

Daily Treasury Outlook

13 November 2024

Highlights

Global: On Tuesday, US equities closed lower ahead of the upcoming CPI data. The Dow, S&P and Nasdaq were down by 0.9%, 0.3%, and 0.1% respectively. Bitcoin breached above USD90,000, refreshing another record high. Year-to-date, the value of Bitcoin has now risen by more than 100%. The House results are still being determined. In the latest update, as of 8:34 am SGT, the GOP has 214 seats (versus 205 for the Democrats), according to the Associated Press. A majority is 218 seats. Meanwhile, both the DXY index and treasury yields edged higher, with the UST2Y and UST10Y yields closing higher from their previous close at 4.34% and 4.43% respectively. Elsewhere, gold fell while crude prices rose marginally higher. In terms of data, NFIB small business optimism increase to 93.7 points versus 91.5 points in September (50-year average: 98 points), while the New York Fed one-year inflation expectations eased to 2.9% in October from 3.0% in September. Richmond Fed President Thomas Barkin noted that the economy is in a good position which has allowed the Fed to lower borrowing costs and that “the Fed is in position to respond appropriately regardless of how the economy evolves.” Minneapolis Fed President Neel Kashkari concurred and added that if “inflation surprises to the upside between now and then,” this could derail a cut in December. Consensus expects core CPI to hold steady at 3.3% YoY while headline CPI may come in higher at 2.6% YoY. On other data releases, UK unemployment rate rose to 4.3% in the three months leading to September, up from 4.2% between April-June. However, weekly earnings excluding bonus slowed marginally to 4.8% in the three months leading to September while private sector wage growth was unchanged at 4.8%. BoE Chief Economist Huw Pill noted that “pay growth remains quite sticky at elevated levels” and has reiterated for a gradual approach to the easing of policy rates next year. Elsewhere, Germany’s November ZEW survey expectations declined stronger-than-expected to 7.4 versus 13.1 the previous month.

Market Watch: This morning, South Korea’s unemployment rate rose to 2.7% in October (September: 2.5%; consensus: 2.6%). Meanwhile, Japan’s October PPI rose more than expected by 3.4% YoY (September: 3.1%; consensus: 2.9%). Today’s data calendar is light, with little to show on the Asian calendar. Market focus today will be on the US tonight, as they are set to release MBA Mortgage Applications for the week ending 8 November as well as October CPI data tonight. Central bank speakers today come mostly from the Federal Reserve as Fed Kashkari, Williams and Logan are expected to speak today. Bank of England’s Mann is also expected to speak today.

Key Market Movements

| Equity | Value | % chg |
|------------|---------|----------|
| S&P 500 | 5984.0 | -0.3% |
| DJIA | 43911 | -0.9% |
| Nikkei 225 | 39376 | -0.4% |
| SH Comp | 3422.0 | -1.4% |
| STI | 3711.5 | -0.7% |
| Hang Seng | 19847 | -2.8% |
| KLCI | 1608.4 | -0.1% |
| | Value | % chg |
| DXY | 106.024 | 0.5% |
| USDJPY | 154.61 | 0.6% |
| EURUSD | 1.0623 | -0.3% |
| GBPUSD | 1.2748 | -0.9% |
| USDIDR | 15780 | 0.6% |
| USDSGD | 1.3382 | 0.3% |
| SGDMYR | 3.3162 | 0.1% |
| | Value | chg (bp) |
| 2Y UST | 4.34 | 8.62 |
| 10Y UST | 4.43 | 12.32 |
| 2Y SGS | 2.79 | 2.30 |
| 10Y SGS | 2.86 | 1.88 |
| 3M SORA | 3.32 | -0.51 |
| 3M SOFR | 5.06 | -3.33 |
| | Value | % chg |
| Brent | 71.89 | 0.1% |
| WTI | 68.12 | 0.1% |
| Gold | 2598 | -0.8% |
| Silver | 30.72 | 0.1% |
| Palladium | 949 | -3.7% |
| Copper | 9332 | 0.0% |
| BCOM | 96.81 | -0.4% |

Source: Bloomberg

Oil: Crude oil benchmarks closed relatively flat following two consecutive sessions of declines, with WTI and Brent increasing by 0.1%, closing at USD68.1/bbl and USD71.9/bbl. In its November monthly oil market report, OPEC revised its projections for global oil demand growth for 2024 and 2025 downward to 1.8mbpd and 1.5mbpd, down from 1.9mbpd and 1.6mbpd in its October report. The downward revision was attributed to weakness in China, India, Other Asia, Africa, and Other Eurasia.

Major Markets

ID: Bank Indonesia Retail Sales Survey revealed that retail sales growth eased to 1.0% YoY (-0.5% MoM) in October, down from 4.7% YoY in September. Retailers expect sales to be "driven by higher retail sales of Cultural and Recreational Goods, Parts and Accessories, as well as Clothing." On inflation, "respondents expect inflationary pressures to intensify on the back of higher demand during the upcoming Christmas and New Year festive period in December 2024 and the holy month of Ramadan in March 2025."

MY: Finance Minister II Datuk Seri Amir Hamzah Azizan shared that the government's fiscal revenue for 2025 is projected to increase by an additional RM5bn to reach RM51.7bn. The increase is due to the expanding scope of the sales and service tax which will be implemented on 1 May 2025. He added that the additional revenue is sufficient to meet the government needs without burdening lower-income groups.

PH: Foreign Direct Investments (FDI) for August 2024 registered a net inflow of USD0.8bn, according to Bangko Sentral ng Pilipinas. This brings the Jan-to-Aug 2024 FDI net inflows to USD6.1bn — 3.9% higher than the USD5.8bn registered in the same period in 2023. The manufacturing sector is the largest recipient, accounting for 63% of August investments.

TH: The seven-member selection panel to nominate the new Bank of Thailand chairman was reportedly finalised. However, the panel has not revealed the selected candidate. The government has put aside reports of former Finance Minister Kittiratt Na-Ranong being the selected candidate for the position. Deputy Prime Minister Phumtham Wechayachai added that no name has been sent for cabinet endorsement, and to allow the selection process to run its course.

ESG Updates

Rest of the world: Countries at COP29 gave the go-ahead to carbon credit quality standards critical to launching a UN-backed global carbon market. A priority at COP29 is to agree on a climate finance deal, but expectations have been muted by Trump's re-election as the US is preparing its second withdrawal from the Paris Agreement. Countries were pushing for trade measures such as the EU CBAM to be on the COP29 agenda, as countries including China are concerned that the carbon border tariffs will significantly impact their economies.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday, with shorter tenors trading 3bps higher, belly tenors trading 2-3bps higher and 10Y trading 1bps higher. China Evergrande Group stated that the court has suggested that the new winding-up hearing date is unlikely to occur before 20 February 2025. Trading in the shares will continue to be suspended until further notice. Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 69bps while Bloomberg Asia USD High Yield spreads tightened by 8bps to 423bps. (Bloomberg, OCBC)

New Issues:

There were six notable issuances from four issuers in the Asiadollar market yesterday.

- Westpac Banking Corp priced a USD3bn debt in three tranches, a USD750mn Short 2Y Fixed at T+28bps, a USD750mn Short 2Y FRN at SOFR+46bps and a USD1.5bn 11NC10 Fixed at T+120bps.
- Fortune Star BVI Ltd (guarantor: Fosun International Limited) priced a USD300mn Fixed at Par to Yield 8.5%.
- China Everbright Bank Co., Ltd./Hong Kong Branch priced a USD300mn 3Y FRN at SOFR+59bps.
- Chongqing Hechuan Industry Development Group Co. Ltd. priced a USD115mn 3Y Fixed at 7%.

There were no notable issuance in the Singdollar market yesterday.

Mandates:

- There were no new Asiadollar mandates yesterday.

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|---------|-----------|----------|---------|-----------|----------|
| DXY | 106.024 | 0.46% | USD-SGD | 1.3382 | 0.32% |
| USD-JPY | 154.610 | 0.58% | EUR-SGD | 1.4217 | 0.03% |
| EUR-USD | 1.062 | -0.30% | JPY-SGD | 0.8655 | -0.25% |
| AUD-USD | 0.653 | -0.64% | GBP-SGD | 1.7060 | -0.61% |
| GBP-USD | 1.275 | -0.93% | AUD-SGD | 0.8742 | -0.32% |
| USD-MYR | 4.438 | 0.63% | NZD-SGD | 0.7931 | -0.30% |
| USD-CNY | 7.235 | 0.27% | CHF-SGD | 1.5178 | 0.24% |
| USD-IDR | 15780 | 0.64% | SGD-MYR | 3.3162 | 0.07% |
| USD-VND | 25349 | 0.15% | SGD-CNY | 5.4031 | -0.06% |

SOFR

| Tenor | EURIBOR | Change | Tenor | USD SOFR | Change |
|-------|---------|--------|-------|----------|--------|
| 1M | 3.0800 | -0.23% | 1M | 4.6063 | -0.02% |
| 3M | 3.0400 | 0.26% | 2M | 4.5625 | -0.03% |
| 6M | 2.8310 | 0.32% | 3M | 4.5225 | -0.15% |
| 12M | 2.5280 | -0.24% | 6M | 4.4476 | 0.00% |
| | | | 1Y | 4.3195 | -0.02% |

Fed Rate Hike Probability

| Meeting | # of Hikes/Cuts | Implied Rate Change | Expected Effective Fed Funds Rate |
|------------|-----------------|---------------------|-----------------------------------|
| 12/18/2024 | -0.587 | -0.147 | 4.422 |
| 01/29/2025 | -0.886 | -0.222 | 4.347 |
| 03/19/2025 | -1.414 | -0.354 | 4.215 |
| 05/07/2025 | -1.646 | -0.411 | 4.158 |
| 06/18/2025 | -2.053 | -0.513 | 4.056 |
| 07/30/2025 | -2.266 | -0.567 | 4.003 |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|----------|---------|-------------------------|---------|-------|
| WTI (per barrel) | 68.12 | 0.12% | Corn (per bushel) | 4.285 | -0.3% |
| Brent (per barrel) | 71.89 | 0.08% | Soybean (per bushel) | 10.035 | -0.8% |
| Heating Oil (per gallon) | 221.08 | 0.60% | Wheat (per bushel) | 5.523 | -2.3% |
| Gasoline (per gallon) | 196.43 | 0.37% | Crude Palm Oil (MYR/MT) | 52.240 | -0.9% |
| Natural Gas (per MMBtu) | 2.91 | -0.45% | Rubber (JPY/KG) | 309.500 | 2.8% |
| Base Metals | Futures | % chg | Precious Metals | Futures | % chg |
| Copper (per mt) | 9331.50 | #DIV/0! | Gold (per oz) | 2598.4 | -0.8% |
| Nickel (per mt) | 16108.00 | #DIV/0! | Silver (per oz) | 30.7 | 0.1% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

| Index | Value | Net change |
|------------|-----------|------------|
| DJIA | 43,910.98 | -382.15 |
| S&P | 5,983.99 | -17.36 |
| Nasdaq | 19,281.40 | -17.36 |
| Nikkei 225 | 39,376.09 | -157.23 |
| STI | 3,711.48 | -27.99 |
| KLCI | 1,608.43 | -0.83 |
| JCI | 7,321.99 | 55.53 |
| Baltic Dry | 1,558.00 | 63.00 |
| VIX | 14.71 | -0.26 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|-------|--------------|--------------|
| 2Y | 2.79 (+0.02) | 4.34(--) |
| 5Y | 2.76 (+0.03) | 4.31 (+0.12) |
| 10Y | 2.86 (+0.02) | 4.43 (+0.12) |
| 15Y | 2.9 (+0.02) | -- |
| 20Y | 2.87 (+0.02) | -- |
| 30Y | 2.79 (+0.01) | 4.57 (+0.1) |

Financial Spread (bps)

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

Secured Overnight Fin. Rate

| | |
|------|------|
| SOFR | 4.60 |
|------|------|

Economic Calendar

| Date | Country | Item | Period | Survey | Actual | Prior | Revised |
|------------------|---------|------------------------------------|--------|---------|--------|---------|---------|
| 11/13/2024 00:00 | US | NY Fed 1-Yr Inflation Expectations | Oct | 2.97% | 2.87% | 3.00% | -- |
| 11/13/2024 05:00 | SK | Export Price Index YoY | Oct | -- | 2.00% | 1.20% | 1.00% |
| 11/13/2024 05:00 | SK | Import Price Index YoY | Oct | -- | -2.50% | -3.30% | -3.70% |
| 11/13/2024 05:00 | SK | Export Price Index MoM | Oct | -- | 1.70% | -2.30% | -2.50% |
| 11/13/2024 07:00 | SK | Unemployment rate SA | Oct | 2.60% | 2.70% | 2.50% | -- |
| 11/13/2024 07:50 | JN | PPI YoY | Oct | 2.90% | 3.40% | 2.80% | 3.10% |
| 11/13/2024 07:50 | JN | PPI MoM | Oct | 0.00% | 0.20% | 0.00% | 0.30% |
| 11/13/2024 08:30 | AU | Wage Price Index QoQ | 3Q | 0.90% | -- | 0.80% | -- |
| 11/13/2024 08:30 | AU | Wage Price Index YoY | 3Q | 3.60% | -- | 4.10% | -- |
| 11/13/2024 20:00 | US | MBA Mortgage Applications | Nov-08 | -- | -- | -10.80% | -- |
| 11/13/2024 21:30 | US | CPI MoM | Oct | 0.20% | -- | 0.20% | -- |
| 11/13/2024 21:30 | US | CPI YoY | Oct | 2.60% | -- | 2.40% | -- |
| 11/13/2024 21:30 | US | CPI Ex Food and Energy MoM | Oct | 0.30% | -- | 0.30% | -- |
| 11/13/2024 21:30 | US | CPI Ex Food and Energy YoY | Oct | 3.30% | -- | 3.30% | -- |
| 11/13/2024 21:30 | US | CPI Core Index SA | Oct | 321.628 | -- | 320.767 | -- |
| 11/13/2024 21:30 | US | CPI Index NSA | Oct | 315.59 | -- | 315.301 | -- |

Source: Bloomberg

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