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Highlights

| | |
|--------------|---|
| Global | <p>Another selective risk-off session with the USD lower, Dow seeing declines in financial shares, and UST bonds rally pushing the 10-year bond yield down to 2.35% (lowest close since 17 Jan). RBI was unexpectedly on hold yesterday when market was tipping a 25bp rate cut and also shifted to a neutral stance which put and end of market speculation of a continued easing cycle, whilst BOT and RBNZ were also static.</p> <p>Expect that the Asian markets to trade sideways for now. Today's economic data calendar is lightweight and only comprises of US' initial jobless claims and wholesale inventories, and Japan's Jan preliminary machine tool orders. BSP is expected to keep its interest rates static today.</p> |
| US | German Chancellor Merkel said that WTO representatives will be invited to the G20 leaders summit in July that US president Trump is attending |
| NZ | RBNZ left the OCR unchanged at 1.75%, indicating that "monetary policy will remain accommodative for a considerable period" as economic growth "has increased as expected and is steadily drawing on spare resources" and "inflation is expected to return to the midpoint of the target band gradually". However, RBNZ opined that "a decline in the exchange rate is needed". |
| JP | Machine orders rose more than expected by 6.7% yoy (6.7% mom) in Dec, after a 10.4% yoy (-5.1% mom) print in Nov. |
| SG | COE premiums dipped for categories A, B and E to sub-\$50k in the latest tender. |
| ID | Moody's has changed its outlook on Indonesia's sovereign ratings outlook from stable to positive, portending a potential upgrade in its ratings in the near future. In its statement, the ratings agency said that Indonesia's vulnerability to external shocks is declining somewhat and is expected to do so, and that the change in outlook reflects emerging signs of a reduction in structural constraints on the rating. |
| TH | <p>The Bank of Thailand held rates unchanged yesterday, with all members voting to keep it at 1.50%. The statement highlighted the possibility of upside surprises to BOT's initial growth outlook of 3.2%, although various challenges in the global arena including (1) future US economic / foreign policies, (2) financial stability in China and (3) political developments in Europe that may potentially slowdown the growth pace.</p> <p>Authorities have confirmed that elections will be postponed, and take place only in 2018. The announcement came after much scepticism that the elections could still be held in 2017, after several changes made by King Maha Vajiralongkorn to the military-backed constitution.</p> |
| Commo-dities | Some short-covering could have been seen in the crude oil markets overnight, with WTI and Brent staging a recovery to recuperate the losses seen in the previous trading day. Gold on the other hand, continued to print higher as investors reportedly purchased paper gold through ETF instruments. |

Major Markets

- **US:** Equities were a mixed bag on Wednesday, as gains in utilities and energy producers cancelled out declines in financials. Energy producers continued to move on crude prices, which recovered above US\$52 as US oil stockpiles unexpectedly declined. Overall, S&P 500 was essentially unchanged, while the Dow retreated 0.18% and the Nasdaq gained 0.15%. Earnings season has been positive thus far, but that has not given equities another leg up. However, it does suggest that the rally since Nov 2016 did have some fundamental underpinnings, and not purely running on Trump optimism. VIX stood at 11.45, up 1.4%. US Treasury yields continued its recent retreat as fiscal stimulus from the new administration remains elusive. 2- and 10-year benchmark yields traded at 1.14% and 2.34% respectively.
- **Singapore:** The STI slipped 0.17% to close at 3066.53 yesterday, and may consolidate in a 3040-3080 range today, awaiting clarity from Wall Street. Morning leads from Kospi and ASX are flattish. Longer-dated SGS bonds gained yesterday, and curve flattening bias may sustain on the UST bond lead today.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve was range-bound yesterday, with the short and medium-term tenors trading 1-2bps higher, while the longer end of the swap curve traded 1-2bps lower. In the broader dollar space, the spread on JACI IG Corporates held steady at 197bps while the yield on JACI HY Corporates fell further by 4bps to 6.74%. 10y UST yield fell for the fourth day straight, by 5bps to 2.34%, after strong demand at European government bond sales prompted traders to cover short positions ahead of the U.S Treasury's 10-year note auction and as US inflation expectations ease.
- **New Issues:** China Singyes Solar Technologies Holdings Ltd. priced a USD260mn 2-year bond at 7.95%, tightening from initial guidance of 8.5%. Pakuwon Prime Pte. Ltd. (guaranteed by Indonesian property company PT Pakuwon Jati Tbk and certain of its subsidiaries) priced a USD250mn 7NC4 bond at 5%, tightening from initial guidance of 5.25%. The expected issue ratings are 'Ba3/BB/BB-'. Sumitomo Mitsui Financial Group priced a USD470mn 30NC10 TLAC bond at 4.3%.
- **Rating Changes:** Moody's has affirmed the Republic of Indonesia's 'Baa3' issuer rating and senior unsecured bond rating, as well as its '(P)Baa3' senior unsecured MTN program rating. In addition, Moody's revised the outlook on Indonesia's government ratings to positive from stable. The rating action reflects the "emerging signs of a reduction in structural constraints on Indonesia's rating, including its level of external vulnerability and the strength of its institutions".

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DX | 100.280 | 0.02% | USD-SGD | 1.4166 | -0.10% |
| USD-JPY | 111.930 | -0.41% | EUR-SGD | 1.5155 | 0.03% |
| EUR-USD | 1.0698 | 0.14% | JPY-SGD | 1.2654 | 0.31% |
| AUD-USD | 0.7645 | 0.22% | GBP-SGD | 1.7765 | 0.15% |
| GBP-USD | 1.2541 | 0.26% | AUD-SGD | 1.0829 | 0.13% |
| USD-MYR | 4.4395 | 0.09% | NZD-SGD | 1.0291 | -0.60% |
| USD-CNY | 6.8638 | -0.31% | CHF-SGD | 1.4242 | 0.19% |
| USD-IDR | 13327 | -0.02% | SGD-MYR | 3.1330 | 0.09% |
| USD-VND | 22655 | 0.20% | SGD-CNY | 4.8461 | -0.19% |

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 20,054.34 | -35.95 |
| S&P | 2,294.67 | 1.59 |
| Nasdaq | 5,682.45 | 8.24 |
| Nikkei 225 | 19,007.60 | 96.82 |
| STI | 3,066.53 | -5.11 |
| KLCI | 1,688.50 | -0.34 |
| JCI | 5,361.09 | -20.39 |
| Baltic Dry | 702.00 | -12.00 |
| VIX | 11.45 | 0.16 |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.3730 | -- | O/N | 0.6878 | -- |
| 2M | -0.3410 | -- | 1M | 0.7728 | -- |
| 3M | -0.3280 | -- | 2M | 0.8378 | -- |
| 6M | -0.2440 | -- | 3M | 1.0382 | -- |
| 9M | -0.1600 | -- | 6M | 1.3435 | -- |
| 12M | -0.1010 | -- | 12M | 1.7051 | -- |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 1.20 (+0.02) | 1.14 (-0.02) |
| 5Y | 1.61 (+0.02) | 1.80 (-0.04) |
| 10Y | 2.22 (-) | 2.34 (-0.06) |
| 15Y | 2.47 (-0.01) | -- |
| 20Y | 2.53 (-0.03) | -- |
| 30Y | 2.58 (-0.04) | 2.95 (-0.07) |

Eurozone & Russia Update

| | 2Y Bond Ylds (bpschg) | 10Y Bond Ylds (bpschg) | 10Y Bund Spread |
|-----------------|-----------------------|------------------------|-----------------|
| Portugal | 0.06 | -2.30 | 4.12 |
| Italy | -0.02 | -4.90 | 2.25 |
| Ireland | -0.44 | 2.90 | 1.08 |
| Greece | 9.37 | -36.50 | 7.73 |
| Spain | -0.29 | -3.70 | 1.70 |
| Russia | 2.19 | -3.30 | 4.27 |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| LIBOR-OIS | 35.59 | -0.33 |
| EURIBOR-OIS | 1.98 | -0.12 |
| TED | 50.01 | -- |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| WTI (per barrel) | 52.34 | 0.33% | Coffee (per lb) | 1.429 | 0.21% |
| Brent (per barrel) | 55.12 | 0.13% | Cotton (per lb) | 0.7525 | 0.21% |
| Heating Oil (per gallon) | 1.6360 | 0.86% | Sugar (per lb) | 0.2076 | 0.19% |
| Gasoline (per gallon) | 1.5527 | 4.38% | Orange Juice (per lb) | 1.7300 | 1.76% |
| Natural Gas (per MMBtu) | 3.1260 | -0.13% | Cocoa (per mt) | 1,993 | -0.60% |
| Base Metals | Futures | % chg | Grains | Futures | % chg |
| Copper (per mt) | 5,895.0 | 1.73% | Wheat (per bushel) | 4.3250 | 0.41% |
| Nickel (per mt) | 10,447.5 | 1.37% | Soybean (per bushel) | 10.588 | 1.53% |
| Aluminium (per mt) | 1,830.5 | 0.94% | Corn (per bushel) | 3.7075 | 0.61% |
| Precious Metals | Futures | % chg | Asian Commodities | Futures | % chg |
| Gold (per oz) | 1,237.6 | 0.28% | Crude Palm Oil (MYR/MT) | 3,301.0 | 0.70% |
| Silver (per oz) | 17.705 | -0.29% | Rubber (JPY/KG) | 329.9 | 2.17% |

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

Key Economic Indicators

| Date | Time | Event | | Survey | Actual | Prior | Revised |
|-------------------------|-----------|-------------------------------------|---------------|-----------------|-----------------|-----------------|---------------|
| 02/08/2017 04:00 | US | Consumer Credit | Dec | \$20.000b | \$14.160b | \$24.532b | \$25.205b |
| 02/08/2017 07:50 | JN | BoP Current Account Balance | Dec | ¥1183.3b | ¥1112.2b | ¥1415.5b | -- |
| 02/08/2017 07:50 | JN | BoP Current Account Adjusted | Dec | ¥1709.4b | ¥1669.2b | ¥1799.6b | -- |
| 02/08/2017 07:50 | JN | Trade Balance BoP Basis | Dec | ¥738.9b | ¥806.8b | ¥313.4b | -- |
| 02/08/2017 07:50 | JN | Bank Lending Incl Trusts YoY | Jan | -- | 2.50% | 2.60% | -- |
| 02/08/2017 07:50 | JN | Bank Lending Ex-Trusts YoY | Jan | -- | 2.60% | 2.60% | -- |
| 02/08/2017 08:30 | TA | CPI YoY | Jan | 2.02% | 2.25% | 1.70% | -- |
| 02/08/2017 08:30 | TA | WPI YoY | Jan | 1.50% | 2.72% | 1.41% | 1.84% |
| 02/08/2017 12:30 | JN | Bankruptcies YoY | Jan | -- | -10.37% | 1.57% | -- |
| 02/08/2017 15:00 | TH | BoT Benchmark Interest Rate | Feb-08 | 1.50% | 1.50% | 1.50% | -- |
| 02/08/2017 15:01 | MA | Exports YoY | Dec | 9.60% | 10.70% | 7.80% | -- |
| 02/08/2017 15:01 | MA | Imports YoY | Dec | 10.20% | 11.50% | 11.20% | -- |
| 02/08/2017 15:01 | MA | Trade Balance MYR | Dec | 9.20b | 8.72b | 9.03b | -- |
| 02/08/2017 15:30 | FR | Bank of France Bus. Sentiment | Jan | 103 | 101 | 102 | -- |
| 02/08/2017 16:00 | SI | Automobile COE Open Bid Cat B | Feb-08 | -- | 48209 | 52807 | -- |
| 02/08/2017 16:00 | SI | Automobile COE Open Bid Cat A | Feb-08 | -- | 48401 | 50889 | -- |
| 02/08/2017 16:00 | SI | Automobile COE Open Bid Cat E | Feb-08 | -- | 48556 | 52600 | -- |
| 02/08/2017 17:00 | IN | RBI Repurchase Rate | Feb-08 | 6.00% | 6.25% | 6.25% | -- |
| 02/08/2017 17:00 | IN | RBI Reverse Repo Rate | Feb-08 | 5.50% | 5.75% | 5.75% | -- |
| 02/08/2017 17:00 | IN | RBI Cash Reserve Ratio | Feb-08 | 4.00% | 4.00% | 4.00% | -- |
| 02/08/2017 20:00 | US | MBA Mortgage Applications | Feb-03 | -- | 2.30% | -3.20% | -- |
| 02/08/2017 21:15 | CA | Housing Starts | Jan | 197.3k | 207.4k | 207.0k | 206.3k |
| 02/09/2017 04:00 | NZ | RBNZ Official Cash Rate | Feb-09 | 1.75% | 1.75% | 1.75% | -- |
| 02/09/2017 05:45 | NZ | Building Permits MoM | Dec | -- | -7.20% | -9.20% | -9.60% |
| 02/09/2017 07:50 | JN | Money Stock M2 YoY | Jan | 4.00% | -- | 4.00% | -- |
| 02/09/2017 07:50 | JN | Money Stock M3 YoY | Jan | 3.50% | -- | 3.40% | -- |
| 02/09/2017 07:50 | JN | Machine Orders MoM | Dec | 3.00% | -- | -5.10% | -- |
| 02/09/2017 07:50 | JN | Machine Orders YoY | Dec | 4.50% | -- | 10.40% | -- |
| 02/09/2017 07:50 | JN | Japan Buying Foreign Bonds | Feb-03 | -- | -- | ¥1359.3b | -- |
| 02/09/2017 07:50 | JN | Japan Buying Foreign Stocks | Feb-03 | -- | -- | ¥124.9b | -- |
| 02/09/2017 07:50 | JN | Foreign Buying Japan Bonds | Feb-03 | -- | -- | ¥446.2b | -- |
| 02/09/2017 07:50 | JN | Foreign Buying Japan Stocks | Feb-03 | -- | -- | ¥143.9b | -- |
| 02/09/2017 08:00 | AU | HIA New Home Sales MoM | Dec | -- | -- | 6.10% | -- |
| 02/09/2017 08:01 | UK | RICS House Price Balance | Jan | 22% | -- | 24% | -- |
| 02/09/2017 08:30 | AU | NAB Business Confidence | 4Q | -- | -- | 5 | -- |
| 02/09/2017 13:00 | IN | Local Car Sales | Jan | -- | -- | 158617 | -- |
| 02/09/2017 14:00 | JN | Machine Tool Orders YoY | Jan P | -- | -- | 4.40% | -- |
| 02/09/2017 15:00 | GE | Trade Balance | Dec | 20.5b | -- | 22.6b | 22.7b |
| 02/09/2017 15:00 | GE | Current Account Balance | Dec | 24.8b | -- | 24.6b | -- |
| 02/09/2017 15:00 | GE | Exports SA MoM | Dec | -1.30% | -- | 3.90% | -- |
| 02/09/2017 15:00 | GE | Imports SA MoM | Dec | -1.10% | -- | 3.50% | -- |
| 02/09/2017 16:00 | PH | BSP Overnight Borrowing Rate | Feb-09 | 3.00% | -- | 3.00% | -- |
| 02/09/2017 21:30 | CA | New Housing Price Index MoM | Dec | 0.20% | -- | 0.20% | -- |
| 02/09/2017 21:30 | US | Initial Jobless Claims | Feb-04 | 249k | -- | 246k | -- |
| 02/09/2017 21:30 | US | Continuing Claims | Jan-28 | 2058k | -- | 2064k | -- |
| 02/09/2017 22:45 | US | Bloomberg Consumer Comfort | Feb-05 | -- | -- | 46.6 | -- |
| 02/09/2017 23:00 | US | Wholesale Inventories MoM | Dec F | 1.00% | -- | 1.00% | -- |
| 02/09/2017 02/12 | VN | Domestic Vehicle Sales YoY | Jan | -- | -- | 18.50% | -- |
| 02/09/2017 02/18 | CH | FDI YoY CNY | Jan | 1.40% | -- | 5.70% | -- |
| 02/06/2017 02/10 | ID | Motorcycle Sales | Dec | -- | -- | 570923 | -- |
| 02/06/2017 02/10 | ID | Local Auto Sales | Dec | -- | -- | 99935 | -- |
| 02/02/2017 02/10 | PH | Budget Balance PHP | Dec | -- | -- | -19.1b | -- |

| <u>OCBC Treasury Research</u> | |
|---|---|
| <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 Terence Wu TerenceWu@ocbc.com | <u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@ocbc.com |

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Co.Reg.no.:193200032W