

Daily Treasury Outlook

11 February 2025

Highlights

Global: The Trump tariff news flow continues, but risk sentiment remained supported during the Monday trading session. US stock markets ended the day higher, led by energy and tech stocks. The earning picture also fuelled the rally, as aggregate S&P 500 earnings growth for 4Q24 ran at nearly 15% YoY. On the other hand, a calm session in US rates and treasuries was also constructive to risk sentiment. Dollar strengthened mildly, while volatility in the G10 FX space remained well contained. Crude prices rallied, while gold prices hit record high on Monday, buoyed by increased safe haven demand. On data front, Eurozone's Sentix investor confidence improved, rising to -12.7 in February, from that of -17.7 last month. Meanwhile, Japan's current account surplus dipped to JPY1.08 trillion in December last year, down from that of JPY3.35 trillion in November. But for the year as a whole, Japan's current account surplus reached a record high of JPY29.3 trillion, up by 29.5% YoY, driven by stock inflows and direct investment.

Market Watch: Japan's market is closed for the day. Other Asian markets are expected to trade with a modestly upbeat tone this morning, while the calendar for Tuesday is light, comprising Australia's January NAB Business Confidence and Indonesia's January Consumer Confidence. In the US session, market attention will turn to the release of NFIB small business optimism survey in January, as well as Fed chair Powell's testimony to the Senate Banking Committee. Also, the market will continue to watch US' reciprocal tariff rates which will be announced over the next two days, according to President Trump. Separately, Trump said he is reportedly also looking at tariffs on cars, semiconductor chips and pharmaceuticals.

Commodities: Crude oil benchmarks extended gains for the second consecutive trading session, with WTI and Brent increasing by 1.9% and 1.6%, respectively, to close at USD72.3/bbl and USD75.9/bbl. Despite concerns over the impact of tariffs on global trade, oil prices rose due to signs of a tighter market, particularly the reduced supplies of exported Russian crude oil. Meanwhile, tensions in the Middle East escalated following reports that Hamas would cease the release of Israeli hostages as part of the first phase of the Israel-Hamas ceasefire. The increase in geopolitical tensions further exerted upward pressure on oil prices. Elsewhere, gold closed higher, reaching an all-time high of ~USD2908/oz on Monday.

Key Market Movements

Equity	Value	% chg
S&P 500	6066.4	0.7%
DJIA	44470	0.4%
Nikkei 225	38801	0.0%
SH Comp	3322.2	0.6%
STI	3875.1	0.4%
Hang Seng	21522	1.8%
KLCI	1590.0	-0.1%
	Value	% chg
DXY	108.319	0.3%
USDJPY	152	0.4%
EURUSD	1.0307	-0.2%
GBPUSD	1.2368	-0.3%
USDIDR	16345	0.4%
USDSGD	1.3553	0.1%
SGDMYR	3.3029	0.4%
	Value	chg (bp)
2Y UST	4.27	-1.45
10Y UST	4.50	0.21
2Y SGS	2.79	3.10
10Y SGS	2.88	2.39
3M SORA	2.86	-1.75
3M SOFR	4.47	-0.84
	Value	% chg
Brent	75.87	1.6%
WTI	72.32	1.9%
Gold	2908	1.6%
Silver	32.05	0.7%
Palladium	986	1.5%
Copper	9448	0.4%
BCOM	105.57	1.3%

Source: Bloomberg

Major Markets

CN: Chinese Premier Li Qiang chaired a State Council executive meeting to discuss measures for boosting consumption. The meeting emphasized the need to support household income growth, promote a reasonable increase in wage-based earnings, and accelerate the development of new consumption trends, including "AI + consumption." Additionally, the meeting also focused on stabilizing foreign investment and reviewed policy measures aimed at addressing structural imbalances in key industries.

MY: The unemployment rate edged down to 3.1% in December 2024 from 3.2% in November, marking the lowest reading since May 2015. The number of employed persons rose by 28.4k, reaching 16.8 million persons, with employment rising in all key sectors, including services, manufacturing, construction, and agriculture, which offset the easing in the mining and quarrying sector. The labor force participation rate improved marginally to 70.6% in December from 70.5% in November. Overall, Malaysia's labor market was largely resilient in 2024, partly due to sustained labor demand across various sectors, particularly in the private sector, according to the Department of Statistics Malaysia (DOSM).

ID: The government has launched an annual free health screening program on Monday (10 February 2025), expected to cost around IDR 3 trillion, aimed at preventing early deaths. Under this initiative, all Indonesians will eventually be entitled to a free screening on their birthday, which includes tests for blood pressure, heart problems, strokes, and eye health. Initially targeting children under six and adults aged 18 and over, the program's budget was reduced by approximately IDR 1 trillion following President Prabowo Subianto's order for budget cuts to fund election promises, such as providing free meals to school children.

PH: The Bangko Sentral ng Pilipinas (BSP) reported that net Foreign Direct Investment (FDI) inflows declined by 19.8% YoY (October: +50.2%) to USD0.9bn in November. The majority of equity capital investments came from Japan, the US and Singapore, primarily directed towards the manufacturing, real estate, financial and insurance, and administrative support services sectors. Despite the decline in November, total FDI net inflows for January to November 2024 rose to USD8.6bn, representing a 4.4% YoY increase from the USD8.2bn in net inflows during the same period last year.

TH: Finance Minister Pichai Chunhavajira shared that the selection process for a new Bank of Thailand (BoT) governor will begin in March. BoT Governor Sethaput Suthiwartnarueput's five-year term ends in September, and he is ineligible for reappointment due to having reached retirement age. The BoT will hold its first meeting of the year on 26 February. We expect BoT to follow through with a 25bp cut to the policy rate in 1Q25, taking the policy rate to 2.00% by end-2025.

ESG

CN: China plans to take steps to scale back subsidies for renewable energy projects, which comes after breaking its own records for solar and wind power installations i.e. installed solar and wind power capacity increased by 45.2% and 18% respectively in 2024. Any new projects completed after June this year would face payments for electricity based on market-based bidding, but China's National Development and Reform Commission expects power prices to remain the same for industrial and commercial operations. Overcapacity relative to global demand in China's solar industry has resulted in low prices for solar panels, which poses a risk of bankruptcy for smaller producers.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday with shorter tenors, belly tenors and 10Y trading 2bps higher. Country Garden Holdings Co. experienced a 59% decline in contracted sales compared to last year, totalling RMB2.26bn in January. This drop is significantly greater than the 3.2% decrease reported by the 100 largest real estate firms in China, attributed to sluggish domestic demand and a deteriorating job market. According to a filing with the Hong Kong Stock Exchange, Shenzhen Metro Group, a major shareholder of China Vanke Co Ltd ("VANKE"), is set to extend a loan of up to RMB2.8bn (~USD383mn) to the developer. In return, VANKE will offer asset collateral valued at up to RMB4bn to secure the loan agreement. Additionally, certain shares of Onewo owned by VANKE, along with around 211.5 million shares of Onewo, will be pledged as collateral, as detailed in another filing. The Government of Mongolia may issue its first USD denominated 5Y or 10Y bonds since being upgraded by all three rating firms last year. It would also be its first issue in over a year per Bloomberg. Bloomberg Asia USD Investment Grade and Bloomberg Asia USD High Yield spreads traded flat at 71bps and 411bps respectively. (Bloomberg, OCBC)

New Issues:

There was one notable issuance in the Asiadollar market yesterday.

- Pingxiang City Construction Investment Group Co Ltd (SBLC Provider: Bank of Jiujiang Co Ltd) priced a USD193.2mn 3Y Sustainable Fixed bond at 6.50%.

There were no notable issuances in the Singdollar markets yesterday.

Mandates:

The Government of Mongolia has mandated banks for fixed income investor calls for potential USD denominated 5Y or 10Y bonds.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	108.319	0.26%	USD-SGD	1.3553	0.10%
USD-JPY	152.000	0.39%	EUR-SGD	1.3969	-0.09%
EUR-USD	1.031	-0.20%	JPY-SGD	0.8916	-0.28%
AUD-USD	0.628	0.05%	GBP-SGD	1.6761	-0.20%
GBP-USD	1.237	-0.27%	AUD-SGD	0.8507	0.15%
USD-MYR	4.470	0.69%	NZD-SGD	0.7645	-0.25%
USD-CNY	7.305	0.14%	CHF-SGD	1.4870	-0.02%
USD-IDR	16345	0.43%	SGD-MYR	3.3029	0.42%
USD-VND	25386	0.29%	SGD-CNY	5.3876	0.14%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.6460	-0.34%	1M	4.3183	0.01%
3M	2.5270	-0.32%	2M	4.3185	0.00%
6M	2.4680	0.08%	3M	4.3200	0.02%
12M	2.3840	1.27%	6M	4.2849	-0.03%
			1Y	4.2263	-0.13%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/19/2025	-0.065	-6.5	-0.016
05/07/2025	-0.298	-23.3	-0.074
06/18/2025	-0.627	-33	-0.157
07/30/2025	-0.845	-21.8	-0.211
09/17/2025	-1.15	-30.5	-0.288
12/10/2025	-1.534	-20.9	-0.383

Equity and Commodity

Index	Value	Net change
DJIA	44,470.41	167.01
S&P	6,066.44	40.45
Nasdaq	19,714.27	190.87
Nikkei 225	38,801.17	14.15
STI	3,875.13	13.71
KLCI	1,589.95	-0.96
JCI	6,648.14	-94.43
Baltic Dry	815.00	22.00
VIX	15.81	-0.73

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.79 (+0.03)	4.27(--)
5Y	2.81 (+0.02)	4.34 (-0.01)
10Y	2.88 (+0.02)	4.5(--)
15Y	2.89 (+0.02)	--
20Y	2.88 (+0.03)	--
30Y	2.85 (+0.03)	4.71 (+0.01)

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)	72.32	1.86%	Corn (per bushel)	4.915	0.8%
Brent (per barrel)	75.87	1.62%	Soybean (per bushel)	10.495	0.0%
Heating Oil (per gallon)	245.09	0.83%	Wheat (per bushel)	5.795	-0.6%
Gasoline (per gallon)	210.42	-0.04%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.44	4.08%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9447.50	0.43%	Gold (per oz)	2908.3	1.6%
Nickel (per mt)	15522.00	-1.49%	Silver (per oz)	32.1	0.7%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
02/11/2025	PH	Money Supply M3 SRF YoY	Dec	--	--	7.70%	--
02/11/2025	PH	Bank Lending YoY	Dec	--	--	9.00%	--
02/11/2025 02/13	VN	Domestic Vehicle Sales YoY	Jan	--	--	-24.60%	--
02/11/2025 02/15	CH	Money Supply M2 YoY	Jan	7.30%	--	7.30%	--
02/11/2025 02/15	CH	Aggregate Financing CNY YTD	Jan	6500.0b	--	32260.0b	32255.8b
02/11/2025 02/15	CH	Money Supply M1 YoY	Jan	-0.50%	--	-1.40%	--
02/11/2025 02/15	ID	Local Auto Sales	Jan	--	--	79806	--
02/11/2025 02/15	CH	Money Supply M0 YoY	Jan	--	--	13.00%	--
02/11/2025 02/15	CH	New Yuan Loans CNY YTD	Jan	4530.0b	--	18090.0b	18087.3b
02/11/2025 07:30	AU	Westpac Consumer Conf SA MoM	Feb	--	0.10%	-0.70%	--
02/11/2025 07:30	AU	Westpac Consumer Conf Index	Feb	--	92.2	92.1	--
02/11/2025 08:01	UK	BRC Sales Like-For-Like YoY	Jan	1.00%	2.50%	3.10%	--
02/11/2025 08:30	AU	NAB Business Confidence	Jan	--	4	-2	--
02/11/2025 08:30	AU	NAB Business Conditions	Jan	--	3	6	--
02/11/2025 19:00	US	NFIB Small Business Optimism	Jan	104.7	--	105.1	--
02/11/2025 21:30	CA	Building Permits MoM	Dec	1.40%	--	-5.90%	--

Source: Bloomberg

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