**ID:** Headline inflation eased to 1.5% YoY in November from 1.7% in October, matching expectations. This was driven by lower CPI in food, beverage & tobacco (1.7% YoY in November from 2.3% in October) and more than offset the pickup in personal care and other services CPI (7.3% from 7.1%), while the transportation CPI was unchanged at 0.0%. While the headline print eased to its lowest level since mid-2021, the core inflation, however, rose to a 16-month high of 2.3%, up from 2.1% in October, reflecting higher gold prices. The November print brings the October-November CPI to 1.6% YoY, down from 2.0% in 3Q24. Despite easing headline inflation, we expect Bank Indonesia (BI) to remain focussed on external considerations. Our base case is for BI to remain cautious and keep its policy rate steady at its 18 December meeting, but we see a cumulative 50bps in rate cuts in 1H25. The call for the December meeting is close and contingent on USD/IDR moves.

**MY:** Floods in the northern states, including Kedah and Kelantan, have submerged over 38,000 hectares of paddy fields, disrupting rice production and resulting in substantial losses for farmers. In Kedah, where about 12,600 hectares of paddy fields have been flooded—contributing to half of the nation's rice output—newly planted paddies have been destroyed, affecting approximately 6,000 farmers, with limited government support reported thus far, as reported by The Edge citing the Malaysian Padi Farmers Brotherhood Organization. In Kelantan, where 26,000 hectares of paddy fields were damaged (according to Bernama), Minister of Agriculture and Food Security Mohamad Sabu noted that the total amount of losses in the agricultural sector is estimated to exceed MYR16mn. Minister Sabu also stated that a shortage of rice is inevitable, but the government will address this by reducing the price of imported rice.

**TH:** The business sentiment index (BSI) rose to 49.3 in November, up from 47.0 in October. The increase in BSI was due to higher sentiment across most components, with the exception of the 'employment' and 'production costs' components. By sector, the BSI "climbed from both the manufacturing and the non-manufacturing sectors. Meanwhile, the 3-month BSI fell mainly from the non-manufacturing sector", as reported by the Bank of Thailand. The 3-month expected BSI declined to 51.3 points, down from to 52.4 in October.

**VN:** The National Assembly has approved an extended reduction of value-added tax (VAT) from 10% to 8% until the end of June 2025. This VAT reduction does not apply to real estate, securities, banking, telecommunications, information technology, coal, chemicals, and products and services subject to special consumption tax. Meanwhile, Prime Minister Pham Minh Chinh stated that the government will strive for growth to reach 8% in 2025, exceeding the National Assembly's target of 6.5-7.0%.

## ESG Updates

**MY:** Malaysia plans to start producing sustainable aviation fuel in 2027 with an initial production capacity of one million metric tons per year. The production capacity will gradually increase based on factory output and feedstock availability. The government is considering various tax incentives to attract investors to Malaysia and establish the country as an SAF development hub.

**ID:** Indonesia launched a Mutual Recognition Arrangement (MRA) to formalise bilateral carbon trading with Japan, aligned with Article 6 of the Paris Agreement. This was designed to ensure carbon credits generated under the framework are considered equal by both countries and tracked in their respective registries. Both the environment ministries and the Japanese embassy plan to work with Japanese investment companies in Indonesia and stakeholders in both countries for the MRA implementation, as well as develop emission reduction projects in Indonesia.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded lower yesterday, with shorter tenors trading 2bps lower, belly tenors trading 1-2bps lower and 10Y trading 1bps lower. Shanghai Shimao Co Ltd has announced in a filing to the Shanghai Stock Exchange that it is under investigation by the China Securities Regulatory Commission for purported violations of disclosure regulations. The Kyrgyz Republic intends to raise as much as USD1bn through USD bonds and up to RMB5bn through dim sum bonds, as stated during an investor roadshow on Monday. Shimao Group Holdings Ltd. (“Shimao”) secured a favourable ruling from a Hong Kong court, which dismissed a creditor's petition to liquidate the defaulted Chinese developer, thereby granting the company additional time to finalize its debt restructuring plan. The Hong Kong High Court issued the dismissal on Monday, following the company's October filing in which it reported that several banks and bondholders had expressed their support for its USD11.5bn restructuring plan, which includes some sweeteners. Shimao asked for a hearing on 16 January, when it will request a meeting for a vote on the plan. The issuance of sustainable debt in Asia has reached USD360.3bn this year, marking a 9.2% increase y/y, bolstered by USD11.3bn in the past two weeks, according to Bloomberg data, excluding structured finance. The Thailand Government Bond issued the largest ESG bond in the last two weeks, while Frasers Property Thailand Pcl secured the largest ESG loan. Bloomberg Asia USD Investment Grade spreads remain flat at 74bps while Bloomberg Asia USD High Yield spreads tightened by 2bps to 456bps. (Bloomberg, OCBC)

### New Issues:

There were two notable issuances in the Asiadollar market yesterday.

- Cixi State Owned Asset Investment Holdings Co Ltd priced a USD300mn 3Y Sustainability, Fixed at Par to Yield 4.85%.
- Caofeidian State Holding Investment Group Co Ltd (guarantor: Tangshan State Holding Group Company Limited) priced a USD100mn 3Y Fixed at Par to Yield 7.2%.

There were no notable issuances in the Singdollar market yesterday.

### Mandates:

- Rakuten Group, Inc is planning to issue a USD500mn PerpNC5.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	106.446	0.67%	USD-SGD	1.3449	0.40%
USD-JPY	149.600	-0.11%	EUR-SGD	1.4119	-0.33%
EUR-USD	1.050	-0.75%	JPY-SGD	0.8990	0.49%
AUD-USD	0.648	-0.57%	GBP-SGD	1.7020	-0.22%
GBP-USD	1.266	-0.63%	AUD-SGD	0.8709	-0.15%
USD-MYR	4.460	0.27%	NZD-SGD	0.7918	-0.13%
USD-CNY	7.274	0.38%	CHF-SGD	1.5170	-0.19%
USD-IDR	15900	0.35%	SGD-MYR	3.3133	-0.15%
USD-VND	25372	0.10%	SGD-CNY	5.4019	-0.12%

## Equity and Commodity

Index	Value	Net change
DJIA	44,782.00	-128.65
S&P	6,047.15	14.77
Nasdaq	19,403.95	185.78
Nikkei 225	38,513.02	304.99
STI	3,751.35	12.06
KLCI	1,595.48	1.19
JCI	7,046.99	-67.28
Baltic Dry	1,354.00	-65.00
VIX	13.34	-0.17

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.0040	-0.60%	1M	4.5171	-0.02%
3M	2.9340	-0.17%	2M	4.4718	-0.12%
6M	2.6950	-0.48%	3M	4.4460	-0.12%
12M	2.4610	-0.08%	6M	4.3629	-0.13%
			1Y	4.2230	-0.18%

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.76 (--)	4.18(--)
5Y	2.71 (-0.01)	4.09 (+0.04)
10Y	2.73 (-0.02)	4.2 (+0.02)
15Y	2.78 (-0.02)	--
20Y	2.76 (-0.02)	--
30Y	2.71 (--)	4.37(--)

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
12/18/2024	-0.754	-0.188	4.396
01/29/2025	-0.946	-0.237	4.347
03/19/2025	-1.484	-0.371	4.213
05/07/2025	-1.816	-0.454	4.130
06/18/2025	-2.249	-0.562	4.022
07/30/2025	-2.526	-0.632	3.953

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.59
------	------

## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	68.10	0.15%	Corn (per bushel)	4.245	0.4%
Brent (per barrel)	71.83	-1.52%	Soybean (per bushel)	9.853	-0.4%
Heating Oil (per gallon)	217.77	-0.70%	Wheat (per bushel)	5.375	1.0%
Gasoline (per gallon)	191.72	-1.36%	Crude Palm Oil (MYR/MT)	52.170	-0.4%
Natural Gas (per MMBtu)	3.21	-4.46%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	8992.50	-0.20%	Gold (per oz)	2639.1	-0.2%
Nickel (per mt)	15693.00	-1.32%	Silver (per oz)	30.5	-0.4%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
12/03/2024 05:45	NZ	Terms of Trade Index QoQ	3Q	1.30%	2.40%	2.00%	2.10%
12/03/2024 07:00	SK	CPI YoY	Nov	1.70%	1.50%	1.30%	--
12/03/2024 07:00	SK	CPI MoM	Nov	-0.10%	-0.30%	0.00%	--
12/03/2024 07:00	SK	CPI Ex Food and Energy YoY	Nov	1.90%	1.90%	1.80%	--
12/03/2024 07:50	JN	Monetary Base YoY	Nov	--	-0.30%	-0.30%	--
12/03/2024 07:50	JN	Monetary Base End of period	Nov	--	¥667.9t	¥672.7t	--
12/03/2024 08:01	UK	BRC Sales Like-For-Like YoY	Nov	0.60%	--	0.30%	--
12/03/2024 08:30	AU	BoP Current Account Balance	3Q	-\$10.9b	--	-\$10.7b	--
12/03/2024 08:30	AU	Net Exports of GDP	3Q	0.3	--	0.2	--
12/03/2024 12/04	US	Wards Total Vehicle Sales	Nov	16.10m	--	16.04m	--
12/03/2024 23:00	US	JOLTS Job Openings	Oct	7519k	--	7443k	--

Source: Bloomberg

Follow our podcasts by searching 'OCBC Research Insights' on Telegram!

**Macro Research**

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

**Tommy Xie Dongming**  
Head of Asia Macro Research  
[xied@ocbc.com](mailto:xied@ocbc.com)

**Keung Ching (Cindy)**  
Hong Kong & Macau Economist  
[cindyckeung@ocbc.com](mailto:cindyckeung@ocbc.com)

**Herbert Wong**  
Hong Kong & Taiwan Economist  
[herberhtwong@ocbc.com](mailto:herberhtwong@ocbc.com)

**Lavanya Venkateswaran**  
Senior ASEAN Economist  
[lavanyavenkateswaran@ocbc.com](mailto:lavanyavenkateswaran@ocbc.com)

**Ahmad A Enver**  
ASEAN Economist  
[ahmad.enver@ocbc.com](mailto:ahmad.enver@ocbc.com)

**Jonathan Ng**  
ASEAN Economist  
[jonathannq4@ocbc.com](mailto:jonathannq4@ocbc.com)

**Ong Shu Yi**  
ESG Analyst  
[shuyionq1@ocbc.com](mailto:shuyionq1@ocbc.com)

**FX/Rates Strategy**

**Frances Cheung, CFA**  
Head of FX & Rates Strategy  
[francescheung@ocbc.com](mailto:francescheung@ocbc.com)

**Christopher Wong**  
FX Strategist  
[christopherwong@ocbc.com](mailto:christopherwong@ocbc.com)

**Credit Research**

**Andrew Wong**  
Head of Credit Research  
[wonqvkam@ocbc.com](mailto:wonqvkam@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)

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Investment Research Private Limited ("OIR"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OIR, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.



# GLOBAL MARKETS RESEARCH

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OIR, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W