

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

Tel: 6349-1888 / 1881

**Interest Rate Derivatives**

Tel: 6349-1899

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

Tel: 6349-1886

**GT Institutional Sales**

Tel: 6349-1810

**Highlights**

<b>Global</b>	Global risk appetite was held in check amid a quiet data calendar yesterday and as market players are awaiting further cues from key US' nonfarm payrolls and unemployment report this Friday. Wall Street ended little changed yesterday amid less than stellar personal spending data, with the Dow +0.11%, S&P500 +0.05% and Nasdaq -0.14%. VIX +3.39% to 15.24. The 1Q earnings season will kick off with Alcoa on 11 April. The 2- and 10-year US Treasury bond yields ended at 0.87% and 1.89% respectively. Today's market attention will focus on Fed chair Yellen's speech to the Economics Club of New York and it remains to be seen if she will echo the slightly hawkish tone emanating from other Fed speakers of late. Of particular interest will be her assessment of the US economy and if the April FOMC meeting is "live" in any sense as this may prompt a market recalibration of the April rate hike odds which currently stand at a miniscule 6% at this juncture. Other things to watch include US' S&P/CaseShillier house prices, HK's trade deficit, and BOK minutes.
<b>US</b>	Pending home sales surged more than expected by 3.5% mom (+5.1% yoy), the most in a year with three of the four regions enjoying increases, albeit the core PCE inflation was subdued at +0.1% mom (+1.7% yoy) in Feb. Personal income rose more than anticipated by 0.2% but spending only increased for the third month by 0.1% in Feb, with the Jan data also revised down to +0.1% (previously +0.5%), which suggests consumer caution at the start of the year amid a drop in wage and salary income and an uptick in household savings rate to 5.4% (highest in a year).
<b>Singapore</b>	The \$2.6b 2-year SGS bond re-opening for tender today should be well-received given the large \$7.3b SGS bonds maturing in April. The STI lost another 0.6% to close at 2830.29 yesterday, and may continue to consolidate today within a 2800-2840 range. Meanwhile, SGS bonds may also be sidelined ahead of the 2-year SGS bond re-opening today.
<b>China</b>	The state owned steelmaker Dongbei Special Steel Group failed to repay its CNY800 million 1-year commercial paper, due yesterday, becoming the latest victim of overcapacity. However, the default may have psychological impact as it shows government's reduced willingness to rescue state-owned companies with high debt burden.
<b>Indonesia</b>	Bank Indonesia's Deputy Governor, Hendar, said that FX hedging transactions by local companies have risen by 13% in 2015 compared to the year before, reaching USD41.6bn. Hedging actions by state-owned companies, in particular, appear to have led the charge, jumping by 237%yoy over the period.

## Bond Market Updates

- **Market Commentary:** The entire SGD swap curve traded 1bp-2bps higher yesterday. In the broader dollar space, JACI IG corporates spread is level at 231bps, while the yield on the JACI HY corporates stayed flat at 7.80%. 10y UST increased by 1bp to 1.91%.
- **Rating Changes:** Fitch downgraded the long-term foreign and local currency Issuer Default Ratings (IDR) of Sime Darby Berhad (Sime Darby) to “BBB+” from “A”. This applies to Sime Darby’s senior unsecured USD1.5bn sukuk issue too. The downgrade reflects the extended period of high leverage, with the company taking longer than initially anticipated to deleverage due to the challenging environment for the industrial business and still-low but recovering crude palm oil (CPO) prices. Outlook is negative. S&P lowered the corporate rating on Mongolian Mining Corp to “D” from “CCC-”, following a missed payment on an amortizing bank loan and the cross default clauses in its debt agreements.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.943	-0.34%	USD-SGD	1.3699	-0.13%
USD-JPY	113.450	0.33%	EUR-SGD	1.5338	0.10%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2075	-0.49%
AUD-USD	0.7545	0.51%	GBP-SGD	1.9526	0.69%
GBP-USD	1.4254	0.86%	AUD-SGD	1.0334	0.30%
USD-MYR	4.0153	-0.54%	NZD-SGD	0.9209	0.39%
USD-CNY	6.5075	-0.13%	CHF-SGD	1.4064	0.20%
USD-IDR	13343	0.73%	SGD-MYR	2.9305	-0.49%
USD-VND	22295	-0.09%	SGD-CNY	4.7533	0.00%

### Equity and Commodity

Index	Value	Net change
DJIA	17,535.39	19.70
S&P	2,037.05	1.10
Nasdaq	4,766.79	-6.70
Nikkei 225	17,134.37	131.60
STI	2,830.29	-17.10
KLCI	1,702.41	-1.40
JCI	4,773.63	-53.50
Baltic Dry	406.00	--
VIX	15.24	0.50

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3310	--	O/N	0.3745	--
2M	-0.2770	--	1M	0.4350	--
3M	-0.2420	--	2M	0.5195	--
6M	-0.1340	--	3M	0.6286	--
9M	-0.0720	--	6M	0.9109	--
12M	-0.0050	--	12M	1.2312	--

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.91 (--)	0.87 (--)
5Y	1.69 (+0.02)	1.36 (-0.01)
10Y	2.00 (+0.01)	1.89 (-0.01)
15Y	2.37 (-0.01)	--
20Y	2.48 (--)	--
30Y	2.67 (--)	2.66 (-0.02)

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.63	0.00	2.96
Italy	0.02	0.00	1.30
Ireland	-0.36	0.00	0.82
Greece*	9.70	0.00	8.77
Spain	0.03	0.00	1.52
Russia^	3.37	-0.50	5.57

### Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.06	--
EURIBOR-OIS	8.10	-2.23
TED	36.41	1.53

\* 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

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	39.39	-0.18%	Coffee (per lb)	1.286	0.78%
Brent (per barrel)	40.27	-0.42%	Cotton (per lb)	0.5780	0.14%
Heating Oil (per gallon)	1.180	-1.49%	Sugar (per lb)	0.1594	0.44%
Gasoline (per gallon)	1.47	0.14%	Orange Juice (per lb)	1.3510	-0.59%
Natural Gas (per MMBtu)	1.848	2.33%	Cocoa (per mt)	2,970	0.27%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,945.0	--	Wheat (per bushel)	4.7100	1.73%
Nickel (per mt)	8,622	--	Soybean (per bushel)	9.090	-0.16%
Aluminium (per mt)	1,469.3	--	Corn (per bushel)	3.7050	0.14%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,220.1	-0.12%	Crude Palm Oil (MYR/MT)	2,705.0	1.69%
Silver (per oz)	15.194	0.02%	Rubber (JPY/KG)	170.7	2.22%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised
03/28/2016 20:30	US Personal Income	Feb 0.10%	0.20%	0.50%	--
03/28/2016 20:30	US Personal Spending	Feb 0.10%	0.10%	0.50%	0.10%
03/28/2016 20:30	US PCE Core MoM	Feb 0.20%	0.10%	0.30%	--
03/28/2016 22:00	US Pending Home Sales MoM	Feb 1.20%	3.50%	-2.50%	-3.00%
03/28/2016 22:30	US Dallas Fed Manf. Activity	Mar -25.8	-13.6	-31.8	--
03/29/2016 07:30	JN Jobless Rate	Feb 3.20%	3.30%	3.20%	--
03/29/2016 07:30	JN Job-To-Applicant Ratio	Feb 1.29	1.28	1.28	--
03/29/2016 07:50	JN Retail Trade YoY	Feb 1.60%	--	-0.10%	-0.20%
03/29/2016 07:50	JN Retail Sales MoM	Feb -0.90%	--	-1.10%	-0.40%
03/29/2016 13:00	JN Small Business Confidence	Mar 49	--	47.9	--
03/29/2016 16:00	EC M3 Money Supply YoY	Feb 5.00%	--	5.00%	--
03/29/2016 16:00	IT Consumer Confidence Index	Mar 114	--	114.5	--
03/29/2016 16:00	IT Business Confidence	Mar 102.4	--	102	--
03/29/2016 16:30	HK Exports YoY	Feb -5.10%	--	-3.80%	--
03/29/2016 16:30	HK Imports YoY	Feb -7.00%	--	-9.00%	--
03/29/2016 16:30	HK Trade Balance	Feb -29.2b	--	-17.5b	--
03/29/2016 20:30	CA Industrial Product Price MoM	Feb -0.20%	--	0.50%	--
03/29/2016 20:30	CA Raw Materials Price Index MoM	Feb -0.90%	--	-0.40%	--
03/29/2016 22:00	US Consumer Confidence Index	Mar 94	--	92.2	--
03/29/2016	MU Unemployment Rate	Feb --	--	1.90%	--
03/28/2016 20:30	US Personal Income	Feb 0.10%	--	0.50%	--
03/28/2016 20:30	US Personal Spending	Feb 0.10%	--	0.50%	--
03/28/2016 20:30	US PCE Core MoM	Feb 0.20%	--	0.30%	--
03/28/2016 22:00	US Pending Home Sales MoM	Feb 1.10%	--	-2.50%	--
03/28/2016 22:30	US Dallas Fed Manf. Activity	Mar -26	--	-31.8	--

Source: Bloomberg

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

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W