

## Daily Treasury Outlook

7 May 2024

### Highlights

**Global: Stocks, oil and gold were all bid across board on Monday.** The market is now pricing in two rate cuts from the US Federal Reserve in 2024 and three more cuts in 2025. US stock indices extended Friday gains, rallying for the third straight session to above the 50DMAs. US treasuries were mixed with very tepid moves. Yields on short-end edged higher, while yields on the longer-end fell. The dollar ended basically unchanged on the day, while gold was up 1%. On Fed speak, Barkin opined that the current policy is restrictive. Williams said that eventually there will be rate cuts, though cautioned that the recent upside surprise in the inflation data was a worry for the central bank. On data front, senior loan officer survey suggested tightened lending standards for most loan categories in 1Q24. Eurozone's PPI fell by 7.8% YoY and 0.4% MoM in March.

**Market Watch: Asian markets are likely to open firmer this morning,** tracking the gains in US market. RBA's policy rate decision will be announced in the morning, while the market will also watch the April inflation data coming out of the Philippines and Taiwan. Eurozone's March retail sales and Germany's March factory order will be released later tonight. ECB's De Cos and Fed's Kashkari will also speak.

**SG: S&P whole economy PMI fell to 52.6 in April from 55.7 in March,** extending a 14-month expansion but recording its lowest reading since July 2023. On markets, STI edged slightly higher by 0.3% to end at 3,303.2 by market close.

**Oil: Crude oil futures edged higher on Monday following last week's sell-off.** WTI and Brent rose by more than 0.4% to close at USD78.5/bbl and USD83.3/bbl respectively. Oil prices edged higher following Saudi Arabia's decision to raise its official selling prices for its flagship crude to Asia for a third consecutive month (an indication of confidence in the demand outlook). Some gains were pared back after reports indicated that Hamas has agreed to a ceasefire proposal. However, the situation remains uncertain as an Israeli official "said the ceasefire proposal from Egypt that Hamas accepted had some far-reaching aspects that were unacceptable", as reported by Reuters.

### Key Market Movements

Equity	Value	% chg
S&P 500	5180.7	1.0%
DJIA	38852	0.5%
Nikkei 225	38236	0.0%
SH Comp	3140.7	1.2%
STI	3303.2	0.3%
Hang Seng	18578	0.6%
KLCI	1597.4	0.5%
	Value	% chg
DXY	105.051	0.0%
USDJPY	153.92	0.6%
EURUSD	1.0769	0.1%
GBPUSD	1.2562	0.1%
USDIDR	16025	-0.4%
USDSGD	1.3512	0.1%
SGDMYR	3.5097	0.2%
	Value	chg (bp)
2Y UST	4.83	1.45
10Y UST	4.49	-2.03
2Y SGS	3.41	-5.60
10Y SGS	3.27	-10.05
3M SORA	3.66	0.75
3M SOFR	5.35	-0.02
	Value	% chg
Brent	83.33	0.4%
WTI	78.48	0.5%
Gold	2324	1.0%
Silver	27.44	3.3%
Palladium	981	3.8%
Copper	9910	0.0%
BCOM	102.54	1.2%

Source: Bloomberg

## Major Markets

**CN:** According to data released by the Ministry of Culture and Tourism on Monday, there was a significant surge in domestic tourism during the 5-day Labor Day holidays. The country recorded a total of 295 million domestic tourist trips, marking a 7.6 percent year-on-year increase and an impressive 28.2 percent growth compared to the same period in 2019.

**HK:** The PMI edged down to 50.6 in April, down from that of 50.9 in March, dragged by the decline in new orders and inventories sub-index. Overall sentiment remained subdued, though the level of pessimism eased during the month. External demand remained weakened in April as new business from abroad and mainland China eased. On price front, both input price and output price inflation moderated. Average purchase costs fell for the first time since September 2020, due to the strengthening of HKD against other currencies. In the meantime, private sector firms raised their employment level while cutting back on inventory.

**MY:** PM Anwar Ibrahim revealed that he had a follow-up discussion with Ruth Porat, President and Chief Investment Officer of Alphabet and Google, on Monday (6/5). He noted that the discussions touched on cooperation and support of technology and artificial intelligence (AI) related to the education, health, and agriculture sectors. Separately, the Investment, Trade, and Industry Minister, Zafrul Aziz, encouraged local companies to establish investment partnerships with companies from Saudi Arabia. He added that Saudi Arabia's Vision 2030 presents investment opportunities for countries like Malaysia and that the Malaysia-Saudi Business Council has been established to support B2B activities between the two nations.

**ID:** GDP growth improved to 5.1% YoY in 1Q24, compared to 5.0% in 4Q23. The details show that much of the boost came from election-related spending while investments and export growth slowed. Looking ahead, we maintain our 2024 GDP growth forecast of 4.8%, implying a slowdown in subsequent quarters, though risk to this forecast is skewed modestly to the upside. In terms of monetary policy, the solid growth in 1Q24 will allow Bank Indonesia (BI) to remain focused on external stability, reducing the need for incremental rate hikes in the near term.

## ESG Updates

**ID:** Indonesia is finalising an early retirement package for a 660 MW coal-fired power plant as a pilot project for the country's energy transition, concurrently inviting other countries to support the financial needs for the transition to cleaner energy. Challenges include high costs and Indonesia's high dependence on coal and other non-renewable resources.

**Rest of the world:** Australia approved six projects to study the feasibility of building wind farms in waters off its southern coast, with six others that could be granted feasibility licenses once consultations are completed with indigenous groups. This is part of efforts to ramp up renewable energy efforts to meet its net zero emission target by 2050.

## Credit Market Updates

**Market Commentary:** The SGD SORA curve traded mostly lower yesterday, with short tenors trading 4-7bps lower, belly tenors trading 8-9bps lower and 10Y trading 8bps lower. China Vanke Co. Ltd ("Vanke") has reportedly informed certain investors that it has prepared funds to repay its RMB1.45bn (USD201mn) note, which is due on 25<sup>th</sup> May. Bloomberg-compiled data indicates that the security is valued at 97.6, indicating investors' strong belief that the issuer will be able to fully repay the debt upon maturity. Elsewhere, GLP Pte Ltd has also reportedly confirmed to investors it has resources to repay upcoming maturities, in particular the USD1bn GLPSP 3.875% '25s due June 2025. Sources may include debt refinancing and loans from its relationship banks with 46% of the company's debt maturing in 2024. (Bloomberg, OCBC)

### New Issues:

There were no notable bond issuers in the Asiadollar market yesterday.

There was one notable bond issuer in the Singdollar market yesterday.

- Thomson Medical Group Ltd priced a SGD140mn 3Y at 5.25%

### Mandates:

Security Bank Corp. is planning to issue 5Y USD-denominated senior unsecured notes.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	105.051	0.02%	USD-SGD	1.3512	0.12%
USD-JPY	153.920	0.57%	EUR-SGD	1.4552	0.19%
EUR-USD	1.077	0.07%	JPY-SGD	0.8779	-0.44%
AUD-USD	0.663	0.23%	GBP-SGD	1.6975	0.25%
GBP-USD	1.256	0.12%	AUD-SGD	0.8952	0.31%
USD-MYR	4.739	0.02%	NZD-SGD	0.8121	0.11%
USD-CNY	7.209	#DIV/0!	CHF-SGD	1.4911	-0.01%
USD-IDR	16025	-0.37%	SGD-MYR	3.5097	0.16%
USD-VND	25380	-0.13%	SGD-CNY	5.3351	-0.56%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.8650	-0.31%	1M	5.3215	0.01%
3M	3.8270	-0.67%	2M	5.3236	0.02%
6M	3.8020	-0.68%	3M	5.3267	0.02%
12M	3.6930	-0.94%	6M	5.2963	-0.01%
			1Y	5.1608	0.04%

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/20/2024	#N/A N/A	#N/A N/A	#N/A N/A
05/01/2024	-0.005	-0.001	5.329
06/12/2024	-0.100	-0.025	5.298
07/31/2024	-0.320	-0.080	5.243
09/18/2024	-0.815	-0.204	5.119
11/07/2024	-1.188	-0.297	5.025
12/18/2024	-1.737	-0.434	4.888
01/29/2025	-2.140	-0.535	4.788

## Equity and Commodity

Index	Value	Net change
DJIA	38,852.27	176.59
S&P	5,180.74	52.95
Nasdaq	16,349.25	192.92
Nikkei 225	38,236.07	-37.98
STI	3,303.19	10.26
KLCI	1,597.39	7.80
JCI	7,135.89	1.17
Baltic Dry	1,876.00	102.00
VIX	13.49	0.00

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.41 (-0.06)	4.83(-)
5Y	3.23 (-0.1)	4.49 (-0.01)
10Y	3.27 (-0.1)	4.49 (-0.02)
15Y	3.33 (-0.09)	--
20Y	3.35 (-0.08)	--
30Y	3.3 (-0.06)	4.64 (-0.03)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	5.31
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	78.48	0.47%	Corn (per bushel)	4.570	2.2%
Brent (per barrel)	83.33	0.45%	Soybean (per bushel)	12.348	2.7%
Heating Oil (per gallon)	246.14	0.74%	Wheat (per bushel)	6.323	4.3%
Gasoline (per gallon)	258.82	1.30%	Crude Palm Oil (MYR/MT)	39.090	0.5%
Natural Gas (per MMBtu)	2.20	2.47%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9910.00	#DIV/0!	Gold (per oz)	2324.0	1.0%
Nickel (per mt)	19237.00	#DIV/0!	Silver (per oz)	27.4	3.3%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date		Event		Survey	Actual	Prior	Revised
05/07/2024	CH	Foreign Reserves	Apr	\$3229.50b	--	\$3245.66b	--
05/07/2024	PH	Foreign Reserves	Apr	--	--	\$104.0b	\$104.1b
05/07/2024 05:00	SK	Foreign Reserves	Apr	--	\$413.26b	\$419.25b	--
05/07/2024 08:30	JN	Jibun Bank Japan PMI Services	Apr F	--	--	54.6	--
05/07/2024 08:30	JN	Jibun Bank Japan PMI Composite	Apr F	--	--	52.6	--
05/07/2024 09:00	PH	CPI YoY 2018=100	Apr	4.10%	--	3.70%	--
05/07/2024 12:30	AU	RBA Cash Rate Target	May-07	4.35%	--	4.35%	--
05/07/2024 14:00	GE	Factory Orders MoM	Mar	0.40%	--	0.20%	--
05/07/2024 14:00	GE	Factory Orders WDA YoY	Mar	-0.70%	--	-10.60%	--
05/07/2024 15:30	GE	HCOB Germany Construction PMI	Apr	--	--	38.3	--
05/07/2024 16:00	TA	CPI YoY	Apr	2.20%	--	2.14%	--
05/07/2024 16:00	TA	CPI Core YoY	Apr	--	--	2.13%	--
05/07/2024 16:30	UK	S&P Global UK Construction PMI	Apr	50.4	--	50.2	--
05/07/2024 16:30	HK	Foreign Reserves	Apr	--	--	\$423.6b	--
05/07/2024 17:00	EC	Retail Sales MoM	Mar	0.70%	--	-0.50%	--
05/07/2024 17:00	EC	Retail Sales YoY	Mar	-0.20%	--	-0.70%	--

Source: Bloomberg

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