

Daily Treasury Outlook

14 June 2024

Highlights

Global: US stock indices were broadly positive on Thursday, as the S&P 500 and Nasdaq both saw slight increases of 0.2% and 0.3% respectively, while the Dow fell 0.2%. Meanwhile, 10yr UST yields fell below 4.3% after starting the week at around 4.5%. The positive sentiment was supported by the lower Producer Price Index (PPI) reading in May and an increase in initial jobless claims. Specifically, initial jobless claims rose to 242k for the week ending 8-June, up from 229k the previous week, while continuing claims also increased to 1.82mn for the week ending 1-June, compared to 1.79mn in the prior week. In addition, the PPI, which measures input prices along the supply chain, declined by 0.2% MoM (2.2% YoY) in May, compared to a 0.5% increase in April (2.3% YoY), contrary to expectations of a 0.1% rise (2.5% YoY). Excluding food and energy, the core PPI remained unchanged at 0.0%, resulting in an annual rate of 2.3% in May, down from 2.5% in April, further supporting the disinflation narrative.

Market Watch: The focus is on Bank of Japan's policy decision today. Our call is for a non-consensus 10-15bp hike by BoJ. Other data slated for release include preliminary U. Mich sentiment survey results for June. New York Fed President John Williams set to speak today.

Oil: WTI and Brent rose by ~0.2% on Thursday to close slightly higher at USD78.6/bbl and USD82.8/bbl, buoyed by OPEC's projection for global oil demand growth to remain resilient. OPEC Secretary General Hathaim Al Ghais, in a rebuke of IEA's projection of peak oil consumption by 2029, shared that OPEC expects demand to grow to 116 mbpd by 2045.

Major Markets

ID: Agung Wicaksono, Deputy of Financing and Investment of the Nusantara Capital City (IKN) Authority, announced that nine foreign and domestic investors will participate in the new capital project. Feasibility studies will be conducted by three companies from Malaysia, China, and the UAE, with a focus on housing and renewable energy. These investors are expected to contribute a total investment of approximately IDR 45tn. During the sixth groundbreaking event from 4-6 June, President Jokowi inaugurated several projects, including Gunadarma University and the PLN Hub, bringing the total private investment in the IKN project to IDR51.tn.

MY: Treasury Secretary General Johan Mahmood Merican has stated that the Ministry of Finance maintains its inflation forecast of 2.0% to 3.5% for 2024, despite the recent implementation of diesel subsidy rationalization. Malaysia's inflation rate slowed to 2.5% in 2023 from 3.3% in 2022. Treasury Secretary General Merican emphasized that although the diesel

Key Market Movements		
Equity	Value	% chg
S&P 500	5433.7	0.2%
DJIA	38647	-0.2%
Nikkei 225	38720	-0.4%
SH Comp	3028.9	-0.3%
STI	3324.5	0.5%
Hang Seng	18113	1.0%
KLCI	1610.2	0.1%
	Value	% chg
DXY	105.196	0.5%
USDJPY	157.03	0.2%
EURUSD	1.0737	-0.7%
GBPUSD	1.2762	-0.3%
USIDR	16270	-0.2%
USDSGD	1.3511	0.3%
SGDMYR	3.4904	0.0%
	Value	chg (bp)
2Y UST	4.70	-5.49
10Y UST	4.24	-7.18
2Y SGS	3.36	-2.90
10Y SGS	3.23	-4.38
3M SORA	3.67	0.21
3M SOFR	5.35	0.00
	Value	% chg
Brent	82.75	0.2%
WTI	78.62	0.2%
Gold	2304	-0.9%
Silver	28.97	-2.6%
Palladium	890	-1.8%
Copper	9795	-1.5%
BCOM	102.78	-0.5%

Source: Bloomberg

price increased to MYR3.35 per litre in Peninsular Malaysia, the subsidized rate of MYR2.15 per litre remains for logistics vehicles in Sabah, Sarawak, and Labuan.

TH: The consumer confidence index (CCI) fell for a third consecutive month to 60.5 in May from 62.1 in April. This is also a seven-month low. The decline in CCI was broad-based across the sub-indices of 'economic situation' (54.3 versus 56 in April), 'income' (69.8 versus 71.5 in April), and 'job' (57.6 versus 58.9 in April). The dip was due to concerns over economic slowdown and heightened political uncertainty, according to University of the Thai Chamber of Commerce (UTCC).

Credit Market Updates

Market Commentary: The SGD SORA curve traded lower yesterday, with short tenors trading 0-6bps lower, belly tenors trading 6-7bps lower and 10Y trading 7bps lower. An Adani Group's subsidiary, which oversees a significant Australian coal port, has secured a private credit loan of approximately AUD500mn (USD333mn). The company North Queensland Export Terminal Pty Ltd. got the loan from Farallon Capital Management and King Street Capital Management. Bloomberg Asia USD Investment Grade and High Yield spreads remained flat at 80bps and 500bps respectively. (Bloomberg, OCBC)

New Issues:

There were three notable bond issuers in the Asiadollar market yesterday.

- State Bank of India of London priced a USD100mn 3Y FRN at SOFR+95bps.
- Zhongyuan Zhicheng Co Ltd (Guarantor: Zhongyuan Yuzi Investment Holdings Group Co Ltd) priced a USD500mn 3Y Sustainability bond at 5.9%.
- Wuhan Urban Construction Group Co Ltd priced a USD500mn 3Y Sustainability bond at 5.7%.

There was one notable bond issuer in the Singdollar market yesterday.

- Mapletree Treasury Services Ltd (Guarantor: Mapletree Investments Pte Ltd) priced a SGD200mn 12Y at 3.688%.

Mandates:

- Korea Gas Corp is planning to issue USD 3Y and/or 5Y notes.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	105.196	0.53%	USD-SGD	1.3511	0.29%
USD-JPY	157.030	0.20%	EUR-SGD	1.4507	-0.38%
EUR-USD	1.074	-0.67%	JPY-SGD	0.8605	0.10%
AUD-USD	0.664	-0.42%	GBP-SGD	1.7243	0.00%
GBP-USD	1.276	-0.28%	AUD-SGD	0.8965	-0.13%
USD-MYR	4.709	-0.17%	NZD-SGD	0.8334	0.02%
USD-CNY	7.253	0.17%	CHF-SGD	1.5115	0.35%
USD-IDR	16270	-0.15%	SGD-MYR	3.4904	0.05%
USD-VND	25443	0.00%	SGD-CNY	5.3702	-0.13%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	3.6300	0.47%	1M	5.3357	0.06%
3M	3.7200	-0.51%	2M	5.3395	0.03%
6M	3.7480	-0.08%	3M	5.3455	0.02%
12M	3.7190	-0.24%	6M	5.2744	0.01%
			1Y	5.0413	0.01%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
05/01/2024	-0.005	-0.001	5.329
06/12/2024	-0.012	-0.003	5.328
07/31/2024	-0.120	-0.030	5.298
09/18/2024	-0.770	-0.192	5.135
11/07/2024	-1.174	-0.294	5.034
12/18/2024	-2.014	-0.504	4.824
01/29/2025	-2.570	-0.642	4.685

Equity and Commodity

Index	Value	Net change
DJIA	38,647.10	-65.11
S&P	5,433.74	12.71
Nasdaq	17,667.56	59.12
Nikkei 225	38,720.47	-156.24
STI	3,324.53	17.09
KLCI	1,610.17	1.22
JCI	6,831.56	-18.53
Baltic Dry	1,836.00	5.00
VIX	11.94	-0.10

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	3.36 (-0.03)	4.7(--)
5Y	3.2 (-0.03)	4.24 (-0.07)
10Y	3.23 (-0.04)	4.25 (-0.07)
15Y	3.24 (-0.04)	--
20Y	3.2 (-0.02)	--
30Y	3.15 (-0.02)	4.4 (-0.08)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	5.31
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	78.62	0.15%	Com (per bushel)	4.585	0.9%
Brent (per barrel)	82.75	0.18%	Soybean (per bushel)	11.895	1.0%
Heating Oil (per gallon)	248.68	1.88%	Wheat (per bushel)	6.200	0.5%
Gasoline (per gallon)	241.56	0.89%	Crude Palm Oil (MYR/MT)	39.340	-0.7%
Natural Gas (per MMBtu)	2.96	-2.82%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9794.50	-1.51%	Gold (per oz)	2304.2	-0.9%
Nickel (per mt)	17645.00	-2.30%	Silver (per oz)	29.0	-2.6%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
06/14/2024	JN	BOJ Target Rate (Upper Bound)	Jun-14	0.10%	--	0.10%	--
06/14/2024	IN	Exports YoY	May	--	--	0.011	--
06/14/2024 06/15	CH	Money Supply M2 YoY	May	7.10%	--	7.20%	--
06/14/2024 06/15	CH	Money Supply M1 YoY	May	-2%	--	-1%	--
06/14/2024 06:30	NZ	BusinessNZ Manufacturing PMI	May	--	47.2	4890.00%	48.8
06/14/2024 06:45	NZ	Food Prices MoM	May	--	-0.002	0.60%	--
06/14/2024 12:30	JN	Industrial Production MoM	Apr F	--	--	-0.001	--
06/14/2024 12:30	JN	Tertiary Industry Index MoM	Apr	0.40%	--	-2.40%	--
06/14/2024 12:30	JN	Capacity Utilization MoM	Apr	--	--	1.30%	--
06/14/2024 12:30	JN	Industrial Production YoY	Apr F	--	--	-1.00%	--
06/14/2024 14:30	IN	Wholesale Prices YoY	May	0.027	--	0.0126	--
06/14/2024 15:30	TH	Gross International Reserves	39234	--	--	\$224.3b	--
06/14/2024 20:30	US	Import Price Index ex Petroleum MoM	May	0.20%	--	0.70%	--
06/14/2024 20:30	US	Import Price Index MoM	May	-0.001	--	0.009	--
06/14/2024 20:30	CA	Manufacturing Sales MoM	Apr	1.20%	--	-2.10%	--
06/14/2024 22:00	US	U. of Mich. Sentiment	Jun P	7200.00%	--	6910.00%	--

Source: Bloomberg

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Macro Research

Selena Ling
Head of Strategy & Research
LingSSSelena@ocbc.com

Tommy Xie Dongming
Head of Greater China Research
XieD@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
Cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Macau Economist
HerbertWong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
LavanyaVenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
Ahmad.Enver@ocbc.com

Jonathan Ng
ASEAN Economist
JonathanNg4@ocbc.com

Ong Shu Yi
ESG Analyst
ShuyiOng1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Rates Strategist
FrancesCheung@ocbc.com

Christopher Wong
FX Strategist
ChristopherWong@ocbc.com

Credit Research

Andrew Wong
Credit Research Analyst
WongVKAM@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
EzienHoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
WongHongWei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
MengTeeChin@ocbc.com

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