

Daily Treasury Outlook

12 March 2025

Highlights

Global: US equities extended losses as escalating tariff concerns overshadowed optimism over a potential Ukraine ceasefire. Markets initially rallied on hopes of a peace dividend, but sentiment quickly reversed after President Trump intensified trade tensions with Canada. The S&P 500 is now down 10% from its February peak, while the Nasdaq has fallen 15%, officially entering correction territory. Trade tensions escalated further as President Trump announced a doubling of tariffs on all imported steel and aluminium products from Canada to 50%, effective Wednesday morning. The move was in response to Ontario Premier Doug Ford's announcement of a 25% surcharge on electricity supplied to US homes, affecting 1.5 million homes and businesses in New York, Michigan, and Minnesota. However, Trump dialed back his tariff threat hours later after Ford agreed to suspend the surcharge and meet with US Commerce Secretary Howard Lutnick on Thursday. In Washington, a partial government shutdown was averted after the Republican-controlled House passed a stopgap funding bill in a nearly party-line vote. The continuing resolution, which extends current funding levels through September 30, is expected to pass the Republican-majority Senate and be signed into law by Friday, preventing a shutdown. In a joint US-Ukraine statement, Ukraine expressed readiness to accept a US proposal for an immediate, interim 30-day ceasefire. Secretary of State Marco Rubio confirmed that the US would now take the offer to Russia, raising hopes for diplomatic progress. On the economic front, US labor market data remained resilient. Job openings increased by 232K to 7.74 million in January, exceeding expectations, though December's figures were revised downward to 7.508 million from 7.6 million. Layoffs fell by 34K to a seven-month low of 1.635 million, with reductions seen in retail, leisure and hospitality, and financial services. The layoff rate eased to 1.0%, its lowest level since June. However, the number of quits increased by 171K to 3.266 million, reflecting continued confidence among workers. Overall, there were 1.13 job openings per unemployed person, up from 1.09 in December, signaling ongoing labor market tightness.

Market Watch: Looking ahead, markets will focus on key events today: ECB President Christine Lagarde and other policymakers are scheduled to speak, while the Bank of Canada is expected to cut rates by 25bps amid rising trade uncertainty. On the data front, US February CPI will be in the spotlight, as markets assess the inflation trajectory and its implications for monetary policy.

Key Market Movements

Equity	Value	% chg
S&P 500	5572.1	-0.8%
DJIA	41433	-1.1%
Nikkei 225	36793	-0.6%
SH Comp	3379.8	0.4%
STI	3825.8	-1.9%
Hang Seng	23782	0.0%
KLCI	1520.2	-1.1%
	Value	% chg
DXY	103.419	-0.5%
USDJPY	147.78	0.3%
EURUSD	1.0919	0.8%
GBPUSD	1.2951	0.6%
USDIDR	16405	0.4%
USDSGD	1.3301	-0.3%
SGDMYR	3.3153	-0.2%
	Value	chg (bp)
2Y UST	3.94	5.98
10Y UST	4.28	6.68
2Y SGS	2.43	-6.70
10Y SGS	2.63	-5.60
3M SORA	2.66	-1.12
3M SOFR	4.39	-0.35
	Value	% chg
Brent	69.56	0.4%
WTI	66.25	0.3%
Gold	2916	0.9%
Silver	32.94	2.6%
Palladium	948	0.9%
Copper	9663	1.4%
BCOM	104.86	0.3%

Source: Bloomberg

Commodities: Crude oil benchmarks rebounded on Tuesday, with WTI and Brent edging marginally higher by 0.3% and 0.4%, respectively, to close at USD66.3/bbl and USD69.6/bbl. A weaker DXY profile has provided support for oil prices. However, gains were limited by ongoing concerns over the impact of tariffs on economic growth and commodity demand. Additionally, the prospects of peace talks regarding the Russia-Ukraine war contributed to the limited gains. It was reported that Ukraine has accepted a US-brokered ceasefire deal with Russia as part of an agreement to lift the freeze on military and intelligence aid. The US will be speaking with their Russian counterpart regarding this proposal. Separately, the American Petroleum Institute (API) reported a buildup of 4.2mn bbls in US crude oil inventories for the week ending 7 March. The Energy Information Administration (EIA) is scheduled to release its weekly oil inventories status report tonight (12 March), with consensus anticipating a relatively smaller buildup of 2.2mn bbls in US crude inventories.

Major Markets

CN: The CSRC Party Committee held an expanded meeting to review and implement specific measures for the capital market. The meeting emphasized the need to consolidate the recovery momentum, strengthen strategic reserves, and enhance market stabilization mechanisms, ensuring sustained market confidence and resilience.

ID: There have been numerous policy announcements since President Prabowo Subianto was sworn in on 20 October 2024. The policy direction is shifting. The near-term impact of such policy priority changes is likely to be weaker GDP growth in 1H25, but the door is still ajar for growth improvements in 2H25 and 2026. As such, we reduce our 2025 GDP growth forecast to 4.9% YoY from 5.1%. Given the sharp easing in headline CPI in January and February, we shave off our headline CPI forecast to 2.0% YoY from 2.7%, previously.

MY: The unemployment rate steadied at 3.1% in January 2025, similar to December 2024, as the number of unemployed persons fell by 4.9k to 533.8k. Meanwhile, the number of employed persons rose by 54.5k, reaching 16.7mn, with employment increasing in all key sectors, including services, manufacturing, construction, agriculture, and mining and quarrying. The labour force participation rate remained steady at 70.6% in January, the same as in the prior month.

VN: In a meeting chaired by Prime Minister Pham Minh Chinh on 11 March 2025, the government refined the Proposal for Administrative Reorganization and the Two-Tier Local Government Model, in line with the Politburo's directives from February 2025. Vietnam currently has 63 provinces and cities, 696 district-level units, and 10,035 commune-level units, but the proposed changes are expected to cut the number of provinces and centrally run cities by about 50% and reduce grassroots administrative units by 60-70%. The draft plan will be submitted for consideration and approval by the Politburo and Party Central Committee by early April 2025.

PH: Former President Rodrigo Duterte was arrested at the airport following his return from Hong Kong to Manila. The arrest was related to an International Criminal Court probe regarding the anti-drug campaign during his term. Meanwhile, Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona Jr. reiterated that monetary policy remains in an easing cycle, but the timing and magnitude of policy rate cuts are still data dependent.

ESG

CN: China plans to develop a package of major projects to tackle climate change as it aims to bring its carbon dioxide emissions to a peak before 2030 and become carbon neutral by 2060. There are plans to develop new offshore wind farms and hydropower facilities, as well as accelerate the construction of new energy bases across its vast desert areas. However, coal will remain a key fuel for China even as it plans for trials of low-carbon technology at its coal-fired power plants.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 4-6bps lower, belly tenors trading 6bps lower and 10Y trading 5bps lower. On Tuesday, Rio Tinto Plc priced USD9bn in U.S. investment-grade bonds to finance its recent acquisition of Arcadium Lithium Plc, the deal was across eight tranches, including 40-year bonds that offer a yield of 1.33 percentage points above Treasuries, as reported by a source familiar with the deal. Investors submitted orders exceeding USD50bn at the peak indicating strong demand, according to Bloomberg. In other news, Bloomberg reported that cash-strapped developer Parkview Group reportedly has until March 17 to avert a possible default on a USD940mn loan associated with a prominent mall complex in Beijing. Bloomberg Asia USD Investment Grade spreads traded flat at 74bps while Bloomberg Asia USD High Yield spreads widened by 3bps to 402bps. (Bloomberg, OCBC)

New Issues:

There were two notable issuances in the Asiadollar market yesterday.

- Fujian Shishi State-owned Capital Operation Group Co Ltd priced a USD143mn 3Y Fixed bond at 5.30%.
- Chengdu Airport Xingcheng Investment Group Co Ltd priced a USD250mn 3Y Social Fixed bond at 5.20%.

There were no notable issuances in the Singdollar market yesterday.

Mandates:

- There were no notable mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	103.419	-0.46%	USD-SGD	1.3301	-0.28%
USD-JPY	147.780	0.35%	EUR-SGD	1.4525	0.50%
EUR-USD	1.092	0.78%	JPY-SGD	0.9002	-0.62%
AUD-USD	0.630	0.32%	GBP-SGD	1.7229	0.30%
GBP-USD	1.295	0.56%	AUD-SGD	0.8378	0.04%
USD-MYR	4.415	-0.21%	NZD-SGD	0.7604	0.04%
USD-CNY	7.230	-0.41%	CHF-SGD	1.5070	-0.48%
USD-IDR	16405	0.40%	SGD-MYR	3.3153	-0.25%
USD-VND	25480	-0.15%	SGD-CNY	5.4372	-0.08%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.4710	0.61%	1M	4.3228	-0.01%
3M	2.5470	0.71%	2M	4.3179	-0.05%
6M	2.3900	-0.75%	3M	4.2925	-0.05%
12M	2.4610	-0.81%	6M	4.1807	0.00%
			1Y	3.9868	-0.10%

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	-0.454	-41.3	-0.114
06/18/2025	-1.143	-68.9	-0.286
07/30/2025	-1.621	-47.7	-0.405
09/17/2025	-2.267	-64.6	-0.567
12/10/2025	-3.039	-40.8	-0.76

Equity and Commodity

Index	Value	Net change
DJIA	41,433.48	-478.23
S&P	5,572.07	-42.49
Nasdaq	17,436.10	-32.22
Nikkei 225	36,793.11	-235.16
STI	3,825.83	-73.24
KLCI	1,520.15	-16.31
JCI	6,545.85	-52.36
Baltic Dry	1,424.00	24.00
VIX	26.92	-0.94

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.43 (-0.07)	3.94(--)
5Y	2.46 (-0.08)	4.03 (+0.07)
10Y	2.63 (-0.06)	4.28 (+0.07)
15Y	2.69 (-0.05)	--
20Y	2.72 (-0.05)	--
30Y	2.69 (-0.05)	4.6 (+0.05)

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)	66.25	0.33%	Corn (per bushel)	4.565	-0.5%
Brent (per barrel)	69.56	0.40%	Soybean (per bushel)	9.978	-0.2%
Heating Oil (per gallon)	219.68	0.78%	Wheat (per bushel)	5.410	-0.8%
Gasoline (per gallon)	210.50	0.60%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	4.45	-0.85%	Rubber (JPY/KG)	309.500	2.8%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9662.50	1.41%	Gold (per oz)	2915.9	0.9%
Nickel (per mt)	16493.00	-0.35%	Silver (per oz)	32.9	2.6%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
03/12/2025 07:00	SK	Unemployment rate SA	Feb	3.00%	2.70%	2.90%	--
03/12/2025 07:50	JN	PPI YoY	Feb	4.00%	4.00%	4.20%	--
03/12/2025 18:30	IN	CPI YoY	Feb	3.98%	--	4.31%	--
03/12/2025 18:30	IN	Industrial Production YoY	Jan	3.50%	--	3.20%	--
03/12/2025 19:00	US	MBA Mortgage Applications	07-Mar	--	--	20.40%	--
03/12/2025 20:30	US	CPI MoM	Feb	0.30%	--	0.50%	--
03/12/2025 20:30	US	CPI YoY	Feb	2.90%	--	3.00%	--
03/12/2025 21:45	CA	Bank of Canada Rate Decision	12-Mar	2.75%	--	3.00%	--
3/12/2025-3/13/2025	VN	Domestic Vehicle Sales YoY	Feb	--	--	-6.10%	--
3/12/2025-3/15/2025	CH	Money Supply M2 YoY	Feb	7.00%	--	7.00%	--

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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