

Daily Treasury Outlook

10 March 2025

Highlights

Global: From US exceptionalism to normalcy? The US February nonfarm payrolls fell short of expectations at 151k, while the January NFP was also revised down from 143k to 125k. This brought the 6-month average to 191k, even as federal employment fell 10k amid President Trump's executive order to freeze federal hiring. The unemployment rate also edged up to 4.1% while the labor-force participation rate fell from 62.6% to 62.4% and the average hourly earnings also eased to 0.3% mom. The S&P500 rose 0.55% on Friday but closed down 3.1% for the roller coaster week amid the on-again, off-again tariff narrative, while the 10-year U.S. Treasury yield closed up 2bps at 4.30% as Fed chair Powell hinted at a "wait-and-see" approach. Trump had said he may implement reciprocal tariffs on Canadian lumber and dairy products after a Thursday reprieve to delay tariffs for Mexican and Canadian goods until April 2. Elsewhere, the Eurozone's 4Q24 GDP growth was revised up to 1.2% YoY (0.2% QoQ sa), bolstered by consumer expenditure and business investments. Nevertheless, the ECB had trimmed its 2025 GDP growth forecast to 0.9% and 2026 to 1.2%, citing weak exports and investments amid the trade and tariff uncertainties. After its 6th rate cut since June to 2.5%, ECB chief Lagarde had also cautioned that the 2% inflation target may only be met in early 2026, but flagged the switch to a "more evolutionary approach" as monetary policy has become "meaningfully less restrictive". Elsewhere, Mark Carney will be the next prime minister of Canada after securing victory to lead the country's federal Liberal party.

Market Watch: For the week ahead, Asian markets may start on a cautious note this morning while awaiting China's new yuan loans and monetary aggregates data. Today's economic data calendar also comprises of Germany's industrial production and trade data. ECB's Nagel is also speaking today, while the Fed enters into the blackout period ahead of its upcoming FOMC meeting. For the week ahead, watch US CPI on Wednesday and PPI on Thursday to assess the Fed's policy trajectory, the University of Michigan sentiment index and inflation gauges on Friday. Meanwhile, the Bank of Canada is tipped to cut rates by 25bps on Wednesday. Other factors to watch include the US bill to prevent a government shutdown, increase defence spending and fund federal agencies through September - House speaker Johnson aims to secure a vote by Tuesday, but with a slim Republican majority, Democratic support may be necessary, and Congress must act by midnight Friday to avert a partial government.

Key Market Movements

Equity	Value	% chg
S&P 500	5770.2	0.6%
DJIA	42802	0.5%
Nikkei 225	36887	-2.2%
SH Comp	3372.5	-0.3%
STI	3914.5	-0.1%
Hang Seng	24231	-0.6%
KLCI	1547.3	-0.7%
	Value	% chg
DXY	103.838	-0.2%
USDJPY	148.04	0.0%
EURUSD	1.0833	0.4%
GBPUSD	1.2920	0.3%
USDIDR	16295	-0.2%
USDSGD	1.331	-0.2%
SGDMYR	3.3199	0.0%
	Value	chg (bp)
2Y UST	4.00	4.07
10Y UST	4.30	2.27
2Y SGS	2.51	-6.10
10Y SGS	2.69	-6.21
3M SORA	2.70	-0.60
3M SOFR	4.40	-0.28
	Value	% chg
Brent	70.36	1.3%
WTI	67.04	1.0%
Gold	2909	-0.1%
Silver	32.54	-0.3%
Palladium	951	0.5%
Copper	9614	-1.2%
BCOM	104.80	0.3%

Source: Bloomberg

Commodities: Crude oil benchmarks rose on Friday, with WTI and Brent increasing by 1.0% and 1.3%, respectively, to close at USD67.0/bbl and USD70.4/bbl. Although the OPEC+ group has reaffirmed its decision to proceed with the planned output increase in April, Russia's Deputy Prime Minister Alexander Novak highlighted that the group may consider other steps, including pausing or reversing the increase, subject on market conditions. This contributed to the upward movement in the market. Additionally, in a further boost to oil prices, it was reported that the US plans to refill its Strategic Petroleum Reserve (SPR) to maximum capacity after a drawdown of ~290mn barrels during the former Biden administration. US Energy Secretary Chris Wright estimates that it would require USD20bn and several years to achieve US President Trump's goal of refilling the SPR to its maximum capacity. Elsewhere, a weaker DXY profile also supported oil prices

Major Markets

CN: China announced that it will implement retaliatory tariffs on Canadian imports of rapeseed (canola) oil, pork, and seafood, starting on March 20, amid escalating trade tensions. China's CPI contracted by 0.7% YoY in February, primarily due to the Chinese New Year (CNY) effect, as this year's holiday fell in January. On a MoM basis, CPI declined by 0.2%, driven by a 0.5% MoM drop in food prices and a 4.4% MoM decline in travel costs following the holiday season. While the weak CPI print can be partially attributed to seasonal factors, the contraction in core CPI by 0.1% YoY—only the second recorded decline in history—confirms that disinflationary pressures remain entrenched. Although CPI is expected to recover to around 0.5% YoY in March, the persistently flat inflation readings in Q1 highlight the urgency for further policy easing to support economic reflation.

ID: The foreign reserve eased to USD154.5bn at the end of February 2025, despite a slight decline from USD156.1bn in January. Bank Indonesia attributed this to government external debt payments and its rupiah stabilization measures amid global financial market uncertainty. The reserves cover 6.6 months of imports or 6.4 months of imports and external debt servicing, above the international adequacy standard of three months. Bank Indonesia views the current reserve level as sufficient to support external resilience and maintain macroeconomic and financial stability.

MY: The Ministry of Science, Technology and Innovation (Mosti) has provided MYR1.4bn in funding to startups and SMEs from 2016 to 2024, aiming to enhance Malaysia's research and development (R&D) and commercialisation ecosystem. This investment has generated MYR1.8bn in funding returns, creating 17,282 skilled jobs and contributing MYR13.0bn to GDP. Cradle Fund Sdn Bhd (Cradle) approved MYR161mn in startup financing, while Malaysia Debt Ventures Berhad (MDV) provided MYR114mn to technology firms. Malaysian Bioeconomy Development Corporation Sdn Bhd (BEC), through the Agro-Based Venture Fund, invested MYR38mn in biotechnology and bio-based industries, as reported by The Edge.

TH: Headline inflation eased to 1.1% YoY in February, down from 1.3% YoY in January. Meanwhile, core inflation rose to 1.0% YoY, up from 0.8% in January. The main driver of lower headline inflation was driven by lower inflation in the 'apparel & footwears' (-0.3% YoY versus -0.2% in January), 'transport & communication' (0.5% YoY versus 2.1%), and 'tobacco & alcoholic beverages' (0.3% YoY versus 0.8%) categories. These more than offset higher inflation in the 'food & non alcoholic beverages' and 'housing & furnishing' categories. Headline CPI has averaged 1.2% YoY in the first two months of the year, at the low end of the Bank of Thailand's (BoT) 1-3% target range. Looking ahead, we forecast headline inflation to average at 1.6% YoY in 2025, up from 0.4% in 2024.

VN: Deputy Director of the National Authority of Tourism, Ha Van Sieu, revealed that Vietnam and Indonesia are exploring new tourism cooperation opportunities. This includes a recent tourism promotion program in Jakarta, which coincided with a state visit and aimed to enhance tourist exchanges and partnerships between the two countries. Vietnam welcomed 17.6mn international arrivals in 2024, including over 184k Indonesians. Separately, Vietnam has waived visas for citizens from 12 countries - Germany, France, Italy, Spain, the United Kingdom, Russia, Japan, South Korea, Denmark, Sweden, Norway, and Finland - from 15 March 2025 to 14 March 2028. The recently issued resolution states that citizens from these countries will be exempt from visas for a temporary stay of 45 days from the date of entry, provided they meet Vietnam's entry conditions.

PH: According to Bangko Sentral ng Pilipinas (BSP), lending growth has reached a two-year high. Preliminary data revealed that the outstanding loans of universal and commercial banks, net of reverse purchase placements, rose by 12.8% YoY in January, up from 12.2% in December 2024. In terms of breakdown, loans for production activities remained robust at 11.8% YoY (December 2024: 10.8%), largely driven by increased lending to key industries, including utility, wholesale and retail trade, transportation and storage, and others. Similarly, growth in consumer loans to residents remained strong at 24.4% YoY (December 2024: 25.0%), supported by an increase credit card and motor vehicle loans. Looking ahead, the BSP reaffirmed its commitment "that domestic liquidity and lending conditions remain aligned with its price and financial stability mandates".

ESG

SG: Singapore could be buying its first set of carbon credits to offset its greenhouse gas emissions in 2025, with the Ministry of Trade and Industry set to launch a request for proposals to procure eligible credits later in 2025. Singapore has already signed an Implementation Agreement on carbon credits cooperation under Article 6 of the Paris Agreement with Papua New Guinea and Ghana, and more recently with Bhutan. These agreements pave the way for Singapore to eventually buy carbon credits from projects in the three countries to offset residual emissions and meet its climate targets under the Paris Agreement.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower last Friday with shorter tenors trading 7-8bps lower, belly tenors trading 6-8bps lower and 10Y trading 6bps lower. China Citic Bank International Ltd. (“China Citic Bank”) has sued Logan Group Co. for HKD652mn (~USD83.9mn) over a loan defaulted on in 2023, as reported by Bloomberg. The claim includes HKD588mn in principal, HKD64mn in interest, and additional costs, according to a writ filed in Hong Kong’s High Court. Logan secured the loan from China Citic Bank in 2021 and defaulted in October 2023. Japan's 38 local governments are set to issue JPY62.8bn in green bonds next Friday, testing investor demand for eco-friendly financing. This offering is vital for Japan's goal of achieving net zero greenhouse gas emissions by 2050, especially as the greenium in the market declines. Over the past decade, Japanese issuers have raised nearly USD100bn through green bonds, but issuance fell last year, making the upcoming sale a crucial indicator of investor interest. Bloomberg Asia USD Investment Grade spreads traded flat at 71bps while Bloomberg Asia USD High Yield spreads tightened by 5bps to 388bps. (Bloomberg, OCBC)

New Issues:

There were no notable issuances in the Asiadollar and Singdollar markets last Friday.

Mandates:

- New Zealand Local Government Funding Agency Limited may issue a USD500mn 3Y WNG bond

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	103.838	-0.22%	USD-SGD	1.3310	-0.17%
USD-JPY	148.040	0.04%	EUR-SGD	1.4416	0.24%
EUR-USD	1.083	0.45%	JPY-SGD	0.8989	-0.23%
AUD-USD	0.631	-0.44%	GBP-SGD	1.7199	0.13%
GBP-USD	1.292	0.29%	AUD-SGD	0.8392	-0.63%
USD-MYR	4.412	-0.31%	NZD-SGD	0.7599	-0.60%
USD-CNY	7.246	0.06%	CHF-SGD	1.5123	0.26%
USD-IDR	16295	-0.21%	SGD-MYR	3.3199	0.01%
USD-VND	25513	0.05%	SGD-CNY	5.4349	0.01%

Equity and Commodity

Index	Value	Net change
DJIA	42,801.72	222.64
S&P	5,770.20	31.68
Nasdaq	18,196.22	126.96
Nikkei 225	36,887.17	-817.76
STI	3,914.48	-2.58
KLCI	1,547.27	-11.64
JCI	6,636.00	18.15
Baltic Dry	1,400.00	114.00
VIX	23.37	-1.50

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.4560	-1.01%	1M	4.3295	0.03%
3M	2.5290	0.72%	2M	4.3264	0.01%
6M	2.4080	0.58%	3M	4.3020	-0.10%
12M	2.4810	1.35%	6M	4.1935	-0.33%
			1Y	4.0058	-0.57%

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.51 (-0.06)	3.97(--)
5Y	2.54 (-0.06)	4.09 (+0.03)
10Y	2.69 (-0.06)	4.27 (+0.02)
15Y	2.74 (-0.06)	--
20Y	2.78 (-0.05)	--
30Y	2.76 (-0.04)	4.58 (+0.02)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/19/2025	-0.041	-4.1	-0.01
05/07/2025	-0.428	-38.8	-0.107
06/18/2025	-1.105	-67.7	-0.276
07/30/2025	-1.591	-48.6	-0.398
09/17/2025	-2.255	-66.4	-0.564
12/10/2025	-2.967	-38.7	-0.742

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.35
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	67.04	1.02%	Corn (per bushel)	4.553	1.3%
Brent (per barrel)	70.36	1.30%	Soybean (per bushel)	10.103	-0.4%
Heating Oil (per gallon)	221.60	-0.35%	Wheat (per bushel)	5.338	-0.6%
Gasoline (per gallon)	210.87	0.36%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	4.40	2.25%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9613.50	-1.24%	Gold (per oz)	2909.1	-0.1%
Nickel (per mt)	16504.00	1.26%	Silver (per oz)	32.5	-0.3%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
3/10/2025-3/15/2025	CH	Money Supply M1 YoY	Feb	0.011	--	0.004	--
3/10/2025-3/15/2025	CH	Money Supply M2 YoY	Feb	7.00%	--	7.00%	--
3/10/2025-3/15/2025	CH	Money Supply M0 YoY	Feb	--	--	0.172	--
3/10/2025-3/15/2025	CH	New Yuan Loans CNY YTD	Feb	6350.0b	--	5130.0b	--
3/10/2025-3/15/2025	CH	Aggregate Financing CNY YTD	Feb	9756.7b	--	7060.0b	7056.7b
03/10/2025 07:30	JN	Labor Cash Earnings YoY	Jan	0.03	0.028	0.048	0.044
03/10/2025 07:30	JN	Real Cash Earnings YoY	Jan	-1.60%	-1.80%	0.60%	0.003
03/10/2025 07:50	JN	BoP Current Account Balance	Jan	-¥230.5b	-¥257.6b	¥1077.3b	--
03/10/2025 07:50	JN	BoP Current Account Adjusted	Jan	¥1987.1b	¥1937.5b	¥2731.6b	--
03/10/2025 15:00	GE	Industrial Production SA MoM	Jan	0.015	--	-2.40%	--
03/10/2025 15:00	GE	Industrial Production WDA YoY	Jan	-0.028	--	-0.031	--
03/10/2025 15:00	GE	Trade Balance SA	Jan	19.9b	--	20.7b	--
03/10/2025 15:00	GE	Exports SA MoM	Jan	0.50%	--	2.90%	0.035
03/10/2025 15:00	GE	Imports SA MoM	Jan	0.005	--	0.021	0.027

Source: Bloomberg

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