

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

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**Interest Rate Derivatives**

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**Investments & Structured**  
**Products**

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**GT Institutional Sales**

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**Highlights**

<b>Global</b>	<p>US financial markets quickly recovered from the shock of US nonfarm payrolls coming in at the lowest gains in 7-months at 160k (market expectations +202k), while the previous two months were revised down by 19k. The unemployment rate unchanged at 5% in April, albeit the under-employment rate edged down to 9.7% (below the 12-month moving average of 10.1%). The average earnings growth edged up to 0.3% mom (+2.5% yoy which is the largest yoy increase since January) in April, but the labour force participation rate edged down to 62.8% amid a 362k decline in household survey employment albeit this came after outsized gains of 615k in January and 530k in February. In addition, the aggregate hours worked also rose from 34.4 hours to 34.5 hours in April.</p> <p>China also reported unexpectedly strong FX reserves (up for the second month to US\$3.23t) and trade surplus data, but disappointing export and import growth over the weekend. Of interest today in the economic data calendar today be the US labour market conditions, Sentix investor confidence, Taiwan trade, UK Halifax house, and German factory orders, as well as the outcome of the Philippines' election. Fed's Evans is speaking today. Expect Asian markets to tread cautiously today. Japan returns from its Golden Week holidays, and South Korea, Thailand and Indonesia also return from long weekends. Key central bank meetings this week include BOT (likely static at 1.5% on 11 May), BSP (expected static on 12 May), BOE (unlikely to surprise markets on 12 May, ahead of the 23 June Brexit referendum), and BOK (tipped to be steady at 1.5% on 13 May).</p>
<b>US</b>	<p>Consumer credit surged from a downwardly revised US\$14.145b in February to US\$29.674b in March, marking the fastest pace of improvement since November 2001 amid higher credit-card spending and higher auto financing. April NFP suggests a moderation from 1Q16 average of 203k and 4Q15 average of 282k, and has further dampened market expectations for a June rate hike but note that Fed's Dudley (dove) reiterated that it is reasonable to expect two rate hikes this year. Private-sector hiring slipped 13k to 171k in April. Notably, retailers cut payrolls by 3,100 in April, the first decline since December 2014. Construction also rose a tepid 1k after rising by 41k in March. Government employment also fell due to Postal Service cutbacks.</p>
<b>SG</b>	Mr Murali has won 61.2% votes in the Bukit Batok by-election. The April FX reserves data is due today.
<b>China</b>	<p>The stabilization of China's FX reserve in the past 2-months shows that the disorderly capital outflows have paused. However, we think the trend of capital outflows have not been reversed yet given the increasing overseas direct investment from Chinese companies as well as Yuan's ongoing depreciation against its basket currency. The record high of 203.5% import growth from Hong Kong shows that the risk of capital outflow remains real. In its latest monetary policy report, PBoC reiterated the role of the RMB basket currency in the setting of daily fixing, mentioning that the daily fixing will depend on two parameters including previous closing price at 4:30pm and the move of RMB basket currency. We think this may set the floor for RMB index after 4.3% depreciation year to date.</p>

## Major Market

- **US:** Equity markets ended the week on firmer ground, with the S&P 500 (+0.32%), Dow (+0.45%) and Nasdaq (+0.40%). 2-year and 10-year US Treasuries yield 0.73% and 1.78% respectively. Overall, US Treasuries gained for the week as investors judged that the Fed will continue with a slow pace of rate hikes. Meanwhile, volatility fell sharply, with VIX ending -7.48% to close at 14.72.
- **Singapore:** The STI slumped 1.34% to close at 2730.80 on Friday, and may remain under pressure today. Notwithstanding Friday's Wall Street gains. Morning cues from Kospi remains soft, and the STI could see support and resistance at 2700 and 2750 respectively. Meanwhile, SGS bonds may consolidate today in line with UST bond market performance, as market players digest the US' Friday labour market data.
- **China:** The FX reserve in dollar term rebounded slightly to US\$3.22 trillion in April, beating market expectation. The stabilization of FX reserve in March and April mainly benefited from the valuation effect given that the dollar has weakened against major currencies while risk sentiment improved in global market. The disorderly capital outflows have paused in the past two months after concerns about the devaluation of Yuan eased. However, we think the trend of capital outflows have not been reversed yet given increasing overseas direct investment from Chinese companies as well as Yuan's ongoing depreciation against basket currency.
- Elsewhere, exports fell by 1.8% in dollar terms in April but grew by 4.1% in RMB term. However, imports fell sharply by 10.9% in dollar term. As a result, the trade surplus widened to US\$45.56 billion. China's imports from Hong Kong also surged by 203.5% in April. The small decline of export growth in dollar terms in April was in line with softening PMIs in advanced economies such as US and Japan. China's export to US and Japan fell by 9.3% and 11.8% respectively, overshadowing the steady exports to ASEAN and EU. Overall speaking, April export data shows that China is still sensitive to the global situation. The rebound in March may prove to be short-lived should global sentiment deteriorate further. Despite recovery of commodity prices in April, the still sluggish import prices also confirmed the still uncertain global outlook. Nevertheless, the more than 200% surge of imports from Hong Kong signals the trade between mainland and Hong Kong may still be distorted by capital outflows.
- **Hong Kong:** Total retail sales continued to decline in March, down 9.8% yoy. Value of retail sales totalled HK\$34.7 billion, falling for the 13th straight months on a yearly basis. For the first quarter of 2016, value of HK's total retail sales decreased by 12.5% yoy. HK's retail sector witnessed broad-based year-on-year decline in several different types of retail outlets. For example, total value of sales of jewellery and watches contracted for the 18th straight month by 23.2% yoy in March while the luxury segment continues to place additional pressures on HK retail sales. All in all, data signals that the deteriorating business environment in the retail sector is due to a weak inbound tourism. Local consumption sentiment was also dented by a dimmer economic outlook of HK and uncertainty in asset market. The gloomy prospect for Hong Kong's retail sector is expected to translate into more downward pressure on HK retail shop property market. Therefore, moving forward, we expect more rental concessions by landlords and higher vacancy rates in the core business district as well.
- **Indonesia:** The government has approved development plans for 18 oil and gas fields in the first four months of the year. According to SKK Migas, the upstream oil-and-gas regulator, these projects are worth a total of IDR19.5tn and will yield a cumulative oil and condensate output of 45mn barrels.
- **Malaysia:** Sarawak state held an election, in which the ruling Barisan Nasional coalition managed to secure 72 out of 82 seats in the state legislature.
- **Commodities:** Crude oil prices rose slightly on little news flow, save for the lower US oil rig counts (-

5) for the week ended 6 May 2016. Elsewhere, Saudi Arabia's move to overhaul its government structure sees some of its ministries merged while others scrapped. The shake-up had then decreed Khalid Al-Falih, currently chairman of Saudi Aramco, to be the new oil minister in a new department which manages energy, industry and mineral resources. He replaces Ali al-Naimi, whom the latter served more than 20 years in the oil sector.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve was range-bounded last Friday, with the short-end rates trading 1bp higher while the belly-to-long-end rates traded 1bp-2bps lower. Flows in the SGD corporates space were moderate, where we saw better buyers in STANLN 4.4%'26s, and mixed interests in CHEUNG 5.125%'49s, OLAMSP 4.25%'19s and YLLGSP 6.2%'17s. In the broader dollar space, the spread on the JACI IG corporates widened by 1bp to 229bps, while the yield on the JACI HY corporates decreased by 1bp to 7.34%. 10y UST yield increased by 3bps to 1.78%.
- **New Issues:** Sun Hung Kai schedules for investor meetings in Hong Kong, Singapore for a potential USD bond issuance from May 9 onwards. CICC schedules for investor meetings in Hong Kong and Singapore for a potential USD bond issuance from May 9 onwards.
- **Rating Changes:** Moody's downgraded Kawasaki Kisen Kaisha Ltd to "Ba3" from "Ba2", reflecting Moody's expectation that the environment in which K-Line operates will remain challenging, making it difficult for the company to quickly deleverage. Outlook is stable. Moody's placed Mitsui O.S.K. Lines Ltd's "Ba1" corporate family rating under review for downgrade. This stems from Mitsui's anticipated earnings decline for the fiscal year ending on 31 March 2017. Fitch placed Noble Group's long-term issuer default rating of "BBB-" on Rating Watch Negative ("RWN"). The RWN is driven by Fitch's expectations that Noble will focus more on shorter-term and secured financing to lower financing costs amid a difficult operating environment. S&P upgraded Pakuwon Jati to "BB-" from "B+", in light of maintenance of a conservative balance sheet with moderate debt, ample cash balance, and steady cash flows over the past two years.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	93.888	0.12%	<b>USD-SGD</b>	1.3613	0.18%
<b>USD-JPY</b>	107.120	-0.13%	<b>EUR-SGD</b>	1.5524	0.16%
<b>EUR-USD</b>	1.1132	0.00%	<b>JPY-SGD</b>	1.2711	0.33%
<b>AUD-USD</b>	0.7366	-1.33%	<b>GBP-SGD</b>	1.9635	-0.24%
<b>GBP-USD</b>	1.4427	-0.40%	<b>AUD-SGD</b>	1.0028	-1.15%
<b>USD-MYR</b>	4.0043	-0.09%	<b>NZD-SGD</b>	0.9306	-0.51%
<b>USD-CNY</b>	6.4960	-0.22%	<b>CHF-SGD</b>	1.4008	-0.24%
<b>USD-IDR</b>	13348	0.04%	<b>SGD-MYR</b>	2.9475	-0.20%
<b>USD-VND</b>	22283	-0.22%	<b>SGD-CNY</b>	4.7816	-0.07%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3480	-0.0020	<b>O/N</b>	0.3850	--
<b>2M</b>	-0.2920	--	<b>1M</b>	0.4379	0.0008
<b>3M</b>	-0.2560	-0.0010	<b>2M</b>	0.5212	0.0005
<b>6M</b>	-0.1440	--	<b>3M</b>	0.6296	-0.0022
<b>9M</b>	-0.0790	--	<b>6M</b>	0.9072	-0.0011
<b>12M</b>	-0.0130	--	<b>12M</b>	1.2242	-0.0061

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
<b>Portugal</b>	0.65	-0.20	3.32
<b>Italy</b>	-0.06	-0.10	1.49
<b>Ireland</b>	-0.35	0.60	0.92
<b>Greece*</b>	10.02	-45.00	8.52
<b>Spain</b>	-0.06	0.20	1.59
<b>Russia^</b>	3.16	1.40	4.87

\* 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
<b>DJIA</b>	17,740.63	79.90
<b>S&amp;P</b>	2,057.14	6.50
<b>Nasdaq</b>	4,736.16	19.10
<b>Nikkei 225</b>	16,106.72	-40.70
<b>STI</b>	2,730.80	-37.00
<b>KLCI</b>	1,649.36	4.30
<b>JCI</b>	4,822.60	--
<b>Baltic Dry</b>	631.00	-11.00
<b>VIX</b>	14.72	-1.20

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.03 (--)	0.73 (+0.02)
<b>5Y</b>	1.60 (+0.01)	1.23 (+0.03)
<b>10Y</b>	1.99 (-0.02)	1.78 (+0.03)
<b>15Y</b>	2.35 (-0.01)	--
<b>20Y</b>	2.43 (-0.01)	--
<b>30Y</b>	2.55 (-0.01)	2.63 (+0.02)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	24.36	-0.17
<b>EURIBOR-OIS</b>	9.00	--
<b>TED</b>	43.63	-0.73

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	44.66	0.77%	Coffee (per lb)	1.235	2.11%
Brent (per barrel)	45.37	0.80%	Cotton (per lb)	0.6163	--
Heating Oil (per gallon)	1.337	0.65%	Sugar (per lb)	0.1574	-0.63%
Gasoline (per gallon)	1.50	0.32%	Orange Juice (per lb)	1.4210	2.67%
Natural Gas (per MMBtu)	2.101	1.20%	Cocoa (per mt)	3,047	-2.68%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	4,810.0	0.52%	Wheat (per bushel)	4.5325	0.06%
Nickel (per mt)	9,032	0.51%	Soybean (per bushel)	10.263	2.27%
Aluminium (per mt)	1,585.8	-0.69%	Corn (per bushel)	3.7600	1.14%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,294.0	1.71%	Crude Palm Oil (MYR/MT)	2,640.0	0.96%
Silver (per oz)	17.507	1.18%	Rubber (JPY/KG)	178.9	-1.70%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### CFTC Commodities Futures and Options

For the week ended: 03 May 2016

	Current	Previous	Net Chg		Current	Previous	Net Chg
Gold	299,896	243,343	56,553	Natural Gas	-142,656	-118,265	-24,391
Sugar	238,765	218,686	20,079	Coffee	-2,553	10,998	-13,551
Soybean	207,763	196,052	11,711	Nymex Crude	390,844	403,372	-12,528
Lean Hogs	57,314	48,323	8,991	Corn	176,658	182,964	-6,306
Cocoa	53,969	45,803	8,166	Silver	75,661	79,313	-3,652
Wheat	-71,425	-75,019	3,594	Live Cattle	30,276	32,068	-1,792
Heating Oil	11,230	8,332	2,898	RBOB Gasoline	70,526	71,948	-1,422
Platinum	38,339	35,873	2,466	Copper	-7,419	-8,033	614
Cotton	43,555	41,809	1,746	Palladium	8,019	7,247	772

Source: CFTC

### Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
05/06/2016 07:50	JN Monetary Base YoY	Apr	--	26.80%	28.50%	--
05/06/2016 10:00	JN Nikkei Japan PMI Services	Apr	--	49.3	50	--
05/06/2016 10:00	JN Nikkei Japan PMI Composite	Apr	--	48.9	49.9	--
05/06/2016 12:00	MA Exports YoY	Mar	-1.00%	0.20%	6.70%	--
05/06/2016 12:00	MA Trade Balance MYR	Mar	7.10b	11.19b	7.35b	--
05/06/2016 12:24	PH Foreign Reserves	Apr	--	\$83.5b	\$82.6b	--
05/06/2016 15:03	HK Foreign Reserves	Apr	--	\$360.8b	\$361.9b	\$362.0b
05/06/2016 15:30	GE Markit GE Construction PMI	Apr	--	53.4	55.8	--
05/06/2016 16:10	GE Markit Germany Retail PMI	Apr	--	51	54.1	--
05/06/2016 16:10	EC Markit Eurozone Retail PMI	Apr	--	47.9	49.2	--
05/06/2016 16:10	FR Markit France Retail PMI	Apr	--	48.2	45.5	--
05/06/2016 16:10	IT Markit Italy Retail PMI	Apr	--	42.6	46.6	--
05/06/2016 18:00	MA Foreign Reserves	Apr-29	--	\$97.0b	\$97.2b	--
05/06/2016 20:30	CA Net Change in Employment	Apr	1.0k	-2.1k	40.6k	--
05/06/2016 20:30	US Change in Nonfarm Payrolls	Apr	200k	160k	215k	208k
05/06/2016 20:30	CA Unemployment Rate	Apr	7.20%	7.10%	7.10%	--
05/06/2016 20:30	US Change in Manufact. Payrolls	Apr	-5k	4k	-29k	--
05/06/2016 20:30	US Unemployment Rate	Apr	4.90%	5.00%	5.00%	--
05/08/2016	CH Trade Balance	Apr	\$40.00b	\$45.56b	\$29.86b	--
05/08/2016	CH Exports YoY	Apr	0.00%	-1.80%	11.50%	--
05/08/2016	CH Imports YoY	Apr	-4.00%	-10.90%	-7.60%	--
05/09/2016 08:00	JN Labor Cash Earnings YoY	Mar	0.60%	--	0.90%	0.70%
05/09/2016 09:30	AU ANZ Job Advertisements MoM	Apr	--	--	0.20%	--
05/09/2016 14:00	GE Factory Orders MoM	Mar	0.60%	--	-1.20%	--
05/09/2016 14:00	GE Factory Orders WDA YoY	Mar	0.10%	--	0.50%	--
05/09/2016 15:30	UK Halifax House Prices MoM	Apr	-0.30%	--	2.60%	--
05/09/2016 15:30	TH Foreign Reserves	Apr-29	--	--	\$176.9b	--
05/09/2016 16:00	TA Trade Balance	Apr	\$4.50b	--	\$4.50b	--
05/09/2016 16:00	TA Exports YoY	Apr	-8.00%	--	-11.40%	--
05/09/2016 16:00	TA Imports YoY	Apr	-8.80%	--	-17.00%	--
05/09/2016 17:00	SI Foreign Reserves	Apr	--	--	\$246.54b	--
05/09/2016 20:15	CA Housing Starts	Apr	193.0k	--	204.3k	204.6k
05/06/2016 05/13	VN Domestic Vehicle Sales YoY	Apr	--	--	52.50%	--
05/09/2016 05/13	PH Budget Balance PHP	Feb	--	--	-3.5b	--
05/09/2016 05/12	IN Local Car Sales	Apr	--	--	175730	--

Source: Bloomberg

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