

Daily Treasury Outlook

11 December 2024

Highlights

Global: The latest U.S. economic data continues to present an encouraging outlook. Nonfarm productivity, which measures hourly output per worker, grew at an unrevised 2.2% annualized rate in Q3, surpassing the 1.5% average growth seen during the last business cycle (2007–2019). However, the strong productivity gains pose challenges for the Federal Reserve’s policy decisions. On a positive note, unit labor costs rose at a slower-than-expected pace of 0.8% in Q3, while the Q2 figure was revised down to a decline of 1.1% from the previously reported 2.4% gain. These downward revisions reflect easing labor costs, which could support a more favorable inflation outlook. According to a Reuters survey, over 90% of economists expect the Fed to cut rates by 25bps in December, but most now anticipate the central bank to hold rates steady at the January meeting.

Meanwhile, the Bank for International Settlements (BIS) issued a warning in its latest report about the risks posed by soaring government debt supplies to financial market stability. The BIS highlighted fiscal concerns stemming from France’s budget deficit and Japan’s expansionary policies, noting a supply-demand imbalance in the U.S. Treasury market. Dealers reportedly hold record levels of unsold government debt, exacerbating market vulnerabilities.

In November, China’s export growth in dollar terms moderated to 6.7% YoY, down from 12.7% YoY in October. Imports contracted at a faster pace, falling 3.9% YoY compared to a 2.9% YoY decline previously. Consequently, the trade surplus expanded to USD 97.4 billion. Notably, exports to the U.S. and EU rose 8% YoY and 7.23% YoY, respectively, outpacing the headline growth rate. This suggests front-loading activity in anticipation of a potential trade war following Trump’s victory. This trend may continue to support China’s export performance in the near term.

Market Watch: Today, market focus will shift to the U.S. CPI data and the Bank of Canada (BoC) rate decision, with markets widely expecting a 50bps rate cut as the BoC positions the economy to mitigate potential trade war impacts.

Key Market Movements

Equity	Value	% chg
S&P 500	6034.9	-0.3%
DJIA	44248	-0.3%
Nikkei 225	39368	0.5%
SH Comp	3422.7	0.6%
STI	3813.6	0.5%
Hang Seng	20311	-0.5%
KLCI	1609.0	-0.2%
	Value	% chg
DXY	106.399	0.2%
USDJPY	151.95	0.5%
EURUSD	1.0527	-0.3%
GBPUSD	1.2771	0.2%
USDIDR	15865	0.0%
USDSGD	1.3419	0.1%
SGDMYR	3.3004	-0.1%
	Value	chg (bp)
2Y UST	4.14	1.85
10Y UST	4.23	2.51
2Y SGS	2.72	1.30
10Y SGS	2.70	1.75
3M SORA	3.16	-0.36
3M SOFR	4.82	-0.79
	Value	% chg
Brent	72.19	0.1%
WTI	68.59	0.3%
Gold	2694	1.3%
Silver	31.91	0.2%
Palladium	973	-0.4%
Copper	9217	-0.2%
BCOM	98.83	0.3%

Source: Bloomberg

Major Markets

ID: Bank Indonesia's retail sales survey estimates that retail sales growth eased to 1.7% YoY (0.4% MoM) in November, down from 1.5% in October. Retailers expect sales to be driven by several commodity groups, including automotive fuel, spare parts and accessories, as well as clothing. The November figure brings the October-November retail sales growth to 1.6% YoY, eased from the 5.0% growth in 3Q24. According to the same survey, respondents expect an uptick in inflationary pressure over the next three months (January) and a slight easing in six months (April 2025).

MY: The industrial production index growth slowed to 2.1% YoY in October, down from 2.3% in September. Notably, a deeper contraction in mining (-2.8% YoY in October from -2.2% in September) and easing in electricity production (2.5% from 3.9%) more than offset the slight improvement in manufacturing (3.3% from 3.2%). By orientation, export-oriented industries eased (3.3% from 3.4%), while domestic-oriented sectors improved (3.3% from 2.7%). Nonetheless, the October figure brings the January-October industrial production index growth to 3.7% YoY, surpassing the 0.8% growth during the same period in 2023.

TH: Deputy Government Spokesperson Sasikarn Wattanachan revealed that Thailand has seen a 20% drop in low-quality imported goods, mainly from China, following new regulations that restrict imports of cheap products that hurt businesses, especially in the agricultural, consumer, and industrial sectors. These measures, introduced in July, included stricter inspections and a 7% value-added tax on low-value imports below THB 1,500, resulting in significant seizures of counterfeit and substandard products.

PH: The World Bank has revised its growth forecast for the Philippines to 5.9% in 2024, down from 6.0% in an earlier projection, reflecting the adverse impact of a series of typhoons that have weighed on economic activities. Nonetheless, growth is expected to improve to 6.1% in 2025 and 6.0% in 2026. The bank also forecasts that headline inflation will ease from an expected 3.2% in 2024 to 3.1% in 2025 and 3.0% in 2026. On the external front, the current account deficit is projected to narrow to 1.7% of GDP in 2025, down from 1.9% in 2024, before narrowing further to 1.4% in 2026.

ESG Updates

CN: China has updated its development roadmap for carbon capture, utilisation and storage (CCUS) that follows the previous editions released in 2011 and 2019. According to the roadmap, 126 CCUS projects are planned for operation in the country, which is more than twice the number of projects in 2020 at 49. This represents good progress in CCUS projects in China, as part of efforts towards achieving carbon neutrality by 2060. The roadmap also noted that China still needs to promote the technical development of CCUS in key technologies such as direct air capture, pipeline transportation and enhanced oil recovery.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday, with shorter tenors trading flat to 1bp higher, belly tenors and 10Y trading 2bps higher. Issuance of Asiadollar bonds was sluggish as investors anticipated important US inflation data. Bloomberg Asia USD Investment Grade spreads remained flat at 76bps while Bloomberg Asia USD High Yield spreads tightened by 8bps to 450bps. (Bloomberg, OCBC)

New Issues:

There was one notable issuances in the Asiadollar market yesterday.

- Anhui Xihu Investment Holding Group Co Ltd priced a USD121mn 3Y Fixed at Par to Yield 7.5%.

There was one notable issuance in the Singdollar market yesterday.

- Cagamas Global PLC (guarantor: Cagamas Bhd) priced a SGD150mn 2Y Fixed at 3%.

Mandates:

- There were no new Asiadollar mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	106.399	0.24%	USD-SGD	1.3419	0.11%
USD-JPY	151.950	0.49%	EUR-SGD	1.4127	-0.13%
EUR-USD	1.053	-0.26%	JPY-SGD	0.8830	-0.38%
AUD-USD	0.638	-0.98%	GBP-SGD	1.7139	0.28%
GBP-USD	1.277	0.16%	AUD-SGD	0.8558	-0.86%
USD-MYR	4.427	0.01%	NZD-SGD	0.7782	-1.00%
USD-CNY	7.250	-0.12%	CHF-SGD	1.5198	-0.37%
USD-IDR	15865	0.00%	SGD-MYR	3.3004	-0.14%
USD-VND	25372	-0.01%	SGD-CNY	5.4035	-0.30%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.9440	-2.03%	1M	4.4501	-0.14%
3M	2.8620	-0.21%	2M	4.4124	-0.11%
6M	2.6610	0.26%	3M	4.3933	-0.06%
12M	2.4500	2.13%	6M	4.2907	-0.04%
			1Y	4.1471	-0.01%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
12/18/2024	-0.858	-0.215	4.367
01/29/2025	-1.115	-0.279	4.302
03/19/2025	-1.745	-0.436	4.145
05/07/2025	-2.117	-0.529	4.052
06/18/2025	-2.530	-0.632	3.949
07/30/2025	-2.795	-0.699	3.882

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	68.59	0.32%	Corn (per bushel)	4.405	1.5%
Brent (per barrel)	72.19	0.07%	Soybean (per bushel)	9.948	0.5%
Heating Oil (per gallon)	218.61	0.12%	Wheat (per bushel)	5.420	0.1%
Gasoline (per gallon)	195.68	0.22%	Crude Palm Oil (MYR/MT)	51.650	-2.7%
Natural Gas (per MMBtu)	3.16	-0.60%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9216.50	-0.17%	Gold (per oz)	2694.3	1.3%
Nickel (per mt)	15715.00	-1.76%	Silver (per oz)	31.9	0.2%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	44,247.83	-154.10
S&P	6,034.91	-17.94
Nasdaq	19,687.24	-49.45
Nikkei 225	39,367.58	207.08
STI	3,813.55	18.63
KLCI	1,608.97	-2.46
JCI	7,453.29	15.56
Baltic Dry	1,168.00	1.00
VIX	14.18	-0.01

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.72 (+0.01)	4.15(--)
5Y	2.64 (+0.01)	4.1 (+0.02)
10Y	2.7 (+0.02)	4.23 (+0.03)
15Y	2.76 (+0.03)	--
20Y	2.74 (+0.03)	--
30Y	2.69 (+0.02)	4.42 (+0.03)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.63
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Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
12/11/2024	SK	Unemployment rate SA	Nov	0.028	0.027	0.027	--
12/11/2024	JN	PPI YoY	Nov	3.40%	0.037	3.40%	0.036
12/11/2024	JN	PPI MoM	Nov	0.20%	0.003	0.20%	0.003
12/11/2024 12/13	TH	Consumer Confidence Economic	Nov	--	--	4960.00%	--
12/11/2024 12/15	CH	Money Supply M2 YoY	Nov	0.075	--	7.50%	--
12/11/2024 12/15	CH	Aggregate Financing CNY YTD	Nov	29791.0b	--	27060.0b	--
12/11/2024 12/15	CH	Money Supply M1 YoY	Nov	-5.00%	--	-6.10%	--
12/11/2024 12/15	CH	Money Supply M0 YoY	Nov	--	--	0.128	--
12/11/2024 20:00	US	MBA Mortgage Applications	Dec-06	--	--	2.80%	--
12/11/2024 21:30	US	CPI MoM	Nov	0.003	--	0.20%	--
12/11/2024 21:30	US	CPI YoY	Nov	2.70%	--	2.60%	--
12/11/2024 21:30	US	CPI Ex Food and Energy MoM	Nov	0.003	--	0.003	--
12/11/2024 21:30	US	CPI Ex Food and Energy YoY	Nov	3.30%	--	3.30%	--
12/11/2024 21:30	US	CPI Core Index SA	Nov	32248.60%	--	32166.60%	--
12/11/2024 21:30	US	CPI Index NSA	Nov	31533.70%	--	31566.40%	--
12/11/2024 22:45	CA	Bank of Canada Rate Decision	40878	3.25%	--	3.75%	--

Source: Bloomberg

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