

Daily Treasury Outlook

12 December 2024

Highlights

Global: Wall St closed broadly higher (S&P: 0.8%, Nasdaq: 1.8%, and Dow: -0.2%) on Wednesday, as the highly anticipated November CPI print came in largely in line with expectations. In the commodity space, Brent crude rose by 2% to USD 73.6 per barrel, following an agreement by the EU to impose further sanctions on Russia's shadow tanker fleet, which threatens Russian oil flows and raises concerns about supply risks to the global oil market. Nevertheless, gains were limited by a higher-than-expected buildup in U.S. gasoline and distillate inventories. Specifically, on the data, headline CPI rose by 2.7% YoY (0.3% MoM) in November, up from 2.6% (0.2% MoM) in October, matching expectations. Similarly, the core CPI, which excludes food and energy, rose by 3.3% YoY (0.3% MoM), also in line with expectations. Encouragingly, the shelter subcomponent, which has been slow to moderate, eased slightly in November to 4.7% YoY (0.3% MoM), marking the lowest reading since February 2022. The supportive CPI print may have solidified expectations for the Fed to proceed with another 25bp cut at next week's FOMC meeting. Elsewhere, the Bank of Canada (BoC) cut its benchmark policy rate by 50bp to 3.25%, in line with expectations.

Market Watch: Australia unemployment rate fell to 3.9% in November from 4.1% in October, which was below expectations for a rise to 4.2%. Later today, India's headline CPI is expected to have eased to 5.5% YoY in November, down from 6.2% in October. On the central bank front, the European Central Bank (ECB) is expected to cut (19:00 SGT) its policy rate by 25bp, bringing its deposit facility rate to 3.00%.

Key Market Movements

Equity	Value	% chg
S&P 500	6084.2	0.8%
DJIA	44149	-0.2%
Nikkei 225	39372	0.0%
SH Comp	3432.5	0.3%
STI	3792.8	-0.5%
Hang Seng	20155	-0.8%
KLCI	1603.2	-0.4%
	Value	% chg
DXY	106.710	0.3%
USDJPY	152.45	0.3%
EURUSD	1.0496	-0.3%
GBPUSD	1.2751	-0.2%
USDIDR	15915	0.3%
USDSGD	1.3447	0.2%
SGDMYR	3.2961	-0.1%
	Value	chg (bp)
2Y UST	4.15	1.02
10Y UST	4.27	4.48
2Y SGS	2.74	1.40
10Y SGS	2.71	0.68
3M SORA	3.16	-0.42
3M SOFR	4.82	-0.77
	Value	% chg
Brent	73.52	1.8%
WTI	70.29	2.5%
Gold	2718	0.9%
Silver	31.90	0.0%
Palladium	985	1.2%
Copper	9192	-0.3%
BCOM	99.72	0.9%

Source: Bloomberg

Major Markets

CN: According to CBS news that US President-elect Donald Trump has invited Chinese President Xi Jinping to attend his inauguration in January 2025.

ID: The budget deficit was recorded at IDR401.8trn, or 1.81% of GDP, as of the end of November, remaining below the forecasted 2.7% GDP deficit for 2024. Regarding the planned VAT hike for luxury goods in 2025, Finance Minister Sri Mulyani noted that her ministry is still formulating details on goods classification, emphasizing that it seeks to balance the needs of the state budget with the principle of fairness. The government aims for the budget deficit to narrow to 2.5% of GDP in 2025.

MY: The Malaysian Investment Development Authority (MIDA) highlighted that approved investments rose by 11% YoY to MYR254.7bn in the first nine months of 2024. A total of 4,753 new projects have been approved during this period, and the agency is actively pursuing more than 1,400 proposals worth MYR62.0bn while also in talks for high-potential leads valued at MYR70.bn, as reported by The Edge. By sector, the services sector accounted for the bulk of approved investments at MYR160.7bn, followed by manufacturing at MYR88.8bn and MYR5.2bn in the primary sector of the economy.

ESG Updates

MY: The first cross-border trade of 50MW of renewable energy from Malaysia to Singapore will begin this month, where Tenaga Nasional Berhad will supply the electricity to Singapore through Sembcorp Power Pte Ltd using the existing interconnection network between the two countries. This is part of the first phase of the renewable energy export programme to Singapore that has a total capacity of 300 MW. This can contribute to Singapore's target of importing 6GW of low-carbon electricity from neighbouring countries by 2035.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday, with shorter tenors trading 2-3bps higher, belly tenors and 10Y trading 3bps higher. Thailand introduced a new series of debt-relief measures aimed at assisting millions of retail borrowers and small businesses facing challenges in repaying loans. This move represents the government's latest effort to address the highest household debt levels in Southeast Asia. Bloomberg Asia USD Investment Grade spreads remained flat at 76bps while Bloomberg Asia USD High Yield spreads tightened by 4bps to 446bps. (Bloomberg, OCBC)

New Issues:

There was one notable issuances in the Asiadollar market yesterday.

- Industrial & Commercial Bank of China Ltd/London priced a USD100mn 3Y FRN at SOFR+58bps.

There was one notable issuance in the Singdollar market yesterday.

- Cagamas Global PLC (guarantor: Cagamas Bhd) priced a SGD100mn 2Y Fixed at 3%.

Mandates:

- There were no new Asiadollar mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	106.710	0.29%	USD-SGD	1.3447	0.21%
USD-JPY	152.450	0.33%	EUR-SGD	1.4113	-0.10%
EUR-USD	1.050	-0.29%	JPY-SGD	0.8817	-0.15%
AUD-USD	0.637	-0.13%	GBP-SGD	1.7143	0.02%
GBP-USD	1.275	-0.16%	AUD-SGD	0.8562	0.05%
USD-MYR	4.433	0.14%	NZD-SGD	0.7776	-0.08%
USD-CNY	7.263	0.18%	CHF-SGD	1.5203	0.03%
USD-IDR	15915	0.32%	SGD-MYR	3.2961	-0.13%
USD-VND	25375	0.01%	SGD-CNY	5.3990	-0.08%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.8870	-1.94%	1M	4.3950	-0.59%
3M	2.8720	0.35%	2M	4.3643	-0.42%
6M	2.6550	-0.23%	3M	4.3550	-0.29%
12M	2.4390	-0.45%	6M	4.2626	-0.34%
			1Y	4.1288	-0.32%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
12/18/2024	-0.986	-0.247	4.336
01/29/2025	-1.179	-0.295	4.288
03/19/2025	-1.773	-0.443	4.139
05/07/2025	-2.083	-0.521	4.061
06/18/2025	-2.526	-0.632	3.951
07/30/2025	-2.779	-0.695	3.887

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	70.29	2.48%	Corn (per bushel)	4.380	-0.6%
Brent (per barrel)	73.52	1.84%	Soybean (per bushel)	9.955	0.1%
Heating Oil (per gallon)	222.33	1.70%	Wheat (per bushel)	5.435	0.3%
Gasoline (per gallon)	198.58	1.48%	Crude Palm Oil (MYR/MT)	51.130	-1.0%
Natural Gas (per MMBtu)	3.38	6.80%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9192.00	-0.27%	Gold (per oz)	2718.2	0.9%
Nickel (per mt)	15858.00	0.91%	Silver (per oz)	31.9	0.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	44,148.56	-99.27
S&P	6,084.19	49.28
Nasdaq	20,034.89	347.65
Nikkei 225	39,372.23	4.65
STI	3,792.82	-20.73
KLCI	1,603.20	-5.77
JCI	7,464.75	11.47
Baltic Dry	1,156.00	-12.00
VIX	13.58	-0.60

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.74 (+0.01)	4.15(--)
5Y	2.65 (+0.01)	4.13 (+0.04)
10Y	2.71 (+0.01)	4.26 (+0.04)
15Y	2.76 (--)	--
20Y	2.75 (+0.01)	--
30Y	2.7 (+0.01)	4.47 (+0.06)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.64
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Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
12/12/2024	US	Federal Budget Balance	Nov	-\$356.5b	-\$366.8b	-\$314.0b	--
12/12/2024	AU	Unemployment Rate	Nov	4.20%	--	4.10%	--
12/12/2024	AU	Employment Change	Nov	25.0k	--	15.9k	--
12/12/2024 08:30	AU	Participation Rate	Nov	0.671	--	67.10%	--
12/12/2024 12/15	CH	Money Supply M2 YoY	Nov	0.075	--	7.50%	--
12/12/2024 12/15	CH	Aggregate Financing CNY YTD	Nov	29791.0b	--	27060.0b	--
12/12/2024 18:30	IN	CPI YoY	Nov	5.50%	--	6.21%	--
12/12/2024 18:30	IN	Industrial Production YoY	Oct	0.035	--	0.031	--
12/12/2024 21:15	EC	ECB Main Refinancing Rate	Dec-12	3.15%	--	3.40%	--
12/12/2024 21:15	EC	ECB Deposit Facility Rate	41244	0.03	--	3.25%	--
12/12/2024 21:15	EC	ECB Marginal Lending Facility	41244	3.40%	--	3.65%	--
12/12/2024 21:30	US	Initial Jobless Claims	39417	220k	--	224k	--
12/12/2024 21:30	US	PPI Final Demand MoM	Nov	0.20%	--	0.20%	--
12/12/2024 21:30	US	PPI Final Demand YoY	Nov	2.60%	--	2.40%	--
12/12/2024 21:30	US	Continuing Claims	11263	1877k	--	1871k	--
12/12/2024 21:30	CA	Building Permits MoM	Oct	-4.90%	--	11.50%	--

Source: Bloomberg

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