

## Daily Treasury Outlook

5 June 2024

### Highlights

**Global:** US stocks closed higher on Tuesday with the Dow, S&P and Nasdaq up by 0.4%, 0.2% and 0.2% respectively. This follows softer-than-expected labour market data which supports expectations that the Fed remains on track to lower rates this year. US Treasury yields edged lower, yields on UST 2Y and 10Y ended lower than their previous close at 4.77% and 4.33% respectively. Narendra Modi claimed victory in the 2024 India elections to win a rare third term in office. However, his Bharatiya Janata Party (BJP) did not secure a majority. On data releases, US JOLTS jobs openings declined by 3.5% MoM to 8.1mn in April from 8.4mn in March — the lowest in more than three years. Additionally, the number of people quitting their jobs rose by 2.9% MoM to 3.5mn in April from 3.4mn in March, with the quit rate at 2.2% (for the sixth month in the row). US factory orders rose 0.7% in April.

**Market Watch:** Asian markets likely to trade cautious today given the backdrop of slower US growth prospects and election outcomes in India, Mexico and South Africa. Data releases include South Korea's Preliminary 1Q24 GDP which edged marginally lower to 3.3% YoY compared to 3.4% in 4Q23. Other data releases include Philippines May CPI, Singapore April retail sales, US ADP employment change, ISM services, among others.

**Oil:** Crude oil benchmarks extended losses for a fifth consecutive session. WTI and Brent declined by more than 1% to close at USD73.3/bbl and USD77.5/bbl respectively. The price weakness was driven by concerns of a potential buildup in global oil inventories if OPEC+ decides to embark on its plan to gradually increase its oil production from 4Q24 onwards. On a separate reading, the American Petroleum Institute (API) reported a significant increase of 4.1mn bbls in US crude inventories for the week ending 31 May. The Energy Information Administration (EIA) will release its oil inventories tonight (5 June), with consensus expecting a drawdown of 1.9 mn bbls in US crude inventories.

### Key Market Movements

Equity	Value	% chg
S&P 500	5291.3	0.2%
DJIA	38711	0.4%
Nikkei 225	38837	-0.2%
SH Comp	3091.2	0.4%
STI	3338.9	-0.3%
Hang Seng	18444	0.2%
KLCI	1615.4	1.2%
	Value	% chg
DXY	104.110	0.0%
USDJPY	154.88	-0.8%
EURUSD	1.0879	-0.2%
GBPUSD	1.2770	-0.3%
USDIDR	16220	-0.1%
USDSGD	1.3467	0.1%
SGDMYR	3.4879	0.2%
	Value	chg (bp)
2Y UST	4.77	-3.76
10Y UST	4.33	-6.25
2Y SGS	3.36	-2.90
10Y SGS	3.27	-4.99
3M SORA	3.66	0.05
3M SOFR	5.35	0.04
	Value	% chg
Brent	77.52	-1.1%
WTI	73.25	-1.3%
Gold	2327	-1.0%
Silver	29.50	-4.0%
Palladium	917	-1.1%
Copper	9945	-2.0%
BCOM	101.28	-1.4%

Source: Bloomberg

## Major Markets

**ID:** President Joko Widodo has reassured the public that the planned new capital in East Kalimantan is on track, following the resignations of project head Bambang Susantono and his deputy Dhony Rahajoe. The president appointed Public Works and Housing Minister Basuki Hadimuljono as the acting head of Nusantara, and Vice Minister of Agrarian and Spatial Planning Raja Juli Antoni as his deputy. Nusantara is scheduled to host the Independence Day celebration on August 17th.

**MY:** Malaysia and the UAE have confirmed their commitment to signing the Comprehensive Economic Partnership Agreement (CEPA) by the end of this year, Minister of Investment, Trade, and Industry Minister, Zafrul Aziz, noted on Tuesday (5/6). The agreement is expected to promote economic collaboration and increase trade and investment between the two nations, as well as between ASEAN and the GCC region. Both countries also discussed potential cooperation in the semiconductor and renewable energy sectors, which are identified as priority areas for collaboration. Elsewhere, Deputy PM Ahmad Hamidi revealed that incentives relating to the implementation of the Johor-Singapore Special Economic Zone (JS-SEZ) are likely to be announced by PM Anwar Ibrahim during the Budget 2025 presentation.

**PH:** Economic Planning Secretary Arsenio Balisacan shared that the National Economic and Development Authority Board has agreed to cut rice import duty to 15% (previous: 35%) until 2028. The new measure aims to keep rice inflation contained, and applies to both in-quota and out-quota rice imports.

**TH:** PM Srettha Thavisin shared that the cabinet has approved various tax incentives to support tourism activities: Companies hosting seminars in second-tier provinces between 1 May and 30 November are eligible for deductions in their corporate income tax submission. Similarly, travelling in second-tier provinces during the same period are eligible for deductions in their personal income tax submission. PM Srettha added that the government's tax concessions will forgo THB1.5bn in revenue. However, this is expected to be offset by revenue generated from tourism activities.

## ESG Updates

**SG:** Singapore is investing S\$1mil for A\*Star researchers to study over three years the impact of the urban environment on mental health, examining factors such as urban design features, density and human behaviours. This can better advise future plans for Singapore's urban planning that is best suited for the mental well-being of the general population.

**Rest of the world:** Japan and the EU agreed to work together on policies related to creating demand and supply for clean hydrogen, as well as advancing technologies to develop the new fuel. Japan views hydrogen as a new and cleaner energy source to gradually substitute liquefied natural gas to achieve carbon neutrality by 2050, while the EU sees hydrogen as an option to phase out the use of Russian fossil fuels.

## Credit Market Updates

**Market Commentary:** The SGD SORA curve traded lower yesterday, with short tenors trading 2-3bps lower, belly tenors trading 4bps lower and 10Y trading 4bps lower. China Vanke Co, experienced a less severe decline in sales during May as the housing market sentiment improved. The value of homes sold by the company increased by 11.5% compared to April, reaching RMB23.3bn (USD3.2bn). Although sales still dropped by 29.3% compared to the previous year, this decline narrowed for the third consecutive month. Bloomberg Asia USD Investment Grade widened by 1bps to 79bps while Asia USD High Yield remained flat at 494bps. (Bloomberg, OCBC)

**New Issues:** There were no notable bond issuers in the Asiadollar and Singdollar market yesterday.

**Mandates:** There are no Asiadollar mandates for today.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	104.110	-0.03%	USD-SGD	1.3467	0.06%
USD-JPY	154.880	-0.77%	EUR-SGD	1.4651	-0.17%
EUR-USD	1.088	-0.23%	JPY-SGD	0.8694	0.82%
AUD-USD	0.665	-0.60%	GBP-SGD	1.7198	-0.23%
GBP-USD	1.277	-0.30%	AUD-SGD	0.8955	-0.54%
USD-MYR	4.702	-0.10%	NZD-SGD	0.8319	-0.19%
USD-CNY	7.240	-0.02%	CHF-SGD	1.5128	0.68%
USD-IDR	16220	-0.06%	SGD-MYR	3.4879	0.18%
USD-VND	25416	-0.09%	SGD-CNY	5.3774	-0.01%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.6900	-0.73%	1M	5.3290	-0.02%
3M	3.7820	-0.08%	2M	5.3375	-0.02%
6M	3.7550	0.27%	3M	5.3381	0.01%
12M	3.7220	0.30%	6M	5.2840	-0.01%
			1Y	5.1089	0.00%

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
05/01/2024	-0.005	-0.001	5.329
06/12/2024	-0.012	-0.003	5.328
07/31/2024	-0.173	-0.043	5.288
09/18/2024	-0.750	-0.188	5.143
11/07/2024	-1.092	-0.273	5.058
12/18/2024	-1.786	-0.447	4.884
01/29/2025	-2.213	-0.553	4.778

## Equity and Commodity

Index	Value	Net change
DJIA	38,711.29	140.26
S&P	5,291.34	7.94
Nasdaq	16,857.05	28.38
Nikkei 225	38,837.46	-85.57
STI	3,338.94	-9.93
KLCI	1,615.40	18.72
JCI	7,099.31	63.12
Baltic Dry	1,808.00	-7.00
VIX	13.16	0.05

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.36 (-0.03)	4.78(--)
5Y	3.25 (-0.04)	4.35 (-0.06)
10Y	3.27 (-0.05)	4.34 (-0.06)
15Y	3.26 (-0.04)	--
20Y	3.2 (-0.05)	--
30Y	3.13 (-0.06)	4.48 (-0.06)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	5.35
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	73.25	-1.31%	Corn (per bushel)	4.425	-0.2%
Brent (per barrel)	77.52	-1.07%	Soybean (per bushel)	11.790	-0.5%
Heating Oil (per gallon)	228.59	-0.45%	Wheat (per bushel)	6.583	-2.2%
Gasoline (per gallon)	234.95	0.60%	Crude Palm Oil (MYR/MT)	38.810	#DIV/0!
Natural Gas (per MMBtu)	2.59	-6.17%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9945.00	-1.95%	Gold (per oz)	2327.0	-1.0%
Nickel (per mt)	19068.00	-1.82%	Silver (per oz)	29.5	-4.0%

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

## Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
06/05/2024 07:00	SK	GDP YoY	1Q P	3.40%	3.40%	3.40%	--
06/05/2024 07:00	SK	GDP SA QoQ	1Q P	1.30%	1.30%	1.30%	--
06/05/2024 09:00	PH	CPI YoY 2018=100	May	4.00%	--	3.80%	--
06/05/2024 09:30	AU	GDP SA QoQ	1Q	0.20%	--	0.20%	--
06/05/2024 09:30	AU	GDP YoY	1Q	1.20%	--	1.50%	--
06/05/2024 09:45	CH	Caixin China PMI Services	May	52.5	--	52.5	--
06/05/2024 09:45	CH	Caixin China PMI Composite	May	--	--	52.8	--
06/05/2024 13:00	SI	Retail Sales YoY	Apr	1.90%	--	2.70%	--
06/05/2024 15:55	GE	HCOB Germany Services PMI	May F	53.9	--	53.9	--
06/05/2024 15:55	GE	HCOB Germany Composite PMI	May F	52.2	--	52.2	--
06/05/2024 16:00	EC	HCOB Eurozone Composite PMI	May F	52.3	--	52.3	--
06/05/2024 16:30	UK	S&P Global UK Services PMI	May F	52.9	--	52.9	--
06/05/2024 19:00	US	MBA Mortgage Applications	May-31	--	--	-5.70%	--
06/05/2024 20:15	US	ADP Employment Change	May	175k	--	192k	--
06/05/2024 21:45	CA	Bank of Canada Rate Decision	Jun-05	4.75%	--	5.00%	--
06/05/2024 22:00	US	ISM Services Index	May	51	--	49.4	--

Source: Bloomberg

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## Macro Research

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

Tommy Xie Dongming  
Head of Greater China 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 & Macau Economist  
[HerbertWong@ocbc.com](mailto:HerbertWong@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  
[JonathanNg4@ocbc.com](mailto:JonathanNg4@ocbc.com)

Ong Shu Yi  
ESG Analyst  
[ShuyiOng1@ocbc.com](mailto:ShuyiOng1@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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