DAILY TREASURY OUTLOOK

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Highlights

Global	With centrist Macron and nationalist Le Pen taking the lead in the first round of the French elections and proceeding to the second round runoff on 7 May in line with poll expectations, risk sentiments have perked up and prompted the Euro to a 5-month high. Meanwhile, US president Trump had tweeted on Sat that a "Big TAX REFORM AND TAX REDUCTION will be announced" on 26 Apr, albeit his budget director Mulvaney clarified that it will offer "specific governing principles" this week but a complete proposal probably won't be ready until June. Expect Asian markets to heave a short-term sigh of relief at the weekend French election outcome before turning its gaze to the economic data calendar which comprises of US' Chicago Fed national activity index and Dallas Fed manufacturing activity, German IFO and S'pore's Mar CPI. For the week ahead, key will be the ECB bank lending survey due tomorrow which comes ahead of the ECB meeting on 27 Apr, the BOJ policy meeting on 27 Apr, and the 28 Apr deadline to pass a US spending bill to prevent a government shutdown by 29 April (which ironically marks the 100th day of the Trump presidency).
US	Existing home sales unexpectedly rebounded 4.4% mom to 5.71m in Mar, the highest since 2007, following a revised 3.9% mom decline to 5.47m in Feb. Meanwhile, the manufacturing, services and composite PMIs dipped to 52.8, 52.5 and 52.7 respectively in Apr, down from 53.3, 52.8 and 53.0 in Mar.
EZ	European PMI improved from 56.2 to 56.8 for manufacturing, 56.0 to 56.2 for services, and 56.4 to 56.7 for composite. Meanwhile, UK's retail sales saw its largest decline since early 2010 by registering a 1.4% mom fall in Mar, which suggests that consumer spending is slowing amid accelerating inflation across a whole range of sectors. Italy's credit rating was cut from BBB+ to BBB with stable outlook by Fitch, citing greater exposure to potential adverse shocks on track record of fiscal slippage, back-loading of consolidation and weak growth.
SG	Headline CPI inflation likely rose 0.6% yoy (0% mom) in Mar, with core CPI likely +1.2% yoy, versus +0.7% yoy (0% mom) for headline and 1.2% yoy in Feb. Separately, the new port in Tuas will open progressively from 2021 and when fully completed by 2040 will have an annual capacity to handle 65m TEUs.
HK	Composite CPI rebounded to 0.5% in March but remained sluggish amid the different timing of the Easter holidays between this year and last year. Food inflation accelerated to 1.2% while housing inflation stayed put at 0.2%. On the other hand, deflationary risks resulting from the downward adjustment of electricity charges have eased as utility CPI was seen dipping by 1.2% yoy. Furthermore, due to the return of tourists and a low base effect, clothing CPI rose by 0.4% yoy after deflating for 23 consecutive months. Therefore, overall CPI is expected to pick up and print around 2% in 2017 despite an expected deceleration in import inflation amid a stronger HKD.
TH	Thailand is slated to release its trade data later this morning, where we pencil in an export and import year-on-year growth of 4.5% and 17.5%, respectively, thus bringing trade balance to USD1.0bn.

Major Markets

- **US:** Equities declined on Friday as investors eschewed risk ahead of the French presidential elections. The S&P 500 led declines with a 0.30% fall, while the Dow and Nasdaq followed by retreating 0.15% and 0.11% respectively. This week, politics will remain the spotlight as investors digest the first round results of French presidential election. Markets will be anticipating a tax plan announcement from Trump and watching the developments in the Congress regarding a new spending package to prevent government shutdown starting 29 April. VIX closed at 14.63, up 3.4%. Meanwhile, US Treasury yields were marginally higher, with the 2- and 10-year benchmark yields standing at 1.18% and 2.25%. Uncertainties over the Congress' negotiations on the spending package may drive safe haven flows towards the end of the week, resulting in yields continuing to trend lower.

- **Singapore:** STI added 0.06% to close at 3139.83 on Friday, and may range trade between 3120-3150 today as investors digest the preliminary weekend French election results and weak leads from Wall Street on Friday and soft morning openings from Kospi. With UST bond yields higher on Friday, especially for the longer-dated tenors, SGS bonds could also feel some pressure today.

- **Hong Kong:** On the other hand, the seasonally adjusted jobless rate dropped slightly to 3.2% in the three months through March, reaching its lowest level since 2Q 2014 amid improving economic conditions. The unemployment rate of the retail, accommodation and food services industry dropped to 4.7%, its lowest level since the three months through February 2016. This is attributed to a recovery in tourism activities. Given the continuous housing frenzy, the jobless rate in the financing, insurance, real estate, professional and business services industry remained low at 2.3%. On the contrary, the construction sector's unemployment rose from 3.8% to 4.4% probably due to a slowdown in new home construction. All in all, economic recovery and a tight labor supply may continue to support the labor market. Still, we remain cautious about the impact of an expected slowdown in China in 2H and global uncertainties.

- **Indonesia:** Bank Indonesia's Deputy Governor, Perry Warjiyo, said that the central bank sees room for further monetary easing but it will take into account global events such as Fed funds rate hikes in the decision. He added that BI is directing its monetary policy for stability, in an interview with Bloomberg.

- **Macau:** Inflation resurged slightly from 0.37% to 0.72% in March. Price pressures on food & non-alcoholic beverages (0.37%) remained subdued given the decreasing prices for fresh food. Meanwhile, the price index for clothing and footwear (-0.22%), and housing and fuels (-1.74%) continued to deflate due to seasonal sales and lower housing rents respectively. With a waning base effect, inflation is expected to pick up gradually. However, a stronger MOP may suppress import prices and tourist expenditure. Moreover, stagnant wage growth and fewer non-local workers living in Macau could drag down housing rents in the future. All in all, composite CPI is expected to print around 1.5% in 2017.

- **Commodities:** The weakness in the dollar index this morning seen from the strengthening EUR-USD did little to arrest the fall in oil prices. WTI fell below its critical $50/bbl handle, as market-watchers digested another week of higher US oil rig count. Interestingly however, the pace of increase in US oil rig counts have decelerated to its slowest since the start of this year. Moreover, despite the rig count gain to 688 as of 21st April, it is still starkly lower versus the peak of 1,609 rigs seen at 4Q14. **Should we consider the lag in response given falling oil prices and US production levels, lower oil prices below $50/bbl should eventually dis-incentivise further gains in US oil production and rig counts into the weeks ahead.**

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards last Friday, with swap rates trading 1-2bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in BAERVX 5.9%'49s, SOCGEN 4.3%'26s, and mixed interest in HRAM 3.2%'21s, NAB 4.15%'28s, FNNSP 3.8%'27s, UOBSP 3.5%'29s. In the broader dollar space, the spread on JACI IG corporates was fell 1bps to 204bps, while the yield on JACI HY remained flattish at 6.55%. 10y UST yields inched upwards by 2bps last Friday to 2.25%, as markets worldwide were cautious ahead of the French vote.

- **New Issues:** Fortune Star (BVI) Ltd. set initial guidance for its USD re-tap of bonds (guaranteed by Fosun International Ltd.) due 2022 at 5.125% area. The expected issue ratings are 'NR/BB/NR'. Korea Water Resources Corp scheduled investor roadshows for potential USD bond issuance from 26 April. The National Highways Authority of India scheduled investor meetings and calls for potential USD bond issuance from 24 April.

- **Rating Changes:** S&P upgraded Japan-based regulated electric utility company Shikoku Electric Power Co. Inc.'s (Shikoku Electric) corporate credit and senior secured debt ratings by one notch to 'A-'. The outlook on the corporate credit rating is stable. The rating action reflects Shikoku Electric's progress in the restoration of its provision of a stable electricity supply and stabilization of its profits. Moody's assigned Industrial Bank of Korea's (IBK) USD4bn Certificate of Deposit (CD) Programme a '(P)Aa2' foreign currency long-term rating. The rating action reflects that (1) the instruments issued under the programme will be direct, unconditional, unsecured, and unsubordinated obligations of IBK; and (2) the instruments will rank pari passu with all other direct, unconditional, unsecured and unsubordinated present and future obligations of IBK. Moody's withdrew the long-term rating on DEXUS Finance Pty Ltd. Fitch affirmed Australia-based Woodside Petroleum Ltd's (Woodside) Foreign-Currency Issuer Default Rating and the foreign-currency senior unsecured rating of Woodside Finance Ltd at 'BBB+'. In addition, Fitch revised the outlook on Woodside to stable from negative. The rating action reflects improvements to Woodside's financial risk profile following initiatives undertaken in response to lower oil and gas prices.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	99.977	0.20%	**USD-SGD**	1.3973	-0.04%
USD-JPY	109.090	-0.21%	**EUR-SGD**	1.4980	--
EUR-USD	1.0728	0.10%	**JPY-SGD**	1.2804	0.14%
AUD-USD	0.7541	0.19%	**GBP-SGD**	1.7897	-0.11%
GBP-USD	1.2817	0.03%	**AUD-SGD**	1.0533	0.11%
USD-MYR	4.3993	0.02%	**NZD-SGD**	0.9811	0.10%
USD-CNY	6.8859	0.05%	**CHF-SGD**	1.4026	0.21%
USD-IDR	13322	-0.01%	**SGD-MYR**	3.1471	-0.08%
USD-VND	22718	-0.05%	**SGD-CNY**	4.9281	-0.04%

Equity and Commodity

Index	Value	Net change
DJIA	20,547.76	-30.95
S&P	2,348.69	-7.15
Nasdaq	5,910.52	-6.26
Nikkei 225	18,620.75	190.26
STI	3,139.83	1.95
KLCI	1,756.05	14.44
JCI	5,664.48	69.17
Baltic Dry	1,195.00	-48.00
VIX	14.63	0.48

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	0.0010	**O/N**	0.9294	--
2M	-0.3390	--	**1M**	0.9906	0.0022
3M	-0.3310	0.0010	**2M**	1.0400	-0.0006
6M	-0.2490	--	**3M**	1.1562	0.0031
9M	-0.1800	0.0030	**6M**	1.4021	0.0080
12M	-0.1240	--	**12M**	1.7446	0.0053

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.23 (--)	1.18 (--)
5Y	1.62 (--)	1.77 (+0.01)
10Y	2.11 (-0.01)	2.25 (+0.02)
15Y	2.25 (--)	--
20Y	2.33 (+0.01)	--
30Y	2.36 (+0.01)	2.90 (+0.02)

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)		10Y Bond Ylds (bpschg)		10Y Bund Spread
Portugal	0.43	0.80	3.74	-3.40	3.49
Italy	0.00	2.60	2.26	-0.60	2.01
Ireland	-0.37	--	0.94	2.40	0.69
Greece	7.02	-18.30	6.64	-8.10	6.38
Spain	-0.18	0.90	1.70	-0.50	1.44
Russia	2.03	-3.00	4.03	0.30	3.77

Financial Spread (bps)

	Value	Change
LIBOR-OIS	20.02	-0.72
EURIBOR-OIS	3.00	--
TED	38.12	1.28

Commodities Futures

Energy	**Futures**	**% chg**	**Soft Commodities**	**Futures**	**% chg**
WTI (per barrel)	49.62	-1.29%	Coffee (per lb)	1.299	-1.37%
Brent (per barrel)	51.96	-1.94%	Cotton (per lb)	0.7899	-1.35%
Heating Oil (per gallon)	1.5533	-1.62%	Sugar (per lb)	0.1641	0.49%
Gasoline (per gallon)	1.6445	-1.56%	Orange Juice (per lb)	1.6000	-0.65%
Natural Gas (per MMBtu)	3.1010	-1.84%	Cocoa (per mt)	1,859	2.59%

Base Metals	**Futures**	**% chg**	**Grains**	**Futures**	**% chg**
Copper (per mt)	5,594.2	-0.18%	Wheat (per bushel)	4.0500	-0.31%
Nickel (per mt)	9,303.0	-1.45%	Soybean (per bushel)	9.510	0.45%
Aluminium (per mt)	1,925.3	-0.54%	Corn (per bushel)	3.5700	-0.21%

Precious Metals	**Futures**	**% chg**	**Asian Commodities**	**Futures**	**% chg**
Gold (per oz)	1,287.4	0.43%	Crude Palm Oil (MYR/MT)	2,669.0	1.14%
Silver (per oz)	17.856	-0.90%	Rubber (JPY/KG)	255.0	6.43%

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

CFTC Commodities Futures and Options

For the week ended: 18 Apr 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Gold	200,343	177,131	23,212	Soybean	-31,504	-14,575	-16,929
Nymex Crude	497,267	477,196	20,071	Corn	-73,159	-56,279	-16,880
Live Cattle	156,432	147,798	8,634	Wheat	-121,002	-107,000	-14,002
Coffee	19,931	13,249	6,682	Copper	16,314	25,866	-9,552
Natural Gas	3,604	-2,919	6,523	Cocoa	-23,026	-15,949	-7,077
Platinum	29,390	26,091	3,299	Lean Hogs	23,840	26,514	-2,674
Sugar	87,484	85,011	2,473	Palladium	18,730	20,642	-1,912
Cotton	98,160	95,996	2,164	Silver	105,462	107,003	-1,541
Heating Oil	33,604	31,807	1,797	RBOB Gasoline	56,491	55,488	1,003

Date Time		Event		Survey	Actual	Prior	Revised
04/21/2017 08:30	**JN**	**Nikkei Japan PMI Mfg**	**Apr P**	**--**	**52.8**	**52.4**	**--**
04/21/2017 10:02	MU	CPI Composite YoY	Mar	--	0.72%	0.37%	--
04/21/2017 12:30	**JN**	**Tertiary Industry Index MoM**	**Feb**	**0.30%**	**0.20%**	**0.00%**	**-0.20%**
04/21/2017 15:00	**FR**	**Markit France Mfg PMI**	**Apr P**	**53.1**	**55.1**	**53.3**	**--**
04/21/2017 15:00	FR	Markit France Services PMI	Apr P	57	57.7	57.5	--
04/21/2017 15:00	FR	Markit France Composite PMI	Apr P	56.2	57.4	56.8	--
04/21/2017 15:00	MA	Foreign Reserves	Apr-14	--	$95.7b	$95.4b	--
04/21/2017 15:30	**GE**	**Markit/BME Germany Mfg PMI**	**Apr P**	**58**	**58.2**	**58.3**	**--**
04/21/2017 15:30	GE	Markit Germany Services PMI	Apr P	55.5	54.7	55.6	--
04/21/2017 15:30	GE	Markit/BME Germany Comp PMI	Apr P	56.8	56.3	57.1	--
04/21/2017 15:30	**TH**	**Foreign Reserves**	**Apr-14**	**--**	**$181.7b**	**$181.7b**	**--**
04/21/2017 16:00	**EC**	**Markit Eurozone Mfg PMI**	**Apr P**	**56**	**56.8**	**56.2**	**--**
04/21/2017 16:00	EC	Markit Eurozone Services PMI	Apr P	55.9	56.2	56	--
04/21/2017 16:00	EC	Markit Eurozone Composite PMI	Apr P	56.4	56.7	56.4	--
04/21/2017 16:00	IT	Industrial Orders MoM	Feb	--	5.30%	-2.90%	-3.20%
04/21/2017 16:00	IT	Industrial Orders NSA YoY	Feb	--	7.80%	8.60%	--
04/21/2017 16:28	HK	Composite Interest Rate	Mar	--	0.32%	0.32%	--
04/21/2017 16:30	**UK**	**Retail Sales Ex Auto Fuel YoY**	**Mar**	**3.80%**	**2.60%**	**4.10%**	**--**
04/21/2017 16:30	**UK**	**Retail Sales Inc Auto Fuel YoY**	**Mar**	**3.30%**	**1.70%**	**3.70%**	**--**
04/21/2017 16:30	**HK**	**CPI Composite YoY**	**Mar**	**0.50%**	**0.50%**	**-0.10%**	**--**
04/21/2017 16:30	**HK**	**Unemployment Rate SA**	**Mar**	**3.30%**	**3.20%**	**3.30%**	**--**
04/21/2017 16:30	IT	Current Account Balance	Feb	--	1193m	-1913m	--
04/21/2017 20:30	**CA**	**CPI YoY**	**Mar**	**1.80%**	**1.60%**	**2.00%**	**--**
04/21/2017 21:45	**US**	**Markit US Mfg PMI**	**Apr P**	**53.8**	**52.8**	**53.3**	**--**
04/21/2017 21:45	US	Markit US Services PMI	Apr P	53.2	52.5	52.8	--
04/21/2017 21:45	US	Markit US Composite PMI	Apr P	--	52.7	53	--
04/21/2017 22:00	**US**	**Existing Home Sales**	**Mar**	**5.60m**	**5.71m**	**5.48m**	**5.47m**
04/21/2017 22:00	US	Existing Home Sales MoM	Mar	-1.90%	4.40%	-3.70%	-3.90%
04/24/2017 07:01	UK	Rightmove House Prices MoM	Apr	--	1.10%	1.30%	--
04/24/2017 07:01	UK	Rightmove House Prices YoY	Apr	--	2.20%	2.30%	--
04/24/2017 08:30	TA	Unemployment Rate	Mar	3.80%	--	3.83%	--
04/24/2017 11:30	**TH**	**Customs Exports YoY**	**Mar**	**1.15%**	**--**	**-2.80%**	**--**
04/24/2017 11:30	TH	Customs Imports YoY	Mar	9.80%	--	20.40%	--
04/24/2017 11:30	TH	Customs Trade Balance	Mar	$1699m	--	$1610m	--
04/24/2017 13:00	**SI**	**CPI YoY**	**Mar**	**0.70%**	**--**	**0.70%**	**--**
04/24/2017 13:00	SI	CPI NSA MoM	Mar	0.00%	--	0.00%	--
04/24/2017 13:00	JN	Leading Index CI	Feb F	--	--	104.4	--
04/24/2017 16:00	TA	Industrial Production YoY	Mar	6.10%	--	10.64%	--
04/24/2017 16:00	**GE**	**IFO Business Climate**	**Apr**	**112.4**	**--**	**112.3**	**--**
04/24/2017 16:00	**GE**	**IFO Expectations**	**Apr**	**105.9**	**--**	**105.7**	**--**
04/24/2017 16:00	**GE**	**IFO Current Assessment**	**Apr**	**119.2**	**--**	**119.3**	**--**
04/24/2017 20:30	CA	Wholesale Trade Sales MoM	Feb	-1.00%	--	3.30%	--
04/24/2017 20:30	US	Chicago Fed Nat Activity Index	Mar	0.5	--	0.34	--
04/24/2017 22:30	US	Dallas Fed Manf. Activity	Apr	17	--	16.9	--
04/24/2017	**MU**	**Visitor Arrivals**	**Mar**	**--**	**--**	**2495t**	**--**
04/24/2017	**VN**	**CPI YoY**	**Apr**	**--**	**--**	**4.65%**	**--**
04/21/2017 04/27	TH	Car Sales	Mar	--	--	68435	--

Source: Bloomberg

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