Weekly Macro Views (WMV)

Global Markets Research & Strategy

6th May 2024

Weekly Macro Update

Key Global Data for this week:

6 May	7 May	8 May	9 May	10 May
• **ID** GDP YoY • **EC** HCOB Eurozone Composite PMI • **CH** Caixin China PMI Composite • **GE** HCOB Germany Composite PMI	• **AU** RBA Cash Rate Target • **TA** CPI YoY • **PH** CPI YoY 2018=100 • **GE** Factory Orders MoM • **JN** Jibun Bank Japan PMI Composite	• **US** MBA Mortgage Applications • **PH** Exports YoY • **TA** Exports YoY • **ID** Foreign Reserves • **SG** Automobile COE Open Bid Cat A	• **UK** Bank of England Bank Rate • **US** Initial Jobless Claims • **MA** BNM Overnight Policy Rate • **PH** GDP YoY • **CH** Money Supply M2 YoY • **CH** Trade Balance	• **UK** GDP YoY • **US** U. of Mich. Sentiment • **JN** BoP Current Account Balance • **IN** Industrial Production YoY • **UK** Industrial Production MoM

Summary of Macro Views:

Global	• **Global:** Central Banks • **Global:** US FOMC Review • **Global:** US Labour Market Shows Signs of Cooling • **Global:** Euro Area Exits Recession; Inflation still Sticky in April • **Global:** Japan Industrial Production Back in Expansion
Asia	• **SG:** Labour Market Cooling but Stable • **SG:** Manufacturing PMI fell slightly in April • **CN:** Rise of Treasury Yields • **CN:** Key takeaways from the April Politburo meeting • **HK:** Real GDP Grew by 2.7% YoY in 1Q • **HK:** Weak Consumption Sentiment • **MO:** Gaming Revenue Recovered to 79% of Pre-Covid Level

Asia	• **ID:** Election Boost to 1Q24 Growth Unlikely to Sustain • **ID:** BI to remain on hold in the near-term • **TH:** Economic Activity Slowed in March • **TH:** April Headline CPI Turned Positive
Asset Class	• **Crude Oil:** Steepest Weekly Drop Since February • **ESG:** Green economy opportunities for Singapore and Indonesia • **FX & Rates:** Focus on Auctions • **Credit Research** • **Global Fund Flows** • **Global Asset Flows**

OCBC

Global: Central Banks

Forecast – Key Rates

Reserve Bank of Australia (RBA)	Bank of England (BoE)	Bank Negara Malaysia (BNM)
Tuesday, 7th May	**Wednesday, 9th May**	**Wednesday, 9th May**

House Views

Cash Rate Target	*Bank rate*	*Overnight Policy Rate*
Likely hold at 4.35%	**Likely hold at 5.25%**	**Likely hold at 3.00%**

Source: Bloomberg.

Global: US FOMC Review

- **The FOMC left policy rates unchanged** at 5.25-5.50% as expected on 1 May, whilst signalling that confidence regarding the disinflation process was less than at the previous meeting as the statement read "*there has been a lack of further progress toward the Committee's 2 percent inflation objective*". Similarly, during the press conference, Powell commented that so far this year, "the data have not given us that greater confidence". That said, Powell opined that "*it's unlikely that the next policy rate move will be a hike*", supporting the notion that there may be delays in the timing of the first cut, but no pivot back to tightening. Our base-case remains for a total of 75bps of Fed funds rate cuts in 2024.

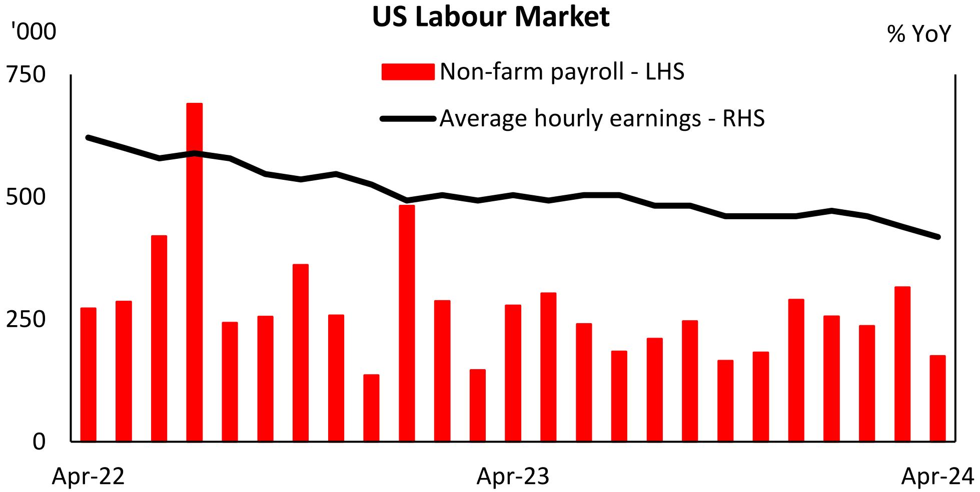
- **Plans were announced for QT tapering** starting June 2024 through reductions in the monthly redemption cap on Treasury securities from US$60bn to US$25bn, while redemption cap on agency debt and agency mortgage-backed securities has been kept at USD35bn. This is in line with what the March FOMC minutes revealed - that FOMC members looked to halve the overall pace of QT via Treasury securities only.

- On inflation, Powell's press conference revealed that he is looking for lower housing services inflation from lower market rents and further easing of supply side conditions as factors that will drag inflation towards the 2% target:
    - *"My expectation is that we will over the course of this year, see inflation move back down…we also continue to expect, and I continue to expect that housing services inflation, given where market rents are, those will show up in measured housing services inflation over time."*
    - *"I think that restrictive monetary policy is doing what it's supposed to do, and but it's also in this case unusually working alongside and with the healing of the supply side."*

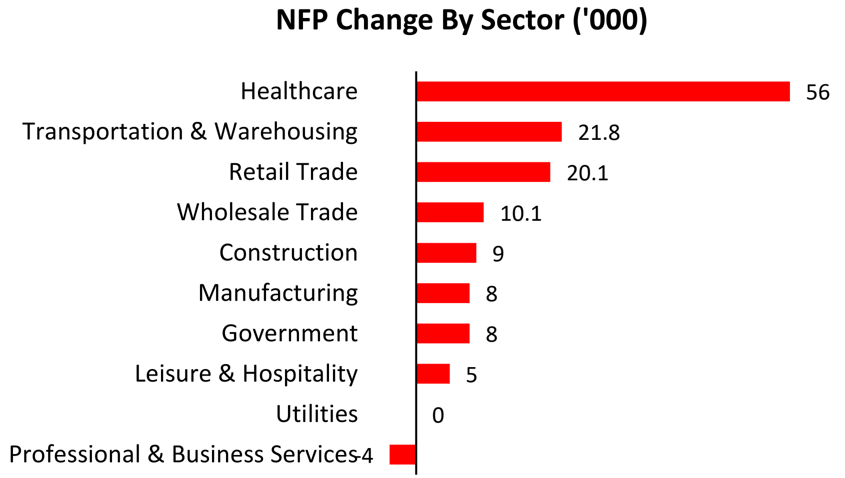
Source: US Federal Reserve.

Global: US Labour Market Showed Signs of Cooling

- April job data turned out weaker-than-expected with US nonfarm payrolls (NFP) falling to a 6-month low of 175k against consensus estimates of 240k and the March print of 315k. While overall data for job gains remained solid, it fell close to the monthly average of 183k in the pre-COVID decade. Total private employment also fell to 167k from 243k in March. By sector, job gains remained firm in healthcare (Apr: 56k vs Mar: 72k) but fell sharply for leisure and hospitality (Apr: 5k vs Mar: 53k) and government (Apr: 8k vs Mar: 72k).
- Average hourly earnings growth slowed to 3.9% YoY in April, against 4.1% in March and consensus estimates of 4.0%. That said, this remains above the mid 3% range that Fed officials consider consistent with their 2% inflation target.
- The unemployment rate inched higher to 3.9%, above consensus expectations and March figures of 3.8%. Chicago Fed President Goolsbee stated on Friday that "the more job numbers resemble the ones we saw, the more we can expect an easing of inflation.



Source: US Bureau of Labour Statistics, Bloomberg, OCBC

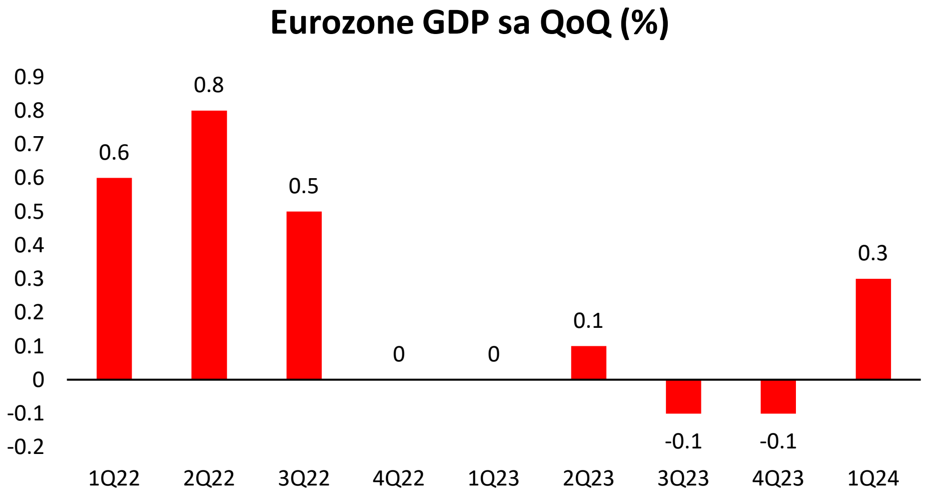


Source: CEIC, OCBC.

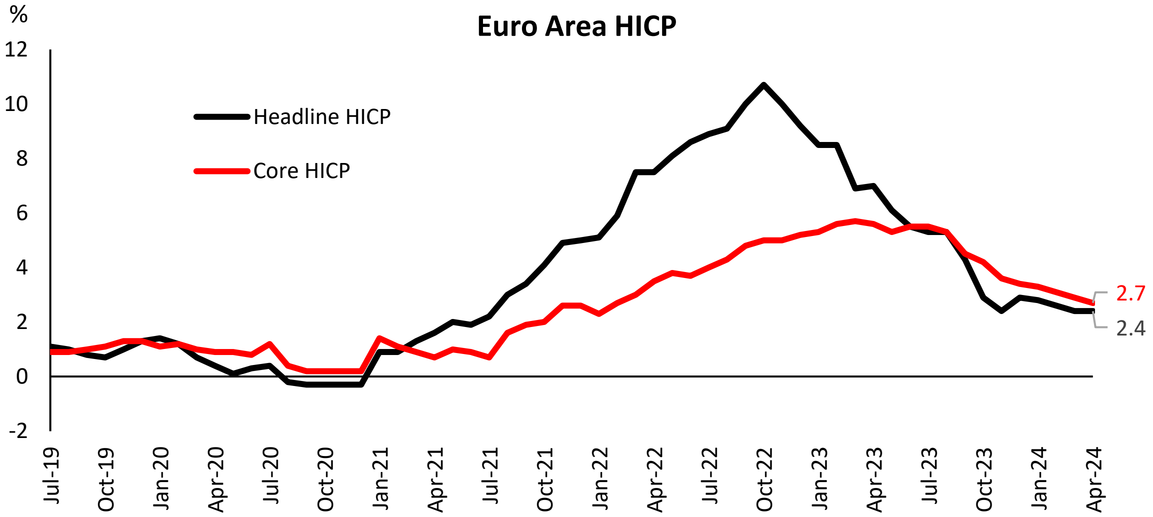
Source: BLS, Bloomberg, CEIC, OCBC.

Global: Euro Area Exits Recession; Inflation still Sticky in April

- 1Q24 real GDP expanded 0.3% QoQ SA from -0.1% in 4Q23 according to Eurostat flash estimates, thus marking the bloc's exit from a technical recession as Germany, France, Italy and Spain all recorded expansions above market expectations and economies in southern Europe posted stronger growth.
- On leading indicators, Euro Area composite PMIs have gradually picked up back into expansionary territory (Apr: 51.4; Mar: 50.3), but a deeper contraction in manufacturing PMI (Apr: 45.6; Mar: 46.1) suggests the sector is not yet out of the woods.
- On prices, the disinflation trend remains broadly intact although final readings for Euro area HICP showed the headline figure unchanged at 2.4% YoY in April. The core measure moderated to 2.7% YoY compared to 2.9% prior. ECB communications have made clear that the current trajectory remains constructive for a June cut, but the rate path beyond that remains uncertain.



Source: Eurostat, OCBC.



Source: Eurostat, OCBC.

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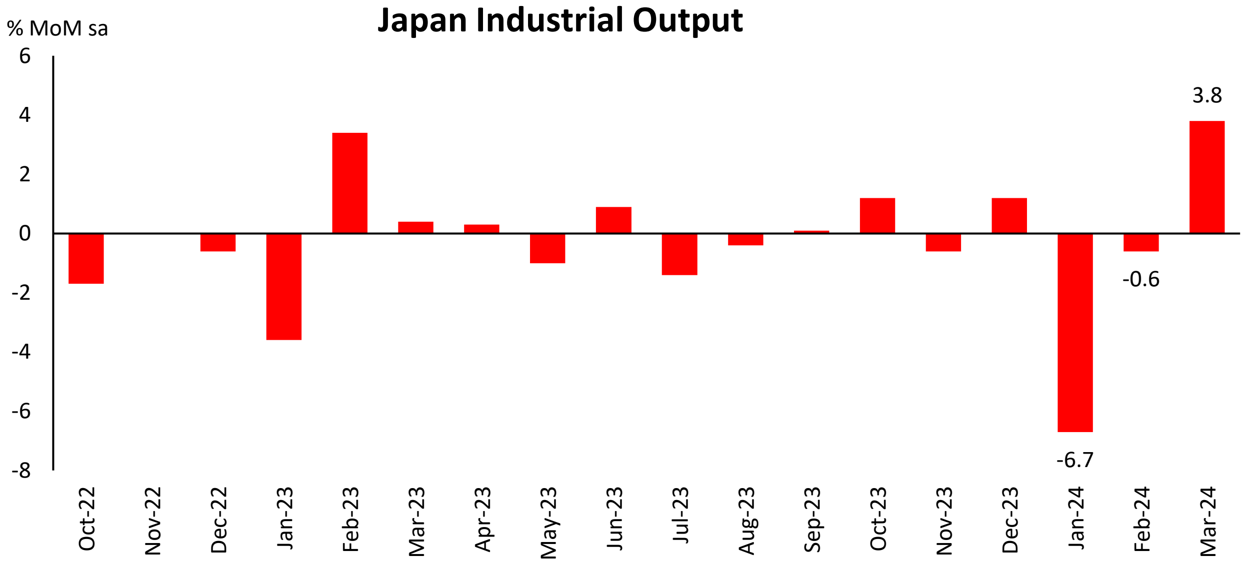
Source: Eurostat, ECB, OCBC.

Global: Japan Industrial Production Back in Expansion

- March Industrial production rose 3.8% MoM sa against consensus expectations for a 3.3% rise. The March figure marked the first expansion in industrial output in three months, following February and January prints of -0.6% and -6.7% respectively. Output had increased for 9 out of 15 sectors including autos (9.6% MoM), transport equipment (+18.9%) and electronic parts & devices (9.2%). Output declined for the remaining 6 sectors.
- Shipments of industrial products had also rebounded to 4.3% MoM sa (Feb: -0.7%; Jan: -7.5%) while inventories expanded 1.1% MoM (Feb: 0.6%; -1.7%).
- That said, 1Q24 industrial production still dropped 5.4% QoQ SA as the March rise did not offset declines in prior two months, and we can expect manufacturing output to drag on 1Q24 GDP.

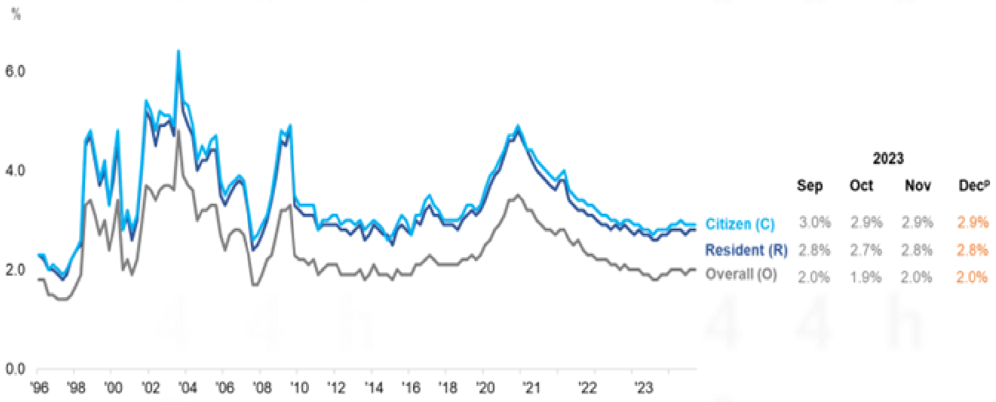


Source: Bloomberg, OCBC.

Source: METI, Bloomberg, OCBC.

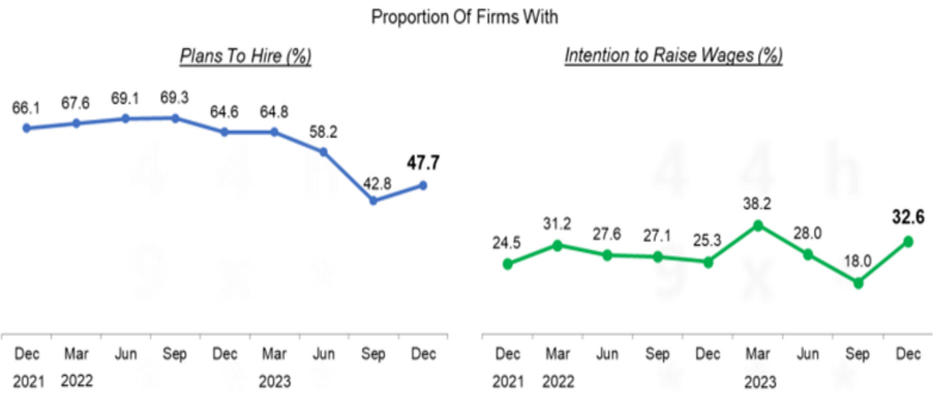
Singapore: Labour Market Cooling but Stable

- Total employment cooled in 4Q23 but still marked its 9th consecutive quarter of expansion at 8,400. Resident employment growth was focus in domestic-related services like Health & Social Services and Public Administration & Education, while festive season in 4Q also gave a boost to seasonal hiring. The overall unemployment rate remained low and stable at 2.0% (resident: 2.8% and citizen: 2.9%).
- Retrenchments also moderated from 4,110 in 3Q23 to 3,200 in 4Q23. This brought the full-year 2023 retrenchments to more than double the record-low of 6,440 in 2023 to 14,320, largely attributable to business reorganisation or restructuring.
- Looking ahead, employers' intention to hire remain stable, with 47.7% intending to hire in the next three months (previously 42.8%) and the intention to raise wages also rose to 32.6% (previously 18.0%). This suggests that GDP growth prospects and in turn labour demand conditions should remain supported this year, despite challenging external headwinds from a high-for-longer global interest rate environment and a soft Chinese economy in addition to geopolitics. While the anticipated domestic labour market cooling has been well-telegraphed, we do not expect a sharp surge in retrenchments or the unemployment rates, and any uptick should be well-controlled.



Source: Labour Force Survey, Manpower Research & Statistics Department, MOM

P: Preliminary



Source: Manpower Research & Statistics Department, MOM

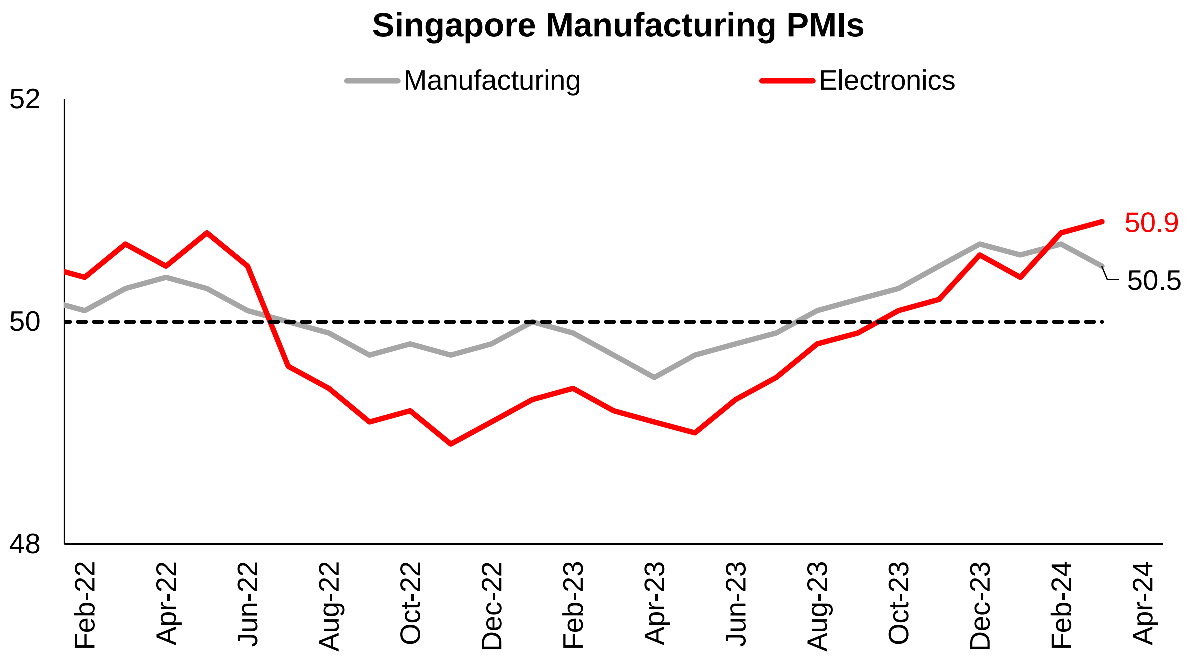
Note:
Data reflect proportion of companies who indicated yes or maybe to having plans to hire or to raising wages in the next three months.

OCBC

Source: MOM, OCBC.

Singapore: Manufacturing PMI fell slightly in April

- Overall manufacturing PMI fell to 50.5 for April from 50.7 in March owing to lower expansions in new orders (Apr: 51.0; Mar: 51.3) and new exports (Apr: 51.1; Mar: 51.4). Notably, the employment index improved slightly (Apr: 50.3; Mar: 50.3) while the supplier deliveries component returned to expansion at 50.4 after 10 consecutive months in contractionary territory.
- Electronics PMI saw a marginal improvement to 50.9 in April from 50.8 prior, which should ease concerns about the marginal dip in the headline figure, likely attributed to a continued slowdown in industrial output from the biomedical cluster.

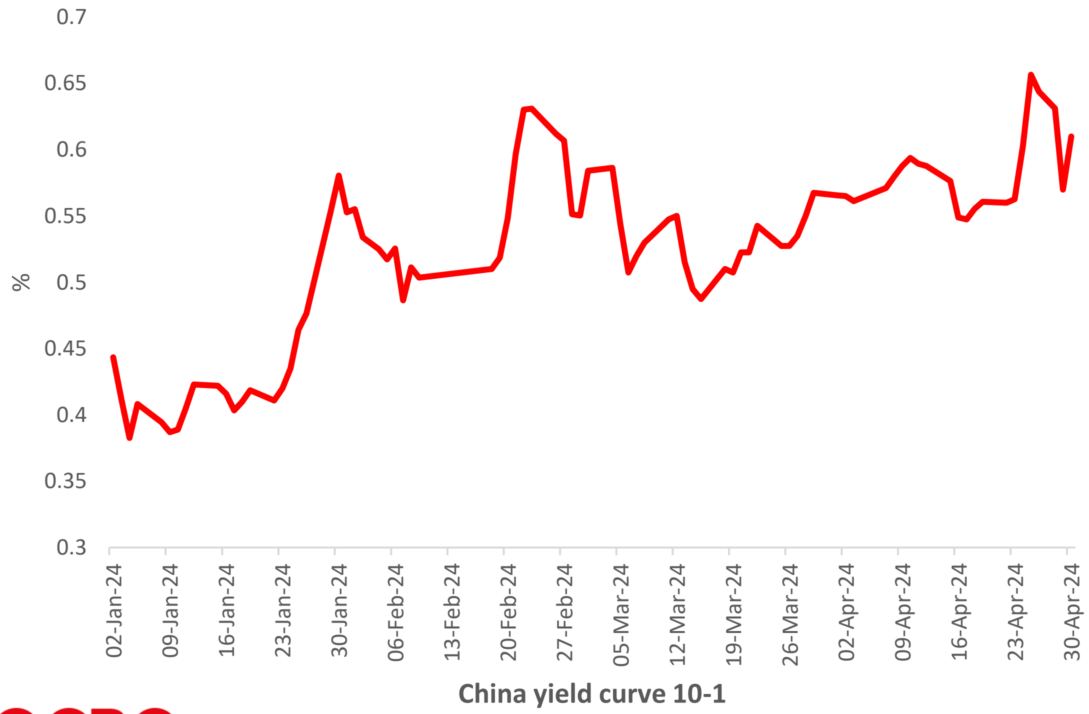


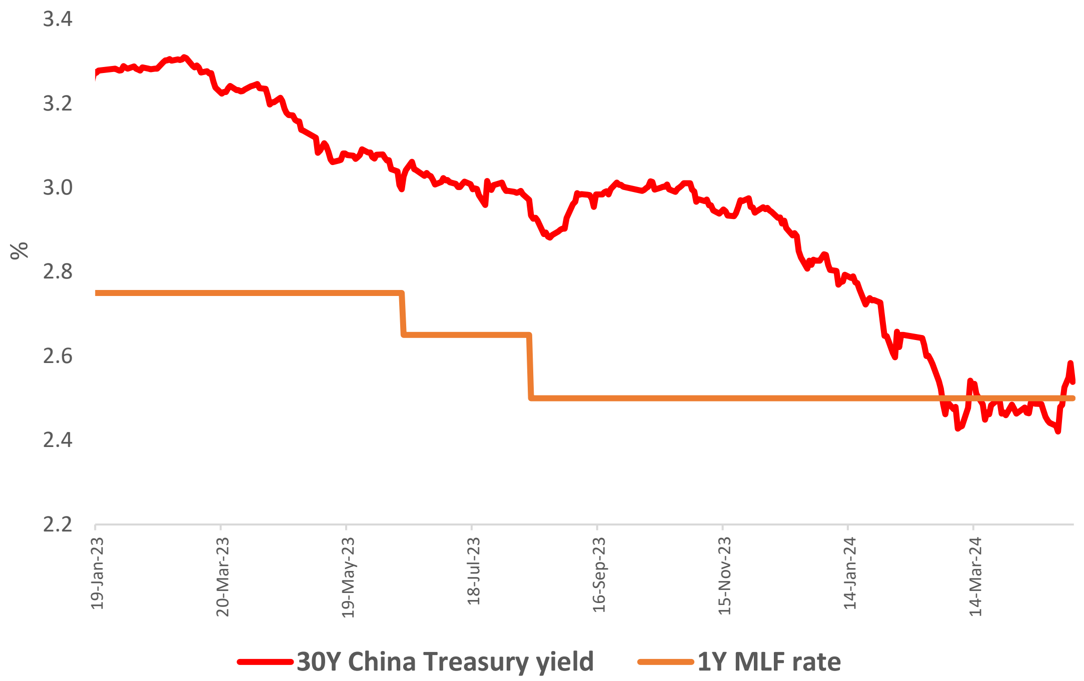
Source: SIPMM, OCBC.

Source: SIPMM, OCBC.

China: Rise of Treasury yields

- Treasury yields have risen across the curve since 24 April. The recent increase in China's treasury yields, particularly at the longer end of the curve, reflects several key factors. Firstly, improving sentiment surrounding growth prospects has contributed to upward pressure on yields. Secondly, a resurgence in risk appetite, evidenced by renewed foreign inflows into both onshore and offshore equity markets, has also played a role in driving yields higher. Additionally, concerns regarding the growing supply of long-term special bonds have further contributed to the rise in yields.





Source: Wind, CEIC, OCBC

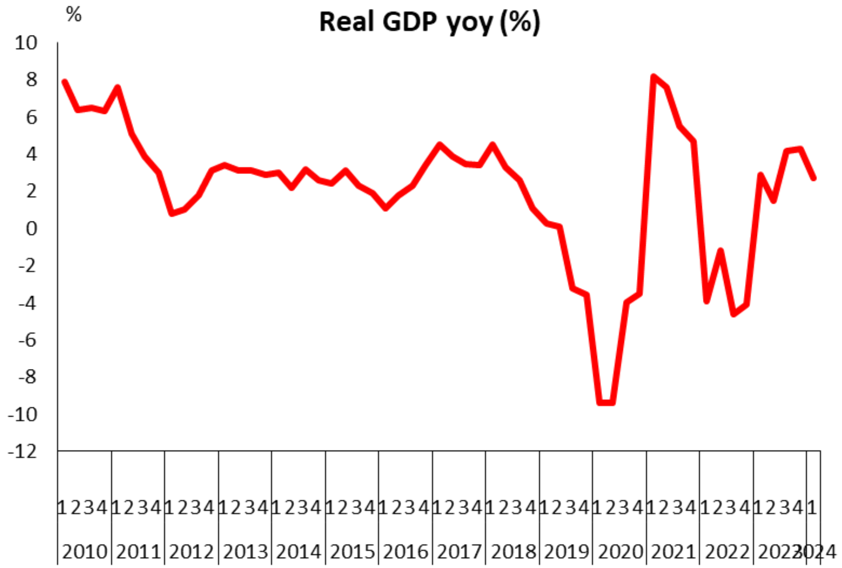
China: Key takeaways from the April Politburo meeting

- However, the upward trajectory of treasury yields was temporarily interrupted following a statement from China's politburo meeting last Tuesday. The reiterated commitment to utilize interest rates and reserve requirement ratios to bolster the real economy and alleviate funding costs suggests a potential for further rate cuts.
- There are two additional key highlights from the April politburo meeting. Firstly, the primary emphasis appears to be on the property market. The meeting explicitly highlighted the need for coordinated research and implementation of policy measures to manage existing housing stock and enhance new housing supply. This indicates that we may witness additional measures in the coming months aimed at directly addressing housing supply issues through demand-side interventions, rather than relying solely on indirect measures to stimulate investment.
- Secondly, the shoe for the 3rd Plenum meeting of the 20th Central Committee finally dropped. This signals that China is poised to embark on a new phase of reform and opening. Against the backdrop of increasing global uncertainty, this move underscores China's commitment to advancing its domestic agenda and embracing economic transformation.

Source: Wind, CEIC, OCBC

HK: Real GDP Grew by 2.7% YoY in 1Q24

- According to advance estimate, real GDP grew by 2.7% YoY in 1Q24, compared to that of 4.3% YoY in 4Q23, due to a higher base last year. On a seasonally adjusted basis, real GDP rose by 2.3% QoQ, accelerating from 0.2% QoQ in the fourth quarter last year. External demand remained resilient in the first quarter, while domestic demand weakened notably.
- Breaking it down, exports of services continued to be the main growth driver, rising 8.1% YoY in 1Q24 (4Q23: +21.2% YoY). Total exports of goods registered visible growth of 6.7% YoY in 1Q24 as external demand remained resilient, although a very low base of comparison also played a part. On the flip side, private consumption expenditure expanded by a much slower 1.0% YoY (4Q23: +3.5% YoY), amid weak local consumption sentiment and more outbound travel. Meanwhile, the pace of growth for gross domestic fixed capital formation also decelerated notably to 0.3% YoY (4Q: +17.5% YoY). The drag on growth stemmed from the government consumption expenditure, which fell by 3.0%YoY in 1Q24 (4Q: -5.2% YoY), on the back of a scaled back stimulus package.
- Our full year growth forecast for 2024 is now pitched at 2.3%, from the original forecast of 2.5%, and the pace of economic expansion in the first quarter was largely in line with our forecast at 2.8% YoY.

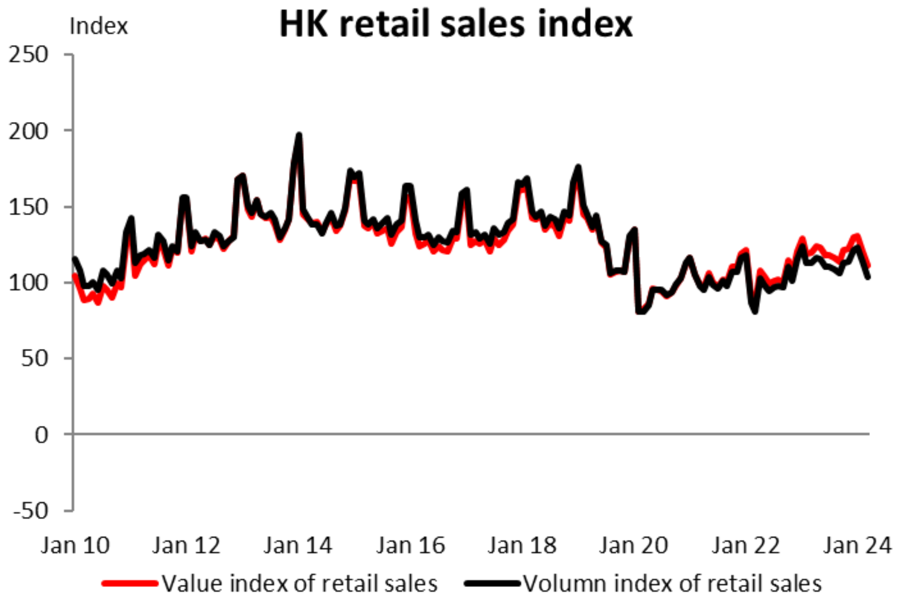


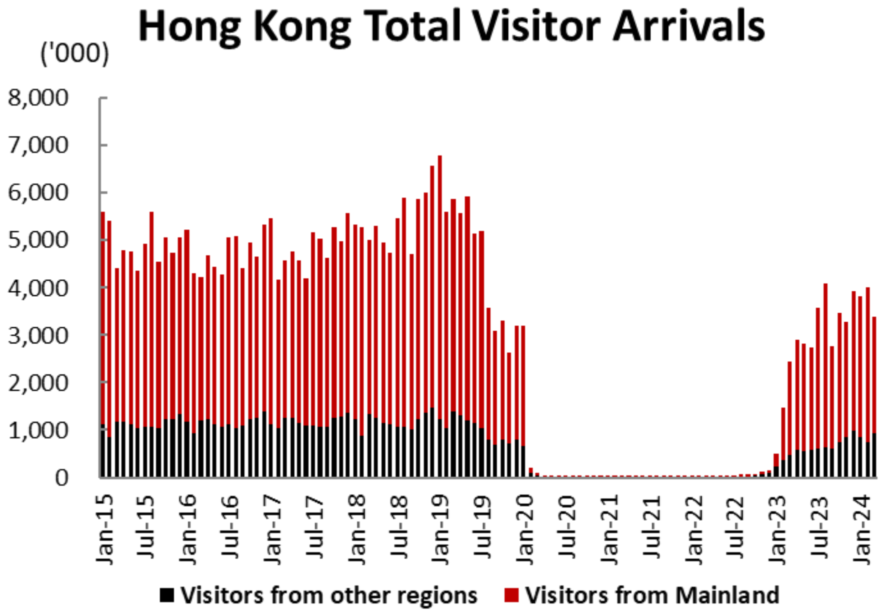
YoY Change (%)	2022	2023	3Q	4Q	2024 1Q
GDP	-3.7	3.3	*4.2*	*4.3*	***2.7***
Private consumption expenditure	-2.2	7.7	*6.7*	*3.5*	***1.0***
Government consumption expenditure	8.0	-4.3	*-3.9*	*-5.2*	***-3.0***
Gross domestic fixed capital formation	-7.4	11.1	*21.7*	*17.5*	***0.3***
Exports of services	-0.5	20.9	*23.4*	*21.2*	***8.1***

Source: HK Census and Statistics Department, OCBC

HK: Weak Consumption Sentiment

- Total March retail sales fell by 7.0% YoY and 8.6% YoY in value and volume terms respectively, surprising market to the downside, due to more outbound travel and weak domestic consumption sentiment. Retail sales declined by 1.3% YoY in value terms in 1Q24.
- In sequential terms, total value of retail sales dropped by 7.6% in March. Sales value fell sequentially across the board, except for sales of consumer durable goods (17.2% MoM) and fuels (3.8% MoM).
- Changes in consumption patterns of residents and visitors continued to pose challenges for local retailers, and we expect to retail sales to stay weak in periods ahead.

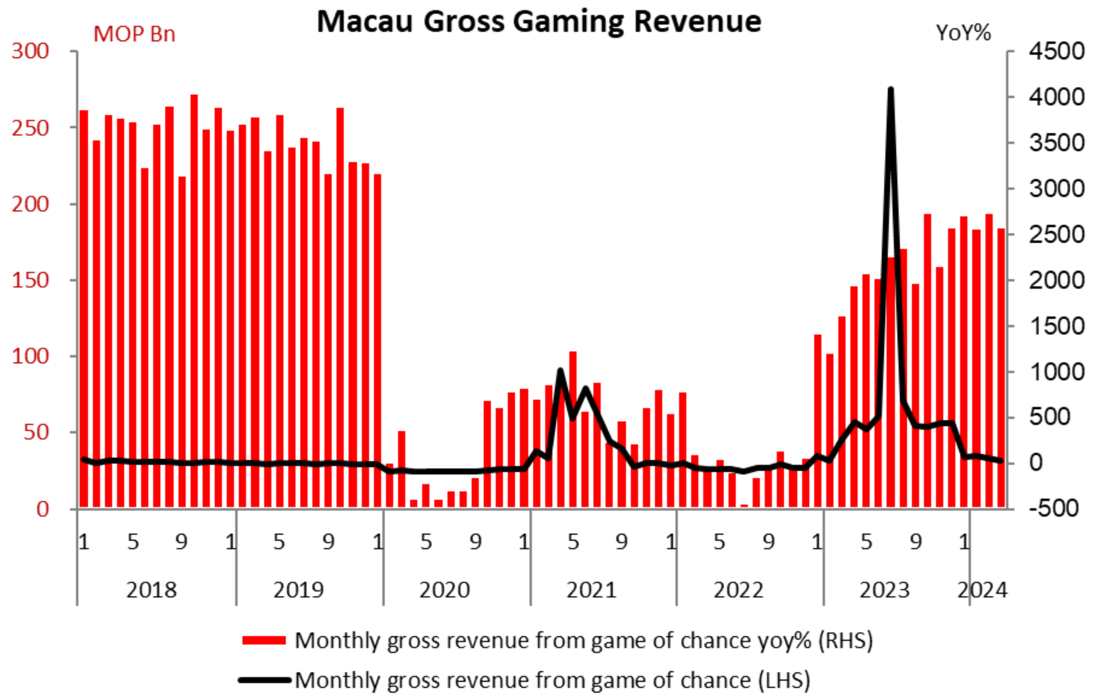




Source: HK Census and Statistics Department, OCBC

MO: Gaming Revenue Recovered to 79% of Pre-Covid Level

- Gross gaming revenue declined by 4.9% MoM to MOP18.55 in April 2024, but was up by 26.0% as compared to a year ago. Comparing with the same period in 2019, the gross gaming revenue in April recovered to 79% of the pre-pandemic level, above that of 75% in 1Q24.
- The gaming sector continued to hold up well in recent months. Based on the current trajectory, we expect to see around 20% YoY growth in gross gaming revenue in this year, with the mass market leading the growth.
- Separately, the country saw a daily average of 120k visitor arrivals during the 5-day Labour Day holiday, slightly below the official forecast, partly due to the heavy rains last week.



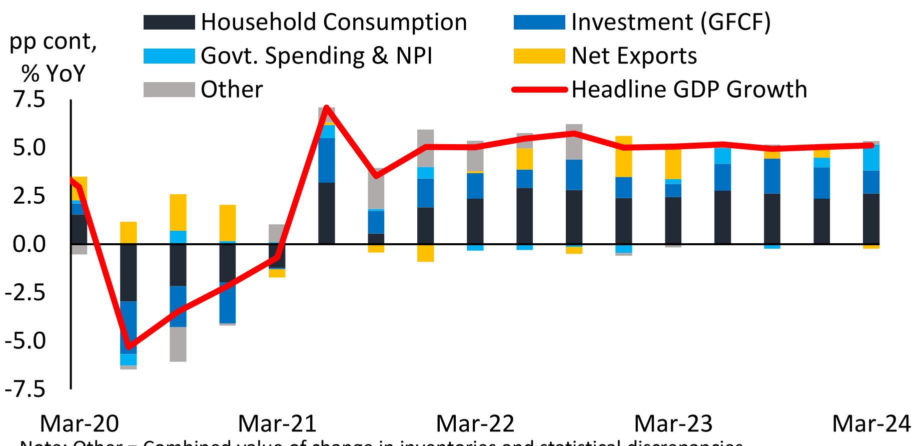
Source: DSEC, OCBC

Indonesia: Election Boost to 1Q24 Growth Unlikely to Sustain

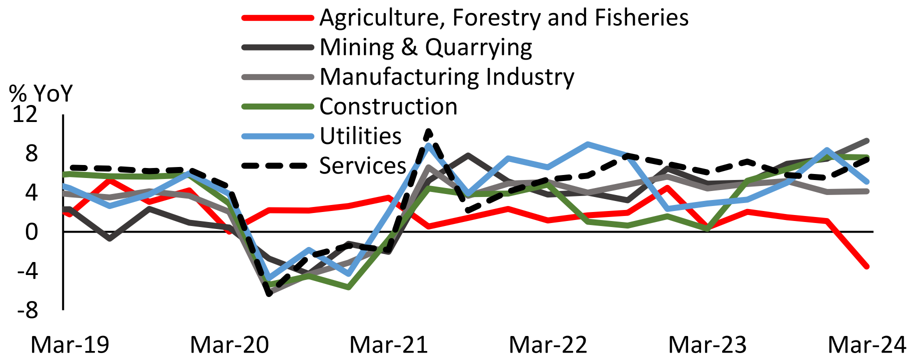
- GDP growth improved to 5.1% YoY in 1Q24 versus 5.0% in 4Q23, in line with consensus expectations but higher than our forecast. The details show that much of the boost came from election related spending; the extent of which we underestimated.

- Specifically, government spending jumped by 19.9% YoY in 1Q24 versus 2.8% in 4Q23. This is similar to the spending by non-profit institutions (24.3% YoY versus 18.1% in 4Q23). Household spending improved more modestly to 4.9% YoY (4Q23: 4.5%). By contrast, and in line with our forecasts, investment spending continued to slow for a second consecutive quarter. Meanwhile, the contribution of net exports turned negative, as we had expected, to -0.2pp in 1Q24 versus 0.4pp in 4Q23.

- On the supply side, growth was supported by the services sector, reflecting improvements in wholesale and retail activities during the Ramadan and Eid al-Fitr celebrations. Growth in the mining sector also picked up reflecting the continued push towards value-addition in the resources sector.



Note: Other = Combined value of change in inventories and statistical discrepancies.
Source: Statistics Indonesia (BPS), CEIC, OCBC.



Note: Services = Combined value of Wholesales & Retail Trade, Repairs, Transportation & Storage, Accommodation & Food Beverages Activity, Information & Communication, Financial & Insurance Activity, Real Estat, Business Services, Public Admin, Defense & Social Security, Education Services, Human Health & Social Work Activity, Other Services. Source: Statistics Indonesia (BPS), CEIC, OCBC.

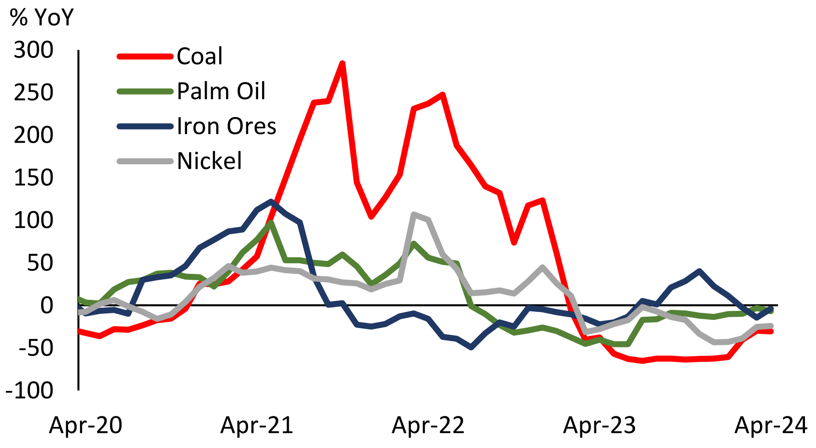
Source: Statistics Indonesia, CEIC, OCBC.

Indonesia: BI to remain on hold in the near-term

- The solid 1Q24 GDP print suggests some upside risks to our full year 2024 GDP growth forecast of 4.8%. Nonetheless, the strength in 1Q24 may be hard to replicate for the rest of this year. Furthermore, fading commodity tailwinds and modest global growth prospects will continue to weigh on investment and export growth. These components slowed for a second consecutive quarter in 1Q24. Indeed, the price of key commodity exports have dropped significantly year-to-date. Finally, household spending is likely to slow as the impact of one-off cash transfers and festivity related spending eases.

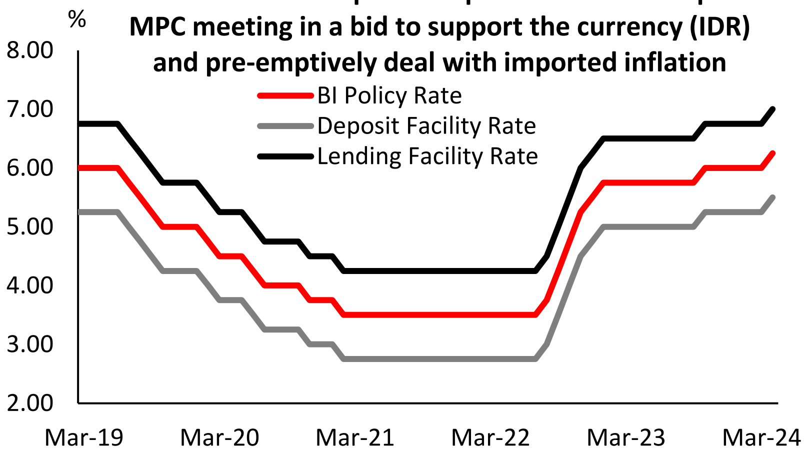
- Notwithstanding, the strong 1Q24 GDP print is testament to BI's confidence that growth momentum is resilient. BI raised its policy rate by 25bp at its 24 April meeting to support the currency. While we expect BI to remain focussed on external stability in near-term, the recent stability in the USD/IDR rate reduces the need for rate hikes. As such, we maintain our view for BI to remain on hold in the near-term. Should our house view on the US Federal Reserve reducing its policy rate by a cumulative 75bp this year starting in 3Q24 materialise, we expect BI to have room to ease its policy rate by a cumulative 75bp in 4Q24.

Muted Commodity Prices



Source: World Bank Commodity Prices, Bloomberg, OCBC.

BI delivered a surprise 25bp rate hike in the April MPC meeting in a bid to support the currency (IDR) and pre-emptively deal with imported inflation



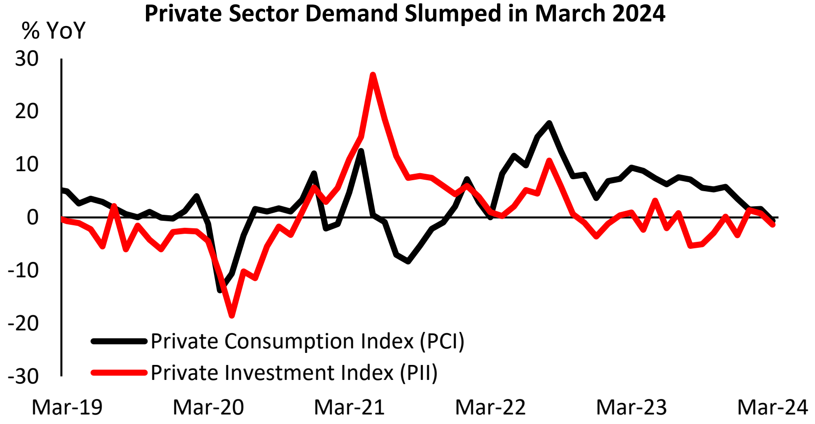
Source: Bank Indonesia, CEIC, OCBC

Source: World Bank Commodity Prices, Bloomberg, Bank Indonesia, CEIC, OCBC.

Thailand: Economic Activity Slowed in March

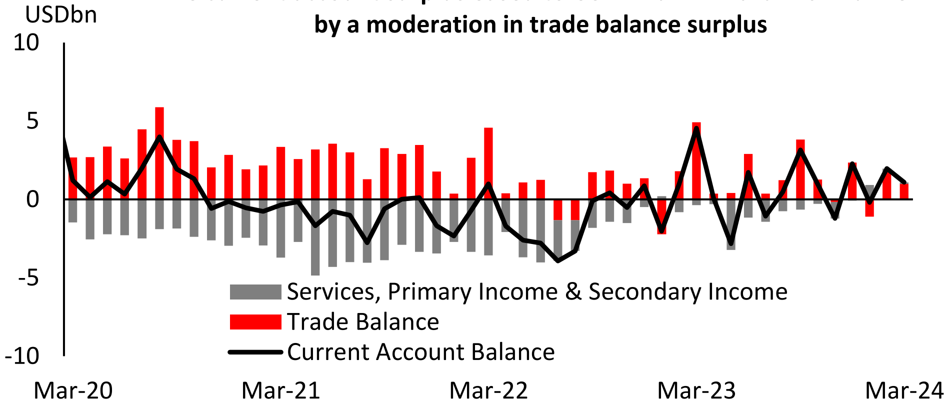
- Activity data was unambiguously weak in March. On the domestic demand front, the weakness was broad-based. Private consumption index, private investment index and government spending declined by 0.6% YoY, 1.5% YoY and 24.5% YoY in March versus +1.6%, +0.8% and -32.4% in February, respectively.
- Despite the weak domestic demand picture, import growth picked up to 5.2% YoY in March (February: 3.1%) driven by ‘capital’, and ‘raw material & intermediate’ goods imports which more than offset lower ‘consumer’ goods imports. Meanwhile, export growth declined by 10.2% YoY (February: +2.5%) due to weak global demand. The trade balance surplus moderated to USD1.0bn in March versus USD1.7bn in February. Consequently, the current account surplus eased to USD1.1bn (February: USD2.0bn).
- Our tracking estimate for 1Q24 GDP is 0.5% YoY versus 1.7% in 4Q23, considering the poor March activity data. This suggests downside risks to our 2024 GDP growth of 2.8% YoY. Nonetheless, we expect better economic growth in the subsequent quarters as the drag from government spending fades (i.e., disbursement of Budget FY23/24 from May 2024), the implementation of the digital wallet program in 4Q24,as well as resilient tourism activities.

Private Sector Demand Slumped in March 2024



Source: Bank of Thailand, CEIC, OCBC

The current account surplus eased to USD1.1bn in March 2024 driven by a moderation in trade balance surplus



Source: Bank of Thailand, CEIC, OCBC

Source: Bank of Thailand, CEIC, OCBC

Thailand: April Headline CPI Turned Positive

- Headline CPI turned positive in April, increasing by 0.2% YoY (OCBC: -0.1%, Consensus: -0.2%) versus -0.5% in March. The first positive headline CPI reading since September 2023. Meanwhile, core inflation remained stable at 0.4% YoY in April, similar to March.
- The main drivers of the April CPI print were food and transportation. Specifically, 'food & non-alcoholic beverages' inflation rose by 0.3% YoY versus -0.5% in March due to extreme hot weather and droughts which affected food supply. Meanwhile, the expiration of the diesel excise tax on 19 April contributed to higher 'transport & communication' inflation.
- The April headline CPI print brings the year-to-date average inflation to -0.5% YoY. Looking ahead, we maintain our 2024 average headline CPI forecast of 1.2% YoY, implying a pickup in inflation in the coming months as the government slowly unwinds its cost-of-living measures.
- In terms of monetary policy, we no longer expect the Bank of Thailand to lower its policy rate in 2024. Our house view is for the US Fed to cut its policy rate in 2024. Our house view is for the US Fed to cut its policy rate only in 2H24, when we expect GDP growth in Thailand to improve. This will reduce the need for monetary policy stimulus in 2024.

Drivers of inflation, %YoY	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
Headline CPI	**0.5**	**0.2**	**0.4**	**0.9**	**0.3**	**-0.3**	**-0.4**	**-0.8**	**-1.1**	**-0.8**	**-0.5**	**0.2**
Food & Non Alcoholic Beverages	4.0	3.4	1.5	0.7	-0.1	-0.6	0.2	-0.6	-1.1	-1.0	-0.6	0.3
Apparel & Footwears	0.5	0.5	0.3	0.3	0.3	0.1	0.0	0.0	-0.1	-0.2	-0.1	-0.2
Housing & Furnishing	-0.7	2.0	1.9	1.8	-0.7	-0.7	-0.8	-0.7	-0.7	-0.8	-0.9	-0.8
Medical & Personal Care	1.9	1.8	1.8	1.4	1.2	1.3	0.9	0.9	0.9	0.9	0.3	0.4
Transport & Communication	-4.6	-6.9	-3.3	0.3	1.7	0.0	-1.8	-2.2	-2.5	-1.2	-0.4	0.9
Recreation, Reading, Education and Religion	1.5	0.7	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.5	0.5	0.4
Tobacco & Alcoholic Beverages	0.7	0.6	0.6	0.5	0.6	1.1	1.0	1.0	0.9	1.2	1.4	1.4
Core Consumer Price Index	**1.5**	**1.3**	**0.9**	**0.8**	**0.6**	**0.7**	**0.6**	**0.6**	**0.5**	**0.4**	**0.4**	**0.4**
Source: Ministry of Commerce, CEIC, OCBC												

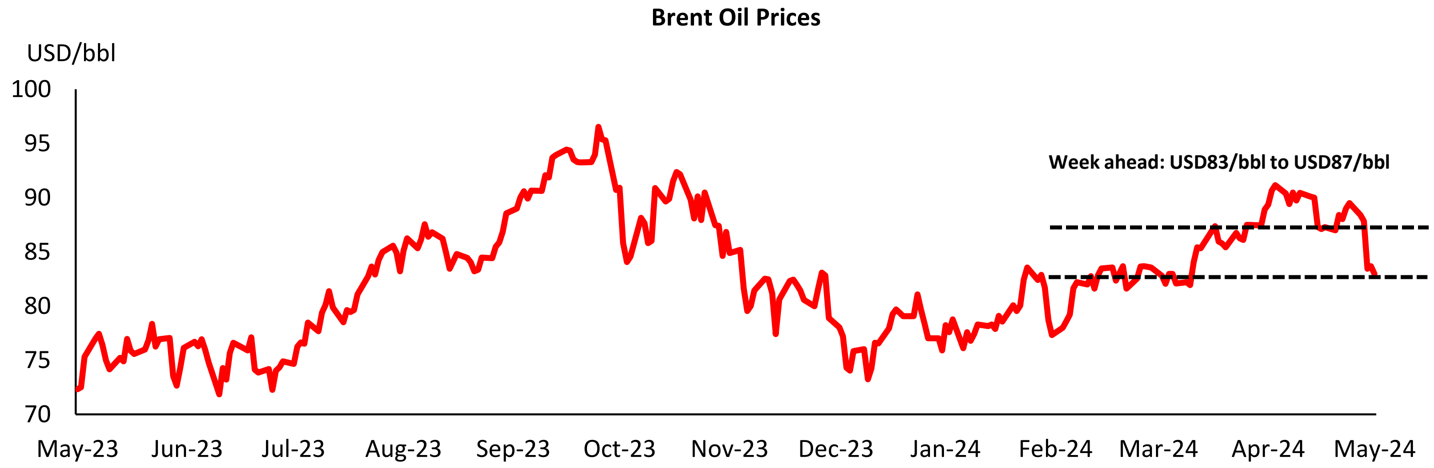
OCBC

Source: Ministry of Commerce, Bangkok Post, The Nation, CEIC, OCBC

Commodities

Crude Oil: Steepest Weekly Drop Since February

- Crude oil benchmarks dropped by more than 6.8% to close at USD78.1/bbl and USD83.0/bbl respectively.
- Renewed hopes of an Israel-Hamas ceasefire were the main driver for lower oil prices. In addition to fading geopolitical risk premiums, the buildup in US oil inventories also weighed on prices. The Energy Information Administration (EIA) reported that US crude and gasoline inventories rose by 7.3mn bbls and 0.3mn bbls to 460.9mn bbls and 227.1mn bbls, respectively.
- Looking ahead, we believe the weekly slump in oil prices to reverse to some extent. Some geopolitical risk premiums may be priced back into oil following reports that negotiations for an Israel-Hamas ceasefire in Egypt reached a roadblock again. Meanwhile, Saudi Arabia raised its official selling price for its flagship crude to Asia for a third consecutive month, signaling confidence in the demand outlook.
- We expect Brent oil prices to trade modestly higher within a range of USD83-87/bbl. Monthly reports from the EIA as well as China's April trade data (incl. oil imports) will be watched closely this week.



Source: Bloomberg, OCBC

Source: Bloomberg, Reuters, OCBC

ESG

OCBC Bank

ESG: Green economy opportunities for Singapore and Indonesia

- Singapore and Indonesia discussed at the annual Singapore-Indonesia Leaders' Retreat on opportunities in the green economy and potential investments in Nusantara, Indonesia's new capital:
  - New MoU on community empowerment activities relating to mangrove ecosystems in Indonesia, starting with a pilot in Setokok Island in Batam, including promoting community awareness on development sustainable mangrove ecosystems, sharing best practices on the sustainable use of mangrove products and economic opportunities from mangrove ecotourism
  - Enhance cross-border electricity trading efforts including accelerating the development of power interconnectors between Indonesia and Singapore (conditional approval of 2GW of electricity imports from Indonesia)
  - Exploring carbon capture and storage (CCS) collaboration, following the letter of intent on cross-border CCS to enable transport and storage of CO_2 between both countries

Conditional approvals granted to 5 projects to import 2 GW of low-carbon electricity from Indonesia to Singapore, managed by the following companies:

Company	Import Capacity
Pacific Medco Solar Pte Ltd, formed by PacificLight Renewables Pte Ltd, Medco Power Global Pte Ltd and Gallant Venture Ltd	0.6GW
Adaro Solar International Pte Ltd., formed by PT Adaro Clean Energy Indonesia	0.4GW
EDP Renewables APAC	0.4GW
Vanda RE Pte Ltd, formed by Gurin Energy Pte Ltd and Gentari International Renewables Pte Ltd	0.3GW
Keppel Energy Pte Ltd	0.3GW

Source: The Straits Times, CNA, MFA

FX & Rates

FX & Rates: Focus on Auctions

- Fed funds futures price a total of 46bps of rate cuts this year, compared to as few as 28bps priced earlier last week. UST yields have fallen by a cumulative 18bps at the 10Y and by 23bps at the 2Y from the highs just before FOMC meeting. From here, market observe UST auction outcomes this week. This week's sales may be the last obstacle in the near term for long-end bond supply to be cleared. Meanwhile, a slew of FOMC officials is scheduled to speak this week, and it will be interesting to hear their responses to the recent data. Downside for 10Y UST yield is seen at 4.40% mainly via some further adjustment in real yield; topside is seen at 4.65% if both breakeven and real yield edge higher.
- USD fell as data surprised to the downside last Fri. Softer US data dampened US exceptionalism narrative and supported our tactical sell USD view. While high for longer narrative remains, the fear for higher for longer dissipates. This can be seen as a relief for risk proxies. In addition, strong northbound equity flow to China may also add to positive sentiments. Alongside the pullback in oil prices lately and relative calm with RMB, JPY, some AXJ FX may continue to enjoy a tactical recovery.
- USDJPY rose early this week from 2week lows. US Treasury Secretary Yellen commented on the JPY, saying that it moved 'quite a bit' in short time but declined to comment on whether there was intervention. She later went on to call JPY intervention a 'rumour'. Near term, we still do not rule out 2-way swings as markets may make another attempt to test the upside while authorities are likely to remain active. We reckon authorities should at least attempt to limit the high (i.e. lower high to ensure the intervention efforts are not wasted).

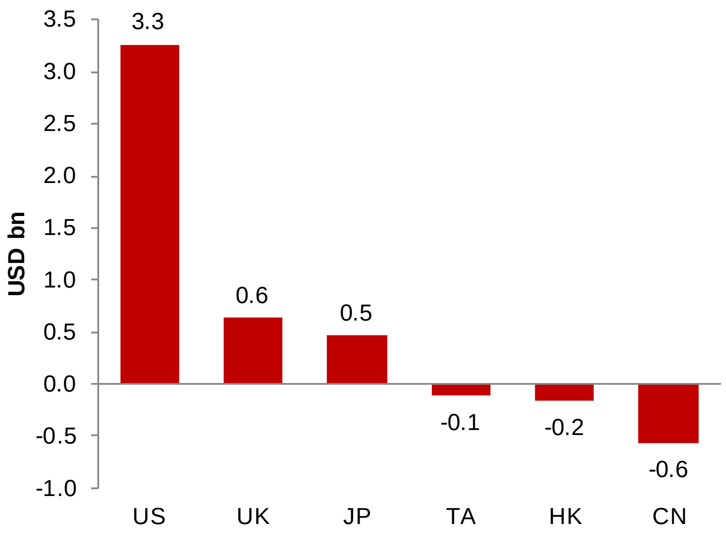
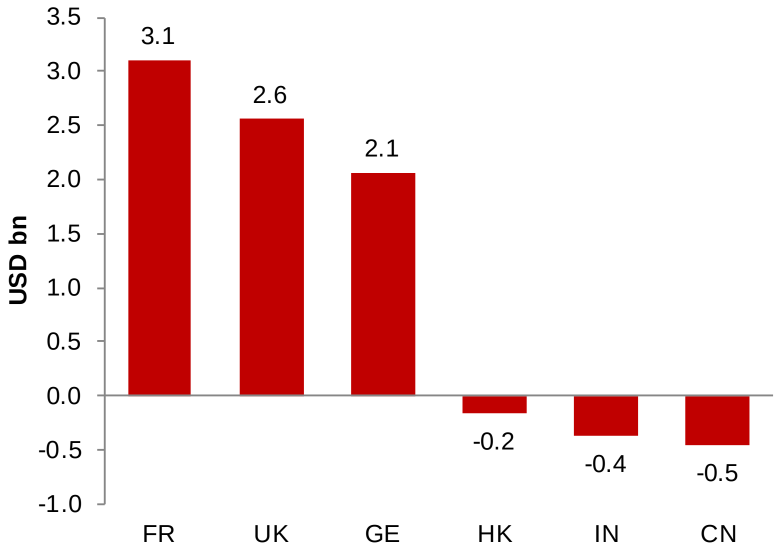
OCBC

Source: SIPMM, OCBC.

Asset Flows

Global Equity & Bond Flows

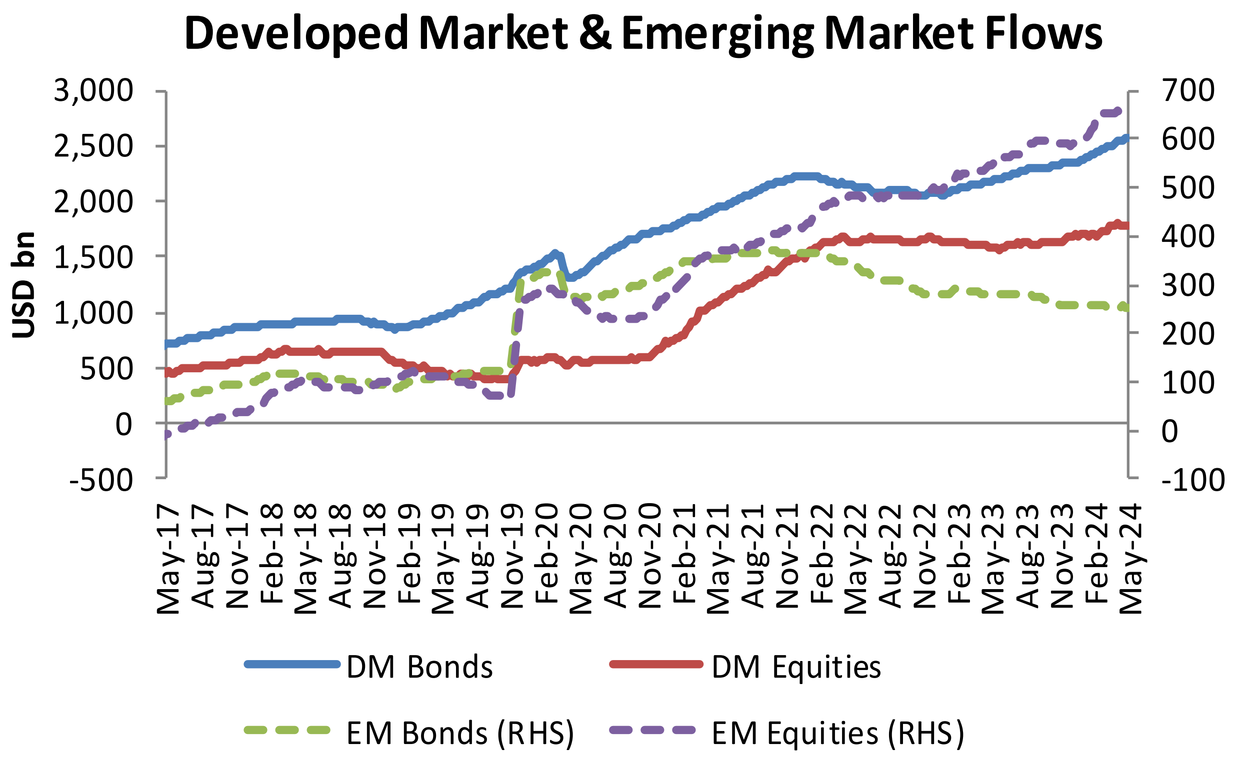
- Global equity markets saw net inflows of $9.8bn for the week ending 1 May, an increase from the inflows of $3.7bn last week.
- Global bond markets reported net inflows of $4.6bn, an increase from last week's inflows of $4.4bn.

Equity top gainers & losers	Bonds top gainers & losers
	

Source: OCBC, EPFR

DM & EM Flows

- Developed Market Equities ($6.4bn) and Emerging Market Equities ($3.4bn) saw inflows.
- Developed Market Bond ($4.9bn) saw inflows while Emerging Market Bond ($284.74mn) saw outflows.



Source: OCBC, EPFR

Thank you

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