

## Daily Treasury Outlook

17 February 2025

### Highlights

**Global:** Financial markets remain on edge over Trump's tariff plans. The S&P500 closed marginally down by 0.01% on Friday, while the 10-year UST bond yield fell 5bp to 4.48%. US retail sales declined more than expected by 0.9% MoM in January after growing a revised 0.7% in December, suggesting that pre-emptive purchases ahead of expected tariffs had subsided. Excluding autos and gas, retail sales fell 0.5% MoM amid the LA fires and severe winter weather. Elsewhere, German Chancellor Scholz has said that EU will retaliate to any US tariffs, but he hopes for a deal to avoid a trade war. Meanwhile, ECB's Panetta opined that higher US tariffs are likely to have little effect on euro area inflation and the main risk remains that of medium-term inflation falling below 2%. Separately, Australia will ban foreign investors from buying established property from 1 April 2025 to 31 March 2027.

**Market Watch:** Asian markets are likely to open on a cautious tone today as investors brace for potentially more US tariffs to be announced in the coming days. Today's economic data calendar comprises of Thailand's 4Q24 GDP growth, Indonesia and India's January trade, and Eurozone's December trade. Fed's Harker and Bowman, as well as ECB's Nagel are also speaking today. For the week ahead, watch for China's 1-year MLF, FDI and 1- and 5-year LPR fixings, Singapore's Budget 2025 tomorrow, UK' January CPI and retail sales, Malaysia's trade, US' initial jobless claims, and also the manufacturing, services and composite PMIs from across Europe, UK, US and Asia. For central bank meetings, watch for RBA tomorrow (likely to cut 25bps to 4.1%), RBNZ (likely 50bps cut to 3.75%) and BI (likely to cut 25bp to 5.50%) on Wednesday, and FOMC minutes on Thursday (likely reinforcing Fed chair Powell's recent messaging that there is no hurry to ease monetary policy settings in the interim). On the earnings front, watch for Walmart, Alibaba, Baidu, Genting and UOB results due this week. On the geopolitical front, a potential US-Russian leaders meeting in Saudi Arabia could discuss the end of the war in Ukraine, but Ukrainian leader Zelenskiy is unaware of an invitation. Not to be left out, French president Macron has invited EU leaders to Paris for urgent talks on Ukraine.

**Commodities:** Crude oil benchmarks extended their losses for the third consecutive trading session. WTI and Brent declined by 0.8% and 0.4%, closing lower at USD70.7/bbl and USD74.7/bbl, respectively. The prospects of peace negotiations between Russia and Ukraine remain the primary driver of lower oil prices. Meanwhile, US Treasury Secretary Scott Bessent stated that the US is committed to applying maximum economic pressure on Iran and aims to cut Iranian oil exports to 0.1mbpd, down from ~1.6mbpd.

### Key Market Movements

Equity	Value	% chg
S&P 500	6114.6	0.0%
DJIA	44546	-0.4%
Nikkei 225	39149	-0.8%
SH Comp	3346.7	0.4%
STI	3877.5	-0.1%
Hang Seng	22620	3.7%
KLCI	1591.6	0.0%
	Value	% chg
DXY	106.710	-0.6%
USDJPY	152.31	-0.3%
EURUSD	1.0492	0.3%
GBPUSD	1.2586	0.2%
USDIDR	16260	-0.6%
USDSGD	1.3394	-0.3%
SGDMYR	3.3093	0.2%
	Value	chg (bp)
2Y UST	4.26	-4.78
10Y UST	4.48	-5.26
2Y SGS	2.76	-3.50
10Y SGS	2.86	-3.05
3M SORA	2.84	-0.51
3M SOFR	4.46	-0.27
	Value	% chg
Brent	74.74	-0.4%
WTI	70.74	-0.8%
Gold	2883	-1.6%
Silver	32.10	-0.7%
Palladium	970	-2.7%
Copper	9477	-0.1%
BCOM	105.88	0.0%

Source: Bloomberg

## Major Markets

**SG:** January NODX slipped 2.1% YoY, better than our forecast of -4.8% YoY, but disappointing the Bloomberg consensus forecast of +0.3% YoY, and followed 9.0% NODX growth in December 2024, Electronics exports continued to expand by 9.6% YoY, but non-electronics exports fell 4.8% YoY, dragged down by pharmaceuticals (-53.0% YoY). By top 10 NODX markets, January saw growth led by HK, US, Taiwan, Japan and South Korea, while the other 5 key markets fell with China seeing the biggest decline of 48.4% YoY.

**CN:** China's January aggregate social financing and new Yuan loan outpaced market expectations. The frontloading of special refinancing bonds continued to support the government bond issuance. Nevertheless, the composition suggests supply-side recovery may be running ahead of demand-side improvements. While corporate medium- to long-term loans increased by CNY150 billion YoY, most of the additional growth came from short-term loans and bill financing, likely reflecting banks' early-year lending push following the PBoC's more aggressive liquidity injections. However, the sustainability of this lending surge will require validation from February and March data to determine whether it represents a genuine improvement in corporate financing demand. Following the stronger-than-expected credit data, China's 10-year government bond yield edged up slightly. Heading into the National People's Congress in March, markets will closely assess whether the recent credit surge is supply-driven or reflects genuine demand recovery, as this will shape expectations for monetary and fiscal policy adjustments in the coming months.

**ID:** The B40 biodiesel mandate is expected to be fully implemented by the end of February 2025 after initial delays. The B40 policy mandates a 40% palm oil mix with 60% diesel and was initially set to take effect on 1 January 2025, as part of the government's effort to reduce reliance on imported diesel. An Energy Ministry official noted that about 1.2mn kilolitres of palm oil-based biodiesel had been distributed this year as of 14 February, with 15.6mn kilolitres allocated for distribution in 2025, up from 13mn in 2024, as reported by Reuters. In addition, the government may raise the export levy on crude palm oil from 4.7% to 10% this year.

**MY:** The final 4Q24 GDP print was revised modestly higher to 5.0% YoY (Consensus & OCBC: 4.8%) compared to the advance estimate of 4.8% YoY and 5.3% in 3Q24. For 2024, the economy grew 5.1% YoY, from 3.6% in 2023, consistent with the official forecast of 4.8-5.3%. The drivers of growth remained broad-based, with growth in private consumption improved slightly to 4.9% YoY versus 4.8% in 3Q24, while gross fixed capital formation growth at 11.7% YoY was slower compared to 15.3% in 3Q24, it remained robust, nonetheless. Importantly, private sector investment spending (12.7% YoY versus 15.5% in 3Q24) continued to outpace government investment spending (10% versus 14.4% in 4Q24). Consistent with the government's fiscal consolidation agenda, government expenditure growth slowed to 3.3% YoY versus 4.9% in 3Q24. Growth of goods and services exports was solid at 8.5% YoY (3Q24: 11.8%) while goods and services import growth slowed more sharply to 5.7% YoY versus 13.5% in 3Q24.

**VN:** Industry and Trade Minister Nguyen Hong Dien noted that the country is ready to boost imports of agricultural products from the US, emphasizing that the country has no intention of implementing measures that would "create burdens or restrict trade" with the US. He affirmed that Vietnam is "prepared to open its market" to increase imports of American agricultural goods, as reported by Bloomberg. Vietnam's trade surplus with the US widened to USD123.5bn from 104.6bn in 2023, according to data from the US Census Bureau, the third largest behind China and Mexico.

**TH:** Commerce Minister Pichai Nariphaphan stated that he will be returning to the US to hold further discussions with officials regarding the US' planned reciprocal tariffs. This comes amid concerns of Thailand's trade surplus with the US. On a 12-month rolling aggregate, Thailand has a trade surplus of USD45.6bn with the US. Commerce Minister Nariphaphan added that Thailand has prepared some measures to cope with the US' planned reciprocal tariffs but could not provide further details, as this would affect bilateral negotiations.

## ESG

**MY:** The Carbon Capture, Utilisation, and Storage (CCUS) Progressive Regulatory Framework Bill is set to be tabled in Parliament in early March, that aims to regulate the capture, transportation, utilisation, and permanent storage of greenhouse gases, including carbon dioxide, both within Malaysia and from international sources. CCUS is one of Malaysia's decarbonisation levers highlighted under the National Energy Transition Roadmap, crucial for emissions-intensive and hard-to-abate sectors like steel and cement. One notable project is a collaboration among Petroliam Nasional Bhd (Petronas), Abu Dhabi National Oil Company (Adnoc) and UK-based Storegga to jointly study and develop CCS facilities in the Penyu Basin, offshore Peninsular Malaysia. The collaboration aims to achieve a minimum of 5Mt of CO2 capture and storage capacity annually by 2030.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded lower last Friday with shorter tenors trading 4-5bps lower, belly tenors trading 5bps lower and 10Y trading 5bps lower. According to a report by South China Morning Post, New World Development Co. sold all 168 flats from the first phase of its State Pavilia project in North Point, Hong Kong, with prices ranging from HKD16,888 to HKD28,088 per square foot (USD2,170 to USD3,608). The units sold out by Saturday evening, with the first 88 priced at an average of HKD18,540 per square foot—11% lower than a nearby project, marking an eight-year low in the Eastern district, according to Centaline Property Agency. According to Bloomberg, Vedanta Resources Ltd paid USD511.6mn for its 2026 and 2028 bond tenders. The tender offers involved approximately USD303.7mn in 2026 bonds and USD196mn in 2028 bonds, as stated in an SGX filing. As of February 13, the remaining outstanding principal amounts are USD296.34mn for the 2026 bonds and USD263.5mn for the 2028 bonds. Bloomberg Asia USD Investment Grade spreads traded flat at 69bps while Bloomberg Asia USD High Yield spreads tightened by 3bps to 393bps. (Bloomberg, OCBC)

### New Issues:

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

### Mandates:

There were no notable mandates last Friday.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	106.710	-0.56%	USD-SGD	1.3394	-0.31%
USD-JPY	152.310	-0.32%	EUR-SGD	1.4053	-0.06%
EUR-USD	1.049	0.26%	JPY-SGD	0.8794	0.01%
AUD-USD	0.635	0.55%	GBP-SGD	1.6857	-0.16%
GBP-USD	1.259	0.16%	AUD-SGD	0.8508	0.24%
USD-MYR	4.436	-0.44%	NZD-SGD	0.7674	0.62%
USD-CNY	7.257	-0.42%	CHF-SGD	1.4887	0.07%
USD-IDR	16260	-0.58%	SGD-MYR	3.3093	0.23%
USD-VND	25399	-0.27%	SGD-CNY	5.4164	0.15%

## Equity and Commodity

Index	Value	Net change
DJIA	44,546.08	-165.35
S&P	6,114.63	-0.44
Nasdaq	20,026.77	81.13
Nikkei 225	39,149.43	-312.04
STI	3,877.50	-5.08
KLCI	1,591.60	-0.68
JCI	6,638.46	24.89
Baltic Dry	792.00	12.00
VIX	14.77	-0.33

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.6040	-0.57%	1M	4.3150	0.03%
3M	2.5220	-1.33%	2M	4.3231	0.05%
6M	2.5140	0.28%	3M	4.3261	0.06%
12M	2.4380	0.87%	6M	4.2977	-0.26%
			1Y	4.2324	-0.85%

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.76 (-0.04)	4.26(--)
5Y	2.78 (-0.03)	4.33 (-0.06)
10Y	2.86 (-0.03)	4.48 (-0.05)
15Y	2.87 (-0.03)	--
20Y	2.87 (-0.03)	--
30Y	2.84 (-0.03)	4.7 (-0.04)

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/19/2025	-0.019	-1.9	-0.005
05/07/2025	-0.206	-18.7	-0.051
06/18/2025	-0.601	-39.5	-0.15
07/30/2025	-0.805	-20.4	-0.201
09/17/2025	-1.14	-33.5	-0.285
12/10/2025	-1.588	-24.3	-0.397

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.33
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	70.74	-0.77%	Corn (per bushel)	4.963	0.6%
Brent (per barrel)	74.74	-0.37%	Soybean (per bushel)	10.360	0.6%
Heating Oil (per gallon)	246.18	0.53%	Wheat (per bushel)	6.000	3.9%
Gasoline (per gallon)	208.99	-0.99%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	3.73	2.67%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9477.00	-0.08%	Gold (per oz)	2882.5	-1.6%
Nickel (per mt)	15468.00	0.61%	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
02/17/2025	PH	Overseas Cash Remittances YoY	Dec	3.10%	--	3.30%	--
02/17/2025	IN	Exports YoY	Jan	--	--	-1.00%	--
02/17/2025	PH	Overseas Workers Cash Remittances	Dec	\$3352m	--	\$2810m	--
02/17/2025 07:50	JN	GDP SA QoQ	4Q P	0.30%	0.70%	0.30%	0.40%
02/17/2025 07:50	JN	GDP Annualized SA QoQ	4Q P	1.10%	2.80%	1.20%	1.70%
02/17/2025 07:50	JN	GDP Deflator YoY	4Q P	2.80%	2.80%	2.40%	--
02/17/2025 07:50	JN	Inventory Contribution % GDP	4Q P	-0.20%	-0.20%	0.20%	--
02/17/2025 08:30	SI	Non-oil Domestic Exports YoY	Jan	0.30%	-2.10%	9.00%	--
02/17/2025 10:30	TH	GDP YoY	4Q	3.80%	--	3.00%	--
02/17/2025 10:30	TH	GDP SA QoQ	4Q	0.50%	--	1.20%	--
02/17/2025 12:00	ID	Exports YoY	Jan	7.40%	--	4.78%	--
02/17/2025 12:30	JN	Industrial Production MoM	Dec F	--	--	0.30%	--
02/17/2025 12:30	JN	Tertiary Industry Index MoM	Dec	0.10%	--	-0.30%	--
02/17/2025 12:30	JN	Industrial Production YoY	Dec F	--	--	-1.10%	--
02/17/2025 12:30	JN	Capacity Utilization MoM	Dec	--	--	-1.90%	--
02/17/2025 21:15	CA	Housing Starts	Jan	252.5k	--	231.5k	--

Source: Bloomberg

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