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Highlights

Global	The FOMC kept its policy settings unchanged as widely expected, with George as the sole dissenter again preferring a rate hike. The key changes in the statement suggested that an acknowledgement of a soft patch in 1Q, but nevertheless not too perturbed about growth expectations for the US economy further out. It opined that “a range of recent indicators, including strong job gains, points to additional strengthening of the labor market” “even as growth in economic activity appears to have slowed”. For consumption, the FOMC noted “growth in household spending has moderated, although households’ real income has risen at a solid rate and consumer sentiment remains high” and “since the beginning of the year, the housing sector has improved further but business fixed investment and net exports have been soft”. The earlier reference to “balance of risks to the outlook” remained missing and this was what market players latched on to as signalling that there was no hurry to hike rates at the next FOMC meeting in June. This statement continues to emphasize that the Fed is data-dependent, so keep an eye on the Fed speech rhetoric over the next few weeks to give some colour if June/July meetings are really out of the window. For now, the implied Fed funds probabilities remain low for the 15 June and 27 July meetings at 35% and 49% respectively. We continue to hold to two rate hikes this year, but the timing of the next hike could be delayed till 2H16. For today, market attention will shift to the BOJ as market speculation remains mixed if further stimulus is on tap. For economic data, there are the US’ initial jobless claims, actual 1Q16 GDP growth, Eurozone economic/consumer confidence, German CPI and Japan’s housing starts.
US	Pending home sales eased from a revised 3.4% mom (+5.0% yoy) in February to 1.4% mom (+2.9% yoy) to a 10-month high in March, but beat market expectations and suggesting that housing demand remained robust amid low mortgage rates. Meanwhile, the March trade deficit narrowed from US\$63.4b to a 1-year low of US\$56.9b in March, as imports collapsed, especially for consumer goods, capital equipment and industrial supplies.
NZ	RBNZ kept its 2.25% official cash rate static as widely anticipated, albeit governor Wheeler noted that “further policy easing may be required to ensure that future average inflation settles near the middle of the target range” and “a lower New Zealand dollar is desirable to boost tradeables inflation and assist the tradeables sector”.
UK	1Q16 GDP growth moderated to 0.4% qoq (+2.1% yoy) amid softening momentum in services and declining manufacturing and construction, even as the 23 June Brexit referendum risks are approaching. This may deter any policy normalisation hopes for the BOE’s MPC.
China	Industrial profits jumped by 11.1% in March, marking the largest gains since July 2014 while further pointing towards signs of economic stabilization. However, it is still too early to call for a bottoming-out of China’s industrial sector as de-capacity still requires long-term effort.
SG	The Macroeconomic Review flagged slower wage growth of 2.5-3% this year, below 2015’s 3.5% print and warned that given the more downbeat external outlook, corporate margins may come under further strain in the near term.

Major Market

- **US:** The S&P 500 (+0.16%) and Dow (+0.28%) closed higher overnight as the Fed acknowledged a slow but consistent growth in the domestic US economy, and provided reassurance on a gradual rate hike path. Nasdaq, however, slid 0.51% amid a weakness in the tech sector and a weak earnings report by Apple Inc. US Treasuries snapped a losing streak, with yields falling across the curve. 2-year and 10-year US Treasury bonds yield 0.81% and 1.85% respectively. Meanwhile, volatility continues to subside, with VIX closing down 1.36%.
- **Singapore:** The STI extended declines by 0.69% to close at 2874.72 yesterday, but may be heartened by the relatively dovish tone in both the FOMC and RBNZ statements. STI may trade firmer today, within a range of 2860-2900 while awaiting BOJ cues. Meanwhile, SGS bonds may also see a relief rally amid a still cautious FOMC. The \$1.3b 7-year SGS bond re-opening fetched a cut-off yield of 2.01% with a bid-cover ratio of 2.17x and a tail of 5bps.
- **Macau:** Jobless rates held steady at 1.9% in the 1Q as job created in the construction sector managed to offset the decreased employment in the gaming and retail sectors. Moving forward, as most new casino and hotel projects are scheduled to be completed between 2H 2016 to 2017, the construction and hotel sectors are also expected to show growth in hiring. A fresh wave of new casino openings may also be able to also help to absorb the redundant employees in the gaming sector. Nevertheless, subdued tourist spending may continue to weigh on employers and result in increased retrenchments in the retail sector. All in all, we expect overall jobless rate to remain stable below 2% this year. Meanwhile, the prospect of slower growth across all sectors amid dimmer outlook is expected to weigh on domestic consumption and the housing market.
- **FOMC and the USD:** Based on last night's FOMC meeting, we think the door for the next rate hike continues to swing both ways with no clear guidance that the next FOMC will be explicitly "live". Overall impact on the USD is therefore expected to remain muted with no watershed expected at this juncture. Expect investors to be reduced to looking for cues instead from the other central banks in the near term.
- **Commodities:** Crude oil prices surged to its highest level since Nov 15, with Brent reaching US\$47.18/bbl while WTI climbed to US\$45.33/bbl. The rise in prices came on the back of lower US crude output surprised markets to print 8.94million barrels per day, the least since Oct 14.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded down 3bps-4bps, with the exception of the 1-year rate which traded down by 5bps. Flows in the SGD corporate space were moderate, where we saw better buyers in GENSSP 5.125%'49s, STANLN 4.4%'26s and mixed interests in ASPSP 5.05%'19s, ABNANV 4.75%'26s, SCISP 4.75%'49s, OLAMSP 4.25%'19s and FCL 4.25%'26s. In the broader dollar space, the spread on the JACI IG corporates widened by 1bp to 226bps, while the yield on the JACI HY corporates decreased by 4bps to 7.53%. 10y UST yield decreased by 8bps to 1.85% following the release of the FOMC statement where rates were left on hold while signalling that the concerns about a slowdown in growth had eased.
- **New Issues:** Boubyan Bank has scheduled for investor meetings in Asia, the Middle East and Europe from 1st May 2016, which may result in a USD AT1 Sukuk issue.
- **Rating Changes:** S&P affirmed Cambridge Industrial Trust's "BBB-" long-term corporate credit rating with a stable outlook. The rating reflected the company's stable position within the Singapore industrial market, as Cambridge continues its strategy to improve its portfolio quality. Moody's has

downgraded Gemdale Corporation's corporate family rating to "Ba2" from "Ba1", at the same time revising the outlook on the rating to stable from negative. The downgrade reflects our expectation that the company will continue to show weakened credit metrics over the next 12-18 months. Fitch has withdrawn China Shanshui Cement Group Ltd's ("Shanshui") rating, as Shanshui has chosen to stop participating in the rating process. Before the withdrawal, Shanshui had a senior unsecured rating of "C". The stock is also suspended for trading as of 27 April 2016. Fitch has affirmed China Yangtze Power Company Ltd's ("CYPC") long-term issuer default rating at "A+", with stable outlook. The rating is in light of an equalizing with that of parent China Three Gorges Corporation due to the strong integration between the two firms.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.387	-0.20%	USD-SGD	1.3493	-0.17%
USD-JPY	111.460	0.13%	EUR-SGD	1.5278	0.05%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2107	-0.30%
AUD-USD	0.7591	-2.04%	GBP-SGD	1.9624	-0.43%
GBP-USD	1.4543	-0.27%	AUD-SGD	1.0243	-2.21%
USD-MYR	3.9150	-0.36%	NZD-SGD	0.9224	-1.08%
USD-CNY	6.4980	0.07%	CHF-SGD	1.3895	0.08%
USD-IDR	13202	-0.02%	SGD-MYR	2.9011	-0.18%
USD-VND	22279	-0.05%	SGD-CNY	4.8109	0.16%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3430	--	O/N	0.3807	--
2M	-0.2890	--	1M	0.4377	--
3M	-0.2520	--	2M	0.5225	--
6M	-0.1430	--	3M	0.6344	--
9M	-0.0770	--	6M	0.9119	--
12M	-0.0140	--	12M	1.2426	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)		10Y Bond Ylds (bpschg)		10Y Bund Spread %
Portugal	0.65	0.40	3.19	-3.70	2.90
Italy	-0.03	-2.20	1.52	-1.70	1.23
Ireland	-0.34	-2.20	0.97	-0.90	0.68
Greece*	11.52	117.50	8.99	39.10	8.71
Spain	-0.03	-1.20	1.63	-0.70	1.34
Russia^	3.13	-0.80	4.92	-0.20	4.63

* 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	18,041.55	51.20
S&P	2,095.15	3.50
Nasdaq	4,863.14	-25.10
Nikkei 225	17,290.49	-62.80
STI	2,874.72	-19.90
KLCI	1,692.34	-0.20
JCI	4,845.66	31.60
Baltic Dry	715.00	11.00
VIX	13.77	-0.20

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.05 (-0.01)	0.82 (-0.04)
5Y	1.69 (-0.04)	1.32 (-0.07)
10Y	2.03 (-0.02)	1.85 (-0.08)
15Y	2.41 (-0.03)	--
20Y	2.49 (-0.03)	--
30Y	2.62 (-0.03)	2.70 (-0.05)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	24.33	0.16
EURIBOR-OIS	9.10	--
TED	40.44	1.41

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	45.33	2.93%	Coffee (per lb)	1.211	-3.35%
Brent (per barrel)	47.18	3.15%	Cotton (per lb)	0.6407	0.96%
Heating Oil (per gallon)	1.380	3.53%	Sugar (per lb)	0.1555	-1.40%
Gasoline (per gallon)	1.58	0.95%	Orange Juice (per lb)	1.2415	0.73%
Natural Gas (per MMBtu)	1.995	-1.82%	Cocoa (per mt)	3,170	-0.35%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,903.0	-1.19%	Wheat (per bushel)	4.7425	-1.15%
Nickel (per mt)	9,173	0.11%	Soybean (per bushel)	10.190	0.12%
Aluminium (per mt)	1,641.5	-0.24%	Corn (per bushel)	3.8075	-0.39%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,249.2	0.56%	Crude Palm Oil (MYR/MT)	2,615.0	-1.47%
Silver (per oz)	17.289	1.05%	Rubber (JPY/KG)	191.9	-0.36%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised
04/27/2016 06:45	NZ Trade Balance	Mar	401m	117m	339m
04/27/2016 06:45	NZ Exports	Mar	4.65b	4.20b	4.25b
04/27/2016 06:45	NZ Imports	Mar	4.28b	4.09b	3.91b
04/27/2016 09:30	AU CPI QoQ	1Q	0.20%	-0.20%	0.40%
04/27/2016 09:30	AU CPI YoY	1Q	1.70%	1.30%	1.70%
04/27/2016 09:30	AU CPI Trimmed Mean QoQ	1Q	0.50%	0.20%	0.60%
04/27/2016 09:30	AU CPI Trimmed Mean YoY	1Q	2.00%	1.70%	2.10%
04/27/2016 11:13	MU Unemployment Rate	Mar	--	1.90%	1.90%
04/27/2016 12:30	JN All Indust Activity Index MoM	Feb	-1.30%	-1.20%	2.00%
04/27/2016 13:00	JN Small Business Confidence	Apr	48.5	47.8	48.8
04/27/2016 14:00	GE Import Price Index MoM	Mar	0.30%	0.70%	-0.60%
04/27/2016 14:00	GE GfK Consumer Confidence	May	9.4	9.7	9.4
04/27/2016 14:45	FR Consumer Confidence	Apr	95	94	94
04/27/2016 15:45	VN Exports YTD YoY	Apr	4.10%	6.00%	4.10%
04/27/2016 16:00	EC M3 Money Supply YoY	Mar	5.00%	5.00%	5.00%
04/27/2016 16:00	IT Consumer Confidence Index	Apr	115	114.2	115
04/27/2016 16:00	IT Business Confidence	Apr	102.5	102.7	102.2
04/27/2016 16:30	UK GDP QoQ	1Q A	0.40%	0.40%	0.60%
04/27/2016 16:30	UK GDP YoY	1Q A	2.00%	2.10%	2.10%
04/27/2016 19:00	US MBA Mortgage Applications	Apr-22	--	-4.10%	1.30%
04/27/2016 22:00	US Pending Home Sales MoM	Mar	0.50%	1.40%	3.50%
04/28/2016 02:00	US FOMC Rate Decision	Apr-27	0.50%	0.50%	0.50%
04/28/2016 05:00	NZ RBNZ Official Cash Rate	Apr-28	2.25%	2.25%	2.25%
04/28/2016 07:30	JN Jobless Rate	Mar	3.30%	3.20%	3.30%
04/28/2016 07:30	JN Job-To-Applclicant Ratio	Mar	1.28	1.3	1.28
04/28/2016 07:30	JN Natl CPI YoY	Mar	0.00%	-0.10%	0.30%
04/28/2016 07:30	JN Natl CPI Ex Fresh Food YoY	Mar	-0.20%	-0.30%	0.00%
04/28/2016 07:30	JN Natl CPI Ex Food, Energy YoY	Mar	0.80%	0.70%	0.80%
04/28/2016 07:30	JN Tokyo CPI YoY	Apr	-0.20%	-0.40%	-0.10%
04/28/2016 07:30	JN Tokyo CPI Ex-Fresh Food YoY	Apr	-0.30%	-0.30%	-0.30%
04/28/2016 07:50	JN Retail Trade YoY	Mar	-1.40%	--	0.50%
04/28/2016 07:50	JN Retail Sales MoM	Mar	0.50%	--	-2.30%
04/28/2016 07:50	JN Industrial Production MoM	Mar P	2.80%	--	-5.20%
04/28/2016 07:50	JN Industrial Production YoY	Mar P	-1.60%	--	-1.20%
04/28/2016 10:00	SK Department Store Sales YoY	Mar	--	--	-1.90%
04/28/2016 10:30	SI Unemployment rate SA	1Q	2.00%	--	1.90%
04/28/2016 13:00	JN Housing Starts YoY	Mar	-0.60%	--	7.80%
04/28/2016 14:00	UK Nationwide House PX MoM	Apr	0.40%	--	0.80%
04/28/2016 15:55	GE Unemp Change (000's)	Apr	0k	--	0k
04/28/2016 15:55	GE Unemp Claims Rate SA	Apr	6.20%	--	6.20%
04/28/2016 17:00	EC Economic Confidence	Apr	103.4	--	103
04/28/2016 17:00	EC Consumer Confidence	Apr F	-9.3	--	-9.3
04/28/2016 20:00	GE CPI MoM	Apr P	-0.20%	--	0.80%
04/28/2016 20:00	GE CPI YoY	Apr P	0.10%	--	0.30%
04/28/2016 20:00	GE CPI EU Harmonized MoM	Apr P	-0.20%	--	0.80%
04/28/2016 20:00	GE CPI EU Harmonized YoY	Apr P	0.00%	--	0.10%
04/28/2016 20:30	US Initial Jobless Claims	Apr-23	259k	--	247k
04/28/2016 20:30	US Continuing Claims	Apr-16	2136k	--	2137k
04/28/2016 20:30	US GDP Annualized QoQ	1Q A	0.60%	--	1.40%
04/28/2016 20:30	US Personal Consumption	1Q A	1.70%	--	2.40%
04/28/2016 20:30	US GDP Price Index	1Q A	0.50%	--	0.90%
04/28/2016 21:45	US Bloomberg Consumer Comfort	Apr-24	--	--	42.9
04/28/2016	MU Hotel Occupancy Rate	Mar	--	--	78.6

Source: Bloomberg

OCBC Treasury Research		
<u>Macro Research</u> Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Wellian Wiranto WellianWiranto@ocbc.com Tommy Xie Dongming XieD@ocbc.com Barnabas Gan BarnabasGan@ocbc.com	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Koh Jun Ming, Nicholas NicholasKoh@ocbc.com	<u>Wing Hang</u> Kam Liu kamyyliu@ocbcwh.com Carie Li carierli@ocbcwh.com

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