

## Daily Treasury Outlook

6 December 2024

### Highlights

**Global:** US benchmark equity indices (S&P 500: -0.2%, Nasdaq: -0.2%, and Dow: -0.6%) were modestly lower overnight, following relatively limited economic data releases. Meanwhile, Bitcoin was last seen at USD97k after touching the USD100k mark for the first time on Thursday (5/12), further supported by President-elect Donald Trump's nomination of crypto-friendly Paul Atkins to lead the Securities and Exchange Commission. On the data front, initial jobless claims were 224k for the week ending 30-November, slightly above expectations of 215k. Meanwhile, continuing claims fell to 1.871mn for the week ending 23-November, down from 1.896mn in the prior week. Market focus will be on the highly anticipated nonfarm payrolls for November, to be released tonight at 21:30 SGT. Market expectations are for payrolls to rise by 205k in November, compared to October's 12k, which was disproportionately impacted by labour strikes and hurricanes. Meanwhile, the unemployment rate is expected to remain unchanged at 4.1%.

**Market Watch:** This morning, labour cash earnings in Japan rose to 2.6% YoY in October, while real cash earnings ticked up to 0% from -0.4% in September. The Asian data calendar is light today, with the Philippines October unemployment rate, Vietnam's November inflation, trade, industrial production and retail sales data alongside central bank FX reserve data across the region. Over in Europe, we will get Germany's October industrial production and the final reading of the Eurozone's 3Q24 GDP print. Market focus will be squarely on the US tonight, with November's nonfarm payrolls, unemployment rate and average hourly earnings set to be released. Accompanying this release includes the University of Michigan consumer sentiment for December and Canada's employment change for November.

On the central bank front, the Reserve Bank of India (RBI) will meet today, where we expect them to cut by 25bp from 6.50% to 6.25% following the poor 3Q24 GDP print. Central bank speakers today are from the Federal Reserve, with Fed Bowman and Goolsbee set to deliver speeches.

**SG:** Retail sales rose for the fourth consecutive month by 2.2% YoY (0.1% MoM sa) in October. Excluding motor vehicle sales (18.4% YoY and -65% MoM sa), October retail sales was tepid at 0.3% YoY, albeit this was still an improvement from the revised 1.5% YoY contraction seen in September. Our full-year 2024 retail sales forecast could come in slightly below the 2% YoY handle since November-December data is likely to hover around the current 1.9%-2% YoY range. For 2025, retail sales growth could still average around 2% YoY.

### Key Market Movements

Equity	Value	% chg
S&P 500	6075.1	-0.2%
DJIA	44766	-0.6%
Nikkei 225	39396	0.3%
SH Comp	3368.9	0.1%
STI	3822.7	0.6%
Hang Seng	19560	-0.9%
KLCI	1615.6	0.1%
	Value	% chg
DXY	105.714	-0.6%
USDJPY	150.1	-0.3%
EURUSD	1.0586	0.7%
GBPUSD	1.2759	0.5%
USDIDR	15860	-0.4%
USDSGD	1.3389	-0.4%
SGDMYR	3.3006	-0.2%
	Value	chg (bp)
2Y UST	4.14	1.84
10Y UST	4.18	-0.39
2Y SGS	2.74	-0.40
10Y SGS	2.71	0.10
3M SORA	3.20	-0.51
3M SOFR	4.87	-0.85
	Value	% chg
Brent	72.09	-0.3%
WTI	68.3	-0.4%
Gold	2632	-0.7%
Silver	31.31	0.0%
Palladium	967	-1.3%
Copper	9083	0.0%
BCOM	97.38	0.1%

Source: Bloomberg

**Oil:** Crude oil benchmarks extended their losses for the second consecutive session, with WTI and Brent declining by 0.4% and 0.3%, respectively, closing at USD68.3/bbl and USD72.1/bbl. The OPEC+ group held its meeting on 5 December. The group announced an extension of its planned oil production increases of 2.2 mbpd for another three months, extending the timeline until end-March 2025. Additionally, the group announced an extension of their existing cuts of 2.0 mbpd (group-wide) and the 1.7mbpd (stage 1 of the additional voluntary cuts) to end-2026 (previous: end-2025). Meanwhile, the group also agreed for the UAE to gradually raise its output by 0.3mbpd starting from April 2025, instead of an earlier planned timeline of January 2025.

## Major Markets

**CN:** The Central Committee of the Communist Party of China and the State Council have jointly issued the "Opinions on Promoting the Construction of New Urban Infrastructure to Build Resilient Cities," outlining eleven key tasks to accelerate the digital transformation of urban infrastructure. The document emphasizes the integration of digital technologies with urban development to enhance cities' resilience, sustainability, and quality of life. Key highlights include Advancement of "5G+Vehicle-to-Everything" (V2X): The initiative aims to facilitate the development of intelligent transportation systems by leveraging 5G networks. This includes the gradual adoption of assisted and autonomous driving technologies to improve transportation efficiency and safety.

**ID:** Following a meeting with President Prabowo Subianto, the Chairman of a parliamentary commission overseeing finance, Mukhamad Misbakhun, revealed that the government has signalled its intention to continue with its plan to raise the VAT to 12% in 2025 from the current rate of 11%, but with adjustments affecting only certain goods, primarily luxury and imported items. The implementation will depend on a draft regulation from the Ministry of Finance.

**MY:** The Ministry of Finance stated that there are no plans to introduce new taxes beyond those outlined in Budget 2025. The government's current focus is on enhancing tax compliance and refining the existing tax system, as reported by The Edge. Key measures from Budget 2025 include a global minimum tax on multinational corporations, a 2% tax on dividend income starting in 2025, the phased implementation of e-invoicing, and a self-assessment stamp duty system. Before considering any future tax changes, the government will assess factors such as revenue needs, economic conditions, and public readiness to ensure that any new taxes do not unduly burden citizens amid rising living costs.

**PH:** Headline CPI rose to 2.5% YoY in November, versus 2.3% in October. Similarly, core CPI ticked marginally higher to 2.5% YoY in November versus 2.4% in October. The main driver of the higher headline CPI was due to higher prices within the 'food & non-alcoholic beverages' (3.4% YoY versus 2.9%), 'alcoholic beverages & tobacco' (3.1% versus 3.0%), 'furnishings, HH equip & routine HH maintenance' (2.7% versus 2.4%), and 'personal care & misc goods & services' (2.9% versus 2.8%) categories. These increases more than offset lower inflation in clothing (2.6% YoY versus 2.7%), utilities (1.9% versus 2.4%), and recreation (2.4% versus 2.6%). The November figure brings the year-to-date headline CPI to average at 3.2% YoY, compared to 6.0% in 2023. On monetary policy, we expect the BSP to keep its policy rate on hold at its 19 December meeting. For 2025, we expect the BSP to undertake a cumulative 50bps in rate cut, taking the policy rate to 5.50%.

### ESG Updates

**MY:** Malaysia and Indonesia are collaborating to advance sustainability and green product certification in the region, through the signing of a memorandum of understanding between Watermarks Certification (Malaysia) Sdn Bhd and the Green Product Council Indonesia. This green label certification supports industries in offering sustainable and high-quality products, in hopes that this can boost the competitive edge of local and regional products.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded lower yesterday, with shorter tenors trading 2-3bps lower, and belly tenors and 10Y trading 2bps lower. China plans to expedite bond issuance to enhance the utilization of proceeds while firmly controlling the emergence of new hidden debts, according to Finance Minister Lan Fo'an in an article for an official publication affiliated with the country's Publicity Department. According to a Swiss Re press release, estimated losses from natural catastrophes are expected to exceed USD135mn in 2024, the fifth consecutive year that Global insurers will face over USD100mn in insured losses. Two thirds of these losses are in the US due to Hurricane Helene and Hurricane Milton as well as a high frequency of severe thunderstorms while Europe and the Middle East were impacted by major floods. Losses are expected to increase as climate change intensifies extreme weather events while asset values increase in high-risk areas due to urban sprawl and rebuilding costs increase according to the Swiss Re Institute. Bloomberg Asia USD Investment Grade spreads remained flat at 75bps while Bloomberg Asia USD High Yield spreads remained flat at 456bps. (Bloomberg, OCBC)

### New Issues:

There were two notable issuances in the Asiadollar market yesterday.

- Zhengzhou Urban Construction Investment Group Co Ltd priced a USD210mn 3Y Fixed at Par to Yield 5%.
- Industrial & Commercial Bank of China Limited/Dubai priced a USD100mn FRN at SOFR+55bps.

There were no notable issuances in the Singdollar market yesterday.

### Mandates:

- There were no new Asiadollar mandates yesterday.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	105.714	-0.57%	<b>USD-SGD</b>	1.3389	-0.37%
<b>USD-JPY</b>	150.100	-0.33%	<b>EUR-SGD</b>	1.4173	0.33%
<b>EUR-USD</b>	1.059	0.71%	<b>JPY-SGD</b>	0.8917	-0.07%
<b>AUD-USD</b>	0.645	0.36%	<b>GBP-SGD</b>	1.7081	0.07%
<b>GBP-USD</b>	1.276	0.46%	<b>AUD-SGD</b>	0.8639	-0.03%
<b>USD-MYR</b>	4.427	-0.58%	<b>NZD-SGD</b>	0.7879	0.19%
<b>USD-CNY</b>	7.259	-0.07%	<b>CHF-SGD</b>	1.5236	0.25%
<b>USD-IDR</b>	15860	-0.44%	<b>SGD-MYR</b>	3.3006	-0.21%
<b>USD-VND</b>	25392	-0.05%	<b>SGD-CNY</b>	5.4194	0.21%

## Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	44,765.71	-248.33
<b>S&amp;P</b>	6,075.11	-11.38
<b>Nasdaq</b>	19,700.72	-34.40
<b>Nikkei 225</b>	39,395.60	119.21
<b>STI</b>	3,822.68	22.74
<b>KLCI</b>	1,615.64	1.55
<b>JCI</b>	7,313.31	-13.45
<b>Baltic Dry</b>	1,180.00	-57.00
<b>VIX</b>	13.54	0.09

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
<b>1M</b>	3.0250	0.77%	<b>1M</b>	4.4939	0.08%
<b>3M</b>	2.8770	-0.07%	<b>2M</b>	4.4503	0.00%
<b>6M</b>	2.6250	-0.34%	<b>3M</b>	4.4270	-0.01%
<b>12M</b>	2.3480	-0.34%	<b>6M</b>	4.3245	-0.06%
			<b>1Y</b>	4.1715	-0.02%

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	2.74 (--)	4.14(--)
<b>5Y</b>	2.67 (--)	4.07 (+0.01)
<b>10Y</b>	2.71 (--)	4.18 (0)
<b>15Y</b>	2.76 (--)	--
<b>20Y</b>	2.74 (+0.01)	--
<b>30Y</b>	2.69 (--)	4.33 (-0.01)

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
12/18/2024	-0.701	-0.175	4.402
01/29/2025	-0.979	-0.245	4.333
03/19/2025	-1.609	-0.402	4.175
05/07/2025	-1.994	-0.498	4.079
06/18/2025	-2.459	-0.615	3.963
07/30/2025	-2.719	-0.680	3.898

## Financial Spread (bps)

Value	Change	
<b>EURIBOR-OIS</b>	#N/A	N/A
<b>TED</b>	35.36	--

## Secured Overnight Fin. Rate

<b>SOFR</b>	4.59
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	68.30	-0.35%	Corn (per bushel)	4.265	1.1%
Brent (per barrel)	72.09	-0.30%	Soybean (per bushel)	9.938	1.0%
Heating Oil (per gallon)	215.57	-0.54%	Wheat (per bushel)	5.468	1.6%
Gasoline (per gallon)	193.25	-0.34%	Crude Palm Oil (MYR/MT)	53.320	0.9%
Natural Gas (per MMBtu)	3.08	1.18%	Rubber (JPY/KG)	309.500	2.8%

  

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9083.00	#DIV/0!	Gold (per oz)	2631.7	-0.7%
Nickel (per mt)	16107.00	#DIV/0!	Silver (per oz)	31.3	0.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
12/06/2024 07:00	SK	BoP Current Account Balance	Oct	--	\$9783.6m	\$11124.4m	\$10940.4m
12/06/2024 10:05	VN	CPI YoY	Nov	2.95%	--	2.89%	--
12/06/2024 12:13	VN	Domestic Vehicle Sales YoY	Nov	--	--	49.70%	--
12/06/2024 12:30	IN	RBI Repurchase Rate	Dec-06	6.50%	--	6.50%	--
12/06/2024 12:30	IN	RBI Cash Reserve Ratio	Dec-06	4.50%	--	4.50%	--
12/06/2024 15:00	GE	Industrial Production SA MoM	Oct	1.00%	--	-2.50%	--
12/06/2024 15:30	TH	Gross International Reserves	Nov-29	--	--	\$234.6b	--
12/06/2024 18:00	EC	GDP SA QoQ	3Q F	0.40%	--	0.40%	--
12/06/2024 18:00	EC	GDP SA YoY	3Q F	0.90%	--	0.90%	--
12/06/2024 18:00	EC	Govt Expend QoQ	3Q	0.50%	--	0.60%	0.90%
12/06/2024 21:30	US	Change in Nonfarm Payrolls	Nov	220k	--	12k	--
12/06/2024 21:30	CA	Unemployment Rate	Nov	6.60%	--	6.50%	--
12/06/2024 21:30	US	Unemployment Rate	Nov	4.10%	--	4.10%	--
12/06/2024 21:30	CA	Net Change in Employment	Nov	25.0k	--	14.5k	--
12/06/2024 21:30	US	Change in Manufact. Payrolls	Nov	30k	--	-46k	--
12/06/2024 23:00	US	U. of Mich. Sentiment	Dec P	73.3	--	71.8	--

Source: Bloomberg

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