

Daily Treasury Outlook

12 February 2025

Highlights

Global: US equities closed mixed on Tuesday. The S&P closed relatively flat. Nasdaq was down by 0.4%. In contrast, the Dow was up by 0.3%. The DXY index closed lower from previous close. Meanwhile, treasury yields rose, with the 2Y UST and 10Y UST yields closed higher from their previous close to 4.28% and 4.54%. In a response to the recent tariff developments, European Commission President Ursula von der Leyen said that the EU will retaliate against US tariffs to safeguard its economic interests. Likewise, Canada would respond firmly. The focus last night was on Fed Chair Powell's semi-annual testimony before Congress, where he addressed the Senate Banking Committee. In his opening remarks, he reaffirmed the central bank's commitment to reducing inflation and indicated that there is no urgency to lower interest rates. He added that the current monetary policy stance is providing flexibility and is "well positioned to deal with the risks and uncertainties" that they face. On digital currency, he asserted that the Fed will not develop its own digital currency during his tenure. Markets are now pricing in 35.6bp in rate cuts for this year. Fed Chair Powell is scheduled for a second appearance before the House Financial Services Committee tonight.

Market Watch: Market attention will remain squarely on US CPI. Consensus expects headline CPI to hold steady at 2.9% YoY in January. In contrast, core CPI is expected to ease to 3.1% YoY, down from 3.2% the previous month. Elsewhere, India will release its December Industrial Production and January Inflation prints. In addition to Fed Chair Powell's testimony, Fed Bostic and Waller will speak tonight. ECB Nagel and BoE Greene are also expected to speak tonight.

Commodities: Crude oil benchmarks continue to build on their gains for the third consecutive trading session, with WTI and Brent increasing by 1.4% and 1.5%, respectively, to close at USD73.3/bbl and USD77.0/bbl. The recent recovery in oil prices is attributed to signs that US sanctions have caused some disruption to Russian oil supplies. Meanwhile, rising tensions in the Middle East have also provided support for higher oil prices. Separately, the American Petroleum Institute (API) reported a buildup of 9.0mn bbls in US crude oil inventories for the week ending 7 February. The Energy Information Administration (EIA) is scheduled to release its weekly oil inventories status report tonight (12 February), with consensus anticipating a buildup of 2.5mn bbls in US crude inventories. Elsewhere, gold reached a new record high of ~USD2943/oz but failed to maintain its gains, eventually closing lower at ~USD2898/oz.

Key Market Movements

Equity	Value	% chg
S&P 500	6068.5	0.0%
DJIA	44594	0.3%
Nikkei 225	38801	0.0%
SH Comp	3318.1	-0.1%
STI	3860.8	-0.4%
Hang Seng	21295	-1.1%
KLCI	1590.0	0.0%
	Value	% chg
DXY	107.963	-0.3%
USDJPY	152.49	0.3%
EURUSD	1.0361	0.5%
GBPUSD	1.2446	0.6%
USDIDR	16375	0.2%
USDSGD	1.3531	-0.2%
SGDMYR	3.2969	-0.2%
	Value	chg (bp)
2Y UST	4.28	0.86
10Y UST	4.54	3.84
2Y SGS	2.77	-1.60
10Y SGS	2.86	-2.32
3M SORA	2.86	-0.61
3M SOFR	4.47	-0.28
	Value	% chg
Brent	77	1.5%
WTI	73.32	1.4%
Gold	2898	-0.4%
Silver	31.82	-0.7%
Palladium	981	-0.5%
Copper	9358	-0.9%
BCOM	105.66	0.1%

Source: Bloomberg

Major Markets

MY: Malaysia and Turkiye have signed 11 memoranda of understanding (MOUs) during Turkish President Recep Tayyip Erdogan's visit to Malaysia on February 10-11, aiming to enhance cooperation across various sectors, including energy, disaster management, defense, trade, and media. Notable agreements include cooperation in energy transition, disaster management, and defense procurement, as well as collaborations in Antarctic research and smart city solutions. In addition, both countries aim to double their trade to reach USD10bn after surpassing the USD5bn mark in 2024, with plans to enhance joint efforts in various fields, including semiconductors, automotive, aircraft technologies, and civil simulators.

ID: Trade Minister Budi Santoso sees opportunities for Indonesia to expand its market footprint in Central Asia, as Indonesia and Uzbekistan are set to begin negotiations on a preferential trade agreement (IU-PTA). During a meeting with Uzbek Foreign Minister Bakhtiyor Saidov, Minister Santoso emphasized the importance of establishing a Joint Working Group on Trade and Investment and expressed support for Uzbekistan's accession to the World Trade Organization (WTO). On the data front, the consumer confidence index eased marginally to 127.2 in January 2025 from 127.7 in December 2024, as weakness in the present situation (113.5, down from 139.5) more than offset the improvement in the expectations (140.8, up from 139.5) sub-indices. Separately, wholesale car sales decreased by 11% YoY to 61,849 units in January 2025, down from 79,906 in December 2024.

ESG

SG: Singapore has committed to reduce emissions to between 45 and 50 MtCO₂e in 2035 as part of its 2035 Nationally Determined Contribution (NDC), that was submitted to the United Nations Framework Convention on Climate Change (UNFCCC) by the 10 Feb deadline. The 2035 NDC builds on the 2030 NDC to reduce emissions to around 60 MtCO₂e in 2030, paving the way to achieve the target of net zero emissions by 2050. These targets are contingent on the maturity of decarbonisation technologies and effective international cooperation.

Rest of the world: The UN climate body, UNFCCC, had set 10 Feb as the deadline for countries to submit their updated and more ambitious Nationally Determined Contributions (NDCs). As only a handful of countries met the 10 Feb deadline, the UN has pushed the deadline for the submission of new NDCs to September.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading 1-2bps lower, belly tenors trading 1bps lower and 10Y trading flat. Per Bloomberg, the Asia ex-Japan primary bond market was subdued amid heightened concerns of a global trade war due to US tariffs on steel and aluminium imports. Moody's Ratings has downgraded the ratings of China Vanke Co., Ltd and its wholly-owned subsidiary, Vanke Real Estate (Hong Kong) Company Limited. The corporate family rating has been lowered to Caa1 from B3. The negative outlook on these entities is maintained. Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 70bps while Bloomberg Asia USD High Yield spreads tightened by 10bps to 401bps. (Bloomberg, OCBC)

New Issues:

There was one notable issuance in the Asiadollar market yesterday.

- Abu Dhabi Commercial Bank PJSC priced a USD600mn 5Y FRN bond at SOFR+105bps.

There were no notable issuances in the Singdollar markets yesterday.

Mandates:

There were no notable mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	107.963	-0.33%	USD-SGD	1.3531	-0.16%
USD-JPY	152.490	0.32%	EUR-SGD	1.4021	0.37%
EUR-USD	1.036	0.52%	JPY-SGD	0.8873	-0.48%
AUD-USD	0.630	0.29%	GBP-SGD	1.6842	0.48%
GBP-USD	1.245	0.63%	AUD-SGD	0.8518	0.13%
USD-MYR	4.470	0.69%	NZD-SGD	0.7650	0.07%
USD-CNY	7.307	0.03%	CHF-SGD	1.4816	-0.36%
USD-IDR	16375	0.18%	SGD-MYR	3.2969	-0.18%
USD-VND	25529	0.56%	SGD-CNY	5.3977	0.19%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.6530	0.26%	1M	4.3141	-0.09%
3M	2.5260	-0.04%	2M	4.3186	-0.05%
6M	2.4680	0.00%	3M	4.3208	-0.03%
12M	2.3720	-0.50%	6M	4.2950	0.03%
			1Y	4.2463	0.03%

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate	
03/19/2025	-0.055	-5.5	-0.014	4.315
05/07/2025	-0.252	-19.7	-0.063	4.266
06/18/2025	-0.562	-31.1	-0.141	4.188
07/30/2025	-0.765	-20.3	-0.191	4.137
09/17/2025	-1.038	-27.3	-0.259	4.069
12/10/2025	-1.426	-22.1	-0.357	3.972

Equity and Commodity

Index	Value	Net change
DJIA	44,593.65	123.24
S&P	6,068.50	2.06
Nasdaq	19,643.86	-70.41
Nikkei 225	38,801.17	14.15
STI	3,860.76	-14.37
KLCI	1,589.95	-0.96
JCI	6,531.99	-116.15
Baltic Dry	809.00	-6.00
VIX	16.02	0.21

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.77 (-0.02)	4.29(--)
5Y	2.79 (-0.02)	4.37 (+0.03)
10Y	2.86 (-0.02)	4.53 (+0.04)
15Y	2.87 (-0.02)	--
20Y	2.86 (-0.02)	--
30Y	2.85 (--)	4.75 (+0.04)

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)	73.32	1.38%	Corn (per bushel)	4.840	-1.5%
Brent (per barrel)	77.00	1.49%	Soybean (per bushel)	10.435	-0.6%
Heating Oil (per gallon)	251.46	2.60%	Wheat (per bushel)	5.770	-0.4%
Gasoline (per gallon)	214.73	2.05%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.52	2.18%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9358.00	-0.95%	Gold (per oz)	2897.9	-0.4%
Nickel (per mt)	15538.00	0.10%	Silver (per oz)	31.8	-0.7%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
02/12/2025 02/14	VN	Domestic Vehicle Sales YoY	Jan	--	--	-24.60%	--
02/12/2025 02/15	CH	Money Supply M2 YoY	Jan	7.30%	--	7.30%	--
02/12/2025 02/15	CH	Aggregate Financing CNY YTD	Jan	6500.0b	--	32260.0b	32255.8b
02/12/2025 02/15	CH	Money Supply M1 YoY	Jan	-0.50%	--	-1.40%	--
02/12/2025 02/15	CH	Money Supply M0 YoY	Jan	--	--	13.00%	--
02/12/2025 07:50	JN	Money Stock M2 YoY	Jan	--	1.30%	1.30%	--
02/12/2025 07:50	JN	Money Stock M3 YoY	Jan	--	0.80%	0.80%	0.90%
02/12/2025 14:00	JN	Machine Tool Orders YoY	Jan P	--	--	12.60%	--
02/12/2025 18:30	IN	CPI YoY	Jan	4.50%	--	5.22%	--
02/12/2025 18:30	IN	Industrial Production YoY	Dec	3.70%	--	5.20%	--
02/12/2025 20:00	US	MBA Mortgage Applications	07-Feb	--	--	2.20%	--
02/12/2025 21:30	US	CPI MoM	Jan	0.30%	--	0.40%	--
02/12/2025 21:30	US	CPI YoY	Jan	2.90%	--	2.90%	--
02/12/2025 21:30	US	CPI Ex Food and Energy MoM	Jan	0.30%	--	0.20%	--
02/12/2025 21:30	US	CPI Ex Food and Energy YoY	Jan	3.10%	--	3.20%	--
02/12/2025 21:30	US	CPI Core Index SA	Jan	324.243	--	323.383	--

Source: Bloomberg

Macro Research

Selena Ling
Head of Research & Strategy
linqssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberhtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathann4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyiong1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
menqteechin@ocbc.com

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