

Daily Treasury Outlook

7 June 2024

Highlights

Global: US stock indices treaded water on Thursday (S&P: -0.02%, Nasdaq: -0.09%, & Dow: +0.20%) in anticipation the US job reports data to be released later today. Economic data releases were light, with the initial jobless claims rose to 229k (for week ending 1 June) from 221k in the previous week and was above consensus, in contrast to the lower-than-expected ADP private payrolls. The focus will be on the US' May nonfarm-payroll report to be released on Friday (SGT 8.30pm), with market expecting for a 5k rise to 180, but remains below the 2023 monthly average of 251k. Meanwhile, the unemployment rate is expected to remain steady at 3.9%. The average hourly earnings will be closely watched too, which is expected to have accelerated by 0.3% MoM in May from 0.2% in April. Elsewhere, the ECB, cut its policy rate by 25bp for the first time since 2019, but signalled that fight in tacking inflation is far from over.

Market Watch: Asian markets will likely sit on the sidelines today, taking cues from the flat US market overnight. Data releases include Thailand May CPI, China May trade data, RBI policy rate decision, US nonfarm payrolls, among others.

Oil: WTI and Brent rose by more than 1.8% on Thursday to close higher at USD75.6/bbl and USD79.9/bbl respectively. Support for oil prices was buoyed by assurance from OPEC+ ministers that the output agreement for eight member countries to gradually unwind (from 4Q24 onwards) is dependent on conditions in the oil market.

Major Markets

ID: Indonesia and South Korea signed a memorandum of understanding to incentivize carbon emission reductions by companies from both countries during the Indo-Pacific Economic Affairs (IPEF) Ministerial-Level Meeting in Singapore. Coordinating Minister for Economic Affairs, Airlangga Hartarto, and South Korean Trade Minister Inkyo Cheong formalized the MoU to implement Article 6 of the Paris Agreement. The agreement encourages bilateral cooperation on carbon reduction projects, with financial support from South Korea's Ministry of Trade, Industry, and Energy (MOTIE). Indonesia aims to achieve net-zero emissions by 2060 or sooner through this collaborative effort.

MY: At the inaugural Clean Economy Investor Forum, Malaysia and other Indo-Pacific Economic Affairs (IPEF) partners identified over USD23 billion in priority infrastructure projects, with USD6 billion ready for investment. The Ministry of Investment, Trade and Industry (MITI) announced this, highlighting the participation of Minister Zafrul Abdul Aziz. Minister Aziz

Key Market Movements

Equity	Value	% chg
S&P 500	5353.0	0.0%
DJIA	38886	0.2%
Nikkei 225	38704	0.6%
SH Comp	3048.8	-0.5%
STI	3330.8	0.0%
Hang Seng	18477	0.3%
KLCI	1614.7	0.4%
	Value	% chg
DXY	104.102	-0.2%
USDJPY	155.61	-0.3%
EURUSD	1.0890	0.2%
GBPUSD	1.2791	0.0%
USDIDR	16260	-0.2%
USDSGD	1.3458	-0.2%
SGDMYR	3.4851	0.0%
	Value	chg (bp)
2Y UST	4.72	0.18
10Y UST	4.29	1.15
2Y SGS	3.33	-2.00
10Y SGS	3.22	-4.49
3M SORA	3.67	0.27
3M SOFR	5.35	0.02
	Value	% chg
Brent	79.87	1.9%
WTI	75.55	2.0%
Gold	2376	0.9%
Silver	31.33	4.4%
Palladium	933	-0.3%
Copper	10149	2.3%
BCOM	103.46	1.6%

Source: Bloomberg

signed three significant agreements—the IPEF Agreement, the Clean Economy Agreement, and the Fair Economy Agreement—on behalf of Malaysia, aiming to advance the regional cooperation in clean energy and economic development.

ESG Updates

ID: PLN’s green super grid, a 50,000km transmission network connecting renewable energy sources across Indonesia, is estimated to require US\$25 bn to build. The grid would play an important role in enabling Indonesia’s energy transition and achieving its climate goals.

Rest of the world: Azerbaijan, which will host COP29 this year, is hoping to raise the share of renewables across its energy sector to almost a third with over \$2 billion in green investments. This amount would help produce 5.3 billion kWh of electricity, estimated to save 1.2 billion cubic metres of gas and reduce emissions by up to 2.5 million tonnes. However, Azerbaijan would continue pushing fossil fuels.

Credit Market Updates

Market Commentary: The SGD SORA curve traded lower yesterday, with short tenors trading 2-4bps lower, belly tenors trading 5-6bps lower and 10Y trading 6bps lower. Theta Capital Pte Ltd, a unit of Indonesian developer PT Lippo Karawaci Tbk, accepted USD170.6mn of its LPKRIJ 8.125% '25s and USD48.9mn of its LPKRIJ 6.75% '26s that were tendered by note holders as part of its offer to pay at least USD965 for every USD1,000 in principal amount of the notes due 22 January 2025 and at least USD895 for the ones due 31 October 2026. Country Garden Holdings Co. (“COGARD”)’s winding up petition in Hong Kong’s High Court has been further adjourned to 29 July following a previous four-week extension to 11 June that it received in early May to work on a restructuring plan. The petition relates to a winding-up petition by creditor Ever Credit Ltd to liquidate COGARD due to non-payments on a term loan facility. Bloomberg Asia USD Investment Grade traded flat at 79bps while Asia USD High Yield tightened by 1bps to 499bps. (Bloomberg, OCBC)

New Issues:

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

- Bank of China Ltd/Sydney priced a USD800mn 3Y FRN at SOFR+50bps.

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

- HSBC Holdings PLC priced a SGD1.5bn PerpNC5.5 AT1 at 5.25%.

Mandates:

- There are no Asiadollar mandates for today.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	#NAME?	#NAME?	USD-SGD	#NAME?	#NAME?
USD-JPY	#NAME?	#NAME?	EUR-SGD	#NAME?	#NAME?
EUR-USD	#NAME?	#NAME?	JPY-SGD	#NAME?	#NAME?
AUD-USD	#NAME?	#NAME?	GBP-SGD	#NAME?	#NAME?
GBP-USD	#NAME?	#NAME?	AUD-SGD	#NAME?	#NAME?
USD-MYR	#NAME?	#NAME?	NZD-SGD	#NAME?	#NAME?
USD-CNY	#NAME?	#NAME?	CHF-SGD	#NAME?	#NAME?
USD-IDR	#NAME?	#NAME?	SGD-MYR	#NAME?	#NAME?
USD-VND	#NAME?	#NAME?	SGD-CNY	#NAME?	#NAME?

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	#NAME?	#NAME?	1M	#NAME?	#NAME?
3M	#NAME?	#NAME?	2M	#NAME?	#NAME?
6M	#NAME?	#NAME?	3M	#NAME?	#NAME?
12M	#NAME?	#NAME?	6M	#NAME?	#NAME?
			1Y	#NAME?	#NAME?

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
05/01/2024	#NAME?	#NAME?	#NAME?
06/12/2024	#NAME?	#NAME?	#NAME?
07/31/2024	#NAME?	#NAME?	#NAME?
09/18/2024	#NAME?	#NAME?	#NAME?
11/07/2024	#NAME?	#NAME?	#NAME?
12/18/2024	#NAME?	#NAME?	#NAME?
01/29/2025	#NAME?	#NAME?	#NAME?

Equity and Commodity

Index	Value	Net change
DJIA	#NAME?	#NAME?
S&P	#NAME?	#NAME?
Nasdaq	#NAME?	#NAME?
Nikkei 225	#NAME?	#NAME?
STI	#NAME?	#NAME?
KLCI	#NAME?	#NAME?
JCI	#NAME?	#NAME?
Baltic Dry	#NAME?	#NAME?
VIX	#NAME?	#NAME?

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	#NAME?	#NAME?
5Y	#NAME?	#NAME?
10Y	#NAME?	#NAME?
15Y	#NAME?	--
20Y	#NAME?	--
30Y	#NAME?	#NAME?

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	#NAME?	(--)
TED	#NAME?	--

Secured Overnight Fin. Rate

SOFR	#NAME?
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	#N/A Requestir	#VALUE!	Corn (per bushel)	#VALUE!	#VALUE!
Brent (per barrel)	#N/A Requestir	#VALUE!	Soybean (per bushel)	#VALUE!	#VALUE!
Heating Oil (per gallon)	#N/A Requestir	#VALUE!	Wheat (per bushel)	#VALUE!	#VALUE!
Gasoline (per gallon)	#N/A Requestir	#VALUE!	Crude Palm Oil (MYR/MT)	#VALUE!	#VALUE!
Natural Gas (per MMBtu)	#N/A Requestir	#VALUE!	Rubber (JPY/KG)	309.500	2.8%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	#N/A Requestir	#VALUE!	Gold (per oz)	#N/A Reques	#VALUE!
Nickel (per mt)	#N/A Requestir	#VALUE!	Silver (per oz)	#N/A Reques	#VALUE!

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

Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
45479	CH	Trade Balance	May	\$72.15b	--	\$72.35b	--
06/07/2024 00:00	CH	Exports YoY	May	0.057	--	0.015	--
06/07/2024 00:00	CH	Imports YoY	May	0.043	--	8.40%	--
06/07/2024 06:13	VN	Domestic Vehicle Sales YoY	May	--	--	1.80%	--
06/07/2024 11:30	TH	CPI YoY	May	0.012	--	0.0019	--
06/07/2024 11:30	TH	CPI Core YoY	May	0.39%	--	0.37%	--
06/07/2024 12:30	IN	RBI Repurchase Rate	39234	6.50%	--	6.50%	--
06/07/2024 14:00	GE	Industrial Production SA MoM	Apr	0.20%	--	-0.40%	--
06/07/2024 15:30	TH	Gross International Reserves	11444	--	--	\$225.1b	--
06/07/2024 17:00	EC	GDP SA QoQ	1Q F	0.30%	--	0.30%	--
06/07/2024 17:00	EC	GDP SA YoY	1Q F	0.40%	--	0.40%	--
06/07/2024 20:30	US	Change in Nonfarm Payrolls	May	180k	--	175k	--
06/07/2024 20:30	CA	Unemployment Rate	May	0.062	--	0.061	--
06/07/2024 20:30	US	Unemployment Rate	May	0.039	--	0.039	--
06/07/2024 20:30	CA	Net Change in Employment	May	22.5k	--	90.4k	--
06/07/2024 22:00	US	Wholesale Inventories MoM	Apr F	0.002	--	0.002	--

Source: Bloomberg

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