

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

Global	<p>Global risk appetite continued to extend on Yellen's earlier cautious overtones amid a quiet data calendar. Fed's Evans (non-voter) opined that "a very shallow path – such as the one envisioned by the median FOMC participant in March – is the most appropriate path for policy normalisation over the next three years" and "my assessment is the economy is going to be strong enough, we'll be raising rates two times this year", albeit it "could well be more if we do better". He also suggested that "moving in June would be on the basis of further improvements in the labour market like what we've had", while sounding uncertain on inflation since "it is too early to tell whether the recent firmer readings in the inflation data will last or prove to be temporary volatility and reverse in coming months" as "we saw this happen in 2012".</p> <p>Market focus will centre more on the economic data prints coming out these two days culminating with US' nonfarm payrolls and unemployment rate tomorrow. Of note today are the US' initial jobless claims, Chicago PMI and Challenger job cuts, as well as German unemployment change and retail sales, Eurozone CPI, UK's final 4Q15 GDP growth, Thai trade data and S'pore's bank loans growth. Speakers to watch include BOE governor Carney, IMF's Lagarde, PBOC governor Zhou and Fed's Evans.</p>
EZ	<p>Germany reported CPI rose more than expected by 0.8% mom (+0.3% yoy) in March, while the Eurozone's consumer confidence was unchanged at -9.7 and the economic confidence was a tad softer for the third straight month from a revised 103.9 print in Feb to a 13-month low of 103.0 in Mar, suggesting a slower pace of expansion.</p>
SG	<p>Bank loans growth may have fallen for the 5th straight month in Feb, following 1.2% yoy print in Jan, amid sluggish economic growth and cautious business sentiments.</p>
China	<p>The Ministry of Finance said yesterday that China's total government debt, which includes central government debt, local government debt and special local government debt, increased to CNY26.7 trillion at the end of 2015 accounting for 40% of GDP. The MOF said there is still room for the Chinese government to increase its leverage to help the corporates to de-leverage.</p>
Indonesia	<p>The government is lowering the price of fuel starting April 1st. The low-octane "Premium"-grade fuel will cost IDR6450/lt, 7% lower than before, while price of subsidized diesel has been slashed by around 9%. The government is planning to review regulated fuel prices every three months. Meanwhile, President Joko Widodo was quoted as saying that such moves should make it easier for the government to keep transportation and logistics costs under control.</p>
Commodities	<p>Any short-covering urge given oil falling past the sub-\$40/bbl price tag may well be effectively dissuaded by the sustained accumulation of US crude oil stocks ending 25 March. Market-watchers are also likely spooked by news that Saudi Aramco has the ability to expand oil and gas projects even at current prices while aiming to double production of natural gas over the next decade.</p>

Major Market

- **US:** Major US stock indices marked the 4th straight day of gains overnight, with S&P 500 +0.44%, the Dow +0.47% and Nasdaq +0.47%. VIX -1.88%, closed at 13.56, is at its lowest since Aug 2015. Meanwhile, the 2- and 10- US Treasury bond yields closed at 0.75% and 1.81% respectively.
- **Singapore:** The STI rebounded strongly by 1.9% to close at 2872.78 yesterday, tracking the extended pickup in global risk appetite on the back of Yellen's dovishness. Given still positive external cues, the STI could trade with a firmer bias again today with support and resistance tipped at 2860 and 2900. Meanwhile, SGS bonds may continue to rally in line with the overnight UST bond gains which were led by the front tenors.
- **Malaysia:** 1MDB said that it will repay MYR6bn in the next three weeks. According the CEO, Arul Kanda, this move will free it of short-term debt and bank loans, with at least MYR2.3bn left in the bank to boot. For good measure, he was quoted as saying that "There is no bailout of 1MDB", adding that the government-owned investment fund does need any money from our shareholders to get us to 2039."
- **Commodities:** Despite the sustained accumulation of US crude oil stocks for the week ended 25 March, energy demand in the US seen from the larger-than-expected fall in gasoline and distillates inventories, and higher US refinery utilisation (+2%) were observed.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-steepened yesterday mirroring moves in overnight treasuries post-Yellen. Short-end rates trading 8bps-11bps lower while the belly-to-long-end rates traded 7bps-8bps lower. In the broader dollar space, the spread on JACI IG corporates was level at 232bps, while the yield on the JACI HY corporates fell by 7bps to 7.73%. 10y UST increased by 2bps to 1.82%, partly retracing the previous day's declines.
- **New Issues:** 2 REITs issued paper yesterday, Soilbuild REIT priced a SGD100mn 5-year bond at 3.6%, in line with its initial guidance. The expected rating for the issue is "NR/Baa3/NR". Ascendas REIT also priced a SGD130mn 5-year deal at 2.655% or SDSW5+74bps.
- **Rating Changes:** Moody's has concluded the reviews for downgrades announced on 17 February, the rating actions are as follows:
 1. Moody's confirmed the "Aa3" issuer rating of China National Offshore Oil Corporation (CNOOC Group) and its key subsidiary, CNOOC Limited. The ratings outlook is negative. Moody's has lowered CNOOC Group's Baseline Credit Assessment (BCA) to "baa1" from "a3" as a result of deterioration in financial profile due to the weak oil price environment. Outlook is negative.
 2. Moody's has confirmed the "Aa3" issuer rating of China National Petroleum Corporation ("CNPC"), reflecting Moody's expectation that its credit metrics will stay within the tolerance levels for its BCA of "a1" despite weaker oil prices. Outlook is negative.
 3. Moody's has confirmed the "Aa3" issuer rating of China Petrochemical Corporation ("Sinopec Group") and its listed subsidiary, China Petroleum and Chemical Corporation ("Sinopec Corp") and the "A1" issuer rating of Sinopec Century Bright Capital Investment Limited ("SCB"), reflecting Moody's expectation that its credit metrics will remain stable despite weaker oil prices. Outlook is negative.
 4. Moody's has confirmed Kunlun Energy Company Limited's "A1" issuer and senior unsecured ratings. The rating action follows the confirmation of CNPC's rating with negative outlook as Kunlun Energy is a majority owned subsidiary of CNPC. Its rating benefits from three notches of uplift reflecting the company's strategic importance within the CNPC group.

5. Moody's affirmed Marubeni Corporation's "Baa2" issuer rating, and changes Marubeni's outlook to negative from stable. This is to reflect Moody's expectation that Marubeni will be unable to reduce its leverage to the levels previously expected due to a sustained challenging commodity and energy price environment.
- In other ratings news, S&P assigned its "BBB+" long-term issuer credit rating to China International Capital Corp Ltd ("CICC") and China International Capital Corp (Hong Kong) Ltd ("CICCHK"), reflecting CICC's "bbb-" stand-alone credit profile and the moderately high likelihood of extraordinary financial support from China's central government. Outlook is stable.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.841	-0.34%	USD-SGD	1.3502	-0.31%
USD-JPY	112.430	-0.24%	EUR-SGD	1.5308	0.11%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2009	-0.04%
AUD-USD	0.7671	0.58%	GBP-SGD	1.9414	-0.34%
GBP-USD	1.4378	-0.04%	AUD-SGD	1.0357	0.26%
USD-MYR	3.9352	-1.48%	NZD-SGD	0.9344	0.71%
USD-CNY	6.4683	-0.61%	CHF-SGD	1.3991	-0.14%
USD-IDR	13256	-1.04%	SGD-MYR	2.9130	-0.21%
USD-VND	22275	-0.15%	SGD-CNY	4.7897	0.56%

Equity and Commodity

Index	Value	Net change
DJIA	17,716.66	83.50
S&P	2,063.95	8.90
Nasdaq	4,869.29	22.70
Nikkei 225	16,878.96	-224.60
STI	2,872.78	53.70
KLCI	1,717.82	2.80
JCI	4,816.66	35.40
Baltic Dry	414.00	5.00
VIX	13.56	-0.30

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3320	--	O/N	0.3755	--
2M	-0.2770	--	1M	0.4329	--
3M	-0.2420	--	2M	0.5194	--
6M	-0.1340	--	3M	0.6309	--
9M	-0.0710	--	6M	0.9139	--
12M	-0.0060	--	12M	1.2387	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.85 (-0.12)	0.76 (-0.03)
5Y	1.49 (-0.12)	1.26 (-0.01)
10Y	1.85 (-0.11)	1.82 (+0.02)
15Y	2.23 (-0.1)	--
20Y	2.33 (-0.11)	--
30Y	2.53 (-0.1)	2.65 (+0.05)

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.59	-0.40	2.94
Italy	-0.01	-0.40	1.21
Ireland	-0.35	0.00	0.73
Greece*	9.58	-14.70	8.61
Spain	0.01	-0.60	1.43
Russia^	3.33	-8.00	5.38

Financial Spread (bps)

	Value	Change
LIBOR-OIS	24.68	1.52
EURIBOR-OIS	10.60	0.07
TED	43.18	2.47

* 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)	38.32	0.10%	Coffee (per lb)	1.270	-0.35%
Brent (per barrel)	39.26	0.31%	Cotton (per lb)	0.5767	0.51%
Heating Oil (per gallon)	1.160	0.36%	Sugar (per lb)	0.1587	0.06%
Gasoline (per gallon)	1.44	-1.20%	Orange Juice (per lb)	1.4180	3.73%
Natural Gas (per MMBtu)	1.996	4.89%	Cocoa (per mt)	2,974	0.13%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,872.5	-0.37%	Wheat (per bushel)	4.6400	-2.67%
Nickel (per mt)	8,397	-0.25%	Soybean (per bushel)	9.090	-0.76%
Aluminium (per mt)	1,487.0	0.46%	Corn (per bushel)	3.6700	-1.61%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,226.9	-0.72%	Crude Palm Oil (MYR/MT)	2,702.0	-1.06%
Silver (per oz)	15.211	-0.17%	Rubber (JPY/KG)	171.1	1.36%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time		Event		Survey	Actual	Prior	Revised
03/30/2016 05:45	NZ	Building Permits MoM	Feb	--	10.80%	-8.20%	-7.80%
03/30/2016 07:50	JN	Industrial Production MoM	Feb P	-5.90%	-6.20%	3.70%	--
03/30/2016 07:50	JN	Industrial Production YoY	Feb P	-1.70%	-1.50%	-3.80%	--
03/30/2016 10:00	SK	Department Store Sales YoY	Feb	--	-1.90%	9.00%	--
03/30/2016 17:00	EC	Economic Confidence	Mar	103.8	103	103.8	103.9
03/30/2016 17:00	EC	Consumer Confidence	Mar F	-9.7	-9.7	-9.7	--
03/30/2016 19:00	US	MBA Mortgage Applications	Mar-25	--	-1.00%	-3.30%	--
03/30/2016 20:00	GE	CPI MoM	Mar P	0.60%	0.80%	0.40%	--
03/30/2016 20:00	GE	CPI YoY	Mar P	0.10%	0.30%	0.00%	--
03/30/2016 20:00	GE	CPI EU Harmonized MoM	Mar P	0.70%	0.80%	0.40%	--
03/30/2016 20:00	GE	CPI EU Harmonized YoY	Mar P	0.00%	0.10%	-0.20%	--
03/30/2016 20:15	US	ADP Employment Change	Mar	195k	200k	214k	205k
03/31/2016 05:00	SK	Business Survey Manufacturing	Apr	--	70	66	--
03/31/2016 07:00	SK	Industrial Production SA MoM	Feb	0.00%	3.30%	-1.80%	-2.10%
03/31/2016 07:00	SK	Industrial Production YoY	Feb	-0.20%	2.40%	-1.90%	-2.20%
03/31/2016 07:05	UK	GfK Consumer Confidence	Mar	-1	0	0	--
03/31/2016 08:00	AU	HIA New Home Sales MoM	Feb	--	--	3.10%	--
03/31/2016 08:00	NZ	ANZ Business Confidence	Mar	--	--	7.1	--
03/31/2016 08:30	AU	Private Sector Credit MoM	Feb	0.50%	--	0.50%	--
03/31/2016 08:30	AU	Private Sector Credit YoY	Feb	6.50%	--	6.50%	--
03/31/2016 10:00	NZ	Money Supply M3 YoY	Feb	--	--	7.60%	--
03/31/2016 13:00	JN	Housing Starts YoY	Feb	-2.40%	--	0.20%	--
03/31/2016 13:00	JN	Annualized Housing Starts	Feb	0.880m	--	0.873m	--
03/31/2016 14:00	GE	Retail Sales MoM	Feb	0.40%	--	0.70%	-0.10%
03/31/2016 14:00	GE	Retail Sales YoY	Feb	2.20%	--	-0.80%	--
03/31/2016 14:45	FR	PPI MoM	Feb	--	--	-0.80%	--
03/31/2016 14:45	FR	CPI EU Harmonized MoM	Mar P	0.80%	--	0.30%	--
03/31/2016 14:45	FR	CPI EU Harmonized YoY	Mar P	-0.10%	--	-0.10%	--
03/31/2016 14:45	FR	CPI MoM	Mar P	0.70%	--	0.30%	--
03/31/2016 14:45	FR	CPI YoY	Mar P	-0.10%	--	-0.20%	--
03/31/2016 15:30	TH	Exports YoY	Feb	--	--	-9.30%	--
03/31/2016 15:30	TH	Trade Balance	Feb	--	--	\$2636m	--
03/31/2016 15:30	TH	BoP CA Balance	Feb	\$6700m	--	\$4066m	--
03/31/2016 15:55	GE	Unemployment Change	Mar	-6k	--	-10k	--
03/31/2016 15:55	GE	Unemp Claims Rate SA	Mar	6.20%	--	6.20%	--
03/31/2016 16:30	UK	Mortgage Approvals	Feb	73.5k	--	74.6k	--
03/31/2016 16:30	UK	Money Supply M4 MoM	Feb	--	--	0.00%	--
03/31/2016 16:30	UK	M4 Money Supply YoY	Feb	--	--	0.80%	--
03/31/2016 16:30	HK	Retail Sales Value YoY	Feb	-7.80%	--	-6.50%	--
03/31/2016 16:30	HK	Retail Sales Volume YoY	Feb	-6.50%	--	-5.20%	--
03/31/2016 16:30	UK	GDP QoQ	4Q F	0.50%	--	0.50%	--
03/31/2016 16:30	UK	GDP YoY	4Q F	1.90%	--	1.90%	--
03/31/2016 17:00	EC	CPI Estimate YoY	Mar	-0.10%	--	-0.20%	--
03/31/2016 17:00	EC	CPI Core YoY	Mar A	0.90%	--	0.80%	--
03/31/2016 17:00	IT	CPI NIC incl. tobacco MoM	Mar P	0.10%	--	-0.20%	--
03/31/2016 17:00	IT	CPI NIC incl. tobacco YoY	Mar P	-0.30%	--	-0.30%	--
03/31/2016 17:00	IT	CPI EU Harmonized MoM	Mar P	2.20%	--	-0.40%	--
03/31/2016 17:00	IT	CPI EU Harmonized YoY	Mar P	-0.20%	--	-0.20%	--
03/31/2016 18:00	IT	PPI MoM	Feb	--	--	-0.80%	--
03/31/2016 20:30	CA	GDP MoM	Jan	0.30%	--	0.20%	--
03/31/2016 20:30	US	Initial Jobless Claims	Mar-26	265k	--	265k	--
03/31/2016 20:30	US	Continuing Claims	Mar-19	2200k	--	2179k	--
03/31/2016 21:45	US	Chicago Purchasing Manager	Mar	50.7	--	47.6	--
03/31/2016 21:45	US	Bloomberg Consumer Comfort	Mar-27	--	--	43.6	--
03/31/2016	MU	Hotel Occupancy Rate	Feb	--	--	76.5	--
03/31/2016	PH	Bank Lending YoY	Feb	--	--	15.60%	--

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

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