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**Highlights**

|                     |  |
|---------------------|--|
| <b>Global</b>       | It was great, while it lasted. Markets were initially rather euphoric when the ECB surprised with an announcement that it will increase its bond purchase program by EUR20bn a month to EUR80bn and to include corporate bond purchases in the scheme as well. On top of that, the central bank announced cuts to all its key rates, including bringing the deposit rate more deeply into the negative territory of -0.4%. EUR weakened upon the news, by as much as 1.3% against USD initially. Alas, it did not last, as it surged back up to near 1.12 region soon after. Why the dramatic reversal? What happened was that President Mario Draghi suggested in his press conference thereafter that the ECB would not make any deeper cuts to the negative deposit rates. This led to market concerns that, as much as it over-delivered yesterday in terms of current easing stance, the ECB's ammunition going forward is getting more and more constrained. |
| <b>US</b>           | US markets ignored ECB's announcement of fresh stimulus to close lower on Thursday. Dow -0.03%, S&P500 +0.02%, Nasdaq -0.26%. VIX -1.58% to 18.05. UST bonds slipped as well, with 2- and 10-year bonds closing lower to 0.93% and 1.93% respectively.   |
| <b>S'pore</b>       | The STI was largely flat, losing a mere 1.3 points to close 2,809.12 yesterday. Key gainers included Golden Agri-Resources (+6.58%), Hongkong Land Holdings (+2.66%) and Hutchison Port Holdings Trust (+2.06%), though the loss seen in Noble Group (-2.3%) and rig builders like Keppel (-1.67%) and Sembcorp Ind (-1.31%) limited the overall gains. For today, do expect the STI to consolidate around the 2,800 levels as market-watchers digest ECB Draghi's comments made last night.   |
| <b>China</b>        | CPI rose at the fastest pace in the past 19 months, surging by +2.3% yoy (est. 1.9%) in February. However, the data was distorted as costs of food surged amid the Lunar New Year Holidays and cold weather. Notably, last month's unexpected adjustment to the weights of the CPI categories by the National Bureau of Statistics did not translate into a dissipating impact of volatile food costs on the country's consumer price. Still, we expect China's inflation to remain below the 3% target this year. On the other hand, PPI extended its decline, falling 4.9% yoy. Deflationary pressures and overcapacity are expected to continue weighing on company profitability, decreasing the corporate sector's ability to pay down mounting debts.  |
| <b>Indo-nesia</b>   | The parliament's financial commission is said to be finalizing a safety net bill that would provide a legal umbrella for bank rescues in times of financial emergency, in talks involving the central bank, finance ministry and regulator OJK.  |
| <b>Commo-dities</b> | Brent seemed to find some interim support at \$40/bbl, with WTI trailing a mere \$2/bbl behind its costlier cousin. Aside, a weaker greenback, led by the sudden surge in EURUSD after Draghi's closely watched comment that further reduction of rates is not anticipated at this juncture, had left gold higher to \$1,272.8/oz (+1.22%) yesterday.  |

## Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-steepened yesterday, with the short-end rates trading 3bps-7pbs lower while the very long-end of the curve traded 19bps higher. In the broader dollar space, JACI IG corporates spread was level at 240bps, while the yield on the JACI HY corporates fell by 6bps to 7.96%. 10y UST yield increased by 6bps to 1.9323%.
- **New Issues:** BOCOM has scheduled for investor meetings today for a potential USD bond issue. The notes will be issued by Azure Orbit III International Finance Ltd, but guaranteed by BOCOM's Macau Branch. The issue is expected to be rated "NR/A2/A-". Perennial Real Estate Holdings Ltd ("PREH") priced a SGD125mn 3-year bond at 4.9%, tightening from an initial guidance of 5%. The issue is not rated. OCBC Bank priced a senior unsecured AUD300mn 4-year bond at MS+120bps, tightening from an initial guidance of MS+123bps. AusNet Services priced a USD375mn 60NC5.5 bond at 5.75%, tightening from an initial guidance of 5.875%. The structure of the bond is similar to the recent issue in SGD, and has an expected rating of "BBB/Baa2/NR"
- **Rating Changes:** S&P downgraded Parkson Retail Group, a China-based department store operator, to "B" from "BB-". S&P expects Parkson's financial leverage to remain high after a significant increase due to weak operating cash flow generation, and does not expect an improvement in the next 12 months. Outlook is negative.

## Key Financial Indicators

### Foreign Exchange

|                | Day Close | % Change |                | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| <b>DXY</b>     | 96.066    | -1.14%   | <b>USD-SGD</b> | 1.3805    | -0.14%   |
| <b>USD-JPY</b> | 113.190   | -0.14%   | <b>EUR-SGD</b> | 1.5431    | 1.47%    |
| <b>EUR-USD</b> | 1.1132    | 0.00%    | <b>JPY-SGD</b> | 1.2189    | -0.08%   |
| <b>AUD-USD</b> | 0.7454    | -0.43%   | <b>GBP-SGD</b> | 1.9715    | 0.30%    |
| <b>GBP-USD</b> | 1.4281    | 0.45%    | <b>AUD-SGD</b> | 1.0291    | -0.57%   |
| <b>USD-MYR</b> | 4.0960    | -0.73%   | <b>NZD-SGD</b> | 0.9205    | 0.05%    |
| <b>USD-CNY</b> | 6.5085    | -0.07%   | <b>CHF-SGD</b> | 1.4017    | 1.12%    |
| <b>USD-IDR</b> | 13052     | -0.80%   | <b>SGD-MYR</b> | 2.9669    | -0.54%   |
| <b>USD-VND</b> | 22279     | -0.06%   | <b>SGD-CNY</b> | 4.7165    | 0.02%    |

### Interbank Offer Rates (%)

| Tenor      | EURIBOR | Change | Tenor      | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| <b>1M</b>  | -0.2910 | --     | <b>O/N</b> | 0.3720    | --     |
| <b>2M</b>  | -0.2540 | --     | <b>1M</b>  | 0.4380    | --     |
| <b>3M</b>  | -0.2240 | --     | <b>2M</b>  | 0.5210    | --     |
| <b>6M</b>  | -0.1390 | --     | <b>3M</b>  | 0.6346    | --     |
| <b>9M</b>  | -0.0810 | --     | <b>6M</b>  | 0.8984    | --     |
| <b>12M</b> | -0.0230 | --     | <b>12M</b> | 1.2090    | --     |

### Eurozone & Russia Update

|                 | 2Y Bond Ylds (bpschg) | 10Y Bond Ylds (bpschg) | 10Y Bund Spread % |
|-----------------|-----------------------|------------------------|-------------------|
| <b>Portugal</b> | 0.68                  | -7.80                  | 3.13              |
| <b>Italy</b>    | -0.05                 | 1.80                   | 1.46              |
| <b>Ireland</b>  | -0.27                 | 6.80                   | 0.95              |
| <b>Greece*</b>  | 9.18                  | -62.00                 | 9.13              |
| <b>Spain</b>    | 0.02                  | 2.60                   | 1.59              |
| <b>Russia^</b>  | 3.41                  | -2.90                  | 5.69              |

\* 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>       | 16,995.13 | -5.20      |
| <b>S&amp;P</b>    | 1,989.57  | 0.30       |
| <b>Nasdaq</b>     | 4,662.16  | -12.20     |
| <b>Nikkei 225</b> | 16,852.35 | 210.10     |
| <b>STI</b>        | 2,809.12  | -1.30      |
| <b>KLCI</b>       | 1,690.91  | 4.60       |
| <b>JCI</b>        | 4,793.20  | -17.80     |
| <b>Baltic Dry</b> | 384.00    | 8.00       |
| <b>VIX</b>        | 18.05     | -0.30      |

### Government Bond Yields (%)

| Tenor      | SGS (chg)    | UST (chg)    |
|------------|--------------|--------------|
| <b>2Y</b>  | 1.01 (-0.01) | 0.93 (+0.04) |
| <b>5Y</b>  | 1.72 (-0.02) | 1.45 (+0.06) |
| <b>10Y</b> | 2.09 (-)     | 1.93 (+0.06) |
| <b>15Y</b> | 2.47 (+0.01) | --           |
| <b>20Y</b> | 2.55 (+0.02) | --           |
| <b>30Y</b> | 2.72 (+0.04) | 2.69 (+0.03) |

### Financial Spread (bps)

|                    | Value | Change |
|--------------------|-------|--------|
| <b>LIBOR-OIS</b>   | 23.16 | -0.01  |
| <b>EURIBOR-OIS</b> | 11.20 | -2.10  |
| <b>TED</b>         | 32.21 | -1.24  |

### Commodities Futures

| Energy                   | Futures | % chg  | Soft Commodities        | Futures | % chg  |
|--------------------------|---------|--------|-------------------------|---------|--------|
| WTI (per barrel)         | 37.84   | -1.18% | Coffee (per lb)         | 1.206   | -0.21% |
| Brent (per barrel)       | 40.05   | -2.48% | Cotton (per lb)         | 0.5683  | 0.42%  |
| Heating Oil (per gallon) | 1.216   | -1.35% | Sugar (per lb)          | 0.1482  | 1.30%  |
| Gasoline (per gallon)    | 1.44    | -2.14% | Orange Juice (per lb)   | 1.1970  | -2.56% |
| Natural Gas (per MMBtu)  | 1.788   | 2.05%  | Cocoa (per mt)          | 3,031   | 0.83%  |
| Base Metals              | Futures | % chg  | Grains                  | Futures | % chg  |
| Copper (per mt)          | 4,890.0 | -0.91% | Wheat (per bushel)      | 4.7150  | 1.67%  |
| Nickel (per mt)          | 8,726   | -1.52% | Soybean (per bushel)    | 8.818   | 0.20%  |
| Aluminium (per mt)       | 1,549.8 | -1.43% | Corn (per bushel)       | 3.6250  | 0.97%  |
| Precious Metals          | Futures | % chg  | Asian Commodities       | Futures | % chg  |
| Gold (per oz)            | 1,272.8 | 1.22%  | Crude Palm Oil (MYR/MT) | 2,489.0 | -1.15% |
| Silver (per oz)          | 15.546  | 1.24%  | Rubber (JPY/KG)         | 160.4   | 0.88%  |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Key Economic Indicators

| Date Time        | Event                                  | Survey | Actual           | Prior            | Revised          |               |
|------------------|--|--------|------------------|------------------|------------------|---------------|
| 03/10/2016 04:00 | <b>NZ RBNZ Official Cash Rate</b>      | Mar-10 | 2.50%            | 2.25%            | 2.50%            | --            |
| 03/10/2016 07:50 | JN Foreign Buying Japan Stocks         | Mar-04 | --               | ¥138.5b          | ¥1015.9b         | ¥1015.8b      |
| 03/10/2016 07:50 | JN PPI MoM                             | Feb    | -0.30%           | -0.20%           | -0.90%           | -1.00%        |
| 03/10/2016 07:50 | <b>JN PPI YoY</b>                      | Feb    | <b>-3.40%</b>    | <b>-3.40%</b>    | <b>-3.10%</b>    | <b>-3.20%</b> |
| 03/10/2016 08:01 | UK RICS House Price Balance            | Feb    | 50%              | 50%              | 49%              | 48%           |
| 03/10/2016 08:59 | <b>SK BoK 7-Day Repo Rate</b>          | Mar-10 | <b>1.50%</b>     | <b>1.50%</b>     | <b>1.50%</b>     | --            |
| 03/10/2016 09:00 | PH Exports YoY                         | Jan    | 0.40%            | -3.90%           | -3.00%           | --            |
| 03/10/2016 09:30 | <b>CH CPI YoY</b>                      | Feb    | <b>1.80%</b>     | <b>2.30%</b>     | <b>1.80%</b>     | --            |
| 03/10/2016 09:30 | <b>CH PPI YoY</b>                      | Feb    | <b>-4.90%</b>    | <b>-4.90%</b>    | <b>-5.30%</b>    | --            |
| 03/10/2016 13:00 | IN Local Car Sales                     | Feb    | --               | 164469           | 168303           | --            |
| 03/10/2016 14:30 | FR Non-Farm Payrolls QoQ               | 4Q F   | 0.20%            | 0.20%            | 0.20%            | --            |
| 03/10/2016 15:00 | GE Trade Balance                       | Jan    | 17.0b            | 13.6b            | 18.8b            | 19.0b         |
| 03/10/2016 15:00 | GE Current Account Balance             | Jan    | 17.0b            | 13.2b            | 25.6b            | 26.3b         |
| 03/10/2016 15:00 | GE Exports SA MoM                      | Jan    | 0.80%            | -0.50%           | -1.60%           | -0.70%        |
| 03/10/2016 15:00 | GE Imports SA MoM                      | Jan    | 0.80%            | 1.20%            | -1.60%           | --            |
| 03/10/2016 15:45 | <b>FR Industrial Production MoM</b>    | Jan    | <b>0.80%</b>     | <b>1.30%</b>     | <b>-1.60%</b>    | <b>-0.60%</b> |
| 03/10/2016 15:45 | <b>FR Industrial Production YoY</b>    | Jan    | <b>0.10%</b>     | <b>2.00%</b>     | <b>-0.70%</b>    | <b>-0.20%</b> |
| 03/10/2016 15:45 | FR Manufacturing Production MoM        | Jan    | 0.50%            | 0.80%            | -0.80%           | 0.00%         |
| 03/10/2016 15:45 | FR Manufacturing Production YoY        | Jan    | 1.30%            | 2.80%            | 0.50%            | 0.80%         |
| 03/10/2016 17:00 | IT Unemployment Rate Quarterly         | 4Q     | 11.50%           | 11.50%           | 11.70%           | 11.50%        |
| 03/10/2016 20:45 | <b>EC ECB Main Refinancing Rate</b>    | Mar-10 | <b>0.05%</b>     | <b>0.00%</b>     | <b>0.05%</b>     | --            |
| 03/10/2016 20:45 | <b>EC ECB Deposit Facility Rate</b>    | Mar-10 | <b>-0.40%</b>    | <b>-0.40%</b>    | <b>-0.30%</b>    | --            |
| 03/10/2016 20:45 | EC ECB Marginal Lending Facility       | Mar-10 | 0.30%            | 0.25%            | 0.30%            | --            |
| 03/10/2016 21:30 | CA Capacity Utilization Rate           | 4Q     | 81.70%           | 81.10%           | 82.00%           | 81.60%        |
| 03/10/2016 21:30 | <b>US Initial Jobless Claims</b>       | Mar-05 | <b>275k</b>      | <b>259k</b>      | <b>278k</b>      | <b>277k</b>   |
| 03/10/2016 21:30 | CA New Housing Price Index MoM         | Jan    | 0.20%            | 0.10%            | 0.10%            | --            |
| 03/10/2016 21:30 | US Continuing Claims                   | Feb-27 | 2250k            | 2225k            | 2257k            | --            |
| 03/10/2016 22:45 | US Bloomberg Consumer Comfort          | Mar-06 | --               | 43.8             | 43.6             | --            |
| 03/11/2016 03:00 | <b>US Monthly Budget Statement</b>     | Feb    | <b>-\$196.3b</b> | <b>-\$192.6b</b> | <b>-\$192.4b</b> | --            |
| 03/11/2016 05:30 | <b>NZ BusinessNZ Manufacturing PMI</b> | Feb    | --               | <b>56</b>        | <b>57.9</b>      | <b>58</b>     |
| 03/11/2016 05:45 | <b>NZ Food Prices MoM</b>              | Feb    | --               | <b>-0.60%</b>    | <b>2.00%</b>     | --            |
| 03/11/2016 07:32 | <b>NZ REINZ House Sales YoY</b>        | Feb    | --               | <b>5.70%</b>     | <b>4.30%</b>     | --            |
| 03/11/2016 12:00 | MA Industrial Production YoY           | Jan    | 2.10%            | --               | 2.70%            | --            |
| 03/11/2016 15:00 | <b>GE CPI MoM</b>                      | Feb F  | <b>0.40%</b>     | --               | <b>0.40%</b>     | --            |
| 03/11/2016 15:00 | <b>GE CPI YoY</b>                      | Feb F  | <b>0.00%</b>     | --               | <b>0.00%</b>     | --            |
| 03/11/2016 15:00 | GE CPI EU Harmonized MoM               | Feb F  | 0.40%            | --               | 0.40%            | --            |
| 03/11/2016 15:00 | <b>GE CPI EU Harmonized YoY</b>        | Feb F  | <b>-0.20%</b>    | --               | <b>-0.20%</b>    | --            |
| 03/11/2016 15:30 | <b>TH Foreign Reserves</b>             | Mar-04 | --               | --               | <b>\$167.7b</b>  | --            |
| 03/11/2016 17:00 | <b>IT Industrial Production MoM</b>    | Jan    | <b>0.70%</b>     | --               | <b>-0.70%</b>    | --            |
| 03/11/2016 17:00 | IT Industrial Production WDA YoY       | Jan    | --               | --               | -1.00%           | --            |
| 03/11/2016 17:00 | IT Industrial Production NSA YoY       | Jan    | --               | --               | 2.10%            | --            |
| 03/11/2016 17:30 | UK Visible Trade Balance GBP/Mn        | Jan    | <b>-£10,300</b>  | --               | <b>-£9,917</b>   | --            |
| 03/11/2016 17:30 | UK Trade Balance Non EU GBP/Mn         | Jan    | <b>-£2,650</b>   | --               | <b>-£2,357</b>   | --            |
| 03/11/2016 17:30 | UK Trade Balance                       | Jan    | <b>-£3,000</b>   | --               | <b>-£2,709</b>   | --            |
| 03/11/2016 20:00 | <b>IN Industrial Production YoY</b>    | Jan    | <b>-0.50%</b>    | --               | <b>-1.30%</b>    | --            |
| 03/11/2016 21:30 | <b>CA Unemployment Rate</b>            | Feb    | <b>7.20%</b>     | --               | <b>7.20%</b>     | --            |
| 03/11/2016 21:30 | <b>US Import Price Index MoM</b>       | Feb    | <b>-0.70%</b>    | --               | <b>-1.10%</b>    | --            |
| 03/11/2016 21:30 | <b>CA Net Change in Employment</b>     | Feb    | <b>10.0k</b>     | --               | <b>-5.7k</b>     | --            |
| 03/11/2016 03/18 | PH Budget Balance PHP                  | Dec    | --               | --               | 6.0b             | --            |
| 03/10/2016 03/15 | CH New Yuan Loans CNY                  | Feb    | 1200.0b          | --               | 2510.0b          | --            |
| 03/10/2016 03/15 | CH Money Supply M1 YoY                 | Feb    | 18.90%           | --               | 18.60%           | --            |
| 03/10/2016 03/15 | <b>CH Money Supply M2 YoY</b>          | Feb    | <b>13.70%</b>    | --               | <b>14.00%</b>    | --            |
| 03/10/2016 03/20 | ID Local Auto Sales                    | Feb    | --               | --               | 84885            | --            |
| 03/10/2016 03/15 | IN Imports YoY                         | Feb    | --               | --               | -11.00%          | --            |
| 03/10/2016 03/15 | <b>IN Exports YoY</b>                  | Feb    | --               | --               | <b>-13.60%</b>   | --            |

Source: Bloomberg

| <b>OCBC Treasury Research</b>  |   |   |
|--|---|---|
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