

## Daily Treasury Outlook

4 October 2024

### Highlights

**Global:** US equities traded lower overnight, with the Dow, S&P and Nasdaq down by 0.4%, 0.2% and 0.04%, respectively. Both the DXY index and treasury yields rose. On commodities, oil prices closed higher while gold prices closed relatively flat. The port strike in the East Coast and Gulf Coast has ended. According to a joint statement by the International Longshoremen's Association and the United States Maritime Alliance, Ltd., there is an agreement on a tentative deal on wages and contract extension. The extension is till 15 January 2025, which would provide additional time for further negotiations to take place. On data releases, US initial jobless claims rose higher by 2.7% to 225k (week ending 28 September). In contrast, continuing claims fell by 0.1% to 1.8mn (week ending 21 September). Markets are focused on tonight's September nonfarm payrolls report to have a better understanding of the US labour market picture. September nonfarm payrolls are anticipated to show growth of 150,000 while unemployment rate is anticipated to remain steady at 4.2%. Meanwhile, ISM services PMI rose to 54.9 points versus 51.5 points in August. This is the highest level since February 2023. Elsewhere, Eurozone services PMI rose to 51.4 points. This turned out to be better than the preliminary reading of 50.5 points. Consequently, the composite PMI rose to 49.6 points versus 48.9 points from its preliminary reading. In contrast, UK services PMI edged slightly lower to 52.4 points compared to the preliminary reading of 52.8 points. Consequently, the composite PMI fell to 52.6 points from 52.9 points from its preliminary reading.

**Market Watch:** For the day ahead, economic data out today includes Singapore August retail sales, Philippines September CPI, as well as US labour market report. Markets in mainland China remain closed for the Golden week.

**Oil:** Crude oil benchmarks extended their gains for the third consecutive session, with WTI and Brent increasing by 5.1% and 5.0% on Thursday, closing at USD73.7/bbl and USD 77.6/bbl, respectively. Renewed geopolitical tensions in the Middle East remain the main driver for the upward momentum. There are reports suggesting that Israel might target Iranian oil facilities, which could spark further retaliation. Additionally, US President Biden revealed that discussions are ongoing regarding his support for Israeli retaliatory attacks on Iranian oil facilities.

### Key Market Movements

Equity	Value	% chg
S&P 500	5699.9	-0.2%
DJIA	42012	-0.4%
Nikkei 225	38552	2.0%
SH Comp	3336.5	0.0%
STI	3577.4	-0.2%
Hang Seng	22114	-1.5%
KLCI	1641.6	0.1%
	Value	% chg
DXY	101.989	0.3%
USDJPY	146.93	0.3%
EURUSD	1.1031	-0.1%
GBPUSD	1.3124	-1.1%
USDIDR	15420	1.0%
USDSGD	1.2974	0.4%
SGDMYR	3.2547	0.4%
	Value	chg (bp)
2Y UST	3.71	6.39
10Y UST	3.85	6.49
2Y SGS	2.53	2.70
10Y SGS	2.69	4.13
3M SORA	3.50	0.21
3M SOFR	5.30	-0.46
	Value	% chg
Brent	77.62	5.0%
WTI	73.71	5.1%
Gold	2656	-0.1%
Silver	32.02	0.6%
Palladium	1007	-1.3%
Copper	9866	-2.2%
BCOM	102.31	0.8%

Source: Bloomberg

## Major Markets

**ID:** The coordinating minister for economic affairs, Airlangga Hartarto, expressed support for the proposed delay in the EU's Anti-Deforestation Regulation (EUDR), emphasizing the importance of focusing on implementing regulations instead of the timeframe. Minister Hartarto also called for the EU to cancel its country benchmarking on deforestation, stating that the EU "has no right to be a rating agency," as reported by Reuters. The EU has reportedly proposed a one-year delay to the EUDR on Wednesday (2/10), which was originally scheduled to be implemented on 30 December 2024.

**MY:** Bank Negara Malaysia's Financial Stability Review for 1H24 reported that despite global volatility, domestic financial markets remained orderly. It also mentioned that business resilience improved due to better economic conditions, although some sectors faced cost pressures. Additionally, the review noted a decline in SME loan delinquency rates. The banking system's aggregate total capital ratio was 18.4%, with excess capital buffers of MYR136.1bn above the regulatory minimum. Similarly, the insurance and takaful sectors' aggregate capital adequacy ratio was 227%, with excess buffers of MYR37.4bn. These strong buffers will enable financial institutions to withstand unexpected losses and continue meeting the financing and protection needs of households and businesses, the report noted.

**TH:** According to Sathit Limpongpan (head of the committee), the selection committee is currently reviewing the qualifications of a candidate to become the new chairman of the Bank of Thailand. He revealed that the candidate is nominated by the Ministry of Finance, and the decision may be finalised by mid-October.

**HK:** Retail sales stayed weak in August despite recording highest monthly tally of inbound visitors since July 2019. Total retail sales declined by 10.1% YoY and 11.8% YoY in value and volume terms respectively. In the first eight months this year, total retail sales fell cumulatively by 7.7% YoY in value terms. We expect the retail sales to stay relatively weak in the remainder of the year, though the positive wealth effect created from the recent stock market rally should render some support to retail sector.

## ESG Updates

**Rest of the world:** The European Commission is preparing to submit its legislative proposal for a 2040 climate target in early 2025, suggesting that the EU could be ready to submit its new Nationally Determined Contribution (NDC) in time for the UN's Feb 2025 deadline. The United Arab Emirates also aims to release its new national climate plan before COP29, potentially making it one of the first major greenhouse gas emitters to put forward new climate targets before Feb 2025.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded higher yesterday, with shorter and belly tenors trading 4bps higher, and 10Y trading 5bps higher. Defaulted Chinese developer Shimao Group Holdings Ltd. has introduced additional incentives to its restructuring plan. Furthermore, the company has announced that it has received approval from certain members of a significant group of creditors. In its filing to the Hong Kong Stock Exchange on Wednesday, the Shanghai-based company disclosed the inclusion of a "work fee" in the form of mandatory convertible bonds for specific creditors. PT Lippo Karawaci Tbk plans to utilize a portion of the funds generated from the sale of its stake in PT Siloam International Hospitals to address its debt, including the complete repayment of its dollar bonds due in 2026 by the end of this year, according to filing. Asia USD Investment Grade spreads tightened by 1bps to 84bps while Bloomberg Asia USD High Yield spreads tightened by 8bps to 500bps. (Bloomberg, OCBC)

### New Issues:

There was one notable issuances in the Asiadollar yesterday.

- Piramal Capital & Housing Finance Ltd/India priced a USD150mn Tap of PIELIN 7.8% 01/29/28, Sustainable Fixed, at 102.00 to Yield 7.077884.

There was no notable issuance in the Singdollar market yesterday.

### Mandates:

- There were no new Asiadollar mandates yesterday.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	101.989	0.31%	USD-SGD	1.2974	0.43%
USD-JPY	146.930	0.31%	EUR-SGD	1.4313	0.31%
EUR-USD	1.103	-0.13%	JPY-SGD	0.8830	0.10%
AUD-USD	0.684	-0.65%	GBP-SGD	1.7027	-0.66%
GBP-USD	1.312	-1.09%	AUD-SGD	0.8874	-0.24%
USD-MYR	4.222	1.10%	NZD-SGD	0.8061	-0.37%
USD-CNY	7.019	#DIV/0!	CHF-SGD	1.5212	0.04%
USD-IDR	15420	1.02%	SGD-MYR	3.2547	0.44%
USD-VND	24755	0.43%	SGD-CNY	5.4106	-0.38%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.3290	-0.03%	1M	4.8440	-0.01%
3M	3.2460	-0.18%	2M	4.6929	-0.14%
6M	3.0920	0.00%	3M	4.5841	-0.21%
12M	2.7450	-0.15%	6M	4.2930	-0.22%
			1Y	3.8874	-0.26%

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
11/07/2024	-1.350	-0.338	4.484
12/18/2024	-2.666	-0.666	4.155
01/29/2025	-3.815	-0.954	3.868
03/19/2025	-4.824	-1.206	3.615
05/07/2025	-5.535	-1.384	3.437
06/18/2025	-6.121	-1.530	3.291

## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	73.71	5.15%	Corn (per bushel)	4.283	-1.0%
Brent (per barrel)	77.62	5.03%	Soybean (per bushel)	10.460	-0.9%
Heating Oil (per gallon)	229.47	5.16%	Wheat (per bushel)	6.035	-1.9%
Gasoline (per gallon)	209.26	5.37%	Crude Palm Oil (MYR/MT)	42.670	-0.9%
Natural Gas (per MMBtu)	2.97	2.91%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9866.00	-2.17%	Gold (per oz)	2655.9	-0.1%
Nickel (per mt)	17589.00	-3.11%	Silver (per oz)	32.0	0.6%

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

## Equity and Commodity

Index	Value	Net change
DJIA	42,011.59	-184.93
S&P	5,699.94	-9.60
Nasdaq	17,918.47	-6.65
Nikkei 225	38,552.06	743.30
STI	3,577.43	-7.24
KLCI	1,641.55	2.24
JCI	7,543.83	-19.43
Baltic Dry	1,978.00	-52.00
VIX	20.49	1.59

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.53 (+0.03)	3.69(--)
5Y	2.53 (+0.03)	3.63 (+0.07)
10Y	2.69 (+0.04)	3.84 (+0.06)
15Y	2.75 (+0.04)	--
20Y	2.74 (+0.04)	--
30Y	2.73 (+0.04)	4.18 (+0.05)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.92
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## Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
10/04/2024	PH	Money Supply M3 SRF YoY	Aug	--	--	7.20%	--
10/04/2024 08:30	HK	S&P Global Hong Kong PMI	Sep	--	--	49.4	--
10/04/2024 09:00	PH	CPI YoY 2018=100	Sep	2.50%	--	3.30%	--
10/04/2024 13:00	SI	Retail Sales YoY	Aug	0.20%	--	1.00%	--
10/04/2024 13:00	IN	HSBC India PMI Composite	Sep F	--	--	59.3	--
10/04/2024 13:00	IN	HSBC India PMI Services	Sep F	--	--	58.9	--
10/04/2024 13:00	SI	Retail Sales SA MoM	Aug	--	--	3.10%	--
10/04/2024 15:30	TH	Gross International Reserves	Sep-27	--	--	\$240.9b	--
10/04/2024 15:30	GE	HCOB Germany Construction PMI	Sep	--	--	38.9	--
10/04/2024 16:00	UK	New Car Registrations YoY	Sep	--	--	-1.30%	--
10/04/2024 16:30	UK	S&P Global UK Construction PMI	Sep	53.1	--	53.6	--
10/04/2024 19:30	IN	Foreign Exchange Reserves	Sep-27	--	--	\$692.3b	--
10/04/2024 20:30	US	Change in Nonfarm Payrolls	Sep	150k	--	142k	--
10/04/2024 20:30	US	Unemployment Rate	Sep	4.20%	--	4.20%	--
10/04/2024 20:30	US	Change in Manufact. Payrolls	Sep	-8k	--	-24k	--
10/04/2024 20:30	US	Average Hourly Earnings MoM	Sep	0.30%	--	0.40%	--

Source: Bloomberg

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