

## Daily Treasury Outlook

14 January 2025

### Highlights

**Global:** Global bond sell-off extended, reflecting the meaningful shift in inflation and rate cut expectation, as well as concerns over fiscal health. Global yields rose, with sharper moves seen in Gilts space. Despite being spooked by higher yields, the Dow and S&P500 still managed to close the day higher on dip buying and optimism related to banks' earnings outlook. Yet, tech sector continued to struggle, weighed by the new US export restrictions on AI chips. The dollar rose to a fresh 26-month high, while headlines on US tariff sent some volatility to the FX market. Reportedly, Trump's incoming economic team is considering gradual tariffs (2%-5% per month) to gain leverage against trading partners while trying to mitigate inflation risks. On data front, US consumers' inflation outlook was mixed. New York Fed's median one-year inflation expectations was steady at 3%, while three-year inflation expectations ticked up to 3%, from that of 2.6% in November. Oil prices rose to the highest level since July last year, while gold declined.

**Market Watch:** Asia's economic calendar on Tuesday is fairly light, with releases of Japan's November trade and current account data, Australia's January Westpac consumer confidence, India's December wholesale price inflation. Later today, attention will turn to US' December PPI and BoJ's Deputy Governor Himino's speech.

**Oil:** The momentum in crude oil benchmarks continued into Monday, with WTI and Brent increasing by 2.9% and 1.6%, respectively. Oil prices held near five-month highs due to concerns about supply disruption following the imposition of US sanctions on Russian oil. Indeed, more than 60 oil tankers have since dropped anchor at multiple locations following the announcement of the latest sanction package, as reported by Reuters. Meanwhile, near-term time spreads have also strengthened significantly, more than tripling since the start of the year, signalling strength in the physical market.

### Key Market Movements

Equity	Value	% chg
S&P 500	5836.2	0.2%
DJIA	42297	0.9%
Nikkei 225	39190	0.0%
SH Comp	3160.8	-0.2%
STI	3791.7	-0.3%
Hang Seng	18874	-1.0%
KLCI	1585.6	-1.0%
	Value	% chg
DXY	109.956	0.3%
USDJPY	157.48	-0.2%
EURUSD	1.0245	0.0%
GBPUSD	1.2202	0.0%
USDIDR	16275	0.6%
USDSGD	1.3696	-0.1%
SGDMYR	3.2808	-0.2%
	Value	chg (bp)
2Y UST	4.38	0.01
10Y UST	4.78	1.87
2Y SGS	2.97	7.80
10Y SGS	3.09	6.72
3M SORA	2.97	0.01
3M SOFR	4.62	-1.72
	Value	% chg
Brent	81.01	1.6%
WTI	78.82	2.9%
Gold	2663	-1.0%
Silver	29.61	-2.6%
Palladium	946	-0.6%
Copper	9095	0.0%
BCOM	103.04	0.5%

Source: Bloomberg

## Major Markets

**CN:** China's Central Bank announced on 13 January to raise cross-border macro adjustment parameter to 1.75 from 1.5, creating greater capacity for cross-border financing, which will result in increased inflows of overseas capital. This boosts the supply of U.S. dollars and other foreign currencies in the domestic market, thereby alleviating some of the depreciation pressure on the renminbi. This move also helps stabilize market expectations by signalling the intent to keep the exchange rate steady, thus supporting market confidence.

**MY:** Prime Minister Anwar Ibrahim highlighted the strengthening of Malaysia-UAE ties and enhanced trade and investment cooperation during his three-day visit to the UAE. He held discussions with key sovereign wealth funds, including the Abu Dhabi Investment Authority (ADIA), Mubadala, and the renewable energy company Abu Dhabi Future Energy Company, also known as Masdar, focusing on renewable energy, food and energy security, AI, and regional issues, as reported by The Edge. PM Anwar emphasized the mutual commitment to expanding investment opportunities, particularly in renewable energy projects, and expressed optimism about sustained positive momentum supported by UAE industry leaders.

**ID:** President Prabowo Subianto and Japan's Prime Minister Shigeru Ishiba pledged to deepen cooperation in defense, energy, and food security between the two countries, following PM Ishiba's visit to Jakarta last week (10-11 January). Specifically, plans to enhance defense ties will focus on maritime security and technology transfer, while also collaborating on renewable energy projects. In addition, PM Ishiba announced the provision of a high-speed patrol vessels to Indonesia through a JICA grant. He also expressed support for Prabowo's Free Nutritious Meal program, offering training and expertise to address malnutrition among Indonesian children.

**TH:** The cabinet has approved a draft bill to legalise casino in designated entertainment complexes to boost tourism and job creation. According to Deputy Finance Minister Julapun Amornvivat, each entertainment complex may require investments of THB100bn and could generate up to 15,000 new jobs. Nevertheless, the draft bill will be reviewed by the Council of State, a process that may take two months, before it can be sent to the lower house for discussion and approval. By legalising casino, PM Paetongtarn Shinawatra expects this move to help address illegal gambling in the nation.

## ESG

**ID:** Indonesia and Japan agreed to collaborate on the Free Nutritious Meal program to tackle malnutrition among some Indonesian children, where Japan will organise efforts such as training for the school lunch provision program, training experts and assisting in improving the fisheries and agriculture sectors. Both countries also agreed to collaborate in sectors such as industrialization, energy, maritime issues and defence.

## Credit Market Updates

**Market Commentary:** The SGD SORA OIS curve traded higher yesterday, with shorter tenors trading 6-7bps higher, and belly tenors trading 8-9bps higher and the 10Y traded 7bps higher. Per Bloomberg, bondholders of Sunac China Holdings Ltd (“Sunac”) have approved a restructuring proposal for the company's 7% RMB-denominated bond last Friday, as reported by sources familiar with the situation. However, Sunac still needs to obtain bondholders' approval to restructure one remaining note out of a total of ten onshore notes. The Board of Directors of First REIT Management Limited (First REIT's REIT Manager) announced that it has received a preliminary non-binding letter of intent from PT Siloam International Hospitals Tbk (“Siloam”) to acquire First REIT's portfolio of hospital assets in Indonesia. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 73bps while Bloomberg Asia USD High Yield spreads widened by 3bps to 404bps. (Bloomberg, OCBC)

### New Issues:

There were two notable issuances in the Asiadollar market yesterday.

- Commonwealth Bank of Australia (guarantors: Perpetual Corporate Trust Ltd/Australia and in its capacity as trustee of CBA Covered Bond Trust) priced a USD1.5bn 5Y Covered Fixed-to-FRN bond at SOFR MS+69bps.
- Korea Housing Finance Corporation (“KHFC”) issued social bonds in two tranches, a USD500mn 5Y Fixed bond at T+63bps and a USD300mn 5Y FRN bond at SOFR Equiv+90.

There was one notable issuances in the Singdollar market yesterday.

- BPCE SA priced a SGD300mn 10NC5 Subordinated bond (Tier 2) at 4.6%.

### Mandates:

- The Great Eastern Life Assurance Company Limited may issue a USD denominated subordinated perpetual AT1 capital securities.
- Vedanta Resources Finance II PLC (guarantors: Vedanta Resources Ltd, Twin Star Holdings Ltd and Welter Trading Ltd) may issue a USD denominated 5.5NC2.5 and/or 8.25NC3 bond.
- Health & Happiness H&H International Holdings Ltd. may issue a USD denominated senior bond.

## Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	109.956	0.28%	USD-SGD	1.3696	-0.14%
USD-JPY	157.480	-0.16%	EUR-SGD	1.4030	-0.14%
EUR-USD	1.025	0.01%	JPY-SGD	0.8697	0.00%
AUD-USD	0.618	0.49%	GBP-SGD	1.6714	-0.18%
GBP-USD	1.220	-0.04%	AUD-SGD	0.8460	0.37%
USD-MYR	4.511	0.29%	NZD-SGD	0.7647	0.34%
USD-CNY	7.332	-0.01%	CHF-SGD	1.4936	-0.20%
USD-IDR	16275	0.56%	SGD-MYR	3.2808	-0.17%
USD-VND	25397	0.10%	SGD-CNY	5.3456	-0.03%

## Equity and Commodity

Index	Value	Net change
DJIA	42,297.12	358.67
S&P	5,836.22	9.18
Nasdaq	19,088.10	-73.53
Nikkei 225	39,190.40	-414.69
STI	3,791.70	-9.86
KLCI	1,585.59	-16.82
JCI	7,016.88	-71.99
Baltic Dry	1,048.00	79.00
VIX	19.19	-0.35

## SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.8390	-1.53%	1M	4.3056	-0.03%
3M	2.7660	-0.82%	2M	4.3113	-0.02%
6M	2.6410	-0.30%	3M	4.3066	-0.03%
12M	2.5640	0.43%	6M	4.2928	-0.04%
			1Y	4.2636	-0.14%

## Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.97 (+0.08)	4.38(--)
5Y	2.95 (+0.09)	4.6 (+0.02)
10Y	3.09 (+0.07)	4.77 (+0.02)
15Y	3.09 (+0.06)	--
20Y	3.04 (+0.07)	--
30Y	2.99 (+0.07)	4.96 (+0.01)

## Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
01/29/2025	-0.027	-0.007	4.323
03/19/2025	-0.194	-0.049	4.281
05/07/2025	-0.388	-0.097	4.232
06/18/2025	-0.694	-0.174	4.156
07/30/2025	-0.807	-0.202	4.128
09/17/2025	-0.991	-0.248	4.081

## Financial Spread (bps)

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

## Secured Overnight Fin. Rate

SOFR	4.30
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## Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	78.82	2.94%	Corn (per bushel)	4.765	1.3%
Brent (per barrel)	81.01	1.57%	Soybean (per bushel)	10.415	2.8%
Heating Oil (per gallon)	253.33	1.26%	Wheat (per bushel)	5.450	2.7%
Gasoline (per gallon)	210.03	1.22%	Crude Palm Oil (MYR/MT)	48.150	2.2%
Natural Gas (per MMBtu)	3.93	-1.38%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9094.50	0.03%	Gold (per oz)	2663.2	-1.0%
Nickel (per mt)	15901.00	1.55%	Silver (per oz)	29.6	-2.6%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

## Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
01/14/2025 01:15	CH	Money Supply M2 YoY	Dec	7.30%	--	7.10%	--
01/14/2025 01:15	CH	Aggregate Financing CNY YTD	Dec	31560.0b	--	29400.0b	29402.5b
01/14/2025 01:15	CH	Money Supply M1 YoY	Dec	-1.80%	--	-3.70%	--
01/14/2025 01:15	CH	Money Supply M0 YoY	Dec	--	--	12.70%	--
01/14/2025 07:30	AU	Westpac Consumer Conf SA MoM	Jan	--	-0.70%	-2.00%	--
01/14/2025 07:30	AU	Westpac Consumer Conf Index	Jan	--	92.1	92.8	--
01/14/2025 07:50	JN	BoP Current Account Balance	Nov	¥2652.5b	¥3352.5b	¥2456.9b	--
01/14/2025 07:50	JN	Trade Balance BoP Basis	Nov	-¥34.6b	¥97.9b	-¥155.7b	--
01/14/2025 07:50	JN	BoP Current Account Adjusted	Nov	¥2578.1b	¥3033.4b	¥2408.8b	--
01/14/2025 11:45	TH	Consumer Confidence Economic	Dec	--	--	50.4	--
01/14/2025 14:30	IN	Wholesale Prices YoY	Dec	2.20%	--	1.89%	--
01/14/2025 19:00	US	NFIB Small Business Optimism	Dec	102.1	--	101.7	--
01/14/2025 21:30	US	PPI Final Demand MoM	Dec	0.40%	--	0.40%	--
01/14/2025 21:30	US	PPI Final Demand YoY	Dec	3.50%	--	3.00%	--
01/14/2025 21:30	US	PPI Ex Food and Energy MoM	Dec	0.30%	--	0.20%	--
01/14/2025 21:30	US	PPI Ex Food and Energy YoY	Dec	3.80%	--	3.40%	--

Source: Bloomberg

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