

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>Wall Street slipped in the first day of trading of the second quarter, despite the encouraging global manufacturing PMI prints. US' manufacturing ISM retreated from 57.7 in Feb to 57.2 in Mar, with new orders a tad softer at 64.5 (previously 65.1), but prices paid and employment gauges higher at 70.5 (previously 68.0) and 58.9 (previously 54.2) respectively, suggesting that global demand was still healthy and economic momentum should sustain. A similar picture was seen in regional economies like Vietnam (54.6 versus 54.2 previously), Philippines (53.8 versus 53.6), India (52.5 versus 50.7), Indonesia (50.5 versus 49.3) and Malaysia (49.5 versus 49.4), notwithstanding a modest softening in China's Caixin (51.2 versus 51.7), Thailand (50.2 versus 50.6) and South Korea (48.4 versus 49.2). This should limit the downside for Asian bourses today.</p> <p>First up today is the RBA meeting (likely static at 1.5%). The economic data calendar comprises US' durable goods orders and factory orders, and Eurozone's retail sales. Speakers include ECB's Draghi and Fed's Tarullo.</p>
SG	<p>S'pore's manufacturing PMI rose 0.3 points to 51.2 in March, registering the highest reading since November 2014 and marking its 7th consecutive month of expansion. The pickup was due to higher new orders, output, inventory and imports. The electronics PMI also rose by 0.4 points to 51.8 in March, matching the January print and marking the 8th straight month in expansion territory. The lift to the electronics sector's growth momentum came from higher new orders, new exports, output, inventory and imports. The manufacturing recovery appears to be taking root and was not a flash in the pan, but should underpin the 1H17 growth recovery. However, as we enter into 2Q17, political agendas could again threaten to cloud investor confidence if not the economic outlook. Of particular interest would be the Trump-Xi meeting starting this Thursday where the US-China trade deficit is likely to top the discussion agenda and any antagonistic moves could engender an outsized financial market reaction in the near-term.</p> <p>MAS announced a SGS mini-auction for April, with a re-opening of the existing 20 year benchmark due Aug36. Size announcement will be on 19 April with auction on 26 April and issue on 2 May. The minimum size for re-opening is \$1b.</p>
ID	<p>Headline CPI inflation for the month of March moderated to 3.61% yoy, against 3.8% yoy that market expected as well as the print from February. A relative downtick in food prices helped to curtail the recent pick-up in inflation momentum, with food items registering a 0.66% decrease in prices month-on-month. Elsewhere, sales of automobile rose to 94,791 units in February, higher than over 86000 units in January and around 88000 units of February last year. Meanwhile, sales of motorcycles fell to 453,764 units in February compared to over 520000 units a year ago.</p>
MA	<p>Tourism and Culture Minister Datuk Seri Nazri Aziz said that a proposed debate between him and former PM Tun Dr Mahathir Mohamad should be held in Antarctica. He said that jokingly to reporters after the permit for the debate that was supposed to take place in Shah Alam on April 7 was cancelled by police out of security concerns.</p>

Major Markets

- **US:** Equities closed lower on Monday on news that auto sales were weaker than expected. Correspondingly, automakers led losses with GM and Ford losing 3.37% and 1.72%. Overall, S&P 500 and Nasdaq were down 0.16% and 0.29% respectively, while the Dow ended marginally lower. VIX stands essentially unchanged at 12.38. US Treasuries rallied, with yields down 2-7 bps. 10-year benchmark yields fell to 2.32%, while the 2-year yields closed at 1.23%. However, caution should be exercised when interpreting this sharp move for the 10-year UST as it might be due to start of quarter rebalancing by asset managers.
- **Singapore:** STI added 0.39% to close up at 3187.51 yesterday, but may find it challenging to eke out further gains amid weak cues elsewhere. STI support and resistance are tipped at 3160 and 3200 respectively. SGS bonds mostly gained yesterday with yields lower by 1-2bps and may continue to rally if it takes the cue from UST bond performance overnight.
- **Macau:** Gross gaming revenue (GGR) surprised on the upside by increasing 18.1% yoy to MOP21.2 billion in March. The housing frenzy and economic stabilization in Mainland China has translated into a rebound in VIP demand across the gambling centers. The continuous credit extension by junket operations given the higher credit availability have also supported the risk appetite of high rollers. As China's economy is expected to sustain its growth traction in 1H, we may see rosier data out of the VIP segment for the months to come. Elsewhere, the mass-market segment will likely continue to grow gradually given a moderate rebound in tourism activities. However, a waning base effect, an expected slowdown in China's growth in 2H, and a stronger MOP, are likely to shrug off some upward risks on the gaming sector. All in all, as GGR is likely to grow faster than previously expected in 1H, we revise our forecast for 2017's gaming revenue growth on a yearly basis from 5%-7% to around 10%.

Bond Market Updates

- **Market Commentary:** The SGD swap curve was range-bound yesterday, with swap rates trading 1-2bps higher in the shorter tenors, and 1-3bps lower in the medium to longer tenors. Flows in SGD corporates were heavy, with better buying seen in BNP 3.65%'24s, UOBSP 4%'49s, better selling seen in GUOLSP 3.62%'21s, and mixed interest in FCLSP 4.15%'27s. In the broader dollar space, the spread on JACI IG corporates rose 2bps to 194bps while the yield on JACI HY changed little at 6.59%. 10y UST yields fell 5bps to 2.33% yesterday, amid weakness in equities and signs that asset managers were re-balancing at the start of the second quarter.
- **New Issues:** Indika Energy Capital II Pte. Ltd. priced a USD265mn 5NC3 bond (guaranteed by Indonesian coal company PT Indika Energy Tbk) at 6.95%, tightening from initial guidance of 7.5%. The expected issue ratings are 'NR/Caa1/B-'. State Bank of India priced a USD100mn tap of its 3-year bond at 3mL+95bps. The expected issue ratings are 'BBB-/Baa3/BBB-'. Modernland Realty scheduled investor roadshows from 4 April for potential USD bond issuance. The expected issue ratings are 'B/B2/B'. Oil India International Pte. Ltd. scheduled an investor roadshow from 6 April for potential USD bond (guaranteed by Oil India Ltd.) issuance. The expected issue ratings are 'NR/Baa2/BBB-'.
- **Rating Changes:** S&P assigned Modernland Overseas Pte. Ltd.'s proposed senior unsecured notes (guaranteed by PT Modernland Realty Tbk) a 'B' issue rating. The rating action reflects S&P's expectation that the net effect on reported debt of the proposed debt issue (after fees and expenses) will be to be mostly neutral. Moody's assigned a 'Baa2' rating to Oil India Limited's (OIL) proposed foreign currency senior unsecured bonds to be issued by its wholly-owned subsidiary, Oil India International Pte. Ltd (OIPL). The ratings outlook is stable. According to Moody's, the bonds are

rated at the same level as OIL's foreign currency issuer ratings because the bonds are unconditionally and irrevocably guaranteed by OIL and the guarantee is pari passu to all senior unsecured obligations of OIL. Fitch also assigned an expected rating of 'BBB-(EXP)' to the bonds issued by OIL's subsidiary. At the same time, Fitch assigned OIPL an issuer default rating of 'BBB-'. Moody's affirmed First Gulf Bank's (FGB) baseline credit assessment at 'Baa2', and upgraded their foreign currency debt ratings to 'Aa3' from 'A2'. The outlook on FGB's debt ratings was changed to negative from positive, in line with the outlook for National Bank of Abu Dhabi (completed merger with FGB on 30 March 2017). Moody's subsequently withdrew all ratings on FGB. FGB's ratings and ratings outlook are in line with National Bank of Abu Dhabi. Fitch affirmed China Oriental Group Company Limited's (COG) issuer default rating and senior unsecured rating at 'BB-'. In addition, Fitch revised the ratings outlook of COG to positive from stable. The rating action reflects Fitch's expectation that COG's FFO-adjusted net leverage will remain low at around 1.5x following a substantial net debt reduction in 2016 and improved EBITDA generation ability due to a better product mix and cost efficiency.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	100.540	0.19%	USD-SGD	1.3972	0.01%
USD-JPY	110.900	-0.44%	EUR-SGD	1.4906	0.17%
EUR-USD	1.0670	0.17%	JPY-SGD	1.2598	0.43%
AUD-USD	0.7605	-0.31%	GBP-SGD	1.7444	-0.50%
GBP-USD	1.2486	-0.51%	AUD-SGD	1.0625	-0.31%
USD-MYR	4.4278	0.05%	NZD-SGD	0.9800	0.08%
USD-CNY	6.8872	--	CHF-SGD	1.3949	0.13%
USD-IDR	13325	0.02%	SGD-MYR	3.1680	0.09%
USD-VND	22735	-0.09%	SGD-CNY	4.9291	-0.03%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	0.9217	--
2M	-0.3390	--	1M	0.9828	--
3M	-0.3290	--	2M	1.0250	--
6M	-0.2410	--	3M	1.1496	--
9M	-0.1710	--	6M	1.4232	--
12M	-0.1090	--	12M	1.8018	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.56	-5.70	3.91
Italy	-0.07	-3.60	2.32
Ireland	-0.39	-4.30	0.98
Greece	7.76	0.80	7.01
Spain	-0.21	-4.20	1.64
Russia	2.02	1.50	4.16

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	50.24	-0.71%	Coffee (per lb)	1.379	-1.04%
Brent (per barrel)	53.12	0.55%	Cotton (per lb)	0.7547	-2.41%
Heating Oil (per gallon)	1.5634	-0.65%	Sugar (per lb)	0.1654	-1.31%
Gasoline (per gallon)	1.6937	-0.38%	Orange Juice (per lb)	1.5400	-1.91%
Natural Gas (per MMBtu)	3.1280	-1.94%	Cocoa (per mt)	2,107	0.57%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,739.7	-1.85%	Wheat (per bushel)	4.2775	0.29%
Nickel (per mt)	9,801.0	-1.78%	Soybean (per bushel)	9.383	-0.82%
Aluminium (per mt)	1,942.8	-0.61%	Corn (per bushel)	3.6775	0.96%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,250.8	0.28%	Crude Palm Oil (MYR/MT)	2,862.0	1.02%
Silver (per oz)	18.212	-0.24%	Rubber (JPY/KG)	278.0	2.73%

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

Equity and Commodity

Index	Value	Net change
DJIA	20,650.21	-13.01
S&P	2,358.84	-3.88
Nasdaq	5,894.68	-17.06
Nikkei 225	18,983.23	73.97
STI	3,187.51	12.40
KLCI	1,745.49	5.40
JCI	5,606.79	38.68
Baltic Dry	1,282.00	-15.00
VIX	12.38	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.31 (-0.01)	1.23 (-0.03)
5Y	1.75 (-0.02)	1.85 (-0.07)
10Y	2.23 (-0.02)	2.32 (-0.07)
15Y	2.37 (-0.01)	--
20Y	2.43 (-)	--
30Y	2.45 (-0.02)	2.95 (-0.06)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	21.60	-0.12
EURIBOR-OIS	2.35	1.25
TED	39.60	--

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
04/03/2017 07:30	AU	AiG Perf of Mfg Index	Mar	--	57.5	59.3	--
04/03/2017 07:50	JN	Tankan Large Mfg Index	1Q	14	12	10	--
04/03/2017 07:50	JN	Tankan Large Mfg Outlook	1Q	13	11	8	--
04/03/2017 07:50	JN	Tankan Large Non-Mfg Index	1Q	19	20	18	--
04/03/2017 07:50	JN	Tankan Large Non-Mfg Outlk	1Q	19	16	16	--
04/03/2017 07:50	JN	Tankan Large All Ind Capex	1Q	-0.30%	0.60%	5.50%	--
04/03/2017 08:30	MA	Nikkei Malaysia PMI	Mar	--	49.5	49.4	--
04/03/2017 08:30	ID	Nikkei Indonesia PMI Mfg	Mar	--	50.5	49.3	--
04/03/2017 08:30	PH	Nikkei Philippines PMI Mfg	Mar	--	53.8	53.6	--
04/03/2017 08:30	TH	Nikkei Thailand PMI Mfg	Mar	--	50.2	50.6	--
04/03/2017 08:30	VN	Nikkei Vietnam PMI Mfg	Mar	--	54.6	54.2	--
04/03/2017 08:30	JN	Nikkei Japan PMI Mfg	Mar F	--	52.4	52.6	--
04/03/2017 08:30	SK	Nikkei South Korea PMI Mfg	Mar	--	48.4	49.2	--
04/03/2017 09:00	AU	Melbourne Institute Infl MoM	Mar	--	0.10%	-0.30%	--
04/03/2017 09:00	AU	Melbourne Institute Inflation YoY	Mar	--	2.20%	2.10%	--
04/03/2017 09:30	AU	Retail Sales MoM	Feb	0.30%	-0.10%	0.40%	--
04/03/2017 09:30	AU	Building Approvals YoY	Feb	-14.10%	-4.90%	-12.00%	-11.60%
04/03/2017 09:30	AU	ANZ Job Advertisements MoM	Mar	--	0.30%	-0.70%	-0.80%
04/03/2017 11:30	TH	CPI YoY	Mar	1.30%	0.76%	1.44%	--
04/03/2017 11:30	TH	CPI Core YoY	Mar	0.62%	0.62%	0.59%	--
04/03/2017 12:05	ID	CPI Core YoY	Mar	3.43%	3.30%	3.41%	--
04/03/2017 12:05	ID	CPI YoY	Mar	3.80%	3.61%	3.83%	--
04/03/2017 12:05	ID	CPI NSA MoM	Mar	0.20%	-0.02%	0.23%	--
04/03/2017 13:00	IN	Nikkei India PMI Mfg	Mar	--	52.5	50.7	--
04/03/2017 13:00	JN	Vehicle Sales YoY	Mar	--	13.80%	13.40%	--
04/03/2017 14:30	AU	Commodity Index AUD	Mar	--	138.5	120.9	137.8
04/03/2017 14:30	AU	Commodity Index SDR YoY	Mar	--	50.10%	56.00%	59.10%
04/03/2017 15:45	IT	Markit/ADACI Italy Mfg PMI	Mar	55.1	55.7	55	--
04/03/2017 15:50	FR	Markit France Mfg PMI	Mar F	53.4	53.3	53.4	--
04/03/2017 15:55	GE	Markit/BME Germany Mfg PMI	Mar F	58.3	58.3	58.3	--
04/03/2017 16:00	EC	Markit Eurozone Mfg PMI	Mar F	56.2	56.2	56.2	--
04/03/2017 16:00	IT	Unemployment Rate	Feb P	11.90%	11.50%	11.90%	11.80%
04/03/2017 16:30	UK	Markit UK PMI Mfg SA	Mar	55	54.2	54.6	54.5
04/03/2017 17:00	EC	PPI MoM	Feb	0.10%	0.00%	0.70%	1.10%
04/03/2017 17:00	EC	PPI YoY	Feb	4.20%	4.50%	3.50%	3.90%
04/03/2017 17:00	EC	Unemployment Rate	Feb	9.50%	9.50%	9.60%	--
04/03/2017 21:00	SI	Purchasing Managers Index	Mar	50.8	51.2	50.9	--
04/03/2017 21:00	SI	Electronics Sector Index	Mar	--	51.8	51.4	--
04/03/2017 21:30	CA	Markit Canada Mfg PMI	Mar	--	55.5	54.7	--
04/03/2017 21:45	US	Markit US Mfg PMI	Mar F	53.5	53.3	53.4	--
04/03/2017 22:00	US	ISM Manufacturing	Mar	57.2	57.2	57.7	--
04/03/2017 22:00	US	ISM Prices Paid	Mar	66	70.5	68	--
04/03/2017 22:00	US	ISM New Orders	Mar	--	64.5	65.1	--
04/03/2017 22:00	US	ISM Employment	Mar	--	58.9	54.2	--
04/03/2017 22:00	US	Construction Spending MoM	Feb	1.00%	0.80%	-1.00%	-0.40%
04/03/2017 22:30	CA	Business Outlook Future Sales	1Q	--	21	26	--
04/03/2017 22:30	CA	BoC Senior Loan Officer Survey	1Q	--	-1.9	-2.6	--
04/03/2017 04/04	US	Wards Total Vehicle Sales	Mar	17.30m	16.53m	17.47m	--
04/03/2017 04/04	US	Wards Domestic Vehicle Sales	Mar	13.60m	12.97m	13.65m	--
04/04/2017 00:00	IT	New Car Registrations YoY	Mar	--	18.16%	6.17%	6.46%
04/04/2017 01:12	IT	Budget Balance	Mar	--	-22.9b	-8.2b	--
04/04/2017 07:00	SK	CPI MoM	Mar	0.00%	0.00%	0.30%	--
04/04/2017 07:00	SK	CPI YoY	Mar	2.10%	2.20%	1.90%	--
04/04/2017 07:00	SK	CPI Core YoY	Mar	1.50%	1.40%	1.50%	--
04/04/2017 07:50	JN	Monetary Base YoY	Mar	--	--	21.40%	--
04/04/2017 09:30	AU	Trade Balance	Feb	A\$1900m	--	A\$1302m	--
04/04/2017 12:30	AU	RBA Cash Rate Target	Apr-04	1.50%	--	1.50%	--
04/04/2017 16:30	UK	Markit/CIPS UK Construction PMI	Mar	52.5	--	52.5	--
04/04/2017 17:00	EC	Retail Sales MoM	Feb	0.50%	--	-0.10%	--
04/04/2017 17:00	EC	Retail Sales YoY	Feb	1.00%	--	1.20%	--
04/04/2017 20:30	US	Trade Balance	Feb	-\$44.6b	--	-\$48.5b	--
04/04/2017 20:30	CA	Int'l Merchandise Trade	Feb	0.60b	--	0.81b	--
04/04/2017 22:00	US	Factory Orders	Feb	1.00%	--	1.20%	--
04/04/2017 22:00	US	Durable Goods Orders	Feb F	1.70%	--	1.70%	--
04/04/2017 22:00	US	Durables Ex Transportation	Feb F	--	--	0.40%	--
04/04/2017 22:00	US	Cap Goods Orders Nondef Ex Air	Feb F	--	--	-0.10%	--
04/04/2017 22:00	US	Cap Goods Ship Nondef Ex Air	Feb F	--	--	1.00%	--

Source: Bloomberg

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