Research Monitor (June)

**Treasury Research**
Tel: 6530-8384

OCBC Bank

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## Key Themes

1. **Market capitulation amid summer tariff blues?** The escalation of US-China trade war which extended to market fears of a tech war (involving Huawei), coupled with the hardening of Chinese rhetoric (eg. prepare for a long march and a White paper China's position on the China-US economic and trade consultation), suggest that global risk appetite may be on a slippery slope from here. Our FX sentiment index has reverted to the Risk-off territory for the first time since mid-January 2019. This has in turn led to a timely reassessment of the major central banks' resolve to tilt to more monetary policy accommodation to buffer against downside growth risks. The Reserve Bank of Australia started the ball rolling with a 25bp cut to a fresh record of 1.25% on 4 June, but financial markets have priced in up to another two cuts in the next six months. Other contenders like the Reserve Bank of India may also oblige with a rate cut soon. Similarly, the FOMC had pivoted away from rate hikes and while Fed rhetoric remains reticent, at least one 25bp rate cut has been fully priced in the futures market. Note St. Louis Fed president Bullard recently opined that "a downward policy rate adjustment may be warranted soon to help re-center inflation expectations at target and also to provide some insurance in case of a sharper-than-expected slowdown". He also cautioned that while "the direct effects of trade restrictions on the US economy are relatively small, but the effects through global financial markets may be larger".
2. **Faltering manufacturing PMIs** continue to point to a choppy summer ahead. Softening sentiments in the wake of Trump's recent salvos against China and Mexico are to be expected. At the center of the maelstrom, the US' manufacturing ISM retreated slightly from 52.8 to 52.1 whilst China's official and Caixin PMIs stood at 49.4 and 50.2 respectively (previously at 50.1 and 50.2). Unsurprisingly, manufacturing PMIs have tilted south again for Malaysia (48.8 versus 49.4), South Korea (48.4 versus 50.2), and Singapore (49.9 versus 50.3) in May, albeit Taiwan (48.4 versus 48.2) Japan (49.8 versus 49.6) improved slightly on-month but remained in contraction territory. The notable exceptions were Vietnam (52.0 versus 52.5), India (52.7 versus 51.8) and Thailand (50.7 versus 51.0) which stand head and shoulders above the crowd in expansion territory for now. However, given that Vietnam, together with Singapore and Malaysia amongst others, was also recently added to the monitoring list for currency manipulation by the US Treasury Department, the economy which is widely seen as the key beneficiary of the US-China trade war may not remain above the fray for very long. The US had also terminated a trade concession for India to export almost 2,000 products (or US$5.7b in 2017) to the US duty-free, so India may need to return to the negotiating table.
3. **The unexpected re-escalation of trade war** caught global market by surprise. Should Trump administration refuse to compromise, tension may persist. The setup of an "unreliable entities" list will give China more power. "A war to end a war" is probably the main strategy China is pursuing.
4. **Crude oil prices have collapsed** as a risk-off sentiment grips global markets**.** Long specs are looking to get out at the moment after a sustained build-up since the start of the year. Rising inventories in the US are adding to the bearishness at the moment. WTI has entered bear-market territory, while Brent is less than a dollar away from following suit at time of writing.

### Asset Class Views

| | House View | Trading Views | |
|---|---|---|---|
| FX | **G10:** At this juncture, the interaction between trade tensions and longer-term macro considerations adds significant uncertainty to asset markets. In essence, the trade tensions created a shifty environment in the near term where risk appetite is volatile and highly sensitive to negative headlines. Going forward, we expect to see bouts of risk aversion hit the market periodically so long as there is no meaningful progress towards a trade deal.<br>In the background, investors will need to watch for secular macro outlook globally. In particular, the relative performance between the US and the other major economic regions will play a part in the determining the direction of the major pairs. If the macro slowdown is centred on the US relative to Europe and Asia, we expect investors to focus on the growing Fed rate cut expectations. The resultant slippage of rate differential support will put the USD on the back-foot against the majors. In contrast, if there is a synchronized slowdown across the globe, the safe-haven characteristics for the USD may give rise to broad USD resilience. The prospect of a protracted trade war conflates the issue further, as one will need to ascertain its relative impacts on the US and China. On balance, we think the near-term dynamics of the trade war will more likely outweigh growth concerns for now. Thus, we continue to prefer the USD and JPY, while staying negative on the cyclical currencies. | USD and JPY are expected to be resilient on haven demand, especially against the cyclical currencies like the AUD, NZD and CAD. EUR and GBP continue to be negative on political uncertainties. | |
| FX | **Asian FX and SGD:** In Asia, the trade conflict will be the predominant theme, and Asia is expected to bear the brunt of risk sentiment swings. Overlay this with an un-inspiring macro outlook, we think the big-picture drivers are negative on the Asian currencies. Nevertheless, under the watchful eye of selected Asian central banks, the pace of decline for Asian currencies may have slowed in the immediate horizon. However, it remains to be seen if the tide can held back over the medium term. One will have to scour deeper for idiosyncratic factors in favour of selected Asian currencies. At this juncture, INR and THB may be relatively sheltered due to an improving portfolio inflow environment. Meanwhile, the tech-dependent TWD may face stronger negative pressures, as equity outflows intensify due to the trade war. | USD-Asia expected to drift higher as a whole. INR and THB may outperform the rest of Asia | |
| Commodities | Energy: Prices have collapsed more than $10/bbl since the end of April as concerns over the ensuing Sino-US tensions grip energy markets. We believe more downside may be warranted as long specs attempt to exit their positions. | Markets are putting aside the supply tightness and spec longs are attempting to escape the bloodbath of commodities. We see further downside for energy in the short-term as Russia supplies return to the market and the widening Brent-WTI spread incentivising more shale production. We look at $55/bbl for Brent and $48/bbl for WTI as key support levels. | ↓ |
| Commodities | Palm oil: Prices have been pressured lower to as low as 2009 MYR/mt from an average of 2200 MYR/ton since March. The EU published limits and regulations on the use of palm oil which will take effect 10 June. A decline in other vegoil prices, particularly soyoil, is also pressuring palm lower. | Refining margins for stearin and glycerin are narrowing, as is the margin for biodiesel. The ability for palm to bounce higher will likely depend on downstream prices picking up in tandem, given the squeeze on margins. Agricultural commodities are under pressure from soybean's pessimism over the trade war and may find any upward momentum capped quickly. | ↓ |

| | House View | Trading Views | |
|---|---|---|---|
| **Rates** | Global expectations have grown for monetary policy accommodation in the face of rising trade tensions and slowing global growth. The market debate has already shifted from "if" to "when" for the FOMC to execute its first rate cut since December 2008. We recognize that the odds are increasingly one-sided with the negativity stacking up rapidly. Watch the 20 June FOMC for a clearer picture on the dots plot and if the Fed will pivot clearly from neutral to the dovish camp. We bring forward the first pre-emptive rate cut to 4Q19 and another cut to follow in 2020 as the US economy continues to soften into 2020. At this juncture, we don't see the ECB hiking rates in 2019 or 1H20 either. | **US:** The inversion of the 3-month to 10-year UST bond yield curve deepened further to -23bps as of 4 June, and the futures market continued to ratchet up expectations of more Fed rate cuts amid the intensifying trade war. With the 10-year testing a September 2017 low at 2.07%, a test of the 2% handle appears inevitable if the June FOMC paves the way for a rate cut in 2H19. | ↑ |
| | | **SG:** The main question is how much weight policymakers will put on the deteriorating external environment and tip the monetary policy balance from a neutral to a more dovish stance in the run up to the October MPS. The flattening of the 2-10 year SGS bond yield curve to 18bps currently may see limited room to maneuver unless the short-term interest rates recalibrate. The 3-month SOR have shown signs of playing catchup to the retreating LIBOR, but the 3-month SIBOR remains anchored around the 2% handle. Ironically any potential policy capitulation would imply some upward pressure on the short-term rate expectations. | ↑ |
| **Credit** | Following a firm finish to April, Trump's trade rhetoric weighed on the markets with the high yield segment taking the bigger brunt of the hit with Bloomberg Barclays Asia USD HY Bond Index widening 21bps while Bloomberg Barclays Asia USD IG Bond Index widened by 9bps as rates retreated across the curve. Issuers began to hold back with issuance in the Asia (ex-Japan) G3 space falling to USD24.2bn (Apr 2019: USD38.3bn) though still higher y/y (May 2018: USD17.9bn). | **IG Pick: CITSP 3.48% '23s (2.95% YTM).** While we expect City Development's credit profile to weaken due to its SGD1.35bn investment into Sincere property Group and Hongqiao Property in China, we expect net gearing to remain manageable at ~40%. We now hold the issuer profile at Neutral (3) after lowering the issuer profile from Positive (2) since 17 May 2019. The bond has a YTM of 2.95% and offering 120bps spread to swaps. Adjusting for tenor, the CITSP 3.48% '23s offers a 10bps pick up against a CAPLSP 3.8% '24s. | ↑ |
| | With the rates outlook still somewhat unclear (although the market is skewed towards future rate cuts), increasing aversion to true high yield issuers and still ample market liquidity searching for yield, we expect demand for duration will increase and that structural high yield papers (ie: perpetuals) from high grade issuers may rise in popularity. We advocate investors to look at medium term duration to maximise returns. While we think spreads will stay sticky in the very near-term, the likely persistence of negative headlines and resultant market volatility means that credit spreads have more potential to widen on downside risks with each passing day and prefer high quality credits that are better able to withstand market influences amongst a slowdown in global economic growth and uncertainties over trade and typically exhibit less cash price volatility throughout the cycle. | **HY Pick: SCISP 4.75%-PERP (3.79% YTC):** Sembcorp Industries Ltd's income contribution is now mainly derived by its Energy segment (previously known as Utilities) which generated a profit from operations excluding exception items of SGD216mn in 1Q2019. Net gearing was slightly lower at 1.09x as at 31 March 2019. While the reset date of this perpetual only occurs in May 2025, it faces first call in May 2020 and we see probability of a call as high as in our view, SCISP would be able to replace this perpetual at a lower cost. | ↑ |

**Macroeconomic Views**

| | House View | Key Themes |
|---|---|---|
| **US** | The Fed kept to expectations for interest rates, voting to maintain it at 2.25-2.5%. While they were optimistic on economic activity and employment, the Fed expressed concern over muted inflationary pressures. The FOMC continues to take a patient tone with regards to its rates normalization. However, in light of the recent escalation in the US-China trade tensions, there is an increasing possibility that the Fed may take a more dovish stance in the upcoming months. | US core CPI went up 2.1% in April YoY and we think inflation (April CPI growth of 2% YoY) at this level is in line with the Fed's PCE target but several Fed officials – Evans and Bullard – have already started to turn dovish. 25% tariffs imposed on $200 billion of Chinese goods on 10th May and the subsequent Chinese retaliation may see Index of Consumer Sentiment, which rose to a 15-year high in early May take a downturn. This is supported by the lowest US Markit manufacturing PMI in 9 years of 50.6 in May, 2 weeks after the imposition of the tariffs, indicating a possible slowdown in growth of business activity. |
| **EU** | The ECB has revised their 2019 GDP forecast in March down to 1.2% from 1.3% in December on weak economic data. They have kept to their narrative on maintaining their current record low rates, but should the EU show further slowdown in light of recent trade woes, the ECB has implied that they may consider another stimulus package. | Between the existing downside risks and the recent development in UK increasing chances of a hard-brexit, the ECB expressed that "euro area growth outlook remained tilted to the downside", and the materialisation of these risks could spark market volatility. The ECB is also concerned about an overpriced real estate market and debt sustainability issues of certain governments and banks, and may implement capital requirement measures to ensure healthier balance sheets. There are also fears that increased risk-taking by investors searching for yields may result in an amplified financial cycle in event of a downturn. They have reiterated that are ready to make use of all of their available monetary policy tools and financial instruments. "We have interest rates, reinvestment from the asset purchase program, forward guidance, and TLTROs," according to Rehn. |
| **Japan** | While the BOJ is set to maintain its negative interest rates at least until "the spring of 2020", Governor Kuroda dismissed debt monetization on the basis of it triggering hyper-inflation. He opined that the Modern Monetary Theory is a "wrong idea" and it is not "being applied in Japan". The 2019 G20 summit will be held in Japan on June 8 and 9. | Ahead of the G20 summit, Kuroda warned of downside risks in the global economy amid the escalating trade tension. Despite the darkening outlook, the twice-delayed planned sales tax hike from 8% to 10% is expected to proceed as planned in October to help Japan curb its public debt burden of more than $12tn. Given the slump in global yields, the BOJ might reduce its purchase for longer maturities out of concern that a flattening yield curve could build up side-effects in the financial system. Since the BOJ had already altered its monthly bond-buying plan twice in 2019, it would not come as a surprise if they cut June's purchase of bonds. |
| **Singapore** | Official 2019 GDP growth forecast has been narrowed downwards from 1.5-3.5% to 1.5-2.5%, with our house view at 1.8-2.0%. MAS kept its S$NEER policy settings unchanged in April, but the external economic environment is rapidly deteriorating with the intensifying US-China trade war and weak manufacturing PMI signals. | The manufacturing PMI sank back into contraction territory at 49.9 in May, the lowest since August 2016 and down from 50.3 in April. The weakness was broad-based across new orders, exports, production, inventory and employment. Similarly, the electronics PMI contracted for the seventh straight month at 49.4, the weakest since June 2016 as well. This set of data dovetails with the weakness seen in other global and regional manufacturing PMIS and suggest that there is no light at the end of the tunnel yet amid the ongoing US-China trade and tech war which has dented market confidence and may continue to take a toll on global demand as time wears on. |

| | House View | Key Themes |
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| **Indonesia** | We have revised our 2019 growth to come out at 5.1% yoy, supported by robust government consumption, strong investment growth and strengthening private consumption. At this point, we think that if BI is to do any cut of 50bps, it may only happen in 4Q 2019. | Jokowi has officially been confirmed as the winner of the presidential race by the election commission. Growth for 1Q 2019 slowed to 5.1% yoy amid much weaker expansion in gross fixed capital formation. Going forward, we see growth in 2Q 2019 coming out at 5.2% yoy as household consumption should pick up amid the festive season. Meanwhile, headline inflation was at 2.83% yoy for April but we expect it to increase to 3.20% yoy for May as food prices continue to rise. On the interest rate front, BI gave the first hints of an easing by stating they will give “due consideration to the space available for accommodative monetary policy” but in the near term, we see an easing still looks elusive. |
| **China** | The re-escalation of trade war may weigh down on growth prospect. The Chinese economy is expected to decelerate gradually in the coming quarters with or without trade war from 6.4% yoy in 1Q. Nevertheless, we think China may still be able to achieve around 6.2% growth in 2019 on the back of supportive fiscal policy and monetary policy. | The re-escalation of trade war has dampened the market sentiment. China’s May manufacturing PMI fell by more than expected to 49.4, back to contraction territory again. Trade has escalated from tariff barrier to non-tariff barrier after China announced non-reliable entity list to target the US company. Things may get worse before getting better. Domestically, the takeover of Baoshang bank, first since 1998, led to the rising volatility in the bond market. In order to safeguard the financial stability, China stepped up its liquidity support net injecting CNY430 billion to the system, largest weekly injection since Chinese New Year holiday. Meanwhile, the PBoC also said Baoshang incident is an individual case and it has not planned any other takeover. Although those efforts have calmed down the market, the access to funding for smaller banks become more difficult. RMB weakened as a result of trade war. China intervened indirectly via stable fixing recently, slowing down the pace of depreciation before approaching 7. Market will still guess whether 7 is line of sand after former PBoC governor Zhou Xiaochuan downplayed the importance of 7. |
| **Hong Kong** | GDP growth may decelerate from 3.0% yoy in 2018 to 2.1%-2.2% yoy in 2019 due to multiple headwinds including global economic slowdown and renewed trade tension. Both HKD and HIBORs are expected to see two-way volatility. The upside for the property market may be capped by rising supply and relatively high rates. | 1Q GDP growth was revised up from 0.5% yoy to 0.6% yoy, but still reaching the weakest since 3Q 2009 due to high base effect, global economic slowdown and lingering trade war risks. Moving ahead, the recent escalation of US-China trade war may continue to drag on HK’s exports while keeping the household spending and corporate investment cautious. Adding on the abating high base effect, we expect GDP growth for 2019 will reach 2.1%-2.2%. Should trade war continue to escalate, the growth may soften further. Elsewhere, HIBOR is set to edge higher in Jun amid seasonal factors and keep USDHKD away from 7.85. Finally, housing market rebound may be capped amid stock market correction, limited downside of local rates and increasing short-term supply. |
| **Macau** | With a strong MOP and Asia’s muted economic outlook, the growth of exports of goods and services may decelerate. The VIP-segment may also succumb to policy risks. Given sluggish private investment and a high base, we expect 2019 GDP to slow from 4.7% in 2018 to around 0%. | Gaming revenue dropped notably in Apr by 8.3% yoy to MOP23.59 billion, the weakest since last September. This indicates that the Easter Holiday supported the tourism sector but barely gave any boost to the gaming demand. Despite strong inbound tourism on Labor Day Holiday effect, gaming growth will likely remain subdued amid increasing concerns about global economic outlook following the US-China trade war escalation. Elsewhere, as gaming revenue fell 0.5% yoy in 1Q, GDP is expected to grow by sub-2% yoy in 1Q. Given the weak outlook of the gaming sector, adding that soft private investment continues to drag, GDP growth will likely slow down to around 0% in 2019. |

| | House View | Key Themes |
|---|---|---|
| **Malaysia** | 2019 growth is tipped to slow to 4.4% yoy amid a deceleration in global activity, compared to 4.7% in 2018. After cutting the rate by 25bps in May, we expect BNM stay pat for the rest of 2019, although this is barring any significant major downturn in global growth (keep a close eye on the trade tensions). | The central bank cut the OPR from 3.25% to 3.00% in May amid growth concerns and reiterated that they see growth coming out at 4.3 – 4.8% whilst noting downside risks. Growth for 1Q 2019 also slowed to 4.5% yoy as investment and trade volumes slumped (though net exports was still a net positive contributor). Headline inflation continued to remain subdued in April at 0.2% yoy as a result of the lingering effects of one-off government policies. We don't expect any meaningful increase in headline inflation for May. Malaysia is also put on the US watch list of currency manipulators but BNM has strongly refuted any claims of the country being currency manipulators. |
| **Thailand** | Based on the lackluster Q1 GDP showing and the continued slump in exports as a result of the US-China tension, we downgrade Thailand's 2019 GDP from 3.8% to 3.4%. This is likely the slowest growth for the country since 2016. | Thailand's Q1 GDP slowed to a 2-year low of 2.8%, with a -3.4% decline on exports expenditure proving to be the largest drag on growth. A prolonged US-China trade war, which at present shows no signs of abating, is likely to continue hurting Thailand's growth in the short-to-medium term. Strong fiscal spending in Q1, which added growth by 0.2pp by our estimates, cushioned the fallout from exports – but that will likely prove to be a temporary solution. An uncertain political scenario from a fragmented Lower House is likely to add hurdles to growth. We revise our forecast for Thailand's full-year growth from 3.8% to 3.4%. |
| **Korea** | The continued slump in exports suggest increasing challenges on economic growth, with the US blacklisting of Huawei likely to dampen demand for the country's electronics. The BoK is likely to hold firm on keeping rates steady for now, but the pressure on the central bank to intervene on growth is likely to climb if other Asian central banks start to cut benchmark rates. | The BoK remains steadfast in its commitment to leave interest rates unchanged for now. Finance Minister Hong nam-ki said that the government will intervene in market stabilization if the Korean won shows signs of instability due to excessive herd behavior. This comes a day after officials from both the Finance Ministry and the BoK said that the weakness in the KRW does not reflect true fundamentals. On this evidence, it is likely that the BoK will continue to keep rates on hold despite growing pressures on the economy. South Korea is one of the hardest hit economies due to its high volume trade with China and it remains to be seen if the economy can turn around before the pressure on BoK grows too insurmountable. |
| **PH** | Q1 GDP disappointed somewhat at 5.6% YoY but we still expect the Philippines to hit the lower bound of its 6-7% growth target. With inflation easing to 3.0%, we expect the BSP to potentially conduct two more interest rate cuts on its benchmark repo rate and slash RRR by another 100bp this year. | Despite the four-year low growth rate of 5.6%, there are reasons to be optimistic over the growth rate in 2H. We estimate that growth in Q1 would have been 6.2% if the budget had been passed earlier – with Duterte's allies performing a clean sweep of the 12 Senate seats up for elections (according to unofficial polls), we expect that the budget to be passed before 2H concludes. A back-loading of fiscal spending in 2H and the BSP potentially cutting interest rates by another 100bp, according to our forecast, is expected to make up for the slow growth in 1H. The US-China tension may prove to be a drag on Philippines' electronics exports, but as a net importer of goods we expect the impact to be lesser than regional export-oriented peers. |

## FX/Rates Forecast

| USD Interest Rates | 3Q19 | 4Q19 | 2020 | 2021 |
|---|---|---|---|---|
| Fed Funds Target Rate | 2.50% | 2.25% | 2.00% | 2.00% |
| 1-month LIBOR | 2.29% | 2.22% | 2.03% | 2.05% |
| 2-month LIBOR | 2.37% | 2.31% | 2.07% | 2.10% |
| 3-month LIBOR | 2.40% | 2.39% | 2.14% | 2.15% |
| 6-month LIBOR | 2.42% | 2.40% | 2.20% | 2.20% |
| 12-month LIBOR | 2.41% | 2.35% | 2.25% | 2.25% |
| 1-year swap rate | 2.05% | 2.03% | 2.08% | 2.18% |
| 2-year swap rate | 1.80% | 1.92% | 1.95% | 2.11% |
| 3-year swap rate | 1.73% | 1.93% | 1.98% | 2.08% |
| 5-year swap rate | 1.81% | 1.94% | 2.00% | 2.10% |
| 10-year swap rate | 2.00% | 2.01% | 2.10% | 2.17% |
| 15-year swap rate | 2.13% | 2.13% | 2.27% | 2.30% |
| 20-year swap rate | 2.19% | 2.18% | 2.32% | 2.35% |
| 30-year swap rate | 2.22% | 2.20% | 2.35% | 2.40% |
| **SGD Interest Rates** | **3Q19** | **4Q19** | **2020** | **2021** |
| 1-month SIBOR | 1.83% | 1.85% | 1.90% | 1.95% |
| 1-month SOR | 1.95% | 1.97% | 2.00% | 2.05% |
| 3-month SIBOR | 1.98% | 2.00% | 2.05% | 2.10% |
| 3-month SOR | 2.02% | 2.05% | 2.13% | 2.15% |
| 6-month SIBOR | 2.03% | 2.08% | 2.15% | 2.20% |
| 6-month SOR | 1.93% | 2.10% | 2.18% | 2.25% |
| 12-month SIBOR | 2.15% | 2.18% | 2.22% | 2.28% |
| 1-year swap rate | 1.80% | 1.85% | 1.90% | 2.14% |
| 2-year swap rate | 1.69% | 1.71% | 1.80% | 1.90% |
| 3-year swap rate | 1.69% | 1.72% | 1.82% | 1.91% |
| 5-year swap rate | 1.76% | 1.80% | 1.85% | 1.93% |
| 10-year swap rate | 2.00% | 2.03% | 2.06% | 2.15% |
| 15-year swap rate | 2.20% | 2.22% | 2.25% | 2.29% |
| 20-year swap rate | 2.26% | 2.28% | 2.31% | 2.33% |
| 30-year swap rate | 2.28% | 2.30% | 2.33% | 2.38% |
| **Malaysia** | **3Q19** | **4Q19** | **2020** | **2021** |
| OPR | 3.00% | 3.00% | 3.00% | 3.00% |
| 1-month KLIBOR | 3.16% | 3.13% | 3.23% | 3.25% |
| 3-month KLIBOR | 3.43% | 3.40% | 3.50% | 3.52% |
| 6-month KLIBOR | 3.53% | 3.50% | 3.60% | 3.62% |
| 12-month KLIBOR | 3.63% | 3.60% | 3.70% | 3.72% |
| 1-year swap rate | 3.38% | 3.25% | 3.29% | 3.39% |
| 2-year swap rate | 3.39% | 3.26% | 3.30% | 3.40% |
| 3-year swap rate | 3.41% | 3.28% | 3.32% | 3.42% |
| 5-year swap rate | 3.44% | 3.31% | 3.35% | 3.45% |
| 10-year swap rate | 3.69% | 3.56% | 3.60% | 3.70% |
| 15-year swap rate | 3.89% | 3.76% | 3.80% | 3.90% |
| 20-year swap rate | 4.04% | 3.91% | 3.95% | 4.05% |

| UST bond yields | 3Q19 | 4Q19 | 2020 | 2021 |
|---|---|---|---|---|
| 2-year UST bond yield | 1.72% | 1.71% | 1.74% | 1.80% |
| 5-year UST bond yield | 1.71% | 1.81% | 1.89% | 1.97% |
| 10-year UST bond yield | 1.99% | 2.00% | 2.01% | 2.10% |
| 30-year UST bond yield | 2.45% | 2.41% | 2.42% | 2.35% |
| **SGS bond yields** | **3Q19** | **4Q19** | **2020** | **2021** |
| 2-year SGS yield | 1.74% | 1.70% | 1.72% | 1.83% |
| 5-year SGS yield | 1.82% | 1.79% | 1.84% | 2.00% |
| 10-year SGS yield | 2.01% | 1.98% | 1.99% | 2.15% |
| 15-year SGS yield | 2.26% | 2.23% | 2.26% | 2.35% |
| 20-year SGS yield | 2.31% | 2.27% | 2.28% | 2.38% |
| 30-year SGS yield | 2.49% | 2.40% | 2.41% | 2.47% |
| **MGS forecast** | **3Q19** | **4Q19** | **2020** | **2021** |
| 5-year MGS yield | 3.52% | 3.49% | 3.50% | 3.52% |
| 10-year MGS yield | 3.69% | 3.65% | 3.70% | 3.75% |

| FX | Spot | 2Q19 | 3Q19 | 4Q19 | 1Q20 |
|---|---|---|---|---|---|
| USD-JPY | 108.83 | 108.18 | 107.59 | 107.26 | 106.93 |
| EUR-USD | 1.1139 | 1.1071 | 1.1068 | 1.1205 | 1.1341 |
| GBP-USD | 1.2612 | 1.2503 | 1.2486 | 1.2678 | 1.2871 |
| AUD-USD | 0.6914 | 0.6914 | 0.6858 | 0.696 | 0.7061 |
| NZD-USD | 0.6513 | 0.6513 | 0.6441 | 0.6557 | 0.6673 |
| USD-CAD | 1.3546 | 1.3628 | 1.3632 | 1.3508 | 1.3383 |
| USD-CHF | 1.0054 | 1.0022 | 0.9986 | 0.9935 | 0.9884 |
| USD-SGD | 1.3782 | 1.3808 | 1.3835 | 1.374 | 1.3645 |
| USD-CNY | 6.9042 | 6.9237 | 6.915 | 6.8359 | 6.7568 |
| USD-THB | 31.71 | 31.53 | 31.46 | 31.27 | 31.08 |
| USD-IDR | 14262 | 14,198 | 14,211 | 14,057 | 13,903 |
| USD-MYR | 4.1923 | 4.2096 | 4.2112 | 4.1641 | 4.117 |
| USD-KRW | 1190.91 | 1190.91 | 1198.16 | 1186.07 | 1173.98 |
| USD-TWD | 31.603 | 31.71 | 31.7 | 31.47 | 31.24 |
| USD-HKD | 7.8461 | 7.8401 | 7.8291 | 7.8182 | 7.8073 |
| USD-PHP | 52.19 | 52.06 | 52.07 | 51.73 | 51.38 |
| USD-INR | 69.82 | 70.1 | 69.08 | 68.45 | 67.82 |
| EUR-JPY | 121.23 | 119.76 | 119.08 | 120.18 | 121.28 |
| EUR-GBP | 0.8832 | 0.8854 | 0.8865 | 0.8838 | 0.8811 |
| EUR-CHF | 1.1199 | 1.1095 | 1.1053 | 1.1132 | 1.121 |
| EUR-SGD | 1.5352 | 1.5286 | 1.5313 | 1.5396 | 1.5475 |
| GBP-SGD | 1.7382 | 1.7264 | 1.7274 | 1.7421 | 1.7563 |
| AUD-SGD | 0.953 | 0.9547 | 0.9489 | 0.9563 | 0.9635 |
| NZD-SGD | 0.8977 | 0.8993 | 0.8912 | 0.901 | 0.9105 |
| CHF-SGD | 1.3708 | 1.3778 | 1.3855 | 1.383 | 1.3805 |
| JPY-SGD | 1.2664 | 1.2764 | 1.286 | 1.281 | 1.276 |
| SGD-MYR | 3.0417 | 3.0486 | 3.0438 | 3.0306 | 3.0172 |
| SGD-CNY | 5.0092 | 5.0142 | 4.998 | 4.975 | 4.9517 |

## Macroeconomic Calendar

| Date Time | | Event | | Survey | Actual | Prior | Revised |
|---|---|---|---|---|---|---|---|
| 06/03/2019 22:00 | US | ISM Manufacturing | May | 53 | 52.1 | 52.8 | -- |
| 06/06/2019 20:30 | US | Initial Jobless Claims | Jun-01 | 215k | -- | 215k | -- |
| 06/07/2019 20:30 | US | Change in Nonfarm Payrolls | May | 183k | -- | 263k | -- |
| 06/10/2019 07:50 | JN | GDP SA QoQ | 1Q F | 0.50% | -- | 0.50% | -- |
| 06/12/2019 09:30 | CH | CPI YoY | May | 2.70% | -- | 2.50% | -- |
| 06/12/2019 20:30 | US | CPI MoM | May | 0.10% | -- | 0.30% | -- |
| 06/13/2019 20:30 | US | Initial Jobless Claims | Jun-08 | -- | -- | -- | -- |
| 06/14/2019 12:30 | JN | Industrial Production MoM | Apr F | -- | -- | 0.60% | -- |
| 06/19/2019 16:30 | UK | CPI YoY | May | -- | -- | 2.10% | -- |
| 06/20/2019 20:30 | US | Initial Jobless Claims | Jun-15 | -- | -- | -- | -- |
| 06/24/2019 13:00 | SI | CPI YoY | May | -- | -- | 0.80% | -- |
| 06/27/2019 20:30 | US | GDP Annualized QoQ | 1Q T | -- | -- | 3.10% | -- |
| 06/27/2019 20:30 | US | Initial Jobless Claims | Jun-22 | -- | -- | -- | -- |
| 06/28/2019 07:50 | JN | Industrial Production MoM | May P | -- | -- | -- | -- |
| 06/28/2019 16:30 | UK | GDP QoQ | 1Q F | -- | -- | 0.50% | -- |

## Central Bank Interest Rate Decisions

| Date Time | | Event | | Survey | Actual | Prior | Revised |
|---|---|---|---|---|---|---|---|
| 05/02/2019 02:00 | US | FOMC Rate Decision (Upper Bound) | May-01 | 2.50% | 2.50% | 2.50% | -- |
| 05/02/2019 02:00 | US | FOMC Rate Decision (Lower Bound) | May-01 | 2.25% | 2.25% | 2.25% | -- |
| 05/02/2019 19:00 | UK | Bank of England Bank Rate | May-02 | 0.75% | 0.75% | 0.75% | -- |
| 05/07/2019 12:30 | AU | RBA Cash Rate Target | May-07 | 1.25% | 1.50% | 1.50% | -- |
| 05/07/2019 15:00 | MA | BNM Overnight Policy Rate | May-07 | 3.00% | 3.00% | 3.25% | -- |
| 05/08/2019 10:00 | NZ | RBNZ Official Cash Rate | May-08 | 1.50% | 1.50% | 1.75% | -- |
| 05/08/2019 15:05 | TH | BoT Benchmark Interest Rate | May-08 | 1.75% | 1.75% | 1.75% | -- |
| 05/09/2019 16:00 | PH | BSP Overnight Borrowing Rate | May-09 | 4.50% | 4.50% | 4.75% | -- |
| 05/16/2019 15:20 | ID | Bank Indonesia 7D Reverse Repo | May-16 | 6.00% | 6.00% | 6.00% | -- |
| 05/17/2019 16:30 | HK | Composite Interest Rate | Apr | -- | 0.83% | 0.82% | -- |
| 05/29/2019 22:00 | CA | Bank of Canada Rate Decision | May-29 | 1.75% | 1.75% | 1.75% | -- |
| 05/31/2019 08:58 | SK | BoK 7-Day Repo Rate | May-31 | 1.75% | 1.75% | 1.75% | -- |
| 06/04/2019 12:30 | AU | RBA Cash Rate Target | Jun-04 | 1.25% | -- | 1.50% | -- |
| 06/06/2019 14:15 | IN | RBI Repurchase Rate | Jun-06 | 5.75% | -- | 6.00% | -- |
| 06/06/2019 19:45 | EC | ECB Main Refinancing Rate | Jun-06 | 0.00% | -- | 0.00% | -- |
| 06/14/2019 18:30 | RU | Key Rate | Jun-14 | 7.50% | -- | 7.75% | -- |
| 06/19/2019 | HK | Composite Interest Rate | May | -- | -- | 0.83% | -- |
| 06/20/2019 02:00 | US | FOMC Rate Decision (Upper Bound) | Jun-19 | 2.50% | -- | 2.50% | -- |
| 06/20/2019 02:00 | US | FOMC Rate Decision (Lower Bound) | Jun-19 | 2.25% | -- | 2.25% | -- |
| 06/20/2019 16:00 | TA | CBC Benchmark Interest Rate | Jun-20 | -- | -- | 1.38% | -- |
| 06/20/2019 16:00 | PH | BSP Overnight Borrowing Rate | Jun-20 | -- | -- | 4.50% | -- |
| 06/20/2019 19:00 | UK | Bank of England Bank Rate | Jun-20 | -- | -- | 0.75% | -- |
| 06/20/2019 | JN | BOJ Policy Balance Rate | Jun-20 | -- | -- | -0.10% | -- |
| 06/20/2019 | ID | Bank Indonesia 7D Reverse Repo | Jun-20 | -- | -- | 6.00% | -- |
| 06/26/2019 10:00 | NZ | RBNZ Official Cash Rate | Jun-26 | -- | -- | 1.50% | -- |
| 06/26/2019 15:05 | TH | BoT Benchmark Interest Rate | Jun-26 | -- | -- | 1.75% | -- |

Source: Bloomberg

| OCBC Treasury Research | |
|---|---|
| **Macro Research** | **Credit Research** |
| **Selena Ling** | **Andrew Wong** |
| LingSSSelena@ocbc.com | WongVKAM@ocbc.com |
| **Emmanuel Ng** | **Ezien Hoo** |
| NgCYEmmanuel@ocbc.com | EzienHoo@ocbc.com |
| **Tommy Xie Dongming** | **Wong Hong Wei** |
| XieD@ocbc.com | WongHongWei@ocbc.com |
| **Terence Wu** | **Seow Zhi Qi** |
| TerenceWu@ocbc.com | ZhiQiSeow@ocbc.com |
| **Howie Lee** | |
| HowieLee@ocbc.com | |
| **Alan Lau** | |
| AlanLau@ocbc.com | |