

Treasury Advisory
Corporate FX & Structured
Products

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Interest Rate Derivatives

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Investments & Structured
Products

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Highlights

Global	Market sentiment softened a tad, driven in part by concerns about US consumption strength after retailer Macy's issued an unsupportive earnings forecast yesterday. Meanwhile, oil price remains relatively supported. Data showing that American crude oil stockpile has unexpectedly dropped brought the price of WTI benchmark to around USD46 per barrel. For the day ahead, market will be looking out for decision from the central bank of the Philippines, whereby consensus is for the BSP to leave its policy rate unchanged at 4.0%. Today's economic calendar includes US initial jobless claim figures and import price index, industrial production figures from India and the Eurozone and inflation prints from France and India. Central banks, BOE and BSP rate decisions are due to be also announced today but we expect rates to likely remain static.
US	Equity markets gave up gains from Tuesday to close sharply lower. Indices were dragged down by earnings misses from Disney and Macy's in the consumer discretionary space, with investors concerned that American consumers may keep their purse strings tight. S&P 500 (-0.96%), Dow (-1.21%) and Nasdaq (-1.02%). 2-year and 10-year US Treasuries yield 0.73% and 1.73% respectively. Of note was the Treasury's auction of \$23 billion worth of 10-year bonds at a yield of 1.71%. VIX ended up 7.78% at 14.69.
Singapore	The STI closed lower, falling by 0.3% to close at 2732.87. Wilmar International Ltd (-3.52%) and Hongkong Land Holdings Ltd (-1.6%) led the decline with Hutchison Port Holdings, which erased previous day's gains to fall by 2.3%. On the flip side, cushioning the fall was Singapore Airlines Ltd (+2.73%), Thai Beverage PCL (+2.68) and SATS Ltd (+0.69). Expect the STI to remain on the downside today given weak overnight cues by US equity markets with support and resistance tipped at 2700 and 2760 respectively.
Indonesia	Finance Minister Bambang Brodjonegoro said that S&P was impressed with government's reform efforts, after an assessment trip by the ratings agency. S&P is the last major agency that has yet to upgrade Indonesia into investment grade territory. It mentioned before that it may do so within a year.
Malaysia	Abu Dhabi's IPIC has reportedly paid USD52.4mn worth of coupon due yesterday on 1MDB's 5.99% bond. This comes after 1MDB refused to pay the amount and opted for a default amid a dispute between the two parties.
Thailand	Bank of Thailand kept interest rates unchanged at 1.50% yesterday, in line with our expectations. This is its 8th consecutive meeting since its left policy rates unchanged, with its policy-makers tapping on government spending to aid economic growth instead.
Commodities	Unexpected fall in US crude oil inventories led oil prices higher. Statistically, stockpiles fell 3.41 million barrels last week, defying market call for another week of climb. Importantly as well, US oil production also fell to 8.8 million barrels per day. Elsewhere, note that a fifth of Nigeria's oil production (=400k bpd) is said to be disrupted given the militant attacks, while the wildfires in Canada is said to have caused a fall of more than 1 mbpd of production in the area. Over the long-term horizon to 2040, the US EIA suggested that oil demand will show "rising levels of demand" over the next three decades, "led by strong increases in countries outside the OECD", in its latest International Energy Outlook 2016 report.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-steepened yesterday, with the short-end trading 4bps lower while the belly-to-long end rates traded 1bp-2bps lower. Within the SGD corporates space, we saw better buyers in FCLSP 4.25%'26s, better sellers in OLAMSP 6%'22s, BNP 4.3%'25s, SCISP 4.75%'49s, and mixed interests in GEMAU 5.5%'19s, ABNANV 4.75%'26s, GENSSP 5.125%'49s, OCBCSP 3.8%'49s. In the broader dollar space, the spread on the JACI IG corporates was level at 229bps, while the yield on the JACI HY corporates decreased 2bps to 7.31%. 10y UST yield decreased by 2bps to 1.74%.
- **New Issues:** CICC Hong Kong Finance 2016 MTN Ltd priced a USD500mn 3-year bond at CT3+192.5bps, tightening from an initial guidance of CT3+225bps. The paper is expected to be rated "BBB+/NR/BBB+". State Grid Overseas Investment (2016) Ltd priced a two part deal yesterday, with the USD500mn 5-year bond tranche priced at CT5+95bps, tightening from an initial guidance of CT5+120bps. The USD500mn 10-year bond tranche was priced at CT10+125bps, tightening from an initial guidance of CT10+150bps. The expected ratings for the papers are "AA-/Aa3/A+". Societe Generale priced a SGD425mn Tier 2 10NC5 at 4.3%, tightening from an initial guidance of 4.5%. The paper is expected to be rated "BBB/A-/Baa3". CBA priced a USD1bn 10-year bond at CT10+112.5bps, tightening from an initial guidance of CT10+125bps. The paper is expected to be rated "AA-/Aa2/AA-". UOB priced a SGD750mn AT1 NC5 perpetual capital securities at 4%, tightening from an initial guidance of 4.25%. The paper is expected to be rated "NR/A3/BBB".
- **Rating Changes:** S&P downgraded STATS ChipPAC Ltd to "B+" from "BB-", in light of weaker than expected earnings in the past two quarters for STATS ChipPAC and parent company JCET. Outlook is negative, reflecting the risk of continued weakness in the outsourced semiconductor assembly and testing ("OSAT") industry. S&P initiated a "BB+" long-term local issuer credit rating to Zhongrong International Trust Co Ltd, with no further information furnished on Bloomberg. S&P revised QBE Insurance Group Ltd's rating outlook on its "A-" issuer credit rating to positive from stable, in light of expectations that the group's earnings profile will strengthen as well as a material improvement in the operating performance of its North American operations. Meanwhile, Moody's initiated a "Baa2" long-term issuer rating to CMB Financial Leasing Co Ltd with a negative rating outlook, in line with the outlook for CMB Financial Leasing's parent, China Merchants Bank Co Ltd. The rating incorporates the company's standalone credit profile of "ba3" and a four-notch uplift from very high likelihood of support from China Merchants Bank Co Ltd, if needed.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.823	-0.50%	USD-SGD	1.3657	-0.23%
USD-JPY	108.410	-0.79%	EUR-SGD	1.5603	0.24%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2600	0.60%
AUD-USD	0.7375	0.16%	GBP-SGD	1.9729	-0.20%
GBP-USD	1.4448	0.04%	AUD-SGD	1.0072	-0.07%
USD-MYR	4.0350	-0.29%	NZD-SGD	0.9313	0.66%
USD-CNY	6.4985	-0.34%	CHF-SGD	1.4063	0.27%
USD-IDR	13309	0.17%	SGD-MYR	2.9456	-0.47%
USD-VND	22287	-0.03%	SGD-CNY	4.7542	-0.09%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3490	--	O/N	0.3845	--
2M	-0.2920	--	1M	0.4373	--
3M	-0.2600	--	2M	0.5190	--
6M	-0.1440	--	3M	0.6281	--
9M	-0.0780	--	6M	0.9049	--
12M	-0.0130	--	12M	1.2244	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.63	-0.40	3.24
Italy	-0.07	-0.40	1.47
Ireland	-0.36	-0.70	0.86
Greece*	7.82	15.90	7.48
Spain	-0.07	-0.40	1.60
Russia^	3.07	-6.10	4.83

* 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	17,711.12	-217.20
S&P	2,064.46	-19.90
Nasdaq	4,760.69	-49.20
Nikkei 225	16,579.01	13.80
STI	2,732.87	-8.30
KLCI	1,644.58	8.70
JCI	4,799.96	36.80
Baltic Dry	579.00	-15.00
VIX	14.69	1.10

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.02 (-0.03)	0.73 (+0.01)
5Y	1.59 (-0.05)	1.20 (-0.01)
10Y	1.98 (-0.04)	1.74 (-0.02)
15Y	2.33 (-0.05)	--
20Y	2.40 (-0.05)	--
30Y	2.52 (-0.04)	2.58 (-0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	24.34	-0.41
EURIBOR-OIS	8.40	--
TED	37.23	-1.17

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	46.23	3.52%	Coffee (per lb)	1.279	0.79%
Brent (per barrel)	47.60	4.57%	Cotton (per lb)	0.6060	-0.49%
Heating Oil (per gallon)	1.397	4.43%	Sugar (per lb)	0.1677	4.68%
Gasoline (per gallon)	1.58	6.45%	Orange Juice (per lb)	1.4555	0.07%
Natural Gas (per MMBtu)	2.173	0.70%	Cocoa (per mt)	3,045	-1.17%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,708.0	0.60%	Wheat (per bushel)	4.4950	-0.44%
Nickel (per mt)	8,847	2.02%	Soybean (per bushel)	10.698	-0.58%
Aluminium (per mt)	1,549.3	0.67%	Corn (per bushel)	3.7400	-1.19%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,275.5	0.85%	Crude Palm Oil (MYR/MT)	2,690.0	0.75%
Silver (per oz)	17.302	1.33%	Rubber (JPY/KG)	174.0	-0.80%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised
05/11/2016 07:00	SK Unemployment rate SA	Apr 3.80%	3.70%	3.80%	--
05/11/2016 07:27	NZ REINZ House Sales YoY	Apr --	18.40%	8.20%	--
05/11/2016 08:30	AU Westpac Cons Conf SA MoM	May --	8.50%	-4.00%	--
05/11/2016 09:00	PH Exports YoY	Mar -9.10%	-15.10%	-4.50%	--
05/11/2016 09:30	AU Home Loans MoM	Mar -1.50%	-0.90%	1.50%	0.90%
05/11/2016 13:00	JN Leading Index CI	Mar P 96.3	98.4	96.8	--
05/11/2016 15:30	TH BoT Benchmark Rate	May-11 1.50%	1.50%	1.50%	--
05/11/2016 16:30	UK Industrial Production MoM	Mar 0.50%	0.30%	-0.30%	-0.20%
05/11/2016 16:30	UK Industrial Production YoY	Mar -0.40%	-0.20%	-0.50%	0.10%
05/11/2016 16:30	UK Mfg Production MoM	Mar 0.30%	0.10%	-1.10%	-0.90%
05/11/2016 16:30	UK Manufacturing Production YoY	Mar -1.90%	-1.90%	-1.80%	-1.60%
05/11/2016 19:00	US MBA Mortgage Applications	May-06 --	0.40%	-3.40%	--
05/11/2016 22:00	UK NIESR GDP Estimate	Apr --	0.30%	0.30%	0.40%
05/12/2016 02:00	US Monthly Budget Statement	Apr \$107.0b	\$106.5b	\$156.7b	--
05/12/2016 06:30	NZ BusinessNZ Mfg PMI	Apr --	56.5	54.7	--
05/12/2016 06:45	NZ Food Prices MoM	Apr --	0.30%	0.50%	--
05/12/2016 07:01	UK RICS House Price Balance	Apr 35%	41%	42%	--
05/12/2016 07:50	JN BoP Current Acc Balance	Mar ¥2965.6b	¥2980.4b	¥2434.9b	--
05/12/2016 07:50	JN Trade Balance BoP Basis	Mar ¥906.7b	¥927.2b	¥425.2b	--
05/12/2016 07:50	JN Foreign Buying Japan Stocks	May-06 --	¥434.6b	¥602.0b	--
05/12/2016 12:00	MA Industrial Production YoY	Mar 3.00%	--	3.90%	--
05/12/2016 13:00	JN Eco Watchers Survey Current	Apr 44	--	45.4	--
05/12/2016 13:00	JN Eco Watchers Survey Outlook	Apr 46.2	--	46.7	--
05/12/2016 14:45	FR CPI EU Harmonized MoM	Apr F 0.10%	--	0.10%	--
05/12/2016 14:45	FR CPI EU Harmonized YoY	Apr F -0.10%	--	-0.10%	--
05/12/2016 14:45	FR CPI MoM	Apr F 0.10%	--	0.10%	--
05/12/2016 14:45	FR CPI YoY	Apr F -0.20%	--	-0.20%	--
05/12/2016 14:45	FR CPI Ex-Tobacco Index	Apr 100.08	--	100.02	--
05/12/2016 16:00	PH BSP Overnight Rate	May-12 4.00%	--	4.00%	--
05/12/2016 17:00	EC Industrial Production SA MoM	Mar 0.00%	--	-0.80%	--
05/12/2016 17:00	EC Industrial Production WDA YoY	Mar 0.90%	--	0.80%	--
05/12/2016 19:00	UK Bank of England Bank Rate	May-12 0.50%	--	0.50%	--
05/12/2016 19:00	UK BOE Asset Purchase Target	May 375b	--	375b	--
05/12/2016 20:00	IN CPI YoY	Apr 5.05%	--	4.83%	--
05/12/2016 20:00	IN Industrial Production YoY	Mar 2.50%	--	2.00%	--
05/12/2016 20:30	US Import Price Index MoM	Apr 0.60%	--	0.20%	--
05/12/2016 20:30	CA New Housing Price Index MoM	Mar 0.10%	--	0.20%	--
05/12/2016 20:30	US Initial Jobless Claims	May-07 270k	--	274k	--
05/12/2016 20:30	US Continuing Claims	Apr-30 2120k	--	2121k	--
05/12/2016 21:45	US Bloomberg Consumer Comfort	May-08 --	--	42	--
05/12/2016 05/15	CH New Yuan Loans CNY	Apr 800.0b	--	1370.0b	--
05/12/2016 05/15	CH Money Supply M1 YoY	Apr 21.50%	--	22.10%	--
05/12/2016 05/15	CH Money Supply M2 YoY	Apr 13.50%	--	13.40%	--
05/11/2016 05/20	ID Local Auto Sales	Apr --	--	93990	--

Source: Bloomberg

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