

## Daily Treasury Outlook

4 March 2025

### Highlights

**Global:** Fears over a global trade war materialised after President Trump confirmed that tariffs on Mexico and Canada will be implemented in full on Tuesday, and also signed an order to raise tariffs on China to 20% (an additional 10% on top of 10% which was implemented earlier). Tariff headlines aside, the market is also digesting a weaker-than-expected US ISM manufacturing report at 50.3 (vs consensus of 50.6), with the Atlanta Fed Nowcast Q1 GDP model being revised down to -2.8% (from 2.3% last week). The manufacturing PMI report showed easing demand, with new orders index dropping back into contraction territory. Production stabilized, but the employment index fell to contractionary zone. US stock indexes slumped as much as 2.6% on signs of continued economic weakness. UST yields fell with flattened curve, while dollar weakened. Euro and eurozone yields rose on fiscal spending hopes and hotter-than-expected inflation print. Inflation in the eurozone eased to 2.4% YoY in February, down from 2.5% YoY in January but above the market estimate of 2.3%. In sequential terms, inflation accelerated by 0.5% MoM, the fastest pace since April 2024. Separately, headlines that OPEC+ are looking to bring close to 140k barrels of production back in April sent the oil price lower.

**Market Watch:** Asia market is set to open on the back foot, while awaiting China's Two Sessions opening and counter-tariffs announcement, as well as RBA's February meeting minutes. Today's economic data calendar comprises of Japan's January jobless rate (at 2.5%), February monetary base outstanding (-1.8% YoY) and February consumer confidence, as well as New Zealand's building permits (+2.6% MoM), Australia's January retail sales (+0.3% MoM) and 4Q24 current account balance (A\$12.5 billion). Later tonight, market attention will turn to Euro area's January unemployment rate.

**Commodities:** Crude oil benchmarks extended their losses for the second consecutive trading session, with WTI and Brent declining by ~2%, closing at USD68.4/bbl and USD71.6/bbl, respectively. Sentiment in the oil market soured following reports that the OPEC+ group will maintain its planned output increase increases of 2.2 mbpd from April onwards. Additionally, concerns over the impact of tariffs on economic growth and commodity demand have exerted downward pressure on oil prices.

### Key Market Movements

Equity	Value	% chg
S&P 500	5849.7	-1.8%
DJIA	43191	-1.5%
Nikkei 225	37785	1.7%
SH Comp	3316.9	-0.1%
STI	3908.9	0.3%
Hang Seng	23006	0.3%
KLCI	1571.4	-0.2%
	Value	% chg
DXY	106.747	-0.8%
USDJPY	149.5	-0.8%
EURUSD	1.0487	1.1%
GBPUSD	1.2701	1.0%
USDIDR	16480	-0.6%
USDSGD	1.3469	-0.3%
SGDMYR	3.3127	0.1%
	Value	chg (bp)
2Y UST	3.95	-3.93
10Y UST	4.16	-5.31
2Y SGS	2.61	-2.40
10Y SGS	2.74	0.12
3M SORA	2.73	-2.27
3M SOFR	4.41	-0.73
	Value	% chg
Brent	71.62	-1.6%
WTI	68.37	-2.0%
Gold	2893	1.2%
Silver	31.68	1.7%
Palladium	940	2.0%
Copper	9419	0.7%
BCOM	103.38	0.6%

Source: Bloomberg

## Major Markets

**SG:** Singapore's February manufacturing and electronics PMIs retreated to 50.7 (-0.2) and 51.0 (-0.1) respectively. These readings still marked the 18th and 16th consecutive months of expansion although the expansion momentum in the new orders, new exports and input purchases gauges slowed somewhat in February.

**ID:** Headline inflation dropped by 0.1% YoY in February versus 0.8% in January (Consensus & OCBC: 0.6%). The impact was primarily driven by a 50% discount in utilities prices for January and February. Excluding the utilities (weight of 16.4% in the CPI basket), headline CPI eased to 2.2% YoY in February versus 2.5% in January. But core CPI was higher at 2.5% YoY in February versus 2.4% in January (mainly because of gold prices). Inflationary pressures are mild, but the headline drop is overstated by supply factors. Notwithstanding, the benign inflation outlook is supportive of at least another 25bp rate cut from Bank Indonesia (BI), but the timing will depend on IDR considerations. Sooner rather than later works better for BI (and other ASEAN central banks, e.g. BoT last week), in our view, as US tariff policies for ASEAN are still under consideration rather than announced.

**MY:** Finance Minister II Amir Hamzah Azizan reaffirmed the government's commitment to reducing the fiscal deficit, aiming for the deficit to be at 3.8% of the GDP in 2025 from 4.1% in 2024 and 5.5% in 2022. In addition, Finance Minister II Azizan emphasized that these measures would help maintain the debt-to-GDP ratio below 60% and achieve a 3% "in the medium term", as outlined in the Public Financial Act and Fiscal Responsibility Act 2023.

**TH:** Finance Minister Pichai Chunhavajira shared that Dr. Somchai Sujjapongse, a candidate nominated by the Finance Ministry, has been selected by the selection panel as the Chairman of the Bank of Thailand's (BoT) board. The Finance Ministry will submit the panel's decision to the Cabinet for approval. This confirmation is expected to alleviate uncertainties surrounding the appointment of a new Chairman of BoT.

**VN:** The S&P Global Manufacturing PMI improved slightly to 49.2 in February from 48.9 in January but remains below the 50.0 no-change mark for the third consecutive month. Demand conditions remained subdued in February, leading to reductions in new orders and production, with firms scaling back employment. Meanwhile, input cost inflation eased to a 19-month low, according to the S&P Global press release.

## ESG

**SG:** Singapore is on track to meet its solar power deployment target of at least two gigawatt-peak (GWp) by 2030, which is expected to meet around 3% of projected electricity demand. By end 2024, Singapore has deployed 1.5 GWp of solar energy ahead of its initial 2025 target, tripling where the country was in 2020. Despite the unevenness in implementation and countries' commitments, Singapore remains committed to climate action.

**MY:** Malaysia Aviation Group (MAG) will collaborate with FatHopes Energy Sdn Bhd (FHE) to explore the potential of used cooking oil (UCO) as feedstock for Sustainable Aviation Fuel (SAF) production. This initiative aims to assess the scalability of SAF production for national adoption. Through this collaboration, FHE will provide advisory expertise to MAG to ensure that UCO collection meets sustainability standards and regulatory requirements. FHE will also offer technical support to facilitate the collection, processing, and conversion of UCO into neat SAF, ensuring compliance with both environmental and industry regulations.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 1-2bps lower, belly tenors and 10Y trading 1bps lower. Per Bloomberg, New World Development Co Ltd ("New World")'s NWDEVL 6.15% perpetual bond increased by 10 cents to ~69 cents per dollar, marking its largest daily rise since it was issued. Additionally, several of New World's dollar bonds gained at least 2 cents across the board on Monday morning. This comes after CEO Echo Huang committed to reducing costs and divesting HKD\$26bn in non-core assets, while also raising the company's sales forecast for mainland China to RMB14bn for the year. According to sources familiar with the situation, Chinese developer Country Garden has once again enlisted Houlihan Lokey and CICC as financial advisers for the company's offshore debt restructuring, as reported by Bloomberg. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 71bps while Bloomberg Asia USD High Yield spreads widened by 2bps to 401bps. (Bloomberg, OCBC)

### New Issues:

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

- Sumitomo Mitsui Trust Bank Ltd issued USD2.5bn debt in four tranches: a USD500mn 3Y Fixed bond at T+60bps, a USD500mn 5Y Fixed bond at T+75bps, a USD1bn 5Y FRN at SOFR+99bps and a USD500mn 10Y Fixed bond at T+90bps.
- Bocom Leasing Management Hong Kong Co Ltd (Keepwell Provider: Bank of Communications Financial Leasing Co Ltd) issued USD1bn debt in two tranches: a USD500mn 3Y Green FRN at SOFR+67bps and a USD500mn 5Y FRN at SOFR+77bps.

- Rudong County Mintai Urban and Rural Construction Engineering Co Ltd (guarantor: Rudong County Jinxin Transportation Engineering Construction Investment Co Ltd) priced a USD100mn 3Y Fixed bond at 6.30%.
- American Honda Finance Corp issued USD2.05bn debt in four tranches: a USD650mn 3Y Fixed bond at T+65bps, a USD400mn 3Y FRN at SOFR+82bps, a USD500mn 5Y Fixed bond at T+85bps and USD500mn 10Y Fixed bond at T+105bps.

There were no notable issuances in the Singdollar market yesterday.

**Mandates:**

- Central Nippon Expressway Company Limited, wholly owned by the Japanese Government, may issue USD denominated 1Y FXD Notes.
- Meiji Yasuda Life Insurance Co may issue USD denominated 30.25NC10.25 Callable Subordinated bonds.
- Knowledge City (Guangzhou) Investment Group Co., Ltd. may issue USD denominated Senior Unsecured bonds.
- Shenwan Hongyuan Group Co Ltd (guarantor: Shenwan Hongyuan Securities Co., Ltd.) may issue USD denominated Senior Unsecured bonds.
- Hysan Development Co Ltd may issue USD denominated Subordinated Guaranteed Perpetuals.
- Union Bank of the Philippines may issue up to USD800mn or equivalent in foreign currencies.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	106.747	-0.81%	USD-SGD	1.3469	-0.33%
USD-JPY	149.500	-0.75%	EUR-SGD	1.4126	0.73%
EUR-USD	1.049	1.08%	JPY-SGD	0.9008	0.38%
AUD-USD	0.623	0.26%	GBP-SGD	1.7105	0.62%
GBP-USD	1.270	0.99%	AUD-SGD	0.8383	-0.08%
USD-MYR	4.465	0.06%	NZD-SGD	0.7565	0.01%
USD-CNY	7.288	0.13%	CHF-SGD	1.5017	0.37%
USD-IDR	16480	-0.60%	SGD-MYR	3.3127	0.11%
USD-VND	25597	0.16%	SGD-CNY	5.4168	0.55%

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.4630	-2.49%	1M	4.3094	-0.09%
3M	2.4640	-0.85%	2M	4.3101	-0.12%
6M	2.3550	-1.42%	3M	4.2842	-0.23%
12M	2.3940	-0.62%	6M	4.1710	-0.66%
			1Y	3.9722	-1.20%

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/19/2025	-0.122	-12.2	-0.031
7/5/2025	-0.51	-38.8	-0.127
06/18/2025	-1.277	-76.8	-0.319
07/30/2025	-1.712	-43.5	-0.428
09/17/2025	-2.39	-67.8	-0.598
10/12/2025	-3.182	-42	-0.796

## Equity and Commodity

Index	Value	Net change
DJIA	43,191.24	-649.67
S&P	5,849.72	-104.78
Nasdaq	18,350.19	-497.09
Nikkei 225	37,785.47	629.97
STI	3,908.92	13.22
KLCI	1,571.39	-3.31
JCI	6,519.66	249.06
Baltic Dry	1,229.00	70.00
VIX	22.78	3.15

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.61 (-0.02)	3.89(--)
5Y	2.62 (-0.01)	3.96 (-0.06)
10Y	2.74 (--)	4.12 (-0.05)
15Y	2.78 (-0.01)	--
20Y	2.81 (-0.01)	--
30Y	2.77 (-0.01)	4.43 (-0.04)

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.39
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	68.37	-1.99%	Corn (per bushel)	4.403	-2.9%
Brent (per barrel)	71.62	-2.13%	Soybean (per bushel)	9.983	-1.3%
Heating Oil (per gallon)	226.04	-4.01%	Wheat (per bushel)	5.320	-0.9%
Gasoline (per gallon)	218.78	11.04%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	4.12	7.51%	Rubber (JPY/KG)	309.500	2.8%

  

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9419.00	0.65%	Gold (per oz)	2892.7	1.2%
Nickel (per mt)	15893.00	2.98%	Silver (per oz)	31.7	1.7%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
3/4/2025 5:24	US	Wards Total Vehicle Sales	Feb	16.14m	16.00m	15.60m	--
3/4/2025 5:45	NZ	Building Permits MoM	Jan	--	2.60%	-5.60%	--
3/4/2025 7:00	SK	Industrial Production YoY	Jan	-2.00%	-4.10%	5.30%	4.40%
3/4/2025 7:00	SK	Industrial Production SA MoM	Jan	-3.10%	-2.30%	4.60%	3.90%
3/4/2025 7:00	SK	Cyclical Leading Index Change	Jan	--	-0.3	-0.2	-0.1
3/4/2025 7:30	JN	Jobless Rate	Jan	2.40%	2.50%	2.40%	2.50%
3/4/2025 7:30	JN	Job-To-Applicant Ratio	Jan	1.25	1.26	1.25	--
3/4/2025 7:50	JN	Capital Spending YoY	4Q	5.00%	-0.20%	8.10%	--
3/4/2025 7:50	JN	Monetary Base YoY	Feb	-1.80%	-1.80%	-2.50%	--
3/4/2025 7:50	JN	Capital Spending Ex Software YoY	4Q	4.70%	3.10%	9.50%	--
3/4/2025 8:01	UK	BRC Shop Price Index YoY	Feb	-0.60%	-0.70%	-0.70%	--
3/4/2025 8:30	SK	S&P Global South Korea PMI Mfg	Feb	--	49.9	50.3	--
3/4/2025 8:30	AU	Retail Sales MoM	Jan	0.30%	0.30%	-0.10%	--
3/4/2025 8:30	AU	BoP Current Account Balance	4Q	-A\$12.0b	-A\$12.5b	-A\$14.1b	-A\$13.9b
3/4/2025 13:00	JN	Consumer Confidence Index	Feb	35.3	--	35.2	--
3/4/2025 18:00	EC	Unemployment Rate	Jan	6.30%	--	6.30%	--

Source: Bloomberg

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