

## Daily Treasury Outlook

9 December 2024

### Highlights

**Global:** News that Syrian president Bashar al-Assad has left the capital Damascus as rebels advanced just adds to the political instability and uncertainties in the Middle East. However, risk sentiments remained generally supported by a healthy, but not an overly strong, US labour market report. On Friday, US nonfarm payrolls rebounded from 12k in October (depressed by hurricanes and strikes) to 227k in November, near consensus forecast of 225k and aided by improved hiring in most sectors. Meanwhile the two-month NFP revision was +56k, but the unemployment rate inched up from 4.1% to 4.2% (just shy of a rounding up to 4.3%) and is likely to weigh on the Fed decision later this week. The median duration of unemployment also rose to 10.5 weeks, highest since May 2017. However, the rebound in average weekly hours to 34.2 hours worked aided wage growth with average hourly earnings improving to 0.4% MoM and 4.0% YoY. Post-NFP, the probability of another 25bps rate cut rose from ~70% to more than 80%. The S&P500 gained 0.25% to a fresh record on Friday while the 10-year bond yield fell 3bps to 4.15%. US president-elect Trump opined that he has no plans to replace Fed chair Powell. Meanwhile, Fed's Bowman reiterated her preference to cut rates, while Hammack opined "we are at or near the point where it makes sense to slow the pace of rate reductions". This implies that the upcoming FOMC statement and dot plot will likely be crucial to signalling any plans to pause, possibly as early as the January meeting. The University of Michigan sentiment index also improved from 71.8 to 74.0 in December, the highest in seven months, whilst the 1-year inflation gauge accelerated from 2.6% to 2.9% (likely attributable to Trump 2.0 policies). Elsewhere, decelerating Eurozone wage growth from 4.7% in 2Q24 to 4.4% in 3Q24 may pave the way for the ECB to trim rate in December. Separately, South Korean president Yoon Suk Yeol managed to avoid impeachment over the weekend, but the political drama may not be over.

**Market Watch:** Asian markets are likely to open with a mixed tone this morning, while awaiting China's November CPI and PPI data releases. Also on tap today are Taiwan's exports, Japan's Eco Watchers Survey, Eurozone's Sentix investor confidence and US' wholesale inventories. BOE's Ramadan is also speaking today. For the week ahead, watch China's data dump (including trade, monetary aggregates, new yuan loans, FDI etc), US' November CPI (with core CPI tipped to hold at 3.3% YoY and 0.3% MoM), Germany and India's CPI, Malaysia, India's and HK's industrial production, US' PPI and initial jobless claims, and Japan's 4Q Tankan. On the central bank front, there is RBA policy decision tomorrow (likely static at 4.35%), Bank of Canada (likely jumbo 50bps cut to 3.25%) on Wednesday, ECB policy decision (likely to cut 25bps to 3% for the deposit facility rate, 3.15% for the main refinancing rate and 3.4% for the marginal lending facility) on Thursday. China's work conference scheduled for later this week is also expected to set the tone for further policy support.

### Key Market Movements

Equity	Value	% chg
S&P 500	6090.3	0.2%
DJIA	44643	-0.3%
Nikkei 225	39091	-0.8%
SH Comp	3404.1	1.0%
STI	3796.2	-0.7%
Hang Seng	19866	1.6%
KLCI	1613.3	-0.1%
	<b>Value</b>	<b>% chg</b>
DXY	106.055	0.3%
USDJPY	150	-0.1%
EURUSD	1.0568	-0.2%
GBPUSD	1.2744	-0.1%
USDIDR	15850	-0.1%
USDSGD	1.3427	0.3%
SGDMYR	3.2969	-0.1%
	<b>Value</b>	<b>chg (bp)</b>
2Y UST	4.10	-4.01
10Y UST	4.15	-2.32
2Y SGS	2.74	-0.30
10Y SGS	2.71	-0.14
3M SORA	3.19	-0.79
3M SOFR	4.86	-0.84
	<b>Value</b>	<b>% chg</b>
Brent	71.12	-1.3%
WTI	67.2	-1.6%
Gold	2633	0.1%
Silver	30.97	-1.1%
Palladium	960	-0.7%
Copper	9123	0.5%
BCOM	97.48	0.1%

Source: Bloomberg

**SG:** November NODX is likely to contract for a second month by 0.1% YoY (9.3% MoM sa), albeit milder than the October contraction of 4.6% YoY (-7.4% MoM sa). Electronics NODX may have continued to outperform at 15.3% YoY after expanding 2.6% YoY in October.

**Oil:** Crude oil benchmarks extended their losses for the third consecutive trading session, with WTI and Brent declining by 1.6% and 1.3%, respectively, closing at USD67.2/bbl and USD71.2/bbl. Despite a delay to OPEC+ planned production increases and an extension of the group's existing production cuts until end-2026, sentiment in the oil market remains weak due to concerns about a potential oil supply glut in 2025.

## Major Markets

**CN:** In November 2024, the People's Bank of China (PBOC) increased its gold reserves by 160,000 ounces, bringing the total to 72.96 million ounces. This marks the first addition since May, following an 18-month streak of consistent purchases. The decision to increase gold holdings, particularly following Trump's recent election victory, reflects the PBOC's proactive approach to safeguarding economic stability amid evolving global conditions.

**ID:** The foreign reserves fell to USD150.2bn at the end of November 2024, down from USD151.2bn in October, partly due to the government's external debt payments. The FX reserves are equivalent to 6.5 months of imports or 6.3 months of imports and servicing the government's external debt, which is above the international reserve adequacy standard of three months.

**MY:** The State of Penang aims to train at least 500 integrated circuit (IC) design engineers through the 'Penang Silicon Design @5km+' initiative, supporting the country's National Semiconductor Strategic Plan to produce 60,000 high-skilled engineers by 2030. The Penang Chip Design Academy, which is expected to be fully operational by early 2025, will offer upskilling programs for engineers and graduates, with a focus on silicon research and incubation space, as reported by The Edge. Chief Minister Chow Kon Yeow noted that there are over 30 IC design firms in the state of Penang, and the initiatives are expected to attract MYR 120 million in investment over the next five years.

**TH:** PM Paetongtarn Shinawatra has ruled out any immediate move to raise the VAT to 15%. This decision follows a proposal by Finance Minister Pichai Chunhavajira to increase the VAT in order to address income inequality and allocate funds to bolster economic growth. Separately, spokesman Jirayu Hongsud announced that the THB40bn cash handout for the elderly is expected to be delayed to February.

**PH:** The Philippine Statistics Authority (PSA) reported that the unemployment rate rose to 3.9% in October, up from 3.7% in September (October 2023: 4.2%). Meanwhile, the labour force participation rate dipped to 63.3% in October, down from 65.7% in September (October 2023: 63.9%). By economic sector, the PSA stated that there was an annual increase in the number of employed persons in the following areas: 'administrative and support service activities', 'accommodation and food service activities', 'transportation and storage', 'construction', 'mining and quarrying'.

**VN:** Headline inflation eased by more than expected to 2.8% YoY in November, down from 2.9% in October (Consensus: 3.0%). Food and foodstuff inflation eased (4.1% YoY in November from 4.4% in October), but remained elevated, while transportation CPI stayed negative (-3.3% versus -3.2%). Conversely, core inflation rose to 2.8% YoY in November versus 2.7% in October. The November figure brings the average CPI for October and November to 2.8%, down from 3.5% in 2Q24. Meanwhile, trade performance was notably weaker in November, Specifically, exports slowed to a 9-month low of 8.2% YoY in November 2024 from 10.2% in October. Similarly, import growth slowed to 9.8% YoY in November, down from 13.8% in October. Consequently, the trade surplus narrowed to USD1.1bn from USD2.0bn in October.

## ESG Updates

**SG:** Singapore and Australia are in discussions to deepen military ties, including increasing access to each other's military facilities, in addition to other areas of cooperation such as food security, energy and climate change. Australia also announced that it will invest US\$50mn in Singapore's blended finance initiative, known as the Financing Asia's Transition Partnership (Fast-P) initiative, to support Southeast Asia in meeting its net-zero ambitions. Other green initiatives both countries are looking at include the development of hydrogen as an alternative fuel.

**ID:** ExxonMobil has committed to investing US\$15bn to advance carbon capture and storage (CCS) technology in Indonesia, as the country has strong potential as a CCS hub. There is also strong expertise in the energy and industrial sector to tap Indonesia's existing infrastructure to utilise geological CO2 storage sites. Advancing CCS technologies can support hard-to-abate industries in Indonesia to decarbonise, including the steel and cement industries.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded lower last Friday, with shorter tenors trading 1-2bps lower, belly tenors trading 3bps lower and 10Y trading 4bps lower. Australia's banking regulator is moving forward with plans to eliminate the market for contingent convertible securities, becoming the first nation to do so following the total loss of these securities after Credit Suisse's collapse last year. The Australian Prudential Regulation Authority (APRA) announced on Monday its intention to phase out Additional Tier 1 capital instruments in favour of more cost-effective and dependable capital forms that can better absorb losses during periods of financial stress. APRA aims to finalize these changes by the end of next year, with the new framework set to take effect in January 2027. Bloomberg Asia USD Investment Grade spreads widened by 2bps to 77bps while Bloomberg Asia USD High Yield spreads widened by 7bps to 463bps. (Bloomberg, OCBC)

### New Issues:

There were two notable issuances in the Asiadollar market last Friday.

- Qingdao Pingdu Holdings Group Co. Ltd. priced a USD216mn 3Y Social, Fixed at Par to Yield 6.9%.
- Trade and Development Bank of Mongolia LLC priced a USD200mn 3Y Fixed at 8.5%.

There was one notable issuance in the Singdollar market last Friday.

- Allgreen Treasury Pte. Ltd. (guarantor: Allgreen Properties Ltd) priced a SGD150mn 5Y FRM at 6M Compounded SORA+80bps.

### Mandates:

- There were no new Asiadollar mandates last Friday.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	106.055	0.32%	USD-SGD	1.3427	0.28%
USD-JPY	150.000	-0.07%	EUR-SGD	1.4191	0.13%
EUR-USD	1.057	-0.17%	JPY-SGD	0.8951	0.38%
AUD-USD	0.639	-0.96%	GBP-SGD	1.7103	0.13%
GBP-USD	1.274	-0.12%	AUD-SGD	0.8579	-0.69%
USD-MYR	4.418	-0.21%	NZD-SGD	0.7828	-0.65%
USD-CNY	7.272	0.18%	CHF-SGD	1.5279	0.28%
USD-IDR	15850	-0.06%	SGD-MYR	3.2969	-0.11%
USD-VND	25385	-0.03%	SGD-CNY	5.4163	-0.06%

## Equity and Commodity

Index	Value	Net change
DJIA	44,642.52	-123.19
S&P	6,090.27	15.16
Nasdaq	19,859.77	159.05
Nikkei 225	39,091.17	-304.43
STI	3,796.16	-26.52
KLCI	1,613.25	-2.39
JCI	7,382.79	69.47
Baltic Dry	1,167.00	7.00
VIX	12.77	-0.77

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.0050	-0.73%	1M	4.4584	-0.23%
3M	2.8680	-0.45%	2M	4.4179	-0.08%
6M	2.6540	0.45%	3M	4.3915	-0.07%
12M	2.3990	0.46%	6M	4.2832	-0.08%
			1Y	4.1244	-0.10%

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.74 (--)	4.1(--)
5Y	2.67 (--)	4.04 (-0.04)
10Y	2.71 (--)	4.14 (-0.02)
15Y	2.75 (--)	--
20Y	2.73 (-0.01)	--
30Y	2.69 (-0.01)	4.33(--)

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
12/18/2024	-0.851	-0.213	4.368
01/29/2025	-1.172	-0.293	4.288
03/19/2025	-1.802	-0.451	4.130
7/5/2025	-2.187	-0.547	4.034
06/18/2025	-2.662	-0.665	3.915
07/30/2025	-2.932	-0.733	3.847

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.59
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	67.20	-1.61%	Corn (per bushel)	4.308	1.0%
Brent (per barrel)	71.12	-1.35%	Soybean (per bushel)	9.938	0.0%
Heating Oil (per gallon)	213.26	-1.07%	Wheat (per bushel)	5.425	-0.8%
Gasoline (per gallon)	190.62	-1.36%	Crude Palm Oil (MYR/MT)	53.360	0.1%
Natural Gas (per MMBtu)	3.08	-0.10%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9122.50	0.53%	Gold (per oz)	2633.4	0.1%
Nickel (per mt)	16047.00	0.46%	Silver (per oz)	31.0	-1.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
12/9/2024 7:50	JN	GDP SA QoQ	3Q F	0.30%	0.30%	0.20%	--
12/9/2024 7:50	JN	GDP Annualized SA QoQ	3Q F	1.00%	1.20%	0.90%	--
12/9/2024 7:50	JN	BoP Current Account Balance	Oct	¥2347.1b	¥2456.9b	¥1717.1b	--
12/9/2024 7:50	JN	GDP Deflator YoY	3Q F	2.50%	2.40%	2.50%	--
12/9/2024 7:50	JN	Inventory Contribution % GDP	3Q F	0.10%	0.20%	0.10%	--
12/9/2024 7:50	JN	Trade Balance BoP Basis	Oct	-¥295.0b	-¥155.7b	-¥315.2b	--
12/9/2024 7:50	JN	Net Exports Contribution % GDP	3Q F	-0.40%	-0.20%	-0.40%	--
12/9/2024 9:30	CH	CPI YoY	Nov	0.40%	--	0.30%	--
12/9/2024 9:30	CH	PPI YoY	Nov	-2.80%	--	-2.90%	--
12/09/2024 12/13	VN	Domestic Vehicle Sales YoY	Nov	--	--	49.70%	--
12/09/2024 12/15	CH	Money Supply M2 YoY	Nov	7.50%	--	7.50%	--
12/09/2024 12/15	CH	Aggregate Financing CNY YTD	Nov	29716.0b	--	27060.0b	--
12/09/2024 12/15	CH	Money Supply M1 YoY	Nov	-5.00%	--	-6.10%	--
12/09/2024 12/15	CH	Money Supply M0 YoY	Nov	--	--	12.80%	--
12/9/2024 16:00	TA	Exports YoY	Nov	8.50%	--	8.40%	--
12/9/2024 23:00	US	Wholesale Inventories MoM	Oct F	0.20%	--	0.20%	--

Source: Bloomberg

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