

Daily Treasury Outlook

18 March 2025

Highlights

Global: The upbeat tone in the equity market had been carried forward to this week, as investors overlooked the weaker US economic data and tariff uncertainties. Treasury Secretary Bessent's notion that there were "no guarantees" that the US economy will avoid recession this year did not appear to strike growth scare again. Meanwhile, White House confirmed President Trump's previous pledge that reciprocal tariffs will come into effect on 2 April. US three major stock indices closed the Monday session higher between 0.3% and 0.9%, extending Friday's winning streak. Dollar slid for the second straight session to the lowest level in four months, while US treasury curve pivotally flattened. US economic data continues to soften. Despite the weak headline (+0.2% MoM vs. consensus of +0.6% MoM) and downward revision in January reading, the details of the February retail sales tempered some growth concerns. Core retail sales rose by 0.3% MoM, meeting the expectations. The core retail sales group, which is used for GDP calculations, surged 1.0% MoM in February (vs consensus of 0.4% MoM). Meanwhile, the Empire manufacturing index plunged to -20 (vs. consensus of -1.9) in March, as new orders and shipment all fell, while input prices rose by the fastest pace in more than two years.

Market Watch: Asian markets are likely to open with a positive tone, tracking US market's extended rebound. Today's economic data calendar for Asian session was fairly light, comprising of Japan's January territory industry index and Hong Kong's February unemployment rate. Later tonight, market attention will turn to Eurozone's March ZEW expectations, US' February industrial production, building permits and housing starts, as well as Canada's February CPI.

Commodities: Crude oil benchmarks extended gains for the second consecutive session, with WTI and Brent increasing by 0.6% and 0.7%, respectively, to USD67.6/bbl and USD71.1/bbl. The rise in oil prices can be attributed to concerns over escalating geopolitical tensions in the Middle East. US President Donald Trump stated that Iran would be held responsible for attacks carried out by Yemen's Houthi militia. Additionally, robust growth in China's activity data (i.e., retail sales, industrial production, and fixed asset investments) provided support for higher oil prices.

Key Market Movements

Equity	Value	% chg
S&P 500	5675.1	0.6%
DJIA	41842	0.9%
Nikkei 225	37397	0.9%
SH Comp	3426.1	0.2%
STI	3859.4	0.6%
Hang Seng	24146	0.8%
KLCI	1527.8	1.0%
	Value	% chg
DXY	103.370	-0.3%
USDJPY	149.21	0.4%
EURUSD	1.0922	0.4%
GBPUSD	1.2992	0.4%
USDIDR	16400	0.3%
USDSGD	1.3302	-0.3%
SGDMYR	3.3355	0.2%
	Value	chg (bp)
2Y UST	4.04	2.71
10Y UST	4.30	-1.36
2Y SGS	2.53	3.90
10Y SGS	2.69	3.31
3M SORA	2.60	-2.85
3M SOFR	4.37	-1.07
	Value	% chg
Brent	71.07	0.7%
WTI	67.58	0.6%
Gold	3001	0.6%
Silver	33.86	0.2%
Palladium	971	0.3%
Copper	9862	0.8%
BCOM	105.40	0.5%

Source: Bloomberg

Major Markets

CN: The General Office of the CPC Central Committee and the General Office of the State Council have issued the Special Action Plan to Boost Consumption. Central to the plan is the “Urban and Rural Residents’ Income Enhancement Initiative,” which focuses on four key areas: promoting reasonable wage growth, expanding asset-based income channels, implementing measures to increase farmers’ income, and addressing overdue payments to improve household earnings. A major highlight is the expansion of asset-based income channels, signaling the government's commitment to stabilizing the stock market and creating a wealth effect. Simultaneously, efforts to promote wage growth and increase farmers’ income are designed to expand the middle-income group and raise income levels among lower-income households. The action plan also targets bulk-item consumption—such as housing and automobiles—as well as service consumption. In housing, the plan explicitly outlines supportive measures for the housing provident fund, including timely reductions in loan interest rates and an expansion of its usage scope. This is the first time a State Council-issued consumption-boosting document has detailed specific measures to support housing consumption, underscoring the coordinated approach to boosting overall household spending. Housing consumption, which drives upgrades in home appliances, furniture, and home renovations, is positioned as a critical pillar of the plan.

ID: Exports and imports growth improved by more than expected to 14.1% YoY (Consensus: 7.6%, OCBC: 12.7%) and 2.3% (Consensus: 1.4%; OCBC: 7.5%) in February from 4.7% and -3.0% in January, respectively. Consequently, the trade surplus narrowed marginally to USD3.1bn in February from USD3.4bn in January. Looking at imports by end-use, improvement in capital (5.5% in February from 1.7% in January) and raw materials (4.8% from -3.6%) good imports has more than offset the deterioration the consumer goods (-21.0% from -7.2%) imports. Taken together with January data, exports growth improved to 9.2% YoY versus 8.0% in 4Q24, while imports growth slowed to -0.4% from 9.5%

MY: The 2025 Ramadan Raya Buy Local campaign, which began on 1 March, aims to achieve RM5mn in total sales, doubling from last year’s total amount. Entrepreneur and Cooperatives Development Minister Datuk Ewon Benedick highlighted that the initiative under the MyMall digital platform has recorded RM2.6mn in sales within 15 days. Since the launch of the platform in 2022, ~2,800 entrepreneurs have joined MyMall, generating RM10.8mn in sales. He added that the Ministry would continue to provide free registration, marketing support and financing schemes. In 2024, RM9.6bn in financing and grants were disbursed to ~333,000 Micro, Small and Medium enterprises and cooperatives

TH: The Board of Investment (BoI) has approved THB200bn worth of investment projects, including a THB109bn expansion of Bangkok's orange line to link the western and eastern suburbs. Three data centre projects were also approved, with the largest being a THB72.7bn investment by China's Beijing Haoyang Cloud Data Technology Co. Additionally, TikTok secured approval earlier in January for a data-hosting facility. The government aims to boost economic growth to 3.5% in 2025, up from 2.5% in 2024. This would be supported by exports, tourism and increased investments. Investment applications have increased by 35% YoY in 2024 to USD33bn. Separately, the BoI also introduced new incentives for healthcare projects, offering extended income-tax holidays to joint ventures building large hospitals.

ESG

MY: The electric vehicle (EV) adoption rate continues to grow in Malaysia with a 110% year-on-year growth in Feb 2025. According to Malaysia's Road Transport Department, a total of 2,160 EVs were registered in February 2025 compared to 1,026 units registered in the previous year. BYD was the model that took the lead with a total of 634 units registered in February. To support the EV ecosystem, Malaysia has set a goal to establish 10,000 EV charging points by 2025 in accordance with the Low Carbon Mobility Blueprint.

ID: Indonesia plans to resume allowing its forestry sector to sell carbon credits after a three-year hiatus, through lifting its moratorium on international credit issuances. The moratorium was previously implemented to retain more of the benefits of emissions-mitigation projects, including potentially using them to meet its own climate goals. The ministry is working on recognising existing international standards and estimates the potential for up to 3.2 trn rupiah of carbon transactions a year from this sector in 2025, predicting transactions between 97.9 trn rupiah to 258.7 trn rupiah by 2034.

Credit Market Updates

Market Commentary: The SGD SORA OIS curve traded higher yesterday with shorter tenors trading flat to 3bps higher, belly tenors trading 2-3bps higher and 10Y trading 2bps higher. Sino-Ocean Group Holding Ltd ("Sino-Ocean") announced in a filing with the Hong Kong stock exchange that the high court ordered the dismissal of the wind-up petition on March 17. This petition was originally filed against Sino-Ocean in June 2024 concerning the non-repayment of a 3.25% USD bond due in 2026, which was issued by one of its subsidiaries and guaranteed by the company, with a total principal amount of USD400mn plus accrued interest. PT Wijaya Karya was unable to repay the outstanding principal amounts of two rupiah-denominated notes that matured on February 18, totalling IDR1 trillion. The company has requested extensions and partial repayments from its creditors due to a shortage of funds but has not yet received approvals from bondholders and sukukholders. Bloomberg Asia USD Investment Grade spreads stayed flat at 74bps while Bloomberg Asia USD High Yield spreads widened by 3bps to 398bps. (Bloomberg, OCBC)

New Issues:

There were three notable issuances in the Asiadollar market yesterday.

- Bank Mandiri Persero Tbk PT priced a USD800mn 3Y Fixed bond at T+113bps.
- Jiyuan City Jikang Technology Co. Ltd. (guarantor: Henan Zhongyu Financing Guaranty Co Ltd) priced a USD100mn 3Y Fixed bond at 6.80%.
- Lanxi Transportation Construction Investment Group Co Ltd (guarantor: Lanxi State-owned Capital Operation Co., Ltd.) priced a USD100mn 3Y Fixed bond at 5.70%.

There was one notable issuance in the Singdollar market yesterday.

- Optus Finance Pty Limited (guarantor: SingTel Optus Pty Ltd) priced a SGD250mn 7Y Fixed bond at T+75bps.

Mandates:

- Greenko Wind Projects (Mauritius) Ltd (guarantor: Greenko Energy Holdings) may issue USD denominated 3.5Y bonds.
- Henan Airport Investment Group Co., Ltd. may issue USD denominated Sustainable bonds.
- Arab Energy Fund/The may issue USD denominated 5Y Formosa bonds.
- Bangkok Bank PCL may issue USD denominated 15NC10 Subordinated Tier 2 bonds.

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	103.370	-0.34%	USD-SGD	1.3302	-0.30%
USD-JPY	149.210	0.38%	EUR-SGD	1.4530	0.12%
EUR-USD	1.092	0.40%	JPY-SGD	0.8915	-0.70%
AUD-USD	0.638	0.95%	GBP-SGD	1.7281	0.14%
GBP-USD	1.299	0.44%	AUD-SGD	0.8492	0.64%
USD-MYR	4.446	-0.02%	NZD-SGD	0.7742	0.97%
USD-CNY	7.226	-0.15%	CHF-SGD	1.5099	0.17%
USD-IDR	16400	0.31%	SGD-MYR	3.3355	0.23%
USD-VND	25531	0.05%	SGD-CNY	5.4390	0.22%

Equity and Commodity

Index	Value	Net change
DJIA	41,841.63	353.44
S&P	5,675.12	36.18
Nasdaq	17,808.66	54.57
Nikkei 225	37,396.52	343.42
STI	3,859.36	23.34
KLCI	1,527.81	15.66
JCI	6,471.95	-43.68
Baltic Dry	1,669.00	19.00
VIX	20.51	-1.26

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR	Change
1M	2.3790	0.46%	1M	4.3228	-0.04%
3M	2.4780	-0.92%	2M	4.3182	-0.06%
6M	2.4150	1.22%	3M	4.3093	-0.03%
12M	2.4510	0.00%	6M	4.2310	-0.05%
			1Y	4.0851	0.03%

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	2.53 (+0.04)	4.04(--)
5Y	2.54 (+0.03)	4.09(--)
10Y	2.69 (+0.03)	4.3 (-0.01)
15Y	2.76 (+0.03)	--
20Y	2.77 (+0.03)	--
30Y	2.72 (+0.01)	4.59 (-0.03)

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
03/19/2025	-0.008	-0.8	-0.002
05/07/2025	-0.215	-20.7	-0.054
06/18/2025	-0.763	-54.8	-0.191
07/30/2025	-1.108	-34.5	-0.277
09/17/2025	-1.699	-59	-0.425
12/10/2025	-2.387	-39.8	-0.597

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)	67.58	0.60%	Corn (per bushel)	4.610	3.5%
Brent (per barrel)	71.07	0.69%	Soybean (per bushel)	10.155	1.6%
Heating Oil (per gallon)	220.38	1.72%	Wheat (per bushel)	5.685	4.2%
Gasoline (per gallon)	218.12	1.51%	Crude Palm Oil (MYR/MT)	45.090	0.5%
Natural Gas (per MMBtu)	4.02	-2.10%	Rubber (JPY/KG)	309.500	2.8%

Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	9861.50	0.83%	Gold (per oz)	3000.6	0.6%
Nickel (per mt)	16430.00	-0.24%	Silver (per oz)	33.9	0.2%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date	Country	Item	Period	Survey	Actual	Prior	Revised
3/18/2025 12:30	JN	Tertiary Industry Index MoM	Jan	-0.10%	--	0.10%	--
3/18/2025 16:30	HK	Unemployment Rate SA	Feb	3.10%	--	3.10%	--
3/18/2025 18:00	GE	ZEW Survey Expectations	Mar	48.3	--	26	--
3/18/2025 18:00	GE	ZEW Survey Current Situation	Mar	-80.5	--	-88.5	--
3/18/2025 18:00	EC	ZEW Survey Expectations	Mar	--	--	24.2	--
3/18/2025 20:30	US	Housing Starts	Feb	1385k	--	1366k	--
3/18/2025 20:30	US	Building Permits	Feb P	1453k	--	1473k	--
3/18/2025 20:30	US	Import Price Index MoM	Feb	0.00%	--	0.30%	--
3/18/2025 21:15	US	Industrial Production MoM	Feb	0.20%	--	0.50%	--
3/18/2025 21:15	US	Capacity Utilization	Feb	77.80%	--	77.80%	--
3/18/2025 21:15	US	Manufacturing (SIC) Production	Feb	0.30%	--	-0.10%	--
3/11/2025-3/28/2025	MO	Unemployment Rate	4Q	--	--	13.60%	--
3/18/2025	MO	Interest Rate Announcement	18-Mar	--	--	2.50%	--

Source: Bloomberg

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