

Daily Treasury Outlook

4 December 2024

Highlights

Global: The South Korean Won has partially recovered losses after President Yoon reversed martial law, a move that failed to prevent the majority of lawmakers from entering the National Assembly to vote unanimously to abolish it. The main opposition party has called for President Yoon's resignation, threatening impeachment if he refuses. The won initially fell as much as 2.9% overnight and remains 1.6% lower compared to yesterday's close. In response, South Korean financial regulators have pledged unlimited liquidity support, and markets are closely monitoring the emergency meeting scheduled for this morning.

In the U.S., job openings rose by 372K in October, reaching 7.744mn, while September's figures were revised lower to 7.372mn from the previously reported 7.443mn. The number of job openings per unemployed person increased to 1.11 in October from 1.08 in September, indicating continued tightness in the labour market. Layoffs dropped by 169K, marking the largest monthly decline since April 2023, while quits surged by 228K, the highest increase since May 2023, reflecting strong worker confidence. The quits rate rose to 2.1% from 1.9%. Market participants are now awaiting the November payroll data for further insights.

Beyond the political turmoil in South Korea, tensions are also escalating in France. Markets are focused on today's no-confidence vote, with Prime Minister Michel Barnier potentially becoming the first French Prime Minister in 60 years to be ousted through such a motion.

Meanwhile, China's Ministry of Commerce announced enhanced export controls on dual-use items to the United States. Exports to U.S. military users or for military purposes are now prohibited. Export licenses for dual-use items involving gallium, germanium, antimony, and superhard materials will generally not be issued. Additionally, stricter end-user and end-use reviews will apply to the export of dual-use graphite items to the U.S.

Market Watch: This morning, Australia's 3Q24 GDP came in lower than expected at 0.8% YoY (consensus: 1.1%; 2Q24: 1.0%). Asian markets will mainly focus on services and composite PMIs from China, Japan and India as well as Thailand's November inflation data. Later today, market participants will focus on the release of services and composite Purchasing Managers' Index (PMI) data for both the U.S. and European Union countries. The Eurozone will also release its October PPI data. Additionally, attention will be on the U.S. November ADP Employment Change report, which offers an early estimate of private sector employment growth. The U.S. Census Bureau is also scheduled to release data on factory orders and durable goods orders for October. Central bank speakers today include the ECB's Cipollone, Lagarde and Makhoulouf, the BoE's Bailey and Fed Musalem and Barkin.

Key Market Movements

Equity	Value	% chg
S&P 500	6049.9	0.0%
DJIA	44706	-0.2%
Nikkei 225	39249	1.9%
SH Comp	3378.8	0.4%
STI	3786.1	0.9%
Hang Seng	19746	1.0%
KLCI	1607.0	0.7%
	Value	% chg
DXY	106.365	-0.1%
USDJPY	149.6	0.0%
EURUSD	1.0509	0.1%
GBPUSD	1.2673	0.1%
USDIDR	15940	0.3%
USDSGD	1.3449	0.0%
SGDMYR	3.3240	0.3%
	Value	chg (bp)
2Y UST	4.18	-0.01
10Y UST	4.22	3.48
2Y SGS	2.74	-1.90
10Y SGS	2.70	-3.19
3M SORA	3.21	-0.54
3M SOFR	4.88	-0.79
	Value	% chg
Brent	73.62	2.5%
WTI	69.94	2.7%
Gold	2643	0.2%
Silver	31.04	1.7%
Palladium	974	-0.9%
Copper	9112	1.3%
BCOM	97.48	0.5%

Source: Bloomberg

SG: The S&P Global Singapore private sector PMI declined to 53.9 in November from 55.5 in October. This marked the 21st consecutive month of growth in the private sector but also represented the lowest reading since April 2024. Output fell in November to 55.8 versus 58.1 in October, which was the lowest reading since April 2024.

Oil: Crude oil benchmarks rebounded, with WTI and Brent increasing by 2.7% and 2.5%, respectively, closing at USD69.9/bbl and USD73.6/bbl. Concerns about re-escalating geopolitical tensions exerted upward pressure on oil prices. This follows Israel's threat to resume and expand its war with Lebanon if the Israel-Hezbollah truce collapses. Meanwhile, the US Treasury has imposed additional sanctions on Iranian oil. Global supply could be affected as Iranian production accounts of ~3.3% of global oil demand in October. Separately, the the American Petroleum Institute (API) reported a buildup of 1.2mn bbls, 4.6mn bbls, and 1.0mn bbls in US crude, gasoline, and distillate inventories, respectively, for the week ending on 29 November. The Energy Information Administration (EIA) is scheduled to release its oil inventories tonight (4 December), with consensus anticipating a drawdown of 1.4mn bbls in US crude inventories.

Major Markets

ID: Indonesia and Canada signed a Comprehensive Economic Partnership Agreement (CEPA) on 2 December 2024, three years after negotiations began. The agreement is set to take effect in 2026 and will liberalize 90.5% of tariffs on Indonesian goods entering Canada. Trade Minister Budi Santoso emphasized that the agreement will support Indonesia's economic and development goals, including development in the critical minerals sector.

MY: The United Kingdom will join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) on 15 December 2024, which would also mark its first free trade agreement (FTA) with Malaysia. Minister of Investment, Trade and Industry Zafrul Aziz noted that the FTA will eliminate about 94% of tariffs between the two nations over the course of the implementation period and will boost trade in sectors such as electrical and electronics, automotive, aerospace, and agriculture. With the UK's entry, it will join the 11 countries (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam) that are already members of the CPTPP.

TH: According to Agriculture and Cooperatives Minister Narumon Pinyosinwat, the cabinet has approved a budget of THB38.6bn to support the rice sector. She added that subsidies will be provided to eligible households whose farms are registered with the Department of Agricultural Extension. Eligible households will receive a subsidy of THB1000 per rai for every 10 rai of land, capped at 10 rai per household. This amounts to a maximum of a total of THB10,000 per household. The subsidies are expected to be transferred within the year.

ESG Updates

Rest of the world: The Integrity Council for the Voluntary Carbon Market has approved three new methodologies for issuing high integrity carbon credits for reducing emissions from deforestation and forest degradation in developing countries (REDD+). These are (i) (ART) The REDD+ Environmental Excellence Standard (TREES) v2.0, TREES Crediting Level, (ii) (VCS) VM0048 Reducing Emissions from Deforestation and Forest Degradation v1.0, and (iii) (VCS) Jurisdictional and Nested REDD+ (JNR) Framework v4.1. With the approved methodologies due to start issuing soon, REDD+ credits are expected to be labelled with the CCP label from early 2025.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower yesterday, with shorter tenors trading 3-4bps lower, belly tenors and 10Y trading 4bps lower. The global sustainable bond market experienced its slowest month of the year in November as issuers reduced activity, bracing for potential volatility linked to the U.S. elections. Issuance of green, social, sustainability, and sustainability-linked (“GSSSL”) bonds worldwide reached approximately USD60.2bn last month, a significant drop from the USD81.8bn recorded during the same period last year, according to Bloomberg data. This marks the weakest performance this year and the least active November since 2019. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 75bps while Bloomberg Asia USD High Yield spreads tightened by 5bps to 451bps. Events in South Korea overnight may lead to a softer credit market today, adding uncertainty amidst a widely expected no-confidence vote in France which has led SGD European bank credit weaker. (Bloomberg, OCBC)

New Issues:

There were no notable issuances in the Asiadollar and Singdollar market yesterday.

Mandates:

- Zhengzhou Urban Construction Investment Group Co., Ltd., is planning to issue USD Reg S senior unsecured fixed notes.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	106.365	-0.08%	USD-SGD	1.3449	0.00%
USD-JPY	149.600	0.00%	EUR-SGD	1.4132	0.09%
EUR-USD	1.051	0.10%	JPY-SGD	0.8993	0.03%
AUD-USD	0.649	0.17%	GBP-SGD	1.7046	0.15%
GBP-USD	1.267	0.14%	AUD-SGD	0.8725	0.18%
USD-MYR	4.470	0.22%	NZD-SGD	0.7910	-0.10%
USD-CNY	7.286	0.16%	CHF-SGD	1.5173	0.02%
USD-IDR	15940	0.25%	SGD-MYR	3.3240	0.32%
USD-VND	25401	0.11%	SGD-CNY	5.4224	0.38%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.9870	-0.57%	1M	4.5113	-0.10%
3M	2.9240	-0.34%	2M	4.4700	-0.11%
6M	2.6750	-0.74%	3M	4.4435	-0.08%
12M	2.4310	-1.22%	6M	4.3495	-0.05%
			1Y	4.2040	-0.08%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
12/18/2024	-0.740	-0.185	4.396
01/29/2025	-0.975	-0.244	4.338
03/19/2025	-1.595	-0.399	4.182
05/07/2025	-1.931	-0.483	4.099
06/18/2025	-2.355	-0.589	3.993
07/30/2025	-2.615	-0.654	3.927

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	69.94	2.70%	Corn (per bushel)	4.233	-0.3%
Brent (per barrel)	73.62	2.49%	Soybean (per bushel)	9.918	0.7%
Heating Oil (per gallon)	221.77	1.84%	Wheat (per bushel)	5.368	-0.1%
Gasoline (per gallon)	196.24	2.36%	Crude Palm Oil (MYR/MT)	53.430	2.4%
Natural Gas (per MMBtu)	3.04	-5.32%	Rubber (JPY/KG)	309.500	2.8%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9111.50	1.32%	Gold (per oz)	2643.5	0.2%
Nickel (per mt)	16015.00	2.05%	Silver (per oz)	31.0	1.7%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	44,705.53	-76.47
S&P	6,049.88	2.73
Nasdaq	19,480.91	76.96
Nikkei 225	39,248.86	735.84
STI	3,786.13	34.78
KLCI	1,606.96	11.48
JCI	7,196.02	149.03
Baltic Dry	1,298.00	-56.00
VIX	13.30	-0.04

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.74 (-0.02)	4.18(--)
5Y	2.67 (-0.03)	4.11 (+0.02)
10Y	2.7 (-0.03)	4.23 (+0.03)
15Y	2.75 (-0.03)	--
20Y	2.72 (-0.04)	--
30Y	2.68 (-0.03)	4.41 (+0.04)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.64
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Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
12/04/2024 08:30	AU	GDP SA QoQ	3Q	0.50%	--	0.20%	--
12/04/2024 08:30	AU	GDP YoY	3Q	1.10%	--	1.00%	--
12/04/2024 09:45	CH	Caixin China PMI Services	Nov	52.4	--	52	--
12/04/2024 12:00	TH	CPI YoY	Nov	1.14%	--	0.83%	--
12/04/2024 16:55	GE	HCOB Germany Services PMI	Nov F	49.4	--	49.4	--
12/04/2024 17:00	EC	HCOB Eurozone Composite PMI	Nov F	48.1	--	48.1	--
12/04/2024 17:30	UK	S&P Global UK Services PMI	Nov F	50	--	50	--
12/04/2024 20:00	US	MBA Mortgage Applications	Nov-29	--	--	6.30%	--
12/04/2024 21:15	US	ADP Employment Change	Nov	150k	--	233k	--
12/04/2024 23:00	US	Durable Goods Orders	Oct F	0.20%	--	0.20%	--
12/04/2024 23:00	US	ISM Services Prices Paid	Nov	57	--	58.1	--
12/04/2024 23:00	US	Factory Orders	Oct	0.20%	--	-0.50%	--
12/04/2024 23:00	US	ISM Services Index	Nov	55.7	--	56	--
12/04/2024 23:00	US	ISM Services Employment	Nov	53	--	53	--
12/04/2024 23:00	US	ISM Services New Orders	Nov	56.6	--	57.4	--
12/04/2024 23:00	US	Durables Ex Transportation	Oct F	0.10%	--	0.10%	--

Source: Bloomberg

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