

Daily Treasury Outlook

7 March 2025

Highlights

Global: US equity indices closed broadly lower (S&P 500: -1.8%; Dow Jones: -1.0%; Nasdaq: -2.6%) overnight, as President Trump backtracked on his tariff measures on Canada and Mexico following calls with both countries' leaders. Specifically, President Trump announced a one-month pause on tariffs for goods imported from Canada and Mexico under the US-Mexico-Canada Agreement (USMCA), effective until 2 April, providing relief for automobiles and parts meeting USMCA standards. 2 April is also the date when President Trump is expected to announce global reciprocal tariff measures. Nonetheless, a White House official estimated that about 62% of Canadian imports and half of Mexican goods will still face tariffs. On the data front, the US trade deficit widened to a record high of USD131.4bn in January from a revised USD98.1bn in the previous month, likely due to front-loading of imports ahead of tariff measures. Meanwhile, on the labour market front, weekly initial jobless claims fell to 221k for the week ending March 1, below the 233k consensus and 242k in the previous week. Elsewhere, the European Central Bank cut its policy benchmark rate to 25bp, in line with expectations.

Market Watch: Market attention will remain squarely on US payrolls for February. Consensus expects total nonfarm payroll employment to increase by 160k and the unemployment rate to hold steady at 4.0%. Elsewhere, the Eurozone will release its final reading of the 4Q24 GDP. Additionally, Thailand will release its CPI print for February. Fed Bowman and Williams will speak today. ECB officials, including Lagarde, Nagel, Escriva, Centeno are also expected to speak today.

Commodities: Crude oil benchmarks closed relatively flat in a choppy trading session. WTI and Brent edged marginally higher by 0.1% and 0.2%, respectively, closing at USD66.4/bbl and USD69.5/bbl. Downward pressure on oil prices from ongoing uncertainty regarding US tariff policy and the planned production increase by OPEC+ from April onwards was offset by concerns about supply disruption due to tightened sanctions on Iranian oil.

Key Market Movements

Equity	Value	% chg
S&P 500	5738.5	-1.8%
DJIA	42579	-1.0%
Nikkei 225	37705	0.8%
SH Comp	3381.1	1.2%
STI	3917.1	0.5%
Hang Seng	24370	3.3%
KLCI	1558.9	-0.4%
	Value	% chg
DXY	104.062	-0.2%
USDJPY	147.98	-0.6%
EURUSD	1.0785	0.0%
GBPUSD	1.2882	-0.1%
USDIDR	16330	0.1%
USDSGD	1.3333	0.2%
SGDMYR	3.3197	0.1%
	Value	chg (bp)
2Y UST	3.96	-4.57
10Y UST	4.28	-0.01
2Y SGS	2.57	0.30
10Y SGS	2.75	3.68
3M SORA	2.71	-0.51
3M SOFR	4.41	-0.28
	Value	% chg
Brent	69.46	0.2%
WTI	66.36	0.1%
Gold	2912	-0.3%
Silver	32.65	0.0%
Palladium	946	-0.1%
Copper	9734	1.6%
BCOM	104.45	0.0%

Source: Bloomberg

Major Markets

CH: China's security regulator Wu Qing emphasized that since September 2024, the market capitalization of A-shares held by medium- and long-term funds has increased by 22%, rising from RMB 14.6 trillion to RMB 17.8 trillion. This growth underscores stronger institutional participation and improving market confidence. Meanwhile, Finance Minister Lan Fo'an announced enhanced fiscal-monetary policy coordination alongside two interest subsidy programs aimed at stimulating domestic demand. The first program targets personal consumer loans in key sectors to ease household spending pressures, while the second supports business loans in industries such as catering, healthcare, elderly care, and domestic services, aiming to lower financing costs and enhance service supply. Additionally, PBoC Governor Pan Gongsheng reaffirmed that monetary policy adjustments, including RRR and interest rate cuts, will be implemented as needed, emphasizing that there is still room for further RRR reductions. This signals continued liquidity support to reinforce economic recovery and financial stability.

ID: The Indonesia Palm Oil Association (GAPKI) anticipated Indonesia's palm oil exports to fall by 6.9% to 27.5mn metric tonnes in 2025. In addition, GAPKI estimates total palm oil output at 53.6mn tonnes this year, with crude palm oil production slightly rising to 49.0mn tons. GAPKI added that domestic crude palm oil production reached 48.2mn tonnes in 2024.

MY: BNM kept its policy rate unchanged at 3.00%, in line with expectations. The tone of the official policy statement remained broadly neutral compared to the 22 January meeting. On the global front, BNM continued to assess that "the global economy is anticipated to be sustained by positive labour market conditions, moderating inflation and less restrictive monetary policy." It, however, added that "the outlook for global growth, inflation and trade is subject to considerable uncertainties surrounding tariff and other policies from major economies and geopolitical developments." BNM expects the domestic economy to remain "anchored by domestic demand" including household and investment spending. Looking ahead, our base case is for BNM to keep its policy rate unchanged at 3.00%. However, the risks are becoming more evenly balanced with the considerable downside risks to growth.

VN: Headline CPI eased more than expected to 2.9% YoY in February, down from 3.6% in January (Consensus: 3.2%; OCBC: 3.6%). Notably, the food and foodstuff CPI decreased to 3.1% YoY from 4.4% in January, which reduced its contribution to the headline figure by 1.0 percentage point (pp), down from 1.5 pp in January. This more than offset the higher CPI in housing and construction materials (5.1%, up from 4.9%). Looking ahead, we maintain our forecast for the headline CPI to average 4.0% in 2025, up from 3.6% in 2024. Notably, this remains below the government's newly revised inflation target range of 4.5% to 5.0%, in line with the target of achieving economic growth of at least 8%.

PH: According to the Philippine Statistics Authority (PSA), the unemployment rate rose to 4.3% in January, up from 3.1% in December 2024. (January 2024: 4.5%). Meanwhile, the labour force participation rate edged lower to 63.9% versus 65.1% in December 2024 (January 2024: 61.1%). The increase in the unemployment rate can be attributed to the fading seasonal demand for workers during the December festive period. By economic sector, the data from the PSA also showed the largest annual increase in the number of employed persons in the following areas: 'agriculture and forestry', 'wholesale and retail trade; repair of motor vehicles and motorcycle', 'accommodation and food service activities', 'transportation and storage', and 'administrative and support service activities'.

ESG

CN: China's government plans to launch initiatives for carbon emissions statistics and accounting, along with developing carbon labelling and certification. This follows after it has signalled that it plans to add steel, aluminium, and cement producers by the end of 2025 to ensure the market covers a larger share of the country's total emissions. In addition, China intends to continue to play a key role in diplomacy on emissions reduction as the US retreats from international cooperation. This can strengthen China's position as a global leader in clean energy sectors as it can capitalise on both US and global market demands.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded slightly mixed yesterday with shorter tenors trading -2bps to 1bps, belly tenors trading 3-5bps higher and 10Y trading 5bps higher. China will firmly limit the rise of hidden debt, according to China's Minister of Finance Lan Fo'an at a Thursday briefing. As of March 5, local governments issued RMB2.96tn in debt swap bonds to support key growth areas. The government will encourage early issuance of these bonds and has sufficient policy tools to address potential external uncertainties. Lan also stated that China will promptly develop and implement new policies as needed. Bloomberg Asia USD Investment Grade spreads traded flat at 71bps while Bloomberg Asia USD High Yield spreads tightened by 1bps to 393bps. (Bloomberg, OCBC)

New Issues:

There were seven notable issuances from three issuers in the Asiadollar market yesterday.

- Commonwealth Bank of Australia/New York NY issued USD5bn debt in five tranches: a USD750mn 3Y Fixed bond at T+45bps, a USD1bn 3Y FRN at SOFR+64bps, a USD500mn 5Y Fixed bond at T+55bps, a USD1.5bn FRN at SOFR+81bps and USD1.25bn 21NC20 Subordinated bond at T+132bps,
- GF Financial Holdings BVI Ltd (guarantors: GF SECURITIES and subsidiaries) priced a USD380mn 3Y FRN at SOFR+62bps, in addition to a RMB tranche.
- Zhangzhou Longhai State-owned Asset Investment & Operating Co Ltd (guarantor: Fujian Mangrove Investment Group Co., Ltd) priced a USD200mn 3Y Fixed bond at 7.10%.

There were two notable issuances in the Singdollar market yesterday.

- Equinix Asia Financing Corporation Pte. Ltd. (guarantor: Equinix Inc) priced a SGD500mn 5Y Green Fixed bond at 3.50%.
- Allgreen Treasury Pte Ltd (Allgreen Properties Ltd) priced a SGD200mn 5Y Fixed bond at 3.16%.

Mandates:

- There were no notable mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	104.062	-0.21%	USD-SGD	1.3333	0.15%
USD-JPY	147.980	-0.60%	EUR-SGD	1.4382	0.12%
EUR-USD	1.079	-0.04%	JPY-SGD	0.9010	0.77%
AUD-USD	0.633	-0.03%	GBP-SGD	1.7176	0.04%
GBP-USD	1.288	-0.10%	AUD-SGD	0.8445	0.13%
USD-MYR	4.426	-0.09%	NZD-SGD	0.7645	0.30%
USD-CNY	7.242	0.07%	CHF-SGD	1.5084	0.91%
USD-IDR	16330	0.10%	SGD-MYR	3.3197	0.13%
USD-VND	25499	-0.05%	SGD-CNY	5.4344	-0.15%

Equity and Commodity

Index	Value	Net change
DJIA	42,579.08	-427.51
S&P	5,738.52	-104.11
Nasdaq	18,069.26	-483.47
Nikkei 225	37,704.93	286.69
STI	3,917.06	18.66
KLCI	1,558.91	-5.51
JCI	6,617.85	86.45
Baltic Dry	1,228.00	-34.00
VIX	24.87	2.94

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.4940	0.93%	1M	4.3215	-0.01%
3M	2.5040	0.52%	2M	4.3170	-0.01%
6M	2.3530	0.47%	3M	4.2880	-0.03%
12M	2.3920	0.46%	6M	4.1704	-0.08%
			1Y	3.9815	-0.17%

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.57 (-)	3.95(-)
5Y	2.6 (+0.02)	4.06 (-0.02)
10Y	2.75 (+0.04)	4.26 (0)
15Y	2.8 (+0.04)	--
20Y	2.83 (+0.04)	--
30Y	2.79 (+0.04)	4.56 (+0.01)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/19/2025	-0.106	-10.6	-0.027
05/07/2025	-0.571	-46.5	-0.143
06/18/2025	-1.31	-73.9	-0.328
07/30/2025	-1.736	-42.6	-0.434
09/17/2025	-2.405	-66.9	-0.601
12/10/2025	-3.072	-34.5	-0.768

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.34
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	66.36	0.08%	Corn (per bushel)	4.495	2.1%
Brent (per barrel)	69.46	0.23%	Soybean (per bushel)	10.140	1.6%
Heating Oil (per gallon)	222.38	-0.76%	Wheat (per bushel)	5.370	1.2%
Gasoline (per gallon)	210.12	-1.68%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	4.30	-3.33%	Rubber (JPY/KG)	309.500	2.8%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9734.00	1.55%	Gold (per oz)	2911.8	-0.3%
Nickel (per mt)	16298.00	2.50%	Silver (per oz)	32.6	0.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
03/07/2025 07:00	SK	BoP Current Account Balance	Jan	--	\$2940.1m	\$12367.5m	--
03/07/2025 07:00	SK	BoP Goods Balance	Jan	--	\$2500.4m	\$10433.5m	--
03/07/2025 14:30	TH	CPI YoY	Feb	0.011	--	1.32%	--
03/07/2025 14:30	TH	CPI NSA MoM	Feb	0.001	--	0.001	--
03/07/2025 14:30	TH	CPI Core YoY	Feb	0.009	--	0.83%	--
03/07/2025 18:00	EC	GDP SA YoY	4Q F	0.009	--	0.009	--
03/07/2025 18:00	EC	GDP SA QoQ	4Q F	0.10%	--	0.10%	--
03/07/2025 18:00	EC	Govt Expend QoQ	4Q	--	--	0.50%	0.006
03/07/2025 18:00	EC	Gross Fix Cap QoQ	4Q	--	--	0.02	--
03/07/2025 18:00	EC	Household Cons QoQ	4Q	--	--	0.70%	--
03/07/2025 18:00	EC	Employment QoQ	4Q F	--	--	0.10%	--
03/07/2025 18:00	EC	Employment YoY	4Q F	--	--	0.60%	--
03/07/2025 21:30	CA	Unemployment Rate	Feb	0.067	--	0.066	--
03/07/2025 21:30	US	Change in Nonfarm Payrolls	Feb	160k	--	143k	--
03/07/2025 21:30	CA	Participation Rate	Feb	--	--	0.655	--
03/07/2025 21:30	US	Change in Private Payrolls	Feb	146k	--	111k	--

Source: Bloomberg

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Co.Reg.no.: 193200032W