

Daily Treasury Outlook

14 March 2025

Highlights

Global: The shallow rebound in US equities (S&P: -1.4%; Nasdaq: -2.0%; Dow: -1.3%) stalled overnight as US President Donald Trump's tariff threats rattled sentiment. In response to the EU's retaliatory tariff, President Trump threatened to impose a 200% tariff on wine, champagne and alcoholic products from the EU if the bloc does not withdraw its plan to impose a 50% tariff on American whiskey. On the data front, February US PPI for final demand came in softer-than-expected at 0.0% MoM and 3.2% YoY, versus expectations of 0.3% and 3.3%, respectively. Core PPI contracted by 0.1% MoM, versus expectations of a 0.3% rise, while core PPI excluding trade services rose by 0.2% MoM versus expectations of 0.3%. Consensus expectations for the February PCE price index, to be released on 29 March, are for it to remain broadly stable at 0.3% MoM and 2.5% YoY. Excluding the food and energy components, the core PCE price index is also expected to remain stable at 0.3% MoM, but edged slightly higher on a year-on-year basis to 2.7%, up from 2.6% in January. Elsewhere, the weekly US labour market data revealed a decline in claims, with initial jobless claims declining by 0.9% to 220k (week ending 8 March) while continuing claims fell by 1.4% to 1.87mn (week ending 1 March). The DXY index closed higher, while gold rose to a new record high of ~USD2990/oz.

Market Watch: The data releases today include the March Prelim University of Michigan Sentiment, UK January Industrial production, Germany February CPI. ECB officials Escriva and Cipollone will speak today.

Commodities: Crude oil benchmarks declined on Thursday, with WTI and Brent decreasing by 1.7% and 1.5%, respectively, to close at USD66.6/bbl and USD69.9/bbl. The decline is attributed to concerns regarding the impact of tariffs on macroeconomic growth and commodity demand. Elsewhere, the US Department of Treasury has announced a new sanctions package targeting Iranian Oil Minister Mohsen Paknejad. Several entities in various jurisdictions, as well as shadow fleets involved in the shipment of Iranian oil, were also targeted. This latest move is part of the US administration's policy of maximum pressure on the current regime in Iran.

Key Market Movements

Equity	Value	% chg
S&P 500	5521.5	-1.4%
DJIA	40814	-1.3%
Nikkei 225	36790	-0.1%
SH Comp	3358.7	-0.4%
STI	3837.5	0.1%
Hang Seng	23463	-0.6%
KLCI	1510.0	1.7%
	Value	% chg
DXY	103.828	0.2%
USDJPY	147.81	-0.3%
EURUSD	1.0852	-0.3%
GBPUSD	1.2952	-0.1%
USDIDR	16425	-0.1%
USDSGD	1.3359	0.2%
SGDMYR	3.3241	0.1%
	Value	chg (bp)
2Y UST	3.96	-2.95
10Y UST	4.27	-4.42
2Y SGS	2.44	0.20
10Y SGS	2.63	-0.69
3M SORA	2.64	-1.23
3M SOFR	4.38	-0.35
	Value	% chg
Brent	69.88	-1.5%
WTI	66.55	-1.7%
Gold	2989	1.9%
Silver	33.87	1.9%
Palladium	968	1.4%
Copper	9784	0.1%
BCOM	104.94	0.5%

Source: Bloomberg

Major Markets

CN: Hohhot, capital city of China's Inner Mongolia, has introduced comprehensive subsidy policies aimed at boosting the birth rate. Families will receive a one-time payment of CNY 10,000 for the birth of their first child. For the second child, a total subsidy of CNY 50,000 will be provided, disbursed in annual installments of CNY 10,000 until the child reaches five years of age. Additionally, families with three or more children will be eligible for a total subsidy of CNY 100,000, also distributed in annual payments of CNY 10,000 until the youngest child turns ten.

ID: Finance Minister Sri Mulyani announced on Thursday (14 March) that the state budget recorded a deficit of IDR31.2trn, equivalent to 0.13% of GDP, at the end of February 2025. The deficit widened compared to a deficit of IDR23.5trn in January 2025. Revenue reached IDR316.9trn at the end of February, marking a 20.9% YoY contraction and achieving 10.5% of the target. Similarly, government expenditure contracted by 7.0% YoY, reaching IDR348.1trn at the end of February, which is 9.6% of the target. In the same press conference, the Ministry of Finance reaffirmed that the budget for the free nutritious meal program has been increased to IDR171trn in 2025, with the aim of reaching 83mn beneficiaries.

MY: Plantation and Commodities Minister Johari Abdul Ghani stated that 70% to 80% of local palm oil smallholders have already complied with the European Union Deforestation Regulation (EUDR). He assured that the government would assist the remaining smallholders in meeting the compliance deadline of December 30, 2025, for large companies. Minister Ghani added that large plantations should have no major issues adhering to the EUDR, as they already meet international certification standards.

TH: The consumer confidence index (CCI) declined to 57.8 in February, down from 59 in January. This is the first decline in five months. This decline in CCI was broad-based across the sub-indices of 'economic situation' (51.5 versus 52.6 in January), 'income' (66.7 versus 68.1 in January), and 'job' (55.2 versus 56.2 in January). According to the University of the Thai Chamber of Commerce, the decline can be attributed to concerns over US tariff policy and domestic political uncertainty.

ESG

SG: Singapore and Vietnam committed to establishing a wide-ranging pact that deepens cooperation in security, defence and emerging areas such as renewable energy, carbon credits, subsea cable connectivity and the digital economy. The new Comprehensive Strategic Partnership will be an upgrade to both countries' Strategic Partnership established in 2013, building on the Green-Digital Economic Partnership set up in 2023. As both countries have a common goal of net-zero emissions by 2050, there was an exchange of agreements related to offshore wind power trade cooperation in efforts to enhance renewable energy capacities.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday with shorter tenors trading 1-3bps higher, belly tenors trading 1bps higher and 10Y trading 1bps higher. China Vanke Co Ltd (“VANKE”) has transferred funds to a designated account to exercise the call option on its 3.42% yuan-bond, as stated in a filing. The bond redemption amount is RMB1bn, with an interest payment of RMB34.2mn. The bond will be delisted on March 17. According to Bloomberg, Shimao Group Holdings, has received approval from a Hong Kong court for its offshore restructuring, allowing its debt plan to move forward. Bloomberg Asia USD Investment Grade spreads widened by 1bps to 74bps while Bloomberg Asia USD High Yield spreads widened by 3bps to 399bps. (Bloomberg, OCBC)

New Issues:

There were six notable issuances from four issuers in the Asiadollar market yesterday.

- DBS Group Holdings Limited issued USD2bn of debt in three tranches: a USD500mn 3Y Fixed bond at T+42bps, a USD1bn 3Y FRN at SOFR+60bps, and a USD500mn 5Y FRN at SOFR+65bps.
- Central Plaza Development Ltd. (Guarantor: BCG Chinastar International Investment Ltd, Keepwell Provider: Beijing Capital Group Co Ltd) priced a USD450mn 3Y Fixed bond at 7.15%.
- Zhuzhou City Construction Development Group Co., Ltd. priced a USD250mn 3Y Sustainable Fixed bond at 5.30%.
- Zaozhuang Infrastructure Investment Development Group Co. Ltd. priced a USD120mn 3Y Fixed bond at 6.90%.

There was one notable issuance in the Singdollar market yesterday.

- Perpetual Asia Ltd. in its capacity as trustee of ESR-REIT priced a SGD125mn PerpNC5 at 5.75%.

Mandates:

- There were no notable mandates yesterday.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	103.828	0.21%	USD-SGD	1.3359	0.23%
USD-JPY	147.810	-0.30%	EUR-SGD	1.4498	-0.10%
EUR-USD	1.085	-0.33%	JPY-SGD	0.9038	0.50%
AUD-USD	0.629	-0.57%	GBP-SGD	1.7302	0.12%
GBP-USD	1.295	-0.08%	AUD-SGD	0.8395	-0.36%
USD-MYR	4.437	0.19%	NZD-SGD	0.7611	-0.34%
USD-CNY	7.243	0.07%	CHF-SGD	1.5145	0.18%
USD-IDR	16425	-0.12%	SGD-MYR	3.3241	0.13%
USD-VND	25493	0.12%	SGD-CNY	5.4230	-0.15%

Equity and Commodity

Index	Value	Net change
DJIA	40,813.57	-537.36
S&P	5,521.52	-77.78
Nasdaq	17,303.01	-345.44
Nikkei 225	36,790.03	-29.06
STI	3,837.52	4.45
KLCI	1,510.03	25.20
JCI	6,647.42	-17.63
Baltic Dry	1,559.00	123.00
VIX	24.66	0.43

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.3920	-2.21%	1M	4.3172	0.00%
3M	2.5270	-1.02%	2M	4.3073	-0.03%
6M	2.3720	-0.88%	3M	4.2900	-0.05%
12M	2.4310	-0.73%	6M	4.1933	0.01%
			1Y	4.0102	0.09%

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.44 (-)	3.96(-)
5Y	2.46 (-)	4.03 (-0.04)
10Y	2.63 (-0.01)	4.28 (-0.04)
15Y	2.71 (-)	--
20Y	2.72 (-0.01)	--
30Y	2.7 (-0.01)	4.6 (-0.04)

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	-0.377	-33.6	-0.094
06/18/2025	-1.03	-65.3	-0.258
07/30/2025	-1.441	-41.1	-0.36
09/17/2025	-2.114	-67.4	-0.529
12/10/2025	-2.882	-42.1	-0.72

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.31
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	66.55	-1.67%	Corn (per bushel)	4.535	1.1%
Brent (per barrel)	69.88	-1.51%	Soybean (per bushel)	9.968	0.9%
Heating Oil (per gallon)	216.22	-2.00%	Wheat (per bushel)	5.473	1.6%
Gasoline (per gallon)	213.31	-0.79%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	4.11	0.66%	Rubber (JPY/KG)	309.500	2.8%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9783.50	0.14%	Gold (per oz)	2989.2	1.9%
Nickel (per mt)	16506.00	-0.81%	Silver (per oz)	33.9	1.9%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
3/14/2025 15:00	GE	CPI YoY	Feb F	2.30%	--	2.30%	--
3/14/2025 15:00	UK	Industrial Production MoM	Jan	-0.10%	--	0.50%	--
3/14/2025 15:00	GE	CPI MoM	Feb F	0.40%	--	0.40%	--
3/14/2025 15:00	UK	Manufacturing Production MoM	Jan	0.00%	--	0.70%	--
3/14/2025 15:00	GE	CPI EU Harmonized YoY	Feb F	2.80%	--	2.80%	--
3/14/2025 15:30	TH	Gross International Reserves	7-Mar	--	--	\$244.8b	--
3/14/2025 15:30	TH	Forward Contracts	7-Mar	--	--	\$23.2b	--
3/14/2025 15:45	FR	CPI YoY	Feb F	0.80%	--	0.80%	--
3/14/2025 15:45	FR	CPI EU Harmonized YoY	Feb F	0.90%	--	0.90%	--
3/14/2025 15:45	FR	CPI MoM	Feb F	0.00%	--	0.00%	--
3/14/2025 22:00	US	U. of Mich. Sentiment	Mar P	63	--	64.7	--
3/14/2025 22:00	US	U. of Mich. 1 Yr Inflation	Mar P	4.30%	--	4.30%	--
3/14/2025 22:00	US	U. of Mich. 5-10 Yr Inflation	Mar P	3.40%	--	3.50%	--
3/14/2025 22:00	US	U. of Mich. Expectations	Mar P	63	--	64	--
3/14/2025 22:00	US	U. of Mich. Current Conditions	Mar P	64.4	--	65.7	--

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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