

## Daily Treasury Outlook

5 November 2024

### Highlights

**Global:** US stock market pared back some of Friday's gains, with the Dow, SP500, and Nasdaq down by 0.6%, 0.3% and 0.3% respectively. There was further unwinding of Trump trades as the latest poll still pointed to a tight race. UST yields, dollar, and bitcoin were lower across the board, before finding some support. US treasury yield curve bull steepened, but yields are still marginally higher from Thursday's close. Dollar pullback was relatively shallow and was last seen at 103.80. Weekend reports on Iran's potential upscaled retaliation strike on Israel pushed oil prices higher, alongside the decision of extending output cut by OPEC. On the data front, Eurozone Sentix investor confidence improved somewhat, from -13.8 in October to -12.8 in November. US factory orders dropped 0.5% MoM in September, after a downwardly revised 0.8% MoM decline in August. Orders for non-defence capital goods excluding aircraft, rose by 0.7% MoM in September.

**Market Watch:** Asian markets may trade with a cautious tone. This morning, October headline inflation in South Korea eased to 1.3% YoY (September: 1.8%), while core inflation moderated to 1.8% (September 2.0%). Tuesday's Asian calendar comprises of RBA rate decision, October inflation numbers from the Philippines and Thailand, Indonesia's 3Q24 GDP, China's October Caixin services PMI, and Singapore's September retail sales. The consensus is that the RBA will stay put at its meeting and deliver a cautiously hawkish tone for forward guidance. Later, the market will watch the headlines coming out of US election, as well as US' October ISM Services Index and French September industrial production.

**Oil:** Crude oil benchmarks extended their rally, with WTI and Brent increasing by 2.8% and 2.7%, respectively, closing at USD71.5/bbl and USD75.1/bbl. The prospects of a re-escalation in Middle East tensions, along with OPEC+'s decision to delay its planned production increase until the end of December 2024, are driving higher oil prices.

### Key Market Movements

Equity	Value	% chg
S&P 500	5712.7	-0.3%
DJIA	41795	-0.6%
Nikkei 225	38054	0.0%
SH Comp	3310.2	1.2%
STI	3572.0	0.5%
Hang Seng	20568	0.3%
KLCI	1616.4	0.8%
	Value	% chg
DXY	103.885	-0.4%
USDJPY	152.13	-0.6%
EURUSD	1.0878	0.4%
GBPUSD	1.2957	0.3%
USDIDR	15753	0.2%
USDSGD	1.3197	-0.5%
SGDMYR	3.3208	0.4%
	Value	chg (bp)
2Y UST	4.16	-4.55
10Y UST	4.28	-9.89
2Y SGS	2.77	1.70
10Y SGS	2.85	-0.39
3M SORA	3.37	-1.11
3M SOFR	5.12	-1.62
	Value	% chg
Brent	75.08	2.7%
WTI	71.47	2.8%
Gold	2737	0.0%
Silver	32.45	-0.1%
Palladium	1077	-2.5%
Copper	9571	0.0%
BCOM	98.91	0.9%

Source: Bloomberg

## Major Markets

**ID:** The government has extended the corporate tax holiday policy for investment plans worth at least IDR10bn in key 'pioneer' industries to December 2025. These industries include, but are not limited to, the upstream basic metal industry, the oil and gas refining/milling industry, economic infrastructure, and the digital economy. In addition, the new regulation states that there will be adjusted incentives for companies that are subject to the 15% global minimum tax rule. Separately, Coordinating Minister for Economic Affairs Airlangga Hartarto signaled that the government is considering extending the duration for mandatory retention of export earnings for natural resource exporters beyond the current three months. The existing regulation requires natural resource exporters (i.e., mining, forestry, plantations, and fisheries) with earnings of at least USD250k or the equivalent to keep a minimum of 30% of their foreign exchange proceeds onshore for at least three months.

**MY:** The Agriculture and Food Security Ministry (KPKM) is pursuing technical collaboration with Bahrain to advance water recycling technology, reduce agricultural costs, and enhance food security through R&D partnerships. Plans include expanding Malaysia's aquaculture production by learning from Bahrain's large-scale sea aquaculture expertise. Additionally, KPKM discussed increasing market access for Malaysian products in Bahrain as well as the Gulf Cooperation Council (GCC) countries.

**TH:** The nomination of the Bank of Thailand chairman (BoT) has been postponed to 11 November. In a statement, BoT Assistant Governor Vireka Suntapuntu stated that the seven-member selection panel will require additional time "to consider all aspects of information".

**VN:** Shunsin Technology Vietnam Co., Ltd., a Foxconn subsidiary, is seeking an environmental permit for its USD80mn chip manufacturing project in Bac Giang, covering 44,343.8 square meters in Quang Chau Industrial Park. The facility will produce integrated circuit boards with a capacity of 4.5 million units annually, targeting exports to the US, EU, and Japan. Construction is set to begin after permit approval, which is expected by December, with trial operations projected to begin in June 2026 and full operations expected by December 2026. The investment is expected to employ around 1,450 workers, including 35 foreign experts, as reported by Viet Nam News.

## ESG Updates

**ID:** Indonesia plans to explore carbon trading partnerships with several countries under Article 6.2 of the Paris Agreement at COP29, including Japan. It intends to share its emissions reduction achievements at COP29, as well as outline efforts to accelerate emissions reduction in all sectors and discuss carbon trading. It has set the target of reducing emissions to 31.89% by 2030 through its own efforts and to 43.2% with international assistance. Assistance from developed countries in the form of finance will be important for Indonesia in meeting its climate goals, especially pertaining to transitioning away from fossil fuels.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded higher yesterday, with shorter tenors trading 0-1bps higher, belly tenors trading 2-3bps higher and 10Y trading 3bps higher. The decline in sales for Chinese construction company Country Garden Holdings Co. (“COGARD”) eased in October, indicating a potential improvement in industry conditions following China's stimulus efforts, which include support for property developers. According to corporate filings, contracted sales in October fell by 31% compared to the previous year, totalling RMB4.3bn (USD610mn). This decrease was less severe than the 41% drop recorded in September. Additionally, sales in October rose by 20% compared to September's figures. Defaulted Chinese builder Sunac China Holdings Ltd (“Sunac”) is consulting with major holders of its RMB notes regarding an onshore debt restructuring plan, according to sources familiar with the situation. Last week, a group of Sunac executives met with creditors, including several hedge funds, to gather their feedback per Bloomberg. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 75bps while Bloomberg Asia USD High Yield spreads widened by 8bps to 442bps. (Bloomberg, OCBC)

### New Issues:

There was one notable issuance in the Asiadollar market on yesterday.

- Yichang High-Tech Investment Development Co Ltd priced a USD100mn 3Y Fixed at Par to Yield 6.5%.

There was no notable issuance in the Singdollar market on yesterday.

### Mandates:

- There were no new Asiadollar mandates yesterday.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	103.885	-0.38%	USD-SGD	1.3197	-0.48%
USD-JPY	152.130	-0.58%	EUR-SGD	1.4355	-0.08%
EUR-USD	1.088	0.41%	JPY-SGD	0.8674	0.07%
AUD-USD	0.659	0.40%	GBP-SGD	1.7099	-0.20%
GBP-USD	1.296	0.26%	AUD-SGD	0.8690	-0.10%
USD-MYR	4.374	-0.15%	NZD-SGD	0.7882	-0.33%
USD-CNY	7.101	-0.39%	CHF-SGD	1.5270	0.17%
USD-IDR	15753	0.21%	SGD-MYR	3.3208	0.40%
USD-VND	25320	0.08%	SGD-CNY	5.3830	0.18%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.1190	-0.51%	1M	4.6285	0.00%
3M	3.0850	0.75%	2M	4.5796	0.00%
6M	2.9120	1.68%	3M	4.5274	0.00%
12M	2.6290	3.22%	6M	4.3815	-0.15%
			1Y	4.1663	-0.12%

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
11/07/2024	-0.985	-0.246	4.584
12/18/2024	-1.811	-0.453	4.377
01/29/2025	-2.370	-0.592	4.238
03/19/2025	-3.036	-0.759	4.071
05/07/2025	-3.521	-0.880	3.950
06/18/2025	-4.007	-1.002	3.828

## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	71.47	2.85%	Corn (per bushel)	4.165	0.5%
Brent (per barrel)	75.08	2.71%	Soybean (per bushel)	9.873	0.5%
Heating Oil (per gallon)	228.41	2.23%	Wheat (per bushel)	5.688	0.1%
Gasoline (per gallon)	201.92	2.68%	Crude Palm Oil (MYR/MT)	49.840	0.2%
Natural Gas (per MMBtu)	2.78	4.43%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9570.50	#DIV/0!	Gold (per oz)	2736.8	0.0%
Nickel (per mt)	15944.00	#DIV/0!	Silver (per oz)	32.5	-0.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Equity and Commodity

Index	Value	Net change
DJIA	41,794.60	-257.59
S&P	5,712.69	-16.11
Nasdaq	18,179.98	-59.94
Nikkei 225	38,053.67	-1027.58
STI	3,572.04	16.61
KLCI	1,616.43	12.45
JCI	7,479.50	-25.75
Baltic Dry	1,378.00	-10.00
VIX	21.98	0.10

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.77 (+0.02)	4.16(--)
5Y	2.73 (+0.01)	4.15 (-0.08)
10Y	2.85 (--)	4.28 (-0.1)
15Y	2.91 (+0.01)	--
20Y	2.86 (+0.01)	--
30Y	2.78 (+0.02)	4.47 (-0.11)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.86
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## Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
11/05/2024 07:00	SK	CPI YoY	Oct	1.40%	1.30%	1.60%	--
11/05/2024 07:00	SK	CPI MoM	Oct	0.20%	0.00%	0.10%	--
11/05/2024 07:50	JN	Monetary Base YoY	Oct	--	--	-0.10%	--
11/05/2024 08:30	HK	S&P Global Hong Kong PMI	Oct	--	--	50	--
11/05/2024 09:00	PH	CPI YoY 2018=100	Oct	2.30%	--	1.90%	--
11/05/2024 09:45	CH	Caixin China PMI Services	Oct	50.5	--	50.3	--
11/05/2024 09:45	CH	Caixin China PMI Composite	Oct	--	--	50.3	--
11/05/2024 11:30	AU	RBA Cash Rate Target	Nov-05	4.35%	--	4.35%	--
11/05/2024 12:00	ID	GDP YoY	3Q	5.00%	--	5.05%	--
11/05/2024 13:00	SI	Retail Sales YoY	Sep	1.80%	--	0.60%	--
11/05/2024 17:30	UK	S&P Global UK Services PMI	Oct F	51.8	--	51.8	--
11/05/2024 21:30	US	Trade Balance	Sep	-\$84.0b	--	-\$70.4b	--
11/05/2024 23:00	US	ISM Services Prices Paid	Oct	58	--	59.4	--
11/05/2024 23:00	US	ISM Services Index	Oct	53.8	--	54.9	--
11/05/2024 23:00	US	ISM Services Employment	Oct	48	--	48.1	--
11/05/2024 23:00	US	ISM Services New Orders	Oct	58	--	59.4	--

Source: Bloomberg

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