

Highlights

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|---------------|--|
| Global | With US equity markets continuing to inch higher overnight, led by tech and energy stocks, but Asian markets will be watching today's South Korean elections amid a relatively quiet economic data calendar which comprises of German industrial production and US' wholesale inventories, NFIB small business optimism and JOLTs job openings. Speakers include Fed's Kashkari, George, and Bullard. |
| US | Fed's Mester warned that "we need to move interest rates up, because if you don't, you will be behind, and then the outcome of that is never good". Equities traded sideways near record highs on Monday. Major indices closed near where it started. Energy led gains as crude price recovered from Friday's lows. However, this was offset by losses in materials and healthcare stocks. Meanwhile, VIX slumped below 10, to 9.77, reflecting a calm in equity markets post-Macron's victory. Volatility measures in other asset classes are also near lows. Some talk of complacency nonetheless crept into market chatter. Treasuries shaded lower amid IG issuance totaling \$13.3b. Recent Fed speak has been supportive of yields as implied probability for a June hike has been talked up. Overall, benchmark yields are 2-4 bps higher, with 2- and 10-year yields standing at 1.33% and 2.39% respectively. |
| EZ | German factory orders expanded for a second month, but the pace moderated to 2.4% yoy (+1.0% mom) in Mar, after expanding a revised 4.7% yoy (+3.5% mom) in February. The Economy Ministry said "manufacturing orders continue to be vibrant" and "this is also reflected by strongly improved business climate indicators". |
| SG | OCBC's 1Q17 profit rose 14% to \$973m. STI chalked up 0.22% gains to close at 3236.98 yesterday, but may range trade today between 3220-3250. With UST bond market continuing to sell off amid renewed market optimism, SGS bonds are likely to follow suit today. |
| CH | China's export and import in dollar term grew by less than expected 8% and 11.9% respectively in April. Trade surplus widened to US\$38.05 billion from US\$23.93 billion in April. For breakdown, demand from advanced economies remained strong. Exports to EU, Japan and US increased by 4%, 13.3% and 11.7% respectively. However, exports to Hong Kong fell by 15.3%. The deceleration of import growth shows that China's restock activity may come to an end. Imports of crude oil by volume decelerated to 5.6% while imports of iron ore by volume fell by 2% yoy. Looking ahead, the support from base effect is likely to wane gradually. Together with weaker restock demand, we expect import growth to slow down further in the coming months. As such, trade surplus may widen further. This may be supportive of stable RMB. In addition, China's trade surplus with US in April widened again. This may trigger reaction from Trump Administration. |
| ID | Bank Indonesia reports that foreign reserves rose to \$123.3 billion for the month of April from previous month's prints of \$121.8 billion. The central bank added that the import cover ratio is currently at 8.9 months. |
| MA | Japan and Malaysia have agreed on a bilateral swap agreement worth US\$3 billion and are currently undertaking the necessary actions to obtain domestic approval. |

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 1-3bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in OUESP 3.75%'22s, ABNANV 4.75%'26s, FCLSP 4.15%'27s, SOCGEN 4.3%'26s, better selling seen in BAERVX 5.9%'49s, and mixed interest in UOBSP 3.5%'29s, SIASP 3.035%'25s, BNP 3.65%'24s. In the broader dollar space, the spread on JACI IG corporates held steady at 195bps, while the yield on JACI HY corporates fell 2bps to 6.61%. 10y UST yield rose 4bps to 2.39% yesterday, as markets lacked a distinct driver, although expectations of higher Investment Grade (IG) corporate bond issuance in coming weeks appeared to weigh on sentiments.
- **New Issues:** Bank of Communications Co. Ltd. (Hong Kong) priced a USD1bn two-tranche deal; with the USD700mn 3-year piece at 3mL+78bps (tightening from initial guidance of 3mL+100bps) and the USD300mn 5-year piece at 3mL+88bps (tightening from initial guidance of 3mL+110bps). The expected issue ratings are 'A/A2/NR'. Woori Bank priced a USD500mn Perp NC5 at 5.25%, tightening from initial guidance of 5.5%. The expected issue ratings are 'BB+/Ba3/NR'. Perusahaan Listrik Negara PT may price a new 10 or 30-year USD bond today. The initial price guidance is set at 4.625% and 5.625%, respectively. The expected issue ratings are 'NR/Baa3/BBB-'. Oxley MTN Pte. Ltd. priced a tap of its existing 6.375% notes due 2021 raising USD100mn at par. The Bank of East Asia Ltd. scheduled investor meetings from 9 May for potential USD AT1 bond issuance. The expected issue ratings are 'BB/Ba2/NR'. Hyundai Capital Services Inc. scheduled investor meetings over the next two weeks for potential USD bond issuance.
- **Rating Changes:** Fitch assigned State Development & Investment Corporation's (SDIC) two USD500mn bonds (due 2022 and 2027) final ratings of 'A+'. According to Fitch, SDIC is credit-linked to the Chinese sovereign and the ratings are equalised with the sovereign rating. The rating action reflects the company's state ownership, strong state oversight of SDIC's financials and strategic importance of the entity's operation to the state.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|---------|-----------|----------|---------|-----------|----------|
| DXY | 99.060 | 0.42% | USD-SGD | 1.4059 | 0.07% |
| USD-JPY | 113.260 | 0.49% | EUR-SGD | 1.5358 | -0.60% |
| EUR-USD | 1.0924 | -0.67% | JPY-SGD | 1.2414 | -0.40% |
| AUD-USD | 0.7387 | -0.50% | GBP-SGD | 1.8192 | -0.27% |
| GBP-USD | 1.2940 | -0.32% | AUD-SGD | 1.0384 | -0.40% |
| USD-MYR | 4.3360 | -0.06% | NZD-SGD | 0.9711 | -0.12% |
| USD-CNY | 6.9045 | 0.02% | CHF-SGD | 1.4076 | -1.10% |
| USD-IDR | 13295 | -0.26% | SGD-MYR | 3.0871 | -0.08% |
| USD-VND | 22730 | -0.01% | SGD-CNY | 4.9126 | -0.11% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|-------|---------|--------|-------|-----------|--------|
| 1M | -0.3740 | -- | O/N | 0.9278 | -- |
| 2M | -0.3400 | -- | 1M | 0.9944 | -- |
| 3M | -0.3290 | -- | 2M | 1.0600 | -- |
| 6M | -0.2480 | -- | 3M | 1.1804 | -- |
| 9M | -0.1780 | -- | 6M | 1.4327 | -- |
| 12M | -0.1240 | -- | 12M | 1.7790 | -- |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) | Bund (chg) | FR (chg) | IT (chg) |
|-------|--------------|--------------|---------------|------------|--------------|
| 2Y | 1.23 (-0.01) | 1.33 (+0.02) | -0.67 (+0.01) | -0.43 (--) | -0.14 (--) |
| 5Y | 1.61 (-0.01) | 1.91 (+0.03) | -0.31 (--) | -0.06 (--) | 1.00 (+0.06) |
| 10Y | 2.15 (-0.01) | 2.39 (+0.04) | 0.42 (--) | 0.84 (--) | 2.23 (+0.07) |
| 15Y | 2.32 (-0.01) | -- | 0.62 (--) | 1.20 (--) | 2.73 (+0.08) |
| 20Y | 2.43 (--) | -- | 0.91 (--) | 1.51 (--) | 2.84 (+0.06) |
| 30Y | 2.48 (--) | 3.02 (+0.04) | 1.19 (--) | 1.82 (--) | 3.29 (+0.06) |

Fed Rate Hike Probability

| Meeting | Prob Hike | Prob Cut | 1-1.25 | 1.25-1.5 | 1.5-1.75 |
|------------|-----------|----------|--------|----------|----------|
| 14/06/2017 | 100.0% | 0.0% | 95.0% | 5.0% | 0.0% |
| 26/07/2017 | 93.4% | 0.0% | 88.7% | 4.7% | 0.0% |
| 20/09/2017 | 96.5% | 0.0% | 49.3% | 45.0% | 2.2% |
| 13/12/2017 | 97.4% | 0.0% | 37.6% | 45.9% | 13.2% |
| 31/01/2018 | 97.6% | 0.0% | 35.5% | 45.4% | 15.1% |

Commodities Futures

| Energy | Futures | % chg | Base Metals | Futures | % chg |
|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| WTI (per barrel) | 46.43 | 0.45% | Copper (per mt) | 5,479.6 | -1.35% |
| Brent (per barrel) | 49.34 | 0.49% | Nickel (per mt) | 9,101.5 | 0.05% |
| Heating Oil (per gallon) | 1.4556 | 1.32% | Aluminium (per mt) | 1,872.8 | -1.19% |
| Gasoline (per gallon) | 1.5178 | 0.88% | | | |
| Natural Gas (per MMBtu) | 3.1720 | -2.88% | Asian Commodities | Futures | % chg |
| | | | Crude Palm Oil (MYR/MT) | 2,800.0 | 0.90% |
| Precious Metals | Futures | % chg | Rubber (JPY/KG) | 259.1 | -4.04% |
| Gold (per oz) | 1,227.1 | 0.02% | | | |
| Silver (per oz) | 16.199 | -0.10% | | | |

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

Equity and Commodity

| Index | Value | Net change |
|------------|-----------|------------|
| DJIA | 21,012.28 | 5.34 |
| S&P | 2,399.38 | 0.09 |
| Nasdaq | 6,102.66 | 1.90 |
| Nikkei 225 | 19,895.70 | 450.00 |
| STI | 3,236.98 | 7.25 |
| KLCI | 1,768.15 | 5.41 |
| JCI | 5,707.86 | 24.48 |
| Baltic Dry | 1,001.00 | 7.00 |
| VIX | 9.77 | -0.80 |

Financial Spread (bps)

| | Value | Change |
|-------------|-------|--------|
| LIBOR-OIS | 15.54 | 0.26 |
| EURIBOR-OIS | 2.25 | -0.75 |
| TED | 29.54 | -- |

Government CDS (USD)

| | 5Y | % Change |
|---------|---------|----------|
| Germany | 16.991 | 1.09% |
| France | 31.131 | -0.82% |
| Italy | 158.794 | 0.85% |

Key Economic Indicators

| Date | Time | Event | Survey | Actual | Prior | Revised | |
|-------------------------|-----------|-------------------------------------|--------------|-----------------|-----------------|------------------|-----------------|
| 05/08/2017 09:30 | AU | Building Approvals MoM | Mar | -4.00% | -13.40% | 8.30% | 8.90% |
| 05/08/2017 09:30 | AU | Building Approvals YoY | Mar | -10.00% | -19.90% | -4.90% | -- |
| 05/08/2017 09:30 | AU | ANZ Job Advertisements MoM | Apr | -- | 1.40% | 0.30% | 0.80% |
| 05/08/2017 09:30 | AU | NAB Business Conditions | Apr | -- | 14 | 14 | 12 |
| 05/08/2017 09:30 | AU | NAB Business Confidence | Apr | -- | 13 | 6 | -- |
| 05/08/2017 11:21 | CH | Trade Balance CNY | Apr | 197.20b | 262.30b | 164.34b | -- |
| 05/08/2017 11:21 | CH | Imports YoY CNY | Apr | 29.30% | 18.60% | 26.30% | -- |
| 05/08/2017 11:21 | CH | Exports YoY CNY | Apr | 16.80% | 14.30% | 22.30% | -- |
| 05/08/2017 11:39 | CH | Imports YoY | Apr | 18.00% | 11.90% | 20.30% | -- |
| 05/08/2017 11:39 | CH | Exports YoY | Apr | 11.30% | 8.00% | 16.40% | -- |
| 05/08/2017 11:39 | CH | Trade Balance | Apr | \$35.20b | \$38.05b | \$23.93b | \$23.92b |
| 05/08/2017 13:00 | VN | Domestic Vehicle Sales YoY | Apr | -- | -7.10% | -1.70% | -- |
| 05/08/2017 13:00 | JN | Consumer Confidence Index | Apr | 43.5 | 43.2 | 43.9 | -- |
| 05/08/2017 14:00 | GE | Factory Orders MoM | Mar | 0.70% | 1.00% | 3.40% | 3.50% |
| 05/08/2017 14:00 | GE | Factory Orders WDA YoY | Mar | 2.10% | 2.40% | 4.60% | 4.70% |
| 05/08/2017 15:08 | CH | BoP Current Account Balance | 1Q P | -- | \$19.0b | \$11.8b | -- |
| 05/08/2017 15:30 | UK | Halifax House Price 3Mths/Year | Apr | 3.60% | 3.80% | 3.80% | -- |
| 05/08/2017 15:30 | UK | Halifax House Prices MoM | Apr | 0.10% | -0.10% | 0.00% | -- |
| 05/08/2017 16:00 | TA | Trade Balance | Apr | \$4.10b | \$2.78b | \$3.93b | -- |
| 05/08/2017 16:00 | TA | Exports YoY | Apr | 10.70% | 9.40% | 13.20% | -- |
| 05/08/2017 16:00 | TA | Imports YoY | Apr | 17.50% | 23.50% | 19.80% | -- |
| 05/08/2017 16:30 | EC | Sentix Investor Confidence | May | 25.2 | 27.4 | 23.9 | -- |
| 05/08/2017 16:57 | HK | Foreign Reserves | Apr | -- | \$400.0b | \$395.6b | \$395.5b |
| 05/08/2017 17:00 | SI | Foreign Reserves | Apr | -- | \$260.73b | \$259.15b | \$259.64b |
| 05/08/2017 17:00 | IT | Bol Balance-Sheet Aggregates | | | | | |
| 05/08/2017 20:15 | CA | Housing Starts | Apr | 215.0k | 214.1k | 253.7k | 252.3k |
| 05/08/2017 22:00 | CA | Bloomberg Nanos Confidence | May-05 | -- | 59 | 59.4 | -- |
| 05/08/2017 22:00 | US | Labor Market Index Change | Apr | 1 | 3.5 | 0.4 | 3.6 |
| 05/08/2017 | ID | Net Foreign Assets IDR | Apr | -- | 1606.7t | 1586.8t | -- |
| 05/08/2017 | ID | Foreign Reserves | Apr | -- | Actual | \$121.81b | -- |
| 05/09/2017 07:01 | UK | BRC Sales Like-For-Like YoY | Apr | 0.50% | 5.60% | -1.00% | -- |
| 05/09/2017 08:00 | JN | Labor Cash Earnings YoY | Mar | 0.50% | -- | 0.40% | -- |
| 05/09/2017 08:00 | JN | Real Cash Earnings YoY | Mar | -- | -- | 0.00% | -- |
| 05/09/2017 09:30 | AU | Retail Sales MoM | Mar | 0.30% | -- | -0.10% | -- |
| 05/09/2017 09:30 | AU | Retail Sales Ex Inflation QoQ | 1Q | 0.50% | -- | 0.90% | -- |
| 05/09/2017 13:00 | IN | Local Car Sales | Apr | -- | -- | 190065 | -- |
| 05/09/2017 14:00 | GE | Industrial Production SA MoM | Mar | -0.70% | -- | 2.20% | -- |
| 05/09/2017 14:00 | GE | Industrial Production WDA YoY | Mar | 2.50% | -- | 2.50% | -- |
| 05/09/2017 14:00 | GE | Trade Balance | Mar | 21.5b | -- | 19.9b | 20.0b |
| 05/09/2017 14:00 | GE | Current Account Balance | Mar | 26.5b | -- | 20.4b | -- |
| 05/09/2017 14:00 | GE | Exports SA MoM | Mar | 0.20% | -- | 0.80% | 0.90% |
| 05/09/2017 14:00 | GE | Imports SA MoM | Mar | 1.60% | -- | -1.60% | -- |
| 05/09/2017 14:30 | FR | Bank of France Bus. Sentiment | Apr | 103 | -- | 103 | -- |
| 05/09/2017 14:45 | FR | Budget Balance YTD | Mar | -- | -- | -21.5b | -- |
| 05/09/2017 16:00 | IT | Retail Sales MoM | Mar | 0.20% | -- | -0.30% | -- |
| 05/09/2017 16:00 | IT | Retail Sales YoY | Mar | 0.70% | -- | -1.00% | -- |
| 05/09/2017 18:00 | US | NFIB Small Business Optimism | Apr | 104 | -- | 104.7 | -- |
| 05/09/2017 20:30 | CA | Building Permits MoM | Mar | 2.80% | -- | -2.50% | -- |
| 05/09/2017 22:00 | US | JOLTS Job Openings | Mar | 5725 | -- | 5743 | -- |
| 05/09/2017 22:00 | US | Wholesale Inventories MoM | Mar F | -0.10% | -- | -0.10% | -- |
| 05/09/2017 22:00 | US | Wholesale Trade Sales MoM | Mar | -- | -- | 0.60% | -- |
| 05/09/2017 | ID | Consumer Confidence Index | Apr | -- | -- | 121.5 | -- |
| 05/09/2017 05/18 | CH | FDI YoY CNY | Apr | -- | -- | 6.70% | -- |

Source: Bloomberg

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