

Daily Treasury Outlook

17 January 2025

Highlights

Global: US equities closed lower on Thursday (S&P: -0.2%; NASDAQ: -0.9%; Dow: -0.2%), the DXY index and UST yields closed lower from session highs. The job market data showed higher initial jobless claims of 217k for the week of 11 January from 203k in the previous week while continuing claims was slightly lower at 1,859k for week of 4 January from 1,877k in the previous week. Retail sales advanced 0.4% MoM in December from 0.8% in November, slightly lower than expectations (Consensus: 0.6%) while core retail sales rose by 0.7% MoM in December from 0.4% in November. There was a huge jump recorded on the Philadelphia Fed Business outlook to 44.3 in January from -10.9 in December. On politics, Scott Bessent's hearing at the Senate Finance Committee was over three hours long covering a wide range of topics from federal debt, the Tax Cuts and Jobs Act (TCJA), China and his personal journey. His emphasis seems to latently suggest that he is focussed on making the provisions of the TCJA permanent or extending them at least to avoid "a crushing USD4trn tax hike". He also declared that "the United States is not going to default on its debt" if he is confirmed as the Treasury Secretary. His views on China were filled with bluster, aimed at balancing trade practises, and he added the potential for carbon tariffs as a part of the overall tariff plan. On the Fed, he alluded to continued independence. Separately, Fed Governor Waller said the December inflation data "was very good".

Market Watch: The focus today will be on the data deluge from China, including the 4Q24 GDP print and the December monthly activity data. Malaysia's advance 4Q24 GDP estimates will also be out today, and we expect it to come in at 5.2% YoY, similar to 5.3% in 3Q24. UK's December retail sales, the final estimate of Euro Area Dec CPI, US December industrial production are slated for release today. It is expected to be relatively quiet on the central bank front, with ECB's Nagel, Panetta, Centeno expected to speak.

Oil: Crude oil benchmarks closed lower on Thursday, with WTI and Brent declining by 1.7% and 0.9%, respectively, to close at USD78.7/bbl and USD81.3/bbl. The retreat in oil prices from a five-month high was driven by easing geopolitical tensions in the Middle East following a ceasefire deal between Israel and Hamas. The ceasefire agreement will be implemented in three phases, with the first phase taking effect on 19 January and lasting for six weeks. Consequently, this will also help ease the supply disruption in the Red Sea caused by Yemen's Houthi militia.

Key Market Movements

Equity	Value	% chg
S&P 500	5937.3	-0.2%
DJIA	43153	-0.2%
Nikkei 225	38573	0.3%
SH Comp	3236.0	0.3%
STI	3801.1	0.8%
Hang Seng	19523	1.2%
KLCI	1555.5	-0.4%
	Value	% chg
DXY	108.957	-0.1%
USDJPY	155.16	-0.8%
EURUSD	1.0301	0.1%
GBPUSD	1.2239	0.0%
USDIDR	16360	0.2%
USDSGD	1.367	0.0%
SGDMYR	3.2932	0.0%
	Value	chg (bp)
2Y UST	4.23	-3.38
10Y UST	4.61	-4.06
2Y SGS	2.90	-6.80
10Y SGS	3.01	-7.97
3M SORA	2.96	-0.24
3M SOFR	4.60	-0.64
	Value	% chg
Brent	81.29	-0.9%
WTI	78.68	-1.7%
Gold	2714	0.7%
Silver	30.81	0.5%
Palladium	943	-2.2%
Copper	9231	0.7%
BCOM	104.22	0.1%

Source: Bloomberg

Major Markets

MY: Agriculture Minister of Agriculture and Food Security Mohamad Sabu stated that the government has prioritized reforming the country's rice and paddy industry while boosting ruminant productivity to enhance food security and sustainability. Key strategies include modernizing rice production, increasing self-sufficiency from the current 56% to 71%, redeveloping abandoned paddy fields, and restructuring the value chain, all while addressing challenges such as climate impacts and irrigation, as reported by The Edge. For the ruminant sector, efforts will focus on importing high-quality livestock, combating smuggling, and improving breeding programs to ensure a consistent domestic supply of beef and buffalo meat.

ID: The Ministry of Finance announced the implementation of a 15% global minimum corporate tax (GMT) starting in January 2025. The GMT mandates a minimum 15% tax rate for multinationals with revenues above EUR750mn. To mitigate the impact on investments, Minister of Investment and Downstreaming Policy and head of the Investment Coordinating Board (BKPM) Rosan Roeslani noted that the government is exploring alternative non-fiscal incentives to address the effects of the GMT on its tax holiday policy, particularly for multinational companies.

TH: The House of Representatives has passed a bill to promote liquor production by small entrepreneurs. Out of 420 lawmakers, 415 voted in favour of the bill. According to Prime Minister Paetongtarn Shinawatra, this legislation will help remove the monopoly in the country's liquor industry and support the rural economy, thereby paving the way for individual entrepreneurs, cooperatives and farmer groups to secure licenses to produce and trade liquor. The legislation will now be sent to the Senate for consideration.

ESG

MY: Malaysia plans to work with companies from the UAE to invest in Malaysia for green energy projects, infrastructure, battery storage and strengthening the energy grid. These projects are related to the New Industrial Master Plan 2030 (NIMP 2030) and the MADANI Economy framework, as well as projects in the Johor-Singapore Special Economic Zone (JS-SEZ). There is also interest to develop value chains in low-carbon technologies such as blue hydrogen and carbon capture, utilisation and storage that can support the decarbonisation of hard-to-abate sectors.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded lower yesterday, with shorter tenors trading 4-6bps lower, and belly tenors trading 6-7bps lower and the 10Y trading 7bps lower. China Vanke Co. Ltd.'s ("VANKE") CEO Zhu Jiusheng was taken away by police, and VANKE may be taken over by state authorities according to reports by the Economic Observer citing unidentified sources. Hainan Poly Pharm Co Ltd has had its rating downgraded by CSCI Pengyuan from "A" to "BBB+", joining over 75 Chinese companies facing repayment pressures on bonds totalling USD52bn, including RMB325.85bn of notes and USD7.57bn in offshores bonds. Bloomberg Asia USD Investment Grade spreads tightened by 2bps to 74bps while Bloomberg Asia USD High Yield spreads widened by 2bps to 429bps. (Bloomberg, OCBC)

New Issues:

There were four notable issuances in the Asiadollar market yesterday.

- Health & Happiness H&H International Holdings Ltd (guarantor: Joint and several, on a senior basis) priced a USD300mn 3.5NC1.5 Senior Secured Fixed bond at 9.70%.
- AmBank M Bhd priced a USD300mn 5Y Fixed bond at T+78bps.
- IIFL Finance Ltd priced a USD325mn Senior Secured Fixed bond at 8.80%.
- Zoucheng Urban Assets Holding Group Co. Ltd. priced a USD80.49mn retap of its existing ZOUCAO 6.98% '27s.

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	108.957	-0.12%	USD-SGD	1.3670	-0.01%
USD-JPY	155.160	-0.84%	EUR-SGD	1.4076	0.07%
EUR-USD	1.030	0.12%	JPY-SGD	0.8806	0.80%
AUD-USD	0.621	-0.22%	GBP-SGD	1.6723	-0.07%
GBP-USD	1.224	-0.02%	AUD-SGD	0.8490	-0.27%
USD-MYR	4.503	0.09%	NZD-SGD	0.7660	-0.22%
USD-CNY	7.332	0.00%	CHF-SGD	1.5002	0.15%
USD-IDR	16360	0.25%	SGD-MYR	3.2932	0.03%
USD-VND	25379	-0.03%	SGD-CNY	5.3650	0.09%

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.8430	-0.32%	1M	4.3029	0.01%
3M	2.7480	-0.47%	2M	4.3055	-0.07%
6M	2.6570	-1.04%	3M	4.2921	-0.02%
12M	2.5590	-2.03%	6M	4.2535	0.00%
			1Y	4.1892	0.05%

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	-0.296	-0.074	4.255
05/07/2025	-0.552	-0.138	4.191
06/18/2025	-0.962	-0.241	4.089
07/30/2025	-1.127	-0.282	4.048
09/17/2025	-1.368	-0.342	3.987

Equity and Commodity

Index	Value	Net change
DJIA	43,153.13	-68.42
S&P	5,937.34	-12.57
Nasdaq	19,338.29	-172.94
Nikkei 225	38,572.60	128.02
STI	3,801.13	28.55
KLCI	1,555.54	-6.58
JCI	7,107.52	27.96
Baltic Dry	1,063.00	-17.00
VIX	16.60	0.48

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.9 (-0.07)	4.24(--)
5Y	2.91 (-0.06)	4.4 (-0.05)
10Y	3.01 (-0.08)	4.61 (-0.04)
15Y	3 (-0.07)	--
20Y	2.96 (-0.07)	--
30Y	2.91 (-0.06)	4.85 (-0.03)

Financial Spread (bps)

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

Secured Overnight Fin. Rate

SOFR	4.28
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	78.68	-1.70%	Corn (per bushel)	4.745	-0.9%
Brent (per barrel)	81.29	-0.90%	Soybean (per bushel)	10.190	-2.3%
Heating Oil (per gallon)	261.72	0.14%	Wheat (per bushel)	5.375	-1.7%
Gasoline (per gallon)	212.32	-1.65%	Crude Palm Oil (MYR/MT)	44.710	-4.4%
Natural Gas (per MMBtu)	4.26	4.29%	Rubber (JPY/KG)	309.500	2.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9230.50	0.69%	Gold (per oz)	2714.3	0.7%
Nickel (per mt)	15963.00	0.71%	Silver (per oz)	30.8	0.5%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
01/17/2025 05:30	NZ	BusinessNZ Manufacturing PMI	Dec	--	45.9	45.5	45.2
01/17/2025 08:30	SI	Non-oil Domestic Exports YoY	Dec	7.40%	9.00%	3.40%	--
01/17/2025 10:00	CH	GDP YoY	4Q	5.00%	--	4.60%	--
01/17/2025 10:00	CH	Industrial Production YoY	Dec	5.40%	--	5.40%	--
01/17/2025 10:00	CH	Retail Sales YoY	Dec	3.60%	--	3.00%	--
01/17/2025 12:00	MA	GDP YoY	4Q A	5.20%	--	5.30%	--
01/17/2025 15:00	UK	Retail Sales Inc Auto Fuel MoM	Dec	0.40%	--	0.20%	--
01/17/2025 15:00	UK	Retail Sales Inc Auto Fuel YoY	Dec	4.90%	--	0.50%	--
01/17/2025 15:00	UK	Retail Sales Ex Auto Fuel MoM	Dec	0.30%	--	0.30%	--
01/17/2025 15:00	UK	Retail Sales Ex Auto Fuel YoY	Dec	4.00%	--	0.10%	--
01/17/2025 15:30	TH	Gross International Reserves	Jan-10	--	--	\$236.4b	--
01/17/2025 18:00	EC	CPI YoY	Dec F	2.40%	--	2.40%	2.30%
01/17/2025 18:00	EC	CPI MoM	Dec F	0.40%	--	0.40%	--
01/17/2025 18:00	EC	CPI Core YoY	Dec F	2.70%	--	2.70%	--
01/17/2025 21:30	US	Housing Starts	Dec	1327k	--	1289k	--
01/17/2025 22:15	US	Industrial Production MoM	Dec	0.30%	--	-0.10%	--

Source: Bloomberg

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