

## Daily Treasury Outlook

8 November 2024

### Highlights

**Global:** Donald Trump was officially declared President-elect of the US last night (SGT), before which the Senate had shifted to a Republican majority. The House results are still being determined, but it looks like the GOP has the upper hand as of 9:08am SGT, with 205 seats (versus 190 for the Democrats), according to the Associated Press. A majority is 218 seats. The return of Trump as President and a potential ‘red sweep’ has clear implications for the economy and financial markets. The market reaction was telling, equities were higher (S&P: +2.53%; NASDAQ: +2.95%; Dow: +3.5%), the DXY index rose along with UST yields. For the economy, the focus shifts to the fiscal and tariff implications. President-elect Trump’s fiscal plans during his campaign trail underscored a largesse, which would significantly widen medium-term fiscal deficits and further raise debt levels. However, the potential corporate tax cuts and tax exemptions on worker tips etc., could be beneficial to growth in the near-term.

Furthermore, higher, and broader tariffs are back on the table. This time, they may not be limited to China and Mexico but possibly also targeting the EU. For the ASEAN region, our bottom-line is that Vietnam is the most exposed should tariffs of 10-20% be imposed on all trading partners, followed by the other open economies of Malaysia, Thailand, and Singapore. Singapore, however, has a bilateral FTA with the US which makes the impact of potential tariffs slightly more ambiguous. The domestic-oriented economies of Indonesia and the Philippines could be less exposed. Elsewhere, Bank Negara Malaysia kept its policy rate unchanged at 3.00% and noted that “the US elections could heighten volatility in the near term” for the currency (MYR).

**Market Watch:** With the elections largely out of the way, the focus shifts to the 7 November US FOMC and we continue to expect a 25bp cut. The US weekly labour data including initial jobless claims and continuing claims are slated for release. Other data releases today include Australia’s September trade balance, the Philippines 3Q24 GDP print, Germany’s September industrial production, Eurozone September retail sales and China’s October trade data. On the central bank front, Sveriges Riksbank, Norges Bank and the Bank of England (BoE) meet today, where we expect the BoE to cut its Bank rate by 25bp to 4.75%.

### Key Market Movements

Equity	Value	% chg
S&P 500	5929.0	2.5%
DJIA	43730	3.6%
Nikkei 225	39481	2.6%
SH Comp	3383.8	-0.1%
STI	3603.0	0.6%
Hang Seng	20538	-2.2%
KLCI	1634.2	0.8%
	Value	% chg
DXY	105.088	1.6%
USDJPY	154.63	2.0%
EURUSD	1.0729	-1.8%
GBPUSD	1.2879	-1.2%
USDIDR	15830	0.6%
USDSGD	1.3329	1.4%
SGDMYR	3.3106	0.4%
	Value	chg (bp)
2Y UST	4.26	8.52
10Y UST	4.43	16.07
2Y SGS	2.83	4.50
10Y SGS	2.93	6.28
3M SORA	3.35	-0.77
3M SOFR	5.10	-0.57
	Value	% chg
Brent	74.92	-0.8%
WTI	71.69	-0.4%
Gold	2659	-3.1%
Silver	31.18	-4.5%
Palladium	1038	-3.8%
Copper	9343	-4.1%
BCOM	98.13	-1.0%

Source: Bloomberg

**Oil:** Crude oil prices fell on Wednesday after five consecutive sessions of price increases. WTI and Brent declined by 0.4% and 0.8%, closing at USD71.7/bbl and USD79.6/bbl, respectively. The decline in oil prices was partly driven by a stronger DXY profile. Additionally, a larger-than-expected buildup in US crude oil and fuel inventories exerted further downward pressure on oil prices. According to the Energy Information Administration (EIA), US crude, gasoline and distillate inventories rose by 2.1mn bbls, 0.4mn bbls, and 2.9mn bbls, respectively, to 427.7mn bbls, 211.3mn bbls, 115.8mn bbls for the week ending 1 November.

## Major Markets

**ID:** Singapore and Indonesia have explored "new and exciting opportunities" for cooperation in areas such as defines, trade, and investments, with a focus on Indonesia's priorities like food, energy security, digital technologies, and healthcare according to Singapore Prime Minister Lawrence Wong. PM Lawrence Wong met with President Prabowo Subianto in Jakarta on 6 November, marking his fourth meeting with President Prabowo this year.

**MY:** Bank Negara Malaysia (BNM) kept its policy rate unchanged at 3.00%, in line with expectations. BNM's assessment on global economic growth was broadly unchanged from its previous meeting on 5 September. On the domestic front, BNM's outlook for Malaysia's economic prospects remained positive. This is broadly consistent with our assessment. We forecast 2024 and 2025 GDP growth of 5.0% and 4.5%, respectively. BNM noted that "going forward, exports are expected to be supported by the global tech upcycle...the national master plans." Specifically, BNM noted that "Budget 2025 measures will provide additional support to growth." Our baseline is for BNM to keep its policy rate unchanged at 3.00% in 2025. However, we expect BNM to remain vigilant of second-round inflationary pressures, and do not rule out the possibility of a rate hike in 2H25 should inflationary pressures become more pervasive.

**TH:** Headline CPI edged higher to 0.8% YoY in October versus 0.6% in September. Meanwhile, core inflation remained steady at 0.8% YoY. The main drivers of higher inflation were driven by smaller year-on-year contractions in the 'Apparel & Footwears' (-0.5% YoY versus -0.7%) and 'Transport & Communication' (-0.3% YoY versus -1.8%) components. This more than offset lower food inflation (1.9% YoY versus 2.3%). Headline inflation has mostly trended below the Bank of Thailand's (BoT) target range of 1-3%, and we expect it to return to target for the remaining months of the year. On monetary policy, we maintain the view that the BoT's rate cuts will be shallow, with another 25bp rate cut expected in 1Q25, bringing the policy rate to 2.00%.

**VN:** Headline inflation rose to 2.9% YoY in October, up from 2.6% in September, with the core print also increasing to 2.7% YoY from 2.5%. Food and foodstuff CPI rose by 4.4% YoY in October versus 3.9% in September, as the impact of weather disruptions lingers. Meanwhile, transportation CPI was modestly higher (-3.2% YoY in October compared to -5.3% in September), in line with higher domestic fuel prices. The October figure brings the year-to-date headline CPI average to 3.8% YoY, which is broadly in line with our 2024 CPI forecast of 3.7%.

## ESG Updates

**CN:** China has requested that countries hold talks at COP29 on carbon border taxes and other trade measures that are impacting developing countries. Countries like Brazil, India and Indonesia have criticised the EU's trade-related climate policies including the EU regulation on deforestation-free products and the Carbon Border Adjustment Mechanism that impose taxes on imports of emissions-intensive products. The EU has previously said trade issues should be discussed at the World Trade Organisation, rather than at UN climate talks. Therefore, the topic may not be on the COP29 agenda despite concerns from many countries surrounding EU carbon border taxes.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded higher yesterday, with shorter tenors trading 1-4bps higher, belly tenors trading 6-7bps higher and 10Y trading 7bps higher. Global credit markets saw spreads tighten following Donald Trump's victory in the US presidential election. Aside from yields trading higher, investors anticipated tax cuts and reduced regulations that could enhance corporate profits. Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 73bps while Bloomberg Asia USD High Yield spreads tightened by 4bps to 438bps. (Bloomberg, OCBC)

### New Issues:

There was no notable issuance in the Asiadollar and Singdollar market yesterday.

### Mandates:

- Singapore Medical Group Ltd. is planning to issue an SGD 5Y Senior Unsecured bond guaranteed by Credit Guarantee & Investment Facility ("CGIF").

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	105.088	1.61%	USD-SGD	1.3329	1.41%
USD-JPY	154.630	1.99%	EUR-SGD	1.4303	-0.43%
EUR-USD	1.073	-1.84%	JPY-SGD	0.8620	-0.53%
AUD-USD	0.657	-1.04%	GBP-SGD	1.7168	0.15%
GBP-USD	1.288	-1.25%	AUD-SGD	0.8758	0.40%
USD-MYR	4.404	1.32%	NZD-SGD	0.7915	0.27%
USD-CNY	7.175	0.99%	CHF-SGD	1.5203	-0.12%
USD-IDR	15830	0.60%	SGD-MYR	3.3106	0.36%
USD-VND	25390	0.19%	SGD-CNY	5.3864	-0.35%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.0920	-1.15%	1M	4.6069	0.05%
3M	3.0570	-0.59%	2M	4.5578	-0.21%
6M	2.9230	0.24%	3M	4.5177	-0.15%
12M	2.6300	0.42%	6M	4.4120	-0.19%
			1Y	4.2459	-0.10%

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
11/07/2024	-0.998	-0.249	4.581
12/18/2024	-1.689	-0.422	4.408
01/29/2025	-2.090	-0.522	4.307
03/19/2025	-2.730	-0.683	4.148
05/07/2025	-3.137	-0.784	4.046
06/18/2025	-3.576	-0.894	3.936

## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	71.69	-0.42%	Corn (per bushel)	4.263	1.9%
Brent (per barrel)	74.92	-0.81%	Soybean (per bushel)	9.945	0.1%
Heating Oil (per gallon)	227.00	-1.48%	Wheat (per bushel)	5.733	0.1%
Gasoline (per gallon)	203.54	-0.45%	Crude Palm Oil (MYR/MT)	49.990	1.7%
Natural Gas (per MMBtu)	2.75	2.88%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9343.00	-4.06%	Gold (per oz)	2659.1	-3.1%
Nickel (per mt)	16127.00	0.02%	Silver (per oz)	31.2	-4.5%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Equity and Commodity

Index	Value	Net change
DJIA	43,729.93	1508.05
S&P	5,929.04	146.28
Nasdaq	18,983.46	544.29
Nikkei 225	39,480.67	1005.77
STI	3,602.99	21.38
KLCI	1,634.17	13.47
JCI	7,383.87	-108.06
Baltic Dry	1,405.00	31.00
VIX	16.27	-4.22

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.83 (+0.04)	4.26(--)
5Y	2.81 (+0.06)	4.27 (+0.12)
10Y	2.93 (+0.06)	4.42 (+0.16)
15Y	2.99 (+0.06)	--
20Y	2.94 (+0.06)	--
30Y	2.86 (+0.05)	4.59 (+0.17)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.82
------	------

## Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
11/07/2024	CH	Trade Balance	Oct	\$75.00b	--	\$81.71b	--
11/07/2024	CH	Exports YoY	Oct	5.00%	--	2.40%	--
11/07/2024	CH	Imports YoY	Oct	-2.00%	--	0.30%	--
11/07/2024	CH	Foreign Reserves	Oct	\$3286.00b	--	\$3316.37b	--
11/07/2024 07:00	SK	BoP Current Account Balance	Sep	--	\$11124.4m	\$6595.3m	\$6517.6m
11/07/2024 07:30	JN	Labor Cash Earnings YoY	Sep	3.00%	2.80%	3.00%	2.80%
11/07/2024 08:30	AU	Trade Balance	Sep	A\$5274m	--	A\$5644m	--
11/07/2024 10:00	PH	GDP YoY	3Q	5.70%	--	6.30%	--
11/07/2024 11:13	VN	Domestic Vehicle Sales YoY	Oct	--	--	33.50%	--
11/07/2024 11:00	ID	Foreign Reserves	Oct	--	--	\$149.9b	--
11/07/2024 15:00	GE	Industrial Production SA MoM	Sep	-1.00%	--	2.90%	--
11/07/2024 16:30	HK	Foreign Reserves	Oct	--	--	\$422.8b	--
11/07/2024 20:00	UK	Bank of England Bank Rate	Nov-07	4.75%	--	5.00%	--
11/07/2024 21:30	US	Initial Jobless Claims	Nov-02	222k	--	216k	--
11/07/2024 21:30	US	Continuing Claims	Oct-26	1873k	--	1862k	--
11/07/2024 23:00	US	Wholesale Inventories MoM	Sep F	-0.10%	--	-0.10%	--

Source: Bloomberg

Follow our podcasts by searching 'OCBC Research Insights' on Telegram!

## Macro Research

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

**Tommy Xie Dongming**  
Head of Asia Macro 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 & Taiwan Economist  
[herberthtwong@ocbc.com](mailto:herberthtwong@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  
[jonathannq4@ocbc.com](mailto:jonathannq4@ocbc.com)

**Ong Shu Yi**  
ESG Analyst  
[shuyionq1@ocbc.com](mailto:shuyionq1@ocbc.com)

## FX/Rates Strategy

**Frances Cheung, CFA**  
Head of FX & Rates Strategy  
[francescheung@ocbc.com](mailto:francescheung@ocbc.com)

**Christopher Wong**  
FX Strategist  
[christopherwong@ocbc.com](mailto:christopherwong@ocbc.com)

## Credit Research

**Andrew Wong**  
Head of Credit Research  
[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  
[menqteechin@ocbc.com](mailto:menqteechin@ocbc.com)

This publication is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, Bank of Singapore Limited, OCBC Investment Research Private Limited, OCBC Securities Private Limited or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.: 193200032W