

**Treasury Advisory**  
**Corporate FX & Structured**  
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**Investments & Structured**  
**Products**

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**Highlights**

Global	<p>Global risk appetite appeared to be lifted by healthy US economic data, as manufacturing ISM fell from 51.8 in Mar to 50.8 in Apr, but staying above the expansion 50 handle, with 15 of the 18 manufacturing sectors reporting orders growth (highest since Feb13) and the inventories being drawn down at the fastest pace since Jul15. Elsewhere, the PMIs suggested some slippage but not a severe deterioration – China's official manufacturing and non-manufacturing PMIs slid to 50.1 and 53.5 respectively in April (previously 50.2 and 53.8), with India PMI at 50.5 (previously 52.4), Taiwan at 49.7 (back in contraction territory after 51.1 previously), and South Korea resurfacing at 50.0 (back in expansion territory after 49.5 previously). Moreover, The US Treasury identified China, Germany, Japan, Korea and Taiwan as meeting two of the three criteria (namely significant bilateral trade surplus, material current account surplus, and persistent one-sided FX intervention) for pursuing FX policies that could provide unfair competitive advantage in its semiannual FX report. Focus will be the RBA policy meeting later, (we tip no change at 2%). The economic data calendar comprises US' IBD/TIPP economic optimism, EC's economic forecast updates and Eurozone PPI, Thai consumer confidence, Malaysia's Nikkei PMI, China's Caixin manufacturing PMI, and Singapore's manufacturing and electronics PMIs.</p>
US	<p>Construction spending rose less than expected by 0.3% in April, but the March data was revised up from -0.5% to +1.0%.</p>
Singapore	<p>Bank loans contracted for the 6th straight month by 1.7% yoy (-0.9% mom) in Mar, worse than the previous 1.2% yoy (-0.7% mom) drop but within our expectations for 1-2% yoy. This loan shrinkage now matches the record 6 month slump seen back in Nov99-Apr00 amid a lacklustre business climate. Notably, business loans fell a sharper 4.2% yoy (-1.6% mom) in Mar (February: -3.4%), dragged down by general commerce (-22.8%), financial institutions (-7.5%) and others (-13.8%), offsetting stellar loan growths in building and construction companies (+15.1% yoy and +0.5% mom). Meanwhile, consumer loans expanded by 1.9% yoy (0% mom) in March, albeit still a moderation from the 2.2% seen in Feb, as housing and bridging loans (3.5%) offset the contraction in car loans, credit cards and others. This is unsurprising given the cautious macro-environment. However, the latest business expectations survey pointed to a net +1% of manufacturers anticipating more favourable business conditions for April-September (up from -22% a quarter ago), whereas a net 13% services companies anticipate less favourable business conditions (compared to -18% a quarter ago). Interestingly, business conditions appear to have turned the corner for electronics (+9% versus -32% previously), especially for semiconductor and other electronic modules and components, and precision engineering (+27% versus -18% previously) industries. For services companies, firms' expectations may have already bottomed at -18% last quarter, albeit the current -13% still foresee a slower business outlook. The most bullish services industries are the recreation, community &amp; personal services (+5%) and information &amp; communications (+5%), whereas the most bearish were real estate (-36%) and transport &amp; storage (-34%). The manufacturing and electronics PMI due today are likely to remain subdued below the 50 threshold in April, similar to the lacklustre regional picture.</p>

## Major Market

- **US:** Equity markets saw a broad-based rebound on Monday, with S&P 500 (+0.78%), Dow (+0.66%) and Nasdaq (+0.88%). As the mixed earnings season draws to a close, the investors' attention will likely shift back to global economic event. Meanwhile, US Treasury yields rose on the back of growth in US factory activity. 2-year Treasuries yield 0.79%, while the 10-year Treasuries yield 1.87%. VIX closed -6.5%, retreating from a high reached last Friday.
- **Singapore:** The STI declined 0.83% to close at 2838.52 on Friday, and may continue to be rangebound today depending on the China's Caixin prints, notwithstanding yesterday's gains in Wall Street. STI may see support at 2820 and resistance at 2860. Meanwhile, SGS bond yields may tread higher with UST bond market action overnight, even though the interbank rates remained relatively stable recently.
- **China:** PBoC announced to expand its pilot program for Macro Prudential Management of cross border financing in four free trade zones, launched on 25 January 2016 to nationwide. Effective from 3 May 2016, the foreign debt quota system will withdraw from the historical stage. Meanwhile, SAFE allowed banks to have bigger negative synthetic positions in settlement and sales of foreign exchange, signalling that the regulators allowed banks to short sell more dollars.
- **Hong Kong:** According to the Transport and Housing Bureau, actual private residential construction surged 1Q 2016, climbing up by 275% from the average of 3,550 units in 2015 to 13,300 units in 1Q 2016. Meanwhile, 1,800 units were completed in the 1Q 2016, doubling that in the same period of 2015. According to the Rating and Valuation Department's preliminary finding of the Hong Kong property review 2016, 18,200 units will be completed in 2016, 66% more than the 4-year average completion of 10,960 units. Moreover, if we total the amount the units under construction and units from disposed sites, a total of 92,000 units will be available in the coming three to four years, surpassing the 2016 Policy Address' projection of 87,000 units. Looking forward, as we believe that the rising supply of private houses combined with the projected uptick in US interest rates would continue to drive down residential property price markedly in 2016, we expect housing price to drop by around 15% yoy in 2016.
- Total deposits in HK increased 5.5% yoy in March to HK\$ 10,971 billion with total demand deposits growing 7.1% yoy to HK\$ 1,713 billion. RMB deposits shrank further by 20.2% yoy (-5.54% mom) to RMB 759 billion in March albeit CNH appreciated 1.35% during the same month. The decline in RMB deposits may be a result of banks reducing their quarter-end deposit balance in response to the new RRR rule. However, as negative sentiment in regards to the depreciation of RMB began to subside in recent months, we believe that RMB deposits could stabilize in short term. Loans for use outside HK increased slightly by 0.6% mom (-1.1% yoy), indicating that demand for Mainland related loans remained soft in China. In conclusion, loan growth could be kept restrained in HK due to the narrowing of lending rates across the border and also the deterioration of credit quality of Mainland enterprises amid China's economic slowdown.
- **Thailand:** April's inflation growth surprisingly printed in positive territory (+0.07% yoy, +0.55% momnsa), snapping 15 months of negative prints. The climb was largely due to the drought, which lifted fresh food prices. Elsewhere, tax increases also lifted tobacco and drink prices in the said month.
- **Commodities:** Crude oil fell below its \$45/bbl after a nearly 20% climb to \$48/bbl high last week. Most recent data coming out of the US actually registered a significant weekly rise in Cushing stockpiles amid less-than-rosy US economic data, which ultimately dragged growth-related commodity prices. Elsewhere, gold prices rallied past its \$1,300/oz handle for the first time since January 2015 as expectations for rate hikes this year tapered.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve remained relatively level last Friday across the different tenors, trading ~1bp higher. Flows in the SGD corporate space were moderate, where we saw better buyers in the STANLN 4.4%'26s, ABNANV 4.75%'26s, and mixed interests in the GENSSP 5.125%'49s and ABNANV 4.7%'22s. For Monday close, in the broader dollar space, the spread on the JACI IG corporates was level at 226bps, while the yield on the JACI HY corporates decreased by 2bps to 7.31%. 10y UST yield increased by 4bps to 1.87% on the back of inflation concerns due to rising US manufacturing costs.
- **New Issues:** State Grid Overseas Development (2016) Ltd scheduled fixed income road shows in Asia, Europe and US from 4 May 2016 to 9 May 2016.
- **Rating Changes:** S&P downgraded Yanzhou Coal Mining Co Ltd ("Yancoal") to "BB-" from "BB", as S&P anticipates continued weakness in China's coal industry fundamentals over the next 12 months to pressure Yancoal's cash flow and liquidity. Outlook is negative. S&P downgraded the long-term corporate credit rating on Greenland Hong Kong Holding Ltd ("Greenland HK") two notches down to "BB-" from "BB+", to reflect S&P's downgrade on the same day of the company's parent; Greenland Holding Group Co Ltd ("Greenland Group"). Outlook is negative. Greenland Group's rating was lowered two notches down to "BB" from "BBB-", due to its significantly higher leverage and a weakened likelihood of extraordinary support from the government to the company. Meanwhile, S&P withdrew its "D" long-term corporate credit rating on China Shanshui Cement Group Ltd at the issuer's request.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	92.626	-0.49%	USD-SGD	1.3405	-0.28%
USD-JPY	106.410	-0.08%	EUR-SGD	1.5462	0.47%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2600	-0.31%
AUD-USD	0.7667	0.84%	GBP-SGD	1.9671	0.13%
GBP-USD	1.4673	0.42%	AUD-SGD	1.0278	0.58%
USD-MYR	3.9160	0.29%	NZD-SGD	0.9412	0.35%
USD-CNY	6.4780	0.00%	CHF-SGD	1.4048	0.35%
USD-IDR	13159	-0.16%	SGD-MYR	2.9153	0.32%
USD-VND	22288	0.00%	SGD-CNY	4.8267	0.28%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3440	--	O/N	0.3837	--
2M	-0.2890	--	1M	0.4358	--
3M	-0.2510	--	2M	0.5230	--
6M	-0.1410	--	3M	0.6366	--
9M	-0.0770	--	6M	0.9042	--
12M	-0.0120	--	12M	1.2295	--

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.62	-7.40	3.10
Italy	-0.05	-0.70	1.47
Ireland	-0.33	0.80	0.95
Greece*	10.46	45.60	8.60
Spain	-0.07	-1.20	1.58
Russia^	3.09	0.00	4.84

\* Greece's bond yields data reflect 3-year (instead of 2-year) tenor

^ Russia's bond yields data reflects 3-year and 15-year tenors instead

### Equity and Commodity

Index	Value	Net change
DJIA	17,891.16	117.50
S&P	2,081.43	16.10
Nasdaq	4,817.59	42.20
Nikkei 225	16,147.38	-518.70
STI	2,838.52	--
KLCI	1,672.72	--
JCI	4,808.32	-30.30
Baltic Dry	703.00	--
VIX	14.68	-1.00

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.02 (--)	0.79 (+0.01)
5Y	1.61 (--)	1.32 (+0.03)
10Y	2.00 (--)	1.87 (+0.04)
15Y	2.38 (--)	--
20Y	2.45 (--)	--
30Y	2.57 (--)	2.72 (+0.05)

### Financial Spread (bps)

	Value	Change
LIBOR-OIS	25.06	-0.11
EURIBOR-OIS	9.30	0.10
TED	42.81	--

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	44.78	-2.48%	Coffee (per lb)	1.191	-1.45%
Brent (per barrel)	45.83	-4.78%	Cotton (per lb)	0.6436	0.94%
Heating Oil (per gallon)	1.356	-1.63%	Sugar (per lb)	0.1621	0.31%
Gasoline (per gallon)	1.56	-1.39%	Orange Juice (per lb)	1.3435	7.87%
Natural Gas (per MMBtu)	2.042	-6.24%	Cocoa (per mt)	3,189	-0.56%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,050.0	--	Wheat (per bushel)	4.7700	-0.21%
Nickel (per mt)	9,417	--	Soybean (per bushel)	10.355	1.42%
Aluminium (per mt)	1,673.8	--	Corn (per bushel)	3.9025	--
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,295.8	0.41%	Crude Palm Oil (MYR/MT)	2,572.0	--
Silver (per oz)	17.656	-0.75%	Rubber (JPY/KG)	182.0	-2.67%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised
05/02/2016 07:00	SK BoP Current Account Balance	Mar	-- \$10085.5m	\$7507.7m	\$7169.7m
05/02/2016 07:30	AU AiG Perf of Mfg Index	Apr	-- 53.4	58.1	--
<b>05/02/2016 09:00</b>	<b>AU MoM</b>	<b>Apr</b>	<b>-- 0.10%</b>	<b>0.00%</b>	<b>--</b>
05/02/2016 09:30	AU NAB Business Conditions	Apr	-- 9	12	--
<b>05/02/2016 09:30</b>	<b>AU NAB Business Confidence</b>	<b>Apr</b>	<b>-- 5</b>	<b>6</b>	<b>--</b>
<b>05/02/2016 09:30</b>	<b>SK Nikkei South Korea PMI Mfg</b>	<b>Apr</b>	<b>-- 50</b>	<b>49.5</b>	<b>--</b>
<b>05/02/2016 10:00</b>	<b>JN Nikkei Japan PMI Mfg</b>	<b>Apr F</b>	<b>-- 48.2</b>	<b>48</b>	<b>--</b>
<b>05/02/2016 10:30</b>	<b>TA Nikkei Taiwan PMI Mfg</b>	<b>Apr</b>	<b>-- 49.7</b>	<b>51.1</b>	<b>--</b>
<b>05/02/2016 11:00</b>	<b>ID Nikkei Indonesia PMI Mfg</b>	<b>Apr</b>	<b>-- 50.9</b>	<b>50.6</b>	<b>--</b>
<b>05/02/2016 11:30</b>	<b>TH CPI YoY</b>	<b>Apr</b>	<b>-0.11%</b>	<b>0.07%</b>	<b>-0.46%</b>
05/02/2016 11:30	TH CPI NSA MoM	Apr	0.34%	0.55%	0.21%
05/02/2016 11:30	TH CPI Core YoY	Apr	0.72%	0.78%	0.75%
<b>05/02/2016 12:04</b>	<b>ID CPI YoY</b>	<b>Apr</b>	<b>3.81%</b>	<b>3.60%</b>	<b>4.45%</b>
05/02/2016 12:04	ID CPI NSA MoM	Apr	-0.28%	-0.45%	0.19%
05/02/2016 12:04	ID CPI Core YoY	Apr	3.44%	3.41%	3.50%
<b>05/02/2016 13:00</b>	<b>IN Nikkei India PMI Mfg</b>	<b>Apr</b>	<b>-- 50.5</b>	<b>52.4</b>	<b>--</b>
05/02/2016 13:00	JN Vehicle Sales YoY	Apr	-- 7.20%	-3.20%	--
05/02/2016 14:30	AU Commodity Index AUD	Apr	-- 87	86.6	86.4
<b>05/02/2016 14:30</b>	<b>AU Commodity Index YoY</b>	<b>Apr</b>	<b>-- -9.40%</b>	<b>-15.40%</b>	<b>-15.60%</b>
<b>05/02/2016 15:45</b>	<b>IT Markit IT Manufacturing PMI</b>	<b>Apr</b>	<b>53</b>	<b>53.9</b>	<b>53.5</b>
<b>05/02/2016 15:50</b>	<b>FR Markit FR Manufacturing PMI</b>	<b>Apr F</b>	<b>48.3</b>	<b>48</b>	<b>48.3</b>
<b>05/02/2016 15:55</b>	<b>GE Markit GE Mftg PMI</b>	<b>Apr F</b>	<b>51.9</b>	<b>51.8</b>	<b>51.9</b>
<b>05/02/2016 16:00</b>	<b>EC Markit EZ Mftg PMI</b>	<b>Apr F</b>	<b>51.5</b>	<b>51.7</b>	<b>51.5</b>
<b>05/02/2016 21:30</b>	<b>CA PMI</b>	<b>Apr</b>	<b>-- 52.2</b>	<b>51.5</b>	<b>--</b>
<b>05/02/2016 21:45</b>	<b>US Markit US Manufacturing PMI</b>	<b>Apr F</b>	<b>50.8</b>	<b>50.8</b>	<b>50.8</b>
<b>05/02/2016 22:00</b>	<b>US ISM Manufacturing</b>	<b>Apr</b>	<b>51.4</b>	<b>50.8</b>	<b>51.8</b>
05/02/2016 22:00	US ISM Prices Paid	Apr	52	59	51.5
<b>05/02/2016 22:00</b>	<b>US Construction Spending MoM</b>	<b>Mar</b>	<b>0.50%</b>	<b>0.30%</b>	<b>-0.50%</b>
05/03/2016 00:00	IT New Car Registrations YoY	Apr	-- 11.53%	17.38%	17.86%
<b>05/03/2016 07:00</b>	<b>SK CPI MoM</b>	<b>Apr</b>	<b>0.10%</b>	<b>0.10%</b>	<b>-0.30%</b>
<b>05/03/2016 07:00</b>	<b>SK CPI YoY</b>	<b>Apr</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>
<b>05/03/2016 09:30</b>	<b>AU Building Approvals MoM</b>	<b>Mar</b>	<b>-2.00%</b>	<b>--</b>	<b>3.10%</b>
05/03/2016 09:30	AU Building Approvals YoY	Mar	-14.00%	--	-9.00%
<b>05/03/2016 09:45</b>	<b>CH Caixin China PMI Mfg</b>	<b>Apr</b>	<b>49.8</b>	<b>--</b>	<b>49.7</b>
<b>05/03/2016 12:30</b>	<b>AU RBA Cash Rate Target</b>	<b>May-03</b>	<b>2.00%</b>	<b>--</b>	<b>2.00%</b>
<b>05/03/2016 16:30</b>	<b>UK Markit UK PMI Mftg SA</b>	<b>Apr</b>	<b>51.2</b>	<b>--</b>	<b>51</b>
05/03/2016 17:00	EC PPI MoM	Mar	0.00%	--	-0.70%
05/03/2016 17:00	EC PPI YoY	Mar	-4.30%	--	-4.20%
<b>05/03/2016 21:00</b>	<b>SI Purchasing Managers Index</b>	<b>Apr</b>	<b>49.5</b>	<b>--</b>	<b>49.4</b>
05/03/2016 05/09	SI Foreign Reserves	Apr	--	--	\$246.54b
05/02/2016 05/06	PH Budget Balance PHP	Feb	--	--	-3.5b

Source: Bloomberg

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