

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>With many Asian markets returning from holiday today and playing catch-up, market players will be sensitive to the choppy action seen overnight in US markets after President Trump suggested reintroducing rules to separate commercial and investment banking operations and hiking the gas tax to fund infrastructure investment. He also suggested he would be willing to meet North Korean leader Kim Jong Un under the right conditions and defended his White House invitation to Philippines president Duterte saying that the "Philippines is very important to me strategically and militarily". Other key events to keep an eye on include RBA policy decision (likely static at 1.5% despite faster inflation) today, and FOMC tomorrow, April US' nonfarm payrolls and unemployment report on Friday, ongoing corporate earnings results (eg. Apple, Facebook etc), as well as the French second round election run-off on 7 May (with Le Pen threatening to begin Frexit negotiations immediately if elected). Today's economic data calendar comprises manufacturing PMIs from Asia (including S'pore) and Europe, Eurozone's Mar unemployment rate, and Indonesia's CPI. ECB's Nouy is also speaking.</p>
SG	<p>Manufacturing business expectations improved from three months ago, with a net weighted 7% anticipating better business conditions for the coming six months, up from 2% a quarter ago. In particular, electronics (+16%) and precision engineering (+16%) manufacturers were the most bullish, followed by biomedical (+4%), chemicals (+4%), and transport engineering (+4%), whereas general manufacturing (-9%) was still pessimistic (-9%). A net weighted 1% of services firms expect less favourable outlook for April – September, albeit this is an improvement from the -14% recorded three months ago. Still, this is the best reading since 3Q15 (+2%). Within services firms, business sentiments were mixed, with information & communications (+8%), wholesale trade (+6%) and financial & insurance (+5%) more upbeat given the upturn in demand, whereas the most pessimistic were retail trade (-29%), F&B services (-28%) and transport & storage (-18%), especially for air transport firms that anticipate passenger volumes to decline.</p> <p>S'pore's bank loans growth accelerated from 5.2% yoy (+0.1% mom) in Feb to 6.3% yoy in Mar. This lifted the 1Q17 bank loans growth to 4.8% yoy, which marks a strong start to the year and gives us greater confidence for our full-year bank loans growth of 7% yoy. However, the unemployment rate edged higher from 2.2% in 4Q16 to 2.3% in 1Q17, which is the highest since 4Q09, albeit still below the 3.3% peak seen in 3Q09. However, the resident and citizen unemployment rates were unchanged at 3.2% and 3.5% respectively in 1Q17, after rising from 3Q16.</p>
CH	<p>China's official PMI slipped to 51.2 in April, down from 51.8 in March. However, PMI for smaller business continued to improve to 50 in April. With the correction of raw material prices, the demand for restock may ease. This reinforces our view that the economic growth may have peaked in the first quarter and is expected to slow down at a controllable pace in the coming quarters.</p>

Major Markets

- **US:** The recent rally in technology stocks continued to power the Nasdaq, which rose another 0.73% to 6091.60 on Monday. Meanwhile, big banks took a temporary hit as Trump commented in an interview that he is considering breaking up the big banks and reviving the 1933 Glass-Steagall Act. S&P 500 rose 0.17%, while the Dow retreated 0.13%. Overall, equities appear to be dragged in multiple directions, with corporate earnings continuing to be a source of optimism, but geopolitical and policy developments influencing rather negatively. VIX slipped 6.6% to 10.11. In the US Treasury market, comments by Mnuchin on the possibility of the Treasury Department selling ultra-long bonds unsettled the markets. Yields rose 1-4 bps, with the 2- and 10-year benchmark yields standing at 1.27% and 2.32%.
- **Singapore:** The pick-up in output expectations gauge for manufacturers was more sharp from -4% to +16%, but employment conditions are likely to stay subdued (-5% from -16% previously) – note the manufacturing sector has been subtracting rather than adding to job creation in 1Q17. The revenue outlook for the services firms were also generally more subdued, which is in line with the softer domestic labour market conditions which may in turn constrain domestic consumption. The F&B services (-28%), accommodation (-23%) and retail trade (-22%) expect operating receipts to fall in 2Q17, whereas the recreation, community & personal services industry (RCPS) is the most optimistic at +9% with healthcare providers anticipating higher demand for their services. The employment outlook is also muted for the next six months, with a net weighted balance of 1%. The RCPS has the most positive hiring intentions at +10%.
- Business loans surged further for a 4th straight month from 6.4% yoy in Feb to 8.1% yoy (flat mom) in Mar, lifted by strong growth to financial institutions (+24.3% yoy), business services (+21.6% yoy), general commerce (2nd month of expansion at +15.5% yoy), and transport/storage/communications (+12.0% yoy). This affirms the recent pick-up in regional economic activities, albeit the pace could moderate slightly in the coming quarters, especially with the deleveraging and regulatory tightening concerns in China. Consumer loans also strengthened from 3.6% yoy to 3.8% yoy (+0.2% mom) over the same period, amid healthy loans to housing/bridging loans (+4.2% yoy), credit card loans (+4.2% yoy) and car loans (+0.6% yoy). Given the renewed interest in the domestic private residential property, mortgage loans should remain resilient. However, the buoyant bank loans data contrasted with the softness in the domestic labour market, which tends to lag the business cycle.
- Redundancies amounted to 4.8k in 1Q17, lower than 5.44k in 4Q16, but similar to the 4.71k in 1Q16, and fell in manufacturing but increased in construction and services. Services continued to form the bulk of redundancies (63%), followed by manufacturing (21%) and construction (17%). Total employment fell 8.5k in 1Q17, which is the largest decline since June 2003, and down from +2.3k in 4Q16 and +13.0k in 1Q16. In particular, construction subtracted 12.9k (negative for the third consecutive quarter) and manufacturing fell 4.4k (negative for 10 straight quarters), which outweighed the services sector that added 8.7k jobs (which is still lower than the +13.2k seen in 1Q16). In fact, manufacturing attrition of jobs have amounted to 43.3k since 4Q14 (equivalent to 8.1% loss in manufacturing employment since 4Q14), and the manufacturing sector's share of total employment has fallen from 15.1% to 13.5%. The labour market outlook is likely to remain uneven across sectors and industries, but we tip the overall unemployment rate should start to stabilize around the 2.5% region later this year. While SME sentiments are still somewhat soft, there are still selected industries that are benefiting from the external demand upswing, which coupled with the fading of some geopolitical concerns in April, should help to limit the fallout in the labour market in the near-term.
- STI closed up 0.13% at 3175.44 on Friday, and so far morning leads from Kospi are positive. STI's resistance and support are tipped at 3200 and 3160 respectively. With UST bond yield up around 1-5bps yesterday as longer-dated bond led the sell-off on suggestions of ultra-long supply (Treasury secretary Mnuchin suggested that it "could absolutely make sense"), the SGS bond market may follow suit today. The last time the US sold 50-year bonds was back in 1911 to fund the construction

of the Panama Canal.

- **Hong Kong:** Total loans and advances rose by 11.6% yoy in March. Specifically, loans for use in Hong Kong grew by 11.5% yoy as new residential mortgage loans increased remarkably on the back of the latest housing frenzy. Also, property developers at home and from Mainland China might have shown persistent funding needs for land purchases. Given the tight home supply and a panic buying spree of residential units, we expect the housing market to remain resilient this year and in turn underpinning domestic loan demand. On the other hand, loans for use outside of HK rose at its fastest pace since Aug 2015 by 11.6% yoy in March. The PBOC's regulatory control and Mainland policy support are likely to induce more loan demand from Mainland companies to HK's banking sector. Furthermore, controls on capital outflows by China's authorities have encouraged Mainland corporates to raise funds overseas for M&A deals. Therefore, we expect mainland-related loan business to continue to expand in the coming months.
- RMB deposits were down for the 19th consecutive month by 33.2% yoy to the lowest level since April 2011 in March. As PBOC loosened its grip on RMB cross-border payments and the concerns about Renminbi risks are easing, we expect RMB deposits in Hong Kong to stabilize in the coming months.
- **Macau:** Although the number of hotels and guesthouses in operation grew to record high of 108 and guest rooms amounted to 36,000, the increase in supply was effectively absorbed by the large influx of guests. Total number of hotel guests increased for its 20th consecutive month by 17.3% yoy in March while the average hotel occupancy rate surged for the 10th consecutive month by 5.5% yoy to reach 82.7%. Impressive growth (73.6% yoy) of the number of guests from Korea was witnessed in March while the lack of budget hotels and high transportation cost continued to drive Hong Kong visitors away, showing a 11.4% yoy decrease of hotel guests from Hong Kong in March. We are now looking at the possibility that these two factors may deter tourists from other regions from revisiting the gambling hub. If it is true, room glut may further manifest and weigh on the hotel sector.
- **Commodities:** Crude oil remains technically weak, as WTI and Brent turned south towards its 200-day moving average line once again. Note Saudi Aramco lowered its pricing for June oil exports into Asia to an 85 cents discount for its Arab crude light crude to the regional benchmark. Elsewhere, note copper rallied by over 2.0% overnight on intensified concerns over mine strikes at the world's second-largest copper mine by Freeport-McMoRan Inc at the Grasberg complex in Indonesia's Papua province.

Bond Market Updates

- **Market Commentary:** The SGD swap curve was range-bound last Friday, with swap rates trading 1-2bps across all tenors. Flows in SGD corporates were heavy last Friday, with better buying seen in GUOLSP 4%'22s, BAERVX 5.9%'49s, CREISP 3.5%'18s BNP 3.65%'24s, and better selling seen in GUOLSP 3.62%'21s. In the broader dollar space, the spread on JACI IG corporates fell 1bps to 197bps, while the yield on JACI HY corporates changed little at 6.62%. 10y UST yields rose 3bps to 2.32% over the long weekend, after US Treasury Secretary Steven Mnuchin said ultra-long bonds could "absolutely" make sense, sparking a sell-off in the longer tenors.
- **Rating Changes:** S&P assigned Logan Property Holdings Co. Ltd.'s (Logan) a 'BB-' corporate credit rating. The rating outlook is stable. The rating action reflects Logan's high geographical concentration and current high leverage. These factors are tempered by the company's established market position in Shenzhen and decent asset quality. Moody's downgraded Lippo Karawaci Tbk's (P.T.) (Lippo Karawaci) corporate family rating and the senior unsecured rating of the bonds issued by Theta Capital Pte. Ltd. (guaranteed by Lippo Karawaci) to 'B1' from 'Ba3'. The rating action reflects the weak operating performance of Lippo Karawaci's property development business, led by

continued delays in its new project launches and uncertainty over the completion of its targeted asset sales in 2017. Moody's downgraded Global A&T Electronics Ltd.'s (GATE) corporate family rating and senior secured ratings to 'Ca' from 'Caa3'. The ratings outlook remains negative. The rating action reflects the company's extremely tight liquidity situation and highly leveraged balance sheet, raising the likelihood of a requisite restructuring event or interest payment default over the next six months. Moody's placed Shanghai Huayi (Group) Company's (Huayi) 'Baa3' issuer rating and 'Ba1' rating on the USD notes issued by Huayi Finance I Ltd. under review for downgrade. The rating review reflects the continued weakness in Huayi's core business earnings, elevated debt leverage, reinvestment needs and related execution risk in the next 1-2 years, amid a slowing domestic economy.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	99.077	0.03%	USD-SGD	1.3969	-0.01%
USD-JPY	111.840	0.31%	EUR-SGD	1.5226	0.03%
EUR-USD	1.0899	0.04%	JPY-SGD	1.2490	-0.32%
AUD-USD	0.7526	0.51%	GBP-SGD	1.8000	-0.53%
GBP-USD	1.2886	-0.50%	AUD-SGD	1.0513	0.49%
USD-MYR	4.3410	--	NZD-SGD	0.9645	0.52%
USD-CNY	6.8935	--	CHF-SGD	1.4022	-0.14%
USD-IDR	13329	--	SGD-MYR	3.1076	-0.09%
USD-VND	22750	0.03%	SGD-CNY	4.9393	0.11%

Equity and Commodity

Index	Value	Net change
DJIA	20,913.46	-27.05
S&P	2,388.33	4.13
Nasdaq	6,091.60	44.00
Nikkei 225	19,310.52	113.78
STI	3,175.44	--
KLCI	1,768.06	--
JCI	5,685.30	--
Baltic Dry	1,109.00	--
VIX	10.11	-0.71

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3740	--	O/N	0.9294	--
2M	-0.3400	--	1M	0.9950	--
3M	-0.3290	--	2M	1.0372	--
6M	-0.2490	--	3M	1.1723	--
9M	-0.1790	--	6M	1.4263	--
12M	-0.1210	--	12M	1.7740	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.21 (--)	1.27 (+0.01)
5Y	1.59 (--)	1.84 (+0.03)
10Y	2.13 (--)	2.32 (+0.04)
15Y	2.28 (--)	--
20Y	2.37 (--)	--
30Y	2.41 (--)	3.00 (+0.05)

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.43	--	3.23
Italy	-0.08	--	1.97
Ireland	-0.43	--	0.54
Greece	6.38	--	6.03
Spain	-0.26	--	1.33
Russia	2.02	--	3.70

Financial Spread (bps)

	Value	Change
LIBOR-OIS	17.61	-0.51
EURIBOR-OIS	1.10	-1.88
TED	37.73	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	48.84	-0.99%	Coffee (per lb)	1.336	1.95%
Brent (per barrel)	51.52	-0.41%	Cotton (per lb)	0.8045	0.27%
Heating Oil (per gallon)	1.4878	-1.08%	Sugar (per lb)	0.1618	0.87%
Gasoline (per gallon)	1.5272	-1.34%	Orange Juice (per lb)	1.6125	1.99%
Natural Gas (per MMBtu)	3.2150	-1.86%	Cocoa (per mt)	1,812	-1.74%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,842.2	2.06%	Wheat (per bushel)	4.4275	5.79%
Nickel (per mt)	9,406.0	--	Soybean (per bushel)	9.590	1.45%
Aluminium (per mt)	1,904.0	--	Corn (per bushel)	3.6925	3.14%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,255.5	-1.01%	Crude Palm Oil (MYR/MT)	2,694.0	--
Silver (per oz)	16.780	-2.39%	Rubber (JPY/KG)	263.7	0.23%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 25 Apr 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Cotton	108,904	98,160	10,744	Corn	-123,048	-73,159	-49,889
Live Cattle	159,874	156,432	3,442	Nymex Crude	456,693	497,267	-40,574
Palladium	19,826	18,730	1,096	Wheat	-143,292	-121,002	-22,290
Heating Oil	31,404	33,604	-2,200	Coffee	95	19,931	-19,836
Platinum	27,088	29,390	-2,302	Sugar	71,137	87,484	-16,347
Copper	12,576	16,314	-3,738	Silver	94,428	105,462	-11,034
Gold	196,259	200,343	-4,084	Lean Hogs	13,111	23,840	-10,729
Cocoa	-27,188	-23,026	-4,162	Soybean	-38,371	-31,504	-6,867
RBOB Gasoline	51,830	56,491	-4,661	Natural Gas	-2,898	3,604	-6,502

Date	Time	Event		Survey	Actual	Prior	Revised
04/28/2017	06:45	NZ Building Permits MoM	Mar	--	-1.80%	14.00%	17.20%
04/28/2017	06:45	NZ Trade Balance NZD	Mar	370m	332m	-18m	-50m
04/28/2017	07:00	SK Industrial Production YoY	Mar	4.00%	3.00%	6.60%	6.70%
04/28/2017	07:30	JN Jobless Rate	Mar	2.90%	2.80%	2.80%	--
04/28/2017	07:30	JN Job-To-Applclicant Ratio	Mar	1.43	1.45	1.43	--
04/28/2017	07:30	JN Natl CPI YoY	Mar	0.30%	0.20%	0.30%	--
04/28/2017	08:30	TA GDP YoY	1Q P	2.40%	2.56%	2.88%	--
04/28/2017	09:00	NZ ANZ Business Confidence	Apr	--	11	11.3	--
04/28/2017	13:30	FR GDP QoQ	1Q A	0.40%	0.30%	0.40%	0.50%
04/28/2017	13:30	FR GDP YoY	1Q A	0.90%	0.80%	1.10%	1.20%
04/28/2017	14:00	UK Nationwide House Px NSA YoY	Apr	3.30%	2.60%	3.50%	--
04/28/2017	14:45	FR CPI YoY	Apr P	1.20%	1.20%	1.10%	--
04/28/2017	15:30	TH Foreign Reserves	Apr-21	--	\$183.6b	\$181.7b	--
04/28/2017	15:30	TH BoP Current Account Balance	Mar	\$4138m	\$2576m	\$5735m	--
04/28/2017	16:00	EC M3 Money Supply YoY	Mar	4.70%	5.30%	4.70%	--
04/28/2017	16:30	UK GDP YoY	1Q A	2.20%	2.10%	1.90%	--
04/28/2017	17:00	IT CPI EU Harmonized YoY	Apr P	1.60%	2.00%	1.40%	--
04/28/2017	17:00	EC CPI Estimate YoY	Apr	1.80%	1.90%	1.50%	--
04/28/2017	20:30	CA GDP MoM	Feb	0.10%	0.00%	0.60%	--
04/28/2017	21:45	US Chicago Purchasing Manager	Apr	56.2	58.3	57.7	--
04/28/2017	22:00	US U. of Mich. Sentiment	Apr F	98	97	98	--
04/30/2017	09:00	CH Mfg PMI	Apr	51.7	51.2	51.8	--
05/01/2017	08:00	SK Exports YoY	Apr	17.00%	24.20%	13.70%	13.60%
05/01/2017	08:30	JN Nikkei Japan PMI Mfg	Apr F	--	52.7	52.8	--
05/01/2017	09:00	AU Melbourne Institute Inflation MoM	Apr	--	0.50%	0.10%	--
05/01/2017	11:30	TH CPI YoY	Apr	0.72%	0.38%	0.76%	--
05/01/2017	14:30	AU Commodity Index SDR YoY	Apr	--	38.60%	50.10%	46.80%
05/01/2017	20:30	US Personal Income	Mar	0.30%	0.20%	0.40%	0.30%
05/01/2017	20:30	US Personal Spending	Mar	0.20%	0.00%	0.10%	0.00%
05/01/2017	21:30	CA Markit Canada Mfg PMI	Apr	--	55.9	55.5	--
05/01/2017	21:45	US Markit US Mfg PMI	Apr F	52.8	52.8	52.8	--
05/01/2017	22:00	US ISM Manufacturing	Apr	56.5	54.8	57.2	--
05/01/2017	22:00	US Construction Spending MoM	Mar	0.40%	-0.20%	0.80%	1.80%
05/02/2017	07:00	SK CPI YoY	Apr	2.10%	1.90%	2.20%	--
05/02/2017	07:50	JN Monetary Base YoY	Apr	--	--	20.30%	--
05/02/2017	08:30	ID Nikkei Indonesia PMI Mfg	Apr	--	--	50.5	--
05/02/2017	08:30	SK Nikkei South Korea PMI Mfg	Apr	--	--	48.4	--
05/02/2017	08:30	TA Nikkei Taiwan PMI Mfg	Apr	--	--	56.2	--
05/02/2017	09:45	CH Caixin China PMI Mfg	Apr	51.3	--	51.2	--
05/02/2017	12:30	AU RBA Cash Rate Target	May-02	1.50%	--	1.50%	--
05/02/2017	13:00	IN Nikkei India PMI Mfg	Apr	--	--	52.5	--
05/02/2017	15:45	IT Markit/ADACI Italy Mfg PMI	Apr	56	--	55.7	--
05/02/2017	15:50	FR Markit France Mfg PMI	Apr F	55.1	--	55.1	--
05/02/2017	15:55	GE Markit/BME Germany Mfg PMI	Apr F	58.2	--	58.2	--
05/02/2017	16:00	EC Markit Eurozone Mfg PMI	Apr F	56.8	--	56.8	--
05/02/2017	16:30	UK Markit UK PMI Manufacturing SA	Apr	54	--	54.2	--
05/02/2017		ID CPI YoY	Apr	4.10%	--	3.61%	--

Source: Bloomberg

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