

## Daily Treasury Outlook

20 January 2025

### Highlights

**Global: Incoming Trump.** Trump's inauguration is likely to kickstart some key policies shifts, namely tariffs, mass deportations, tax cuts and deregulation. The first 100 days of the Trump 2.0 administration will be key to determining the impact on the global economy as well as global supply chains. On the upside, the Israel-Hamas ceasefire in Gaza has begun. The S&P500 gained 1% on Friday while the 10-yr UST bond yield rose 1.5bps to 4.63%. Separately, outgoing US Treasury Secretary Yellen said extraordinary steps are being taken as of 21 January to avert a breach of the debt limit.

**Market Watch: Asian markets are likely to trade sideways** while awaiting China's 1- and 5-year Loan Prime Rate fixings this morning which are tipped to remain unchanged for the third straight month at 3.1% and 3.6% respectively. In addition, investors are waiting to see Trump's campaign promises materialise after he takes office. Today's data watch comprises Malaysia's December trade and Phillipine's BOP data. ECB's Vujcic and Holzmann are also speaking today. For the week ahead, keep an eye on New Zealand's December inflation report, South Korea (possibly affected by the recent political crisis) and Taiwan's 4Q24 GDP growth on Thursday and Friday respectively, as well as trade data from Japan and the Philippines and PMI from the Eurozone and the UK. On the central bank front, BNM is likely to stay static at 3% on Wednesday, while the BOJ is set to hike rates by 25bps to 0.5% on Friday, whereas MAS may slightly ease monetary policy settings on the same day amid growing confidence of easing core inflation. ECB's Lagarde, EU Commission president Ursula von der Leyen and Chinese Vice Premier Ding Xuexiang are also speaking at the World Economic Forum at Davos whose theme is "Collaboration for the Intelligent Age", and Trump is also due to speak virtually just three days after his inauguration.

**Oil:** Crude oil benchmarks extended losses for the second consecutive trading session, with WTI and Brent declining by 1.0% and 0.6%, respectively. Despite the dip, crude oil prices still posted a fourth straight week of gains, driven by risks to the global oil market following recent US sanctions on the Russian energy sector. However, gains were limited by easing geopolitical tensions in the Middle East.

### Key Market Movements

Equity	Value	% chg
S&P 500	5996.7	1.0%
DJIA	43488	0.8%
Nikkei 225	38451	-0.3%
SH Comp	3241.8	0.2%
STI	3810.8	0.3%
Hang Seng	19584	0.3%
KLCI	1566.7	0.7%
	Value	% chg
DXY	109.347	0.4%
USDJPY	156.3	0.7%
EURUSD	1.0273	-0.3%
GBPUSD	1.2169	-0.6%
USDIDR	16365	0.0%
USDSGD	1.3684	0.1%
SGDMYR	3.2974	0.1%
	Value	chg (bp)
2Y UST	4.28	5.26
10Y UST	4.63	1.45
2Y SGS	2.87	-3.30
10Y SGS	2.97	-4.40
3M SORA	2.96	-0.48
3M SOFR	4.59	-0.62
	Value	% chg
Brent	80.79	-0.6%
WTI	77.88	-1.0%
Gold	2703	-0.4%
Silver	30.37	-1.5%
Palladium	952	0.9%
Copper	9190	-0.4%
BCOM	103.70	-0.5%

Source: Bloomberg

## Major Markets

**CN:** The Chinese economy reaccelerated to 5.4% YoY in 4Q 2024, up from 4.6% YoY in 3Q. Breaking down the data, retail sales growth and industrial production growth improved to 3.8% YoY and 5.7% YoY, respectively, compared to 2.7% YoY and 5% YoY in the previous quarter. Overall, the economy demonstrated a robust V-shaped recovery in the final quarter of the year, reflecting the effectiveness of stimulus measures introduced in late September. This suggests that the economy remains responsive to policy interventions. With additional measures expected this year, this responsiveness may help counter rising uncertainties stemming from trade tensions. For details, you may refer to our China insights report.

**SG:** Headline and core CPI are likely to print at 1.6% and 1.7% YoY respectively in December 2024, compared to 1.6% and 1.9% in November. Meanwhile, December industrial production may have accelerated to 10% YoY, up from 8.5% in November. MAS may slightly flatten the S\$NEER slope in a nod that core inflation is back to more comfortable territory.

**MY:** The advance 4Q24 GDP growth estimates show that the economy grew by 4.8% YoY in 4Q24 versus 5.3% in 3Q24. For 2024, the economy grew 5.1% YoY, from a downwardly revised 3.6% in 2023, consistent with the official forecast of 4.8-5.3%. By sector, growth in 4Q24 was strongest for the services and construction sectors. Although growth in manufacturing sector slowed to 4.3% YoY versus 5.6% in 3Q24, it remained resilient, nonetheless. Growth in agriculture and mining sectors contracted in 4Q24 compared to growth in 3Q24. We maintain our 2025 GDP growth forecast of 4.5% driven by solid domestic demand support and resilient, albeit moderating, export growth. The strength in household and investment spending will likely sustain in 2025 while E&E export growth will remain strong, but moderate from growth rates seen in 2024.

**ID:** The EU plans to revise its biofuel policies after the WTO ruled that parts of its Renewable Energy Directive (RED II) unfairly discriminated against Indonesia's palm oil exports. While the WTO upheld the EU's right to pursue climate goals, it criticized the classification of palm oil as high-risk and French tax incentives favouring EU-grown biofuels. Indonesia, the world's largest palm oil producer, views the decision as a victory against discriminatory practices and a boost to ongoing trade negotiations, including the Indonesia-EU CEPA.

**TH:** The inaugural Saudi-Thai Coordination Council (STCC) meeting, co-chaired by Thailand's Minister of Foreign Affairs Maris Sangiampongsa and Saudi Foreign Minister Prince Faisal bin Farhan Al Saud, aimed to foster bilateral cooperation across various sectors including security and military collaboration, economics and trade, and investment. Additionally, both countries have committed to enhancing trade cooperation, aiming to generate over USD3.5bn (THB121bn) from green economy, agriculture, and service industries. Thai Foreign Affairs Minister Sangiampongsa also mentioned ongoing plans for joint establishment of SEZs to boost trade and commerce.

**PH:** Overseas cash remittance rose by 3.3% YoY in November, up from 2.7% in October, reaching USD2.8bn. Year-to-date, overseas cash remittances have increased by 3.0% YoY to USD31.1bn, in line with Bangko Sentral ng Pilipinas' forecast of 3.0%. By destination, the growth in remittances from the US, Saudi Arabia, Singapore, and the UAE were the main contributors to the increase in remittances from Jan-Nov 2024.

## ESG

**CN:** The Bank of China joined the Taskforce on Nature-related Financial Disclosures (TNFD), marking a significant expansion in Chinese input into the work of the Taskforce and in the presence of TNFD in the Chinese market. The TNFD also announced the launch of new TNFD Consultation Groups in China, convened by the Institute of Finance and Sustainability, Hong Kong Green Finance Association and Business Environment Council. This can pave the way for enhanced nature-related corporate reporting in China.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded lower last Friday, with shorter tenors trading 2-4bps lower, and belly tenors trading 5-6bps lower and the 10Y trading 5bps lower. As per Bloomberg, BYD Co. Ltd.'s ("BYD") reliance on working capital financing has obscured its increasing debt levels, with actual net debt estimated at approximately RMB323bn as of 30 June 2024. BYD's use of supply chain financing, which allows suppliers to receive early payments or defer payment, has raised concerns regarding concealed debt and potential risks for investors. China Vanke Co. Ltd. ("VANKE") informed some creditors before recent volatility in its bonds and shares that it has sufficient cash to repay a 2.95% yuan bond due on 27 January, amounting to RMB3bn (USD409mn). This bond last traded at 98.4 cents per dollar, reflecting investor confidence in the payment. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 73bps while Bloomberg Asia USD High Yield spreads tightened by 3bps to 426bps. (Bloomberg, OCBC)

### New Issues:

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

- Shengzhou City Construction Investment Development Group Co Ltd priced a USD143mn 3Y Fixed bond at 5.60%.
- Hanrui Overseas Investment Co Ltd (guarantor: Jiangsu Hanrui Investment Holding Co Ltd) priced a USD290mn 3Y Green Fixed bond at 6.28%.

There were no notable issuances in the Singdollar market yesterday.

### Mandates:

- There were no notable mandates yesterday.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	109.347	0.36%	USD-SGD	1.3684	0.10%
USD-JPY	156.300	0.73%	EUR-SGD	1.4056	-0.14%
EUR-USD	1.027	-0.27%	JPY-SGD	0.8755	-0.58%
AUD-USD	0.619	-0.32%	GBP-SGD	1.6650	-0.44%
GBP-USD	1.217	-0.57%	AUD-SGD	0.8472	-0.21%
USD-MYR	4.507	0.08%	NZD-SGD	0.7643	-0.22%
USD-CNY	7.325	-0.09%	CHF-SGD	1.4952	-0.33%
USD-IDR	16365	0.03%	SGD-MYR	3.2974	0.13%
USD-VND	25333	-0.18%	SGD-CNY	5.3548	-0.19%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.7980	-0.92%	1M	4.3031	0.01%
3M	2.7040	-1.46%	2M	4.3060	-0.06%
6M	2.6420	-0.97%	3M	4.2925	-0.01%
12M	2.5240	-1.52%	6M	4.2595	0.14%
			1Y	4.2099	0.55%

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
01/29/2025	-0.005	-0.001	4.328
03/19/2025	-0.275	-0.069	4.260
7/5/2025	-0.518	-0.129	4.199
06/18/2025	-0.859	-0.215	4.114
07/30/2025	-1.025	-0.256	4.073
09/17/2025	-1.247	-0.312	4.017

## Equity and Commodity

Index	Value	Net change
DJIA	43,487.83	334.70
S&P	5,996.66	59.32
Nasdaq	19,630.20	291.91
Nikkei 225	38,451.46	-121.14
STI	3,810.78	9.65
KLCI	1,566.72	11.18
JCI	7,154.66	47.14
Baltic Dry	987.00	-36.00
VIX	15.97	-0.63

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.87 (-0.03)	4.28(--)
5Y	2.87 (-0.04)	4.43 (+0.04)
10Y	2.97 (-0.04)	4.63 (+0.01)
15Y	2.96 (-0.04)	--
20Y	2.93 (-0.03)	--
30Y	2.87 (-0.04)	4.86(--)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.29
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	77.88	-1.02%	Corn (per bushel)	4.843	2.1%
Brent (per barrel)	80.79	-0.62%	Soybean (per bushel)	10.340	1.5%
Heating Oil (per gallon)	262.10	0.15%	Wheat (per bushel)	5.388	0.2%
Gasoline (per gallon)	211.22	-0.52%	Crude Palm Oil (MYR/MT)	44.410	-0.7%
Natural Gas (per MMBtu)	3.95	-7.28%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9190.00	-0.44%	Gold (per oz)	2703.3	-0.4%
Nickel (per mt)	16097.00	0.84%	Silver (per oz)	30.4	-1.5%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
1/20/2025	PH	BoP Overall	Dec	--	--	-\$2276m	--
1/20/2025 7:50	JN	Core Machine Orders MoM	Nov	-0.80%	3.40%	2.10%	--
1/20/2025 7:50	JN	Core Machine Orders YoY	Nov	4.20%	10.30%	5.60%	--
1/20/2025 8:01	UK	Rightmove House Prices MoM	Jan	--	1.70%	-1.70%	--
1/20/2025 8:01	UK	Rightmove House Prices YoY	Jan	--	1.80%	1.40%	--
1/20/2025 9:00	CH	1-Year Loan Prime Rate	20-Jan	3.10%	--	3.10%	--
1/20/2025 12:00	MA	Exports YoY	Dec	8.80%	--	4.10%	--
1/20/2025 12:30	JN	Industrial Production MoM	Nov F	--	--	-2.30%	--
1/20/2025 12:30	JN	Tertiary Industry Index MoM	Nov	0.10%	--	0.30%	--
1/20/2025 12:30	JN	Capacity Utilization MoM	Nov	--	--	2.60%	--
1/20/2025 12:30	JN	Industrial Production YoY	Nov F	--	--	-2.80%	--
1/20/2025 15:00	GE	PPI MoM	Dec	0.30%	--	0.50%	--
1/20/2025 15:00	GE	PPI YoY	Dec	1.10%	--	0.10%	--
1/20/2025 16:30	HK	Unemployment Rate SA	Dec	3.10%	--	3.10%	--
1/20/2025 23:30	CA	BoC Overall Business Outlook Survey	4Q	--	--	-2.3	--
1/20/2025 23:30	CA	BoC Business Outlook Future Sales	4Q	--	--	13	--

Source: Bloomberg

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