

Daily Treasury Outlook

3 March 2025

Highlights

Global: February ended on a choppy note due to mounting market concerns over escalating trade tensions and an US economic slowdown. US president Trump announced an additional 10% tariff on Chinese goods in addition to the 25% tariffs on imports from Mexico and Canada taking effect on March 4, coupled with a volatile White House meeting between Trump and Ukrainian president Zelenskiy which scuppered the expected signing of a minerals deal between the US and Ukraine, just added to the global uncertainties. The S&P500 gained 1.59% on Friday but retreated for the second consecutive week to close down 2.3% (the worst performance since September), while the UST bonds extended the rally to push the 2-year bond yield below 4% and the 10-year UST bond yield fell 5bps to 4.21%. The January core PCE price index rose 2.6% YoY (0.3% MoM), the smallest annual increase since early 2021, while the real personal spending fell more than expected by 0.5%.

Market Watch: A pivotal week lies ahead as investors watch for China's National People's Congress meeting starting Wednesday for fresh measures to bolster domestic demand. Today's economic data calendar comprises of US' February manufacturing ISM, manufacturing PMIs from Europe, UK, US and Asia, including China's Caixin, as well as Eurozone and Indonesia's February CPI. The German Bundesbank is also presenting its proposal on debt brake reform, while Fed's Musalem is speaking on the economy and policy. For the coming week, several key events to monitor include US' services ISM on Wednesday, the European Central Bank (ECB) which is widely expected to lower interest rates for the 5th time by 25 bps on Thursday (with Lagarde's press conference of interest for future intentions) while BNM may stay in hold at 3%, the US' February labour market report for February on Friday with market eyeing a 160k NFP (January: 143k), an unchanged 4.0% unemployment rate, and average hourly earnings of 4.1% YoY (0.3% MoM).

Commodities: Crude oil benchmarks closed lower on Friday, with WTI and Brent declining by 0.8% and 1.2%, respectively, to USD69.8/bbl and USD73.2/bbl. Consequently, both benchmarks posted their first decline since November 2024. The decline in February was primarily driven by factors including, the resumption of oil exports from the Kurdistan region, and concerns about the impact of tariffs on economic growth and commodity demand.

Key Market Movements

Equity	Value	% chg
S&P 500	5954.5	1.6%
DJIA	43841	1.4%
Nikkei 225	37156	-2.9%
SH Comp	3320.9	-2.0%
STI	3895.7	-0.7%
Hang Seng	22941	-3.3%
KLCI	1574.7	-0.8%
	Value	% chg
DXY	107.614	0.3%
USDJPY	150.63	0.5%
EURUSD	1.0375	-0.2%
GBPUSD	1.2577	-0.2%
USDIDR	16580	0.8%
USDSGD	1.3514	0.2%
SGDMYR	3.3089	-0.1%
	Value	chg (bp)
2Y UST	3.99	-6.22
10Y UST	4.21	-5.17
2Y SGS	2.63	-4.20
10Y SGS	2.74	-3.46
3M SORA	2.75	-0.16
3M SOFR	4.42	-0.26
	Value	% chg
Brent	72.81	-1.0%
WTI	69.76	-0.8%
Gold	2858	-0.7%
Silver	31.15	-0.4%
Palladium	922	0.2%
Copper	9358	-0.3%
BCOM	102.75	-1.5%

Source: Bloomberg

Major Markets

SG: The February manufacturing and electronics PMI are due for release later today and may soften from the January readings of 50.9 and 51.1 respectively.

CN: Manufacturing PMI rebounded to 50.2 in February, up from 49.1 in January, as activity picked up post-Chinese New Year. The rebound was primarily driven by large companies, while PMI for medium-sized and small manufacturers declined to 49.2 and 46.3, respectively, remaining below the expansion threshold. This suggests that pressures persist amid rising global demand uncertainty. Both production and new orders returned to expansion territory, while new export orders surged by over 2 points to 48.6 from 46.4, likely reflecting frontloading activities ahead of potential trade disruptions. Non-manufacturing PMI also improved to 50.4 from 50.2, mainly due to a sharp rebound in construction PMI, which climbed from 49.3 to 52.7. However, new orders declined to 46.1 from 46.4, in line with a weakening service PMI, which fell to 50 from 50.3. This likely reflects a pullback in demand following the holiday season.

MO: Macau's real GDP rose by a slower pace of 3.4% YoY in the final quarter last year (3Q: 3.8% YoY), dragged by the moderated growth in exports of services. For 2024 as a whole, Macau's GDP grew by 8.8% YoY (in-house forecast: 9% YoY), rebounding to around 86.4% of the pre-pandemic level in 2019. During the final quarter of 2024, growth of exports of gaming services slowed further to 4.3% YoY (3Q: 13.1% YoY), while exports of other tourism services fell by a moderated pace at 6.0% YoY (3Q: -14.5% YoY). Taken together, exports of services grew by a slower pace of 2.1% YoY in 4Q (3Q: 2.5% YoY). On domestic front, the private consumption expenditure recorded modest gain at 2.9% YoY (2Q: 4.3% YoY), amid sustained recovery of local economic activities, coupled with a tight job market. Meanwhile, government consumption reverted to a growth at 6.3% YoY (3Q: -0.6% YoY). We revise downward Macau's annual economic growth to 4.0% in 2025, from the previous estimate of 5%, taking into account the more challenging external environment and lagged recovery in China's outbound tourism. Separately, the unemployment and inflation rate are pitched at 1.7% and 0.8% YoY respectively for 2025. Macau's gross total gaming revenue is expected to refresh post-Covid high in 2025, after logging a 23.9% YoY increase in 2024. Yet, with the normalised base, year-on-year growth should fall to a mid-to high single digit figure, i.e. 5%-8%.

ID: Manpower Minister Yassierli noted that the government will assist the over 10,000 workers laid off from textile company PT Sri Rejeki Isman (Sritex), which ceased operations last Saturday (1 March) after declaring bankruptcy. Specifically, Minister Yassierli noted that the affected employees will receive wages, severance pay, and other social security benefits, including retirement savings (JHT) and job loss insurance (JKP), while the ministry has identified 10,666 job vacancies in various sectors nearby. Elsewhere, the S&P Global Manufacturing PMI for Indonesia rose to 53.6 in February from 51.9 in January, supported by improvements in new orders, which drove expansions in output, purchasing activity, and employment.

MY: The Employees Provident Fund (EPF) announced a 6.3% dividend for both conventional and shariah savings for 2024, its highest since 2017. This was an increase from the 5.5% for conventional and 5.4% for shariah in 2023. EPF disbursed MYR73.2bn in total payouts, supported by a strong investment income of MYR74.5bn, reflecting an 11% rise from 2023 (MYR70bn). EPF Chairman Tan Sri Mohd Zuki Ali credited the improved dividends to market recovery, robust economic growth, and effective portfolio management. Elsewhere, the S&P Global Manufacturing PMI for Malaysia improved to 49.7 in February from 48.7 in January, partly supported by a rise in new order intakes.

TH: The uneven recovery in economic growth momentum continued in January. Export growth picked up in January compared to December 2024, along with an increase in tourist arrivals, resulting a broadly stable current account surplus of USD2.7bn (December: USD2.9bn). On the domestic front, private consumption and private sector investment spending eased, while government spending remained strong. For 2025, we forecast GDP growth to improve to 2.8% YoY, up from 2.5% in 2024.

PH: According to Bangko Sentral ng Pilipinas (BSP), headline inflation for February 2025 is expected to “settle within the 2.2-3.0% range”. The BSP highlighted that higher prices for electricity, oil, and key food items are the primary sources of upward price pressures in February. Meanwhile, the presence of negative base effects, along with lower prices for rice, fruits and vegetables, is expected to provide some offset to these upward price pressures. Moving forward, the BSP states that it will “continue to take a measured approach in ensuring price stability conducive to balanced and sustainable growth of the economy and employment.”

ESG

Rest of the world: Vietnam is revising its energy plan to focus more on large solar farms and reduce its reliance on coal and natural gas, with the aim of achieving 16% of solar energy in its energy mix which is triple of its earlier target of 5%. Plans to build offshore wind turbines were scrapped as they were thought to be more expensive and complex to build as compared to solar farm projects. Solar power expanded rapidly in Vietnam from 2018 to 2020 but stalled thereafter, as its electricity grid was getting overloaded. Like many other markets, Vietnam needs to upgrade its electricity grid to keep up with the rapid growth of clean power generation.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower last Friday with shorter tenors trading 4-6bps lower, belly tenors and 10Y trading 6bps lower. According to a statement made to the Shenzhen stock exchange, China Vanke Co Ltd ("VANKE") will repay RMB890mn of its three-year 3.14% onshore bonds, that are set to mature on 4 March. Per Bloomberg, Country Garden Holdings Co. is expected to miss its self-imposed deadline for finalizing its restructuring plan due to difficulties in securing creditor support. Disagreements over terms, such as conversion prices and payment dates, exist between the company and its creditors, including an ad-hoc group holding over 30% of its notes. Without creditor backing, the company faces increased pressure, with a judge warning of a possible winding-up hearing if negotiations remain unresolved by the end of February. These bonds will be delisted on the same date. Sunac China Holdings Ltd ("Sunac") announced in an HKEX filing that Hong Kong's High Court has approved its application for a validation order regarding the transfer of the company's shares. This follows a winding-up petition filed by China Cinda (HK) Asset Management against the firm, linked to Sunac's failure to repay a USD30mn guaranteed loan in January. Bloomberg Asia USD Investment Grade spreads traded flat at 70bps while Bloomberg Asia USD High Yield spreads widened by 6bps to 399bps. (Bloomberg, OCBC)

New Issues:

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

- Qingdao Jiaozhou Urban Development & Investment Co Ltd priced a USD150mn 3Y Green Fixed bond at 7%.
- Sichuan Xinyao Chancheng Integration Ind Investment & Development Group Co. Ltd. (guarantor: Tianfu Bond Insurance Co.,Ltd) priced a USD110mn 3Y Fixed bond at 7%.
- Jiangsu Tenghai Investment Holdings Group Co.,Ltd. priced a USD100mn 3Y Fixed bond at 4.78%.

There was one notable issuance in the Singdollar market last Friday.

- MPACT Treasury Company Pte. Ltd. (guarantor: Mapletree Pan Asia Commercial Trust) priced a SGD200mn 7Y Green Fixed bond at 3.104%.

Mandates:

- There were no notable mandates last Friday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	107.614	0.35%	USD-SGD	1.3514	0.22%
USD-JPY	150.630	0.55%	EUR-SGD	1.4023	0.02%
EUR-USD	1.038	-0.22%	JPY-SGD	0.8974	-0.30%
AUD-USD	0.621	-0.43%	GBP-SGD	1.6999	0.05%
GBP-USD	1.258	-0.19%	AUD-SGD	0.8390	-0.21%
USD-MYR	4.463	0.48%	NZD-SGD	0.7564	-0.40%
USD-CNY	7.278	-0.11%	CHF-SGD	1.4962	-0.17%
USD-IDR	16580	0.79%	SGD-MYR	3.3089	-0.10%
USD-VND	25557	0.06%	SGD-CNY	5.3871	-0.37%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.4630	-2.49%	1M	4.3217	0.04%
3M	2.4640	-0.85%	2M	4.3251	0.07%
6M	2.3550	-1.42%	3M	4.3126	0.15%
12M	2.3940	-0.62%	6M	4.2306	0.28%
			1Y	4.0741	0.58%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/19/2025	-0.057	-5.7	-0.014
7/5/2025	-0.315	-25.8	-0.079
06/18/2025	-0.952	-63.7	-0.238
07/30/2025	-1.357	-40.5	-0.339
09/17/2025	-1.924	-56.7	-0.481
10/12/2025	-2.623	-38.5	-0.656

Equity and Commodity

Index	Value	Net change
DJIA	43,840.91	601.41
S&P	5,954.50	92.93
Nasdaq	18,847.28	302.86
Nikkei 225	37,155.50	-1100.67
STI	3,895.70	-25.49
KLCI	1,574.70	-11.90
JCI	6,270.60	-214.85
Baltic Dry	1,229.00	70.00
VIX	19.63	-1.50

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.63 (-0.04)	4.02(--)
5Y	2.63 (-0.05)	4.02 (-0.05)
10Y	2.74 (-0.03)	4.24 (-0.05)
15Y	2.79 (-0.04)	--
20Y	2.81 (-0.03)	--
30Y	2.78 (-0.03)	4.52 (-0.04)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.36
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	69.76	-0.84%	Corn (per bushel)	4.535	-2.4%
Brent (per barrel)	73.18	-1.16%	Soybean (per bushel)	10.115	-1.1%
Heating Oil (per gallon)	235.49	-1.71%	Wheat (per bushel)	5.370	-1.8%
Gasoline (per gallon)	197.03	-1.32%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.83	-2.54%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9358.00	-0.34%	Gold (per oz)	2857.8	-0.7%
Nickel (per mt)	15433.00	-2.52%	Silver (per oz)	31.2	-0.4%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
3/3/2025 8:30	ID	S&P Global Indonesia PMI Mfg	Feb	--	53.6	51.9	--
3/3/2025 8:30	JN	Jibun Bank Japan PMI Mfg	Feb F	--	49	48.9	--
3/3/2025 8:30	TA	S&P Global Taiwan PMI Mfg	Feb	--	51.5	51.1	--
3/3/2025 8:30	VN	S&P Global Vietnam PMI Mfg	Feb	--	49.2	48.9	--
3/3/2025 9:45	CH	Caixin China PMI Mfg	Feb	50.4	--	50.1	--
3/3/2025 12:00	ID	CPI YoY	Feb	0.55%	--	0.76%	--
3/3/2025 13:00	IN	HSBC India PMI Mfg	Feb F	--	--	57.1	--
3/3/2025 16:30	HK	Retail Sales Value YoY	Jan	--	--	-9.70%	--
3/3/2025 16:55	GE	HCOB Germany Manufacturing PMI	Feb F	46.1	--	46.1	--
3/3/2025 17:00	EC	HCOB Eurozone Manufacturing PMI	Feb F	47.3	--	47.3	--
3/3/2025 17:30	UK	S&P Global UK Manufacturing PMI	Feb F	46.4	--	46.4	--
3/3/2025 17:30	UK	Mortgage Approvals	Jan	65.5k	--	66.5k	--
3/3/2025 18:00	EC	CPI MoM	Feb P	0.40%	--	-0.30%	--
3/3/2025 22:30	CA	S&P Global Canada Manufacturing PMI	Feb	--	--	51.6	--
3/3/2025 22:45	US	S&P Global US Manufacturing PMI	Feb F	51.6	--	51.6	--
3/3/2025 23:00	US	ISM Manufacturing	Feb	50.8	--	50.9	--

Source: Bloomberg

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