

Treasury Advisory
Corporate FX & Structured
Products

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Interest Rate Derivatives

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Products

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Highlights

Global	<p>Market sentiment appears to remain on hold, as we await a whole roster of key data including nonfarm payrolls data coming from US tonight, with 205k increase penciled in for the March figure compared to the 242k printed the month before. Special attention will be paid to the average hourly earnings number as well, with market penciling in a 2.2%yoy increase. This is because the market would see it as a way to gauge whether the recent run of improvement in labor market is feeding through to wage inflation. Other than that, market will be looking out for ISM out of US and PMI prints from Asian and European economies today, as well. Any sign of improvement in the global manufacturing sector's outlook would aid the recent stabilization in market sentiment.</p> <p>Elsewhere, markets ended a tumultuous first quarter largely unchanged overnight, with major indices closing the quarter at levels close to where they began. S&P 500 -0.20%, Dow -0.18% and NASDAQ +0.1%. Meanwhile VIX +2.9% rebounded off recent lows. US Treasuries capped a good quarter, with yields falling across the curve. 2- and 10-year US Treasuries yield 0.73% and 1.77% respectively.</p>
Singapore	<p>Bank loans growth fell for the 5th straight month by 1.2% yoy (-0.01% mom) in Feb, with the same pace of on-year contraction as Jan16 and Dec15. This stretch is the longest since 1999 which saw six consecutive months of declining business loans. The drag came mainly from business loans which fell 3.4% yoy (-1.0% mom) in Feb, following a Jan reading of -3.5% yoy (-0.7% mom), as loans to many sectors, especially general commerce and manufacturing, continued to decline. Only loans to the building/construction (+16.0% yoy) and transport/storage/comms (+2.0% yoy) expanded in Feb. In addition, consumer loans also slowed to 2.2% yoy (-0.3% mom) in Feb, as housing/bridging loans eased (+3.9% yoy and flat mom) and car and credit card loans extended their ongoing slump. We expect bank loans to contract at around 1.2% yoy in 1Q16 given weak domestic business sentiments, with the full year in the 0-2% yoy range assuming some stabilization towards the end of 2016.</p>
China	<p>Rating agency S&P cut the outlook for China's credit rating to negative from stable citing the increasing economic and financial risks to the Chinese government's creditworthiness. This is the second outlook downgrade after similar move from Moody's in early March. We think the impact on market is unlikely to be significant given most information has been priced in the market. Meanwhile, PBoC unveiled its forward position for the first time. The outstanding of forward position is much less than market speculation.</p>
Malaysia	<p>Sarawak state is set to dissolve its assembly on April 11. This would be a precursor to state elections that are slated to be taking within 60 days after the dissolution. Market will likely keep an eye on the results to see if the ruling Barisan Nasional under PM Najib Razak can retain the electorate support.</p>
Commodities	<p>Dollar-denominated commodities edged higher as the green-back touched its weakest since Oct 2015 as markets continue to digest Yellen's dovish rhetoric. Gold rallied further to \$1,234/oz but silver is a clear winner with almost a 2.0% rally to \$15.5/oz. Elsewhere, energy remains flattish as the market remains in wait-and-see attitude towards the 17 Apr Doha talks.</p>

Major Market

- **Singapore:** The STI declined by 1.11% to close at 2840.9 yesterday. Top gainers include Starhub Ltd (+1.21%), Singapore Exchange Ltd (+0.63%) and SIA Engineering Co Ltd (+0.56%). However, the gains were weighed down by Golden Agri-Resources (-3.53%), Hutchison Port Holdings (-2.91%) and Keppel Corp Ltd (-2.35%). For the day ahead, expect STI to range 2823 and 2855 given the weaker overnight cues from the US.
- **China:** The current account surplus as % of GDP increased to 3% in 2015, up from 2.7% in 2014, mainly benefiting from falling commodity prices. Capital account deficit widened to a record high of US\$485.3 billion, accounting for 4.5% of GDP in 2015. Portfolio outflows jumped by 580% in 2015 to US\$73.2 billion via the investment scheme such as RQDII, QDII and Shanghai Hong Kong connect. Meanwhile, onshore financial institutions bought US\$32 billion offshore bonds.
- PBoC also unveiled its forward position for the first time. PBoC has intervened RMB via forward position with tenor longer than three months. Total outstanding of short USDCNY forward as of end Feb was at US\$28.9 billion, lower than some market speculation of hundreds billions intervention.
- **Hong Kong:** The decline in total retail sales value deepened, dropping significantly by 20.6% yoy in February. Value of retail sales totalled HK\$ 37 billion, falling for the twelfth straight month on a yearly basis. Since the start of the year, the value of HK's total retail sales decreased by 13.6% yoy, marking the first double-digit decline since January 2015. Soft data also indicates that the retail sector remains in doldrums amid weak inbound tourism and subdued tourists spending. The recent rout in the stock market and housing market downturn also dented local consumer sentiment. Gloomy prospects for Hong Kong's retail sector will therefore lead to more downward pressure on HK's retail shop property market. More rental concession by the landlord and higher vacancy rate in core business district could thus be expected.
- Total deposits in HK increased 6.9% yoy in February to HK\$ 10,844 billion with total demand deposits growing 18.9% yoy to HK\$ 1,637 billion. On a monthly basis, RMB deposits dipped 5.65% after the previous gain of 0.1%. The enlarged contraction in RMB deposits may be due to the Lunar New Year. However, as RMB has begun to stabilize recently, we believe the pace of RMB deposit could continue to slow in short term. In addition, USD deposits increased 0.6% mom (13.9% yoy) to HKD 3,746 billion, marking its eighth consecutive gain. Total loan and advances increased slightly by 1.4% yoy to HK\$ 7,470 billion as well. Loan for use outside HK dropped again by 0.8% mom, indicating that demand for Mainland related loans remained soft amid lower borrowing cost in China. Meanwhile, accommodative monetary policies in China coupled with deterioration of credit quality of Mainland enterprises amid China's economic slowdown could keep restraining loan growth in HK.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with the short-end rates trading 1bp lower, while the belly-to-long-end rates traded 1bp to 4bps higher. In the broader dollar space, the spread on JACI IG corporates was level at 232bps, while the yield on the JACI HY corporates fell by 5bps to 7.68%. 10y UST decreased by 5bps to 1.77%.
- **Rating Changes:** Given the volume, we have split the rating actions by ratings agency:
 1. Moody's revised the rating outlook on OCBC Bank, DBS Bank, DBS Group Holdings and UOB to negative from stable. The rating action reflects Moody's expectation of a more challenging operating environment for banks in Singapore in 2016, and possibly beyond, which may pressure the banks' asset quality and profitability. Moody's has confirmed the "A2" issuer rating of SINOPEC Engineering (Group) Co Ltd. The "A2" rating incorporates its standalone credit strength and a three-notch uplift for expected strong support from Sinopec Group in times of need. Outlook is negative. Moody's has confirmed the "Baa1" issuer rating of China Oilfield

Services Ltd (“COSL”). This confirmation follows the confirmation of the “Aa3” rating for its parent, China National Offshore Oil Corporation (“CNOOC”). Outlook is negative. Moody’s affirmed Greentown China Holdings Ltd’s “Ba3” corporate family rating, reflecting Greentown’s standalone credit strengths and a two-notch rating uplift based on expected extraordinary financial support from China Communications Construction Group (unrated) in times of financial distress.

2. S&P downgraded Standard Chartered group entities – Standard Chartered PLC (to “BBB+”/stable from “A-”/negative), Standard Chartered Bank (to “A”/positive from “A+”/negative), Standard Chartered Bank Hong Kong Ltd (to “A+”/positive from “AA-”/negative), Standard Chartered China Ltd (to “A”/positive, from “A+”/negative), Standard Chartered Bank Korea Ltd (to “A-”/positive from “A”/negative) and Standard Chartered Taiwan Ltd (to “A-”/positive from “A”/negative). The rating action follows S&P’s view that the group’s creditworthiness has deteriorated compared to peers. S&P revised the rating outlook on People’s Republic of China to negative from stable, reflecting S&P’s expectation that the economic and financial risks to the Chinese government’s creditworthiness are gradually increasing. Along the same theme, S&P also revised its outlook on Hong Kong (Special Administrative Region) to negative from stable, due to S&P’s view that the Special Administrative Region and China have a high degree of financial and economic linkage. S&P revised the CreditWatch placement on Sharp Corporation’s “CCC” long-term and “C” short-term corporate credit ratings to positive from negative. The revision follows Sharp’s announcement on 30 March that it will issue new shares through third-party allocations totaling JPY388.8bn to Taiwan’s Hon Hai Precision Industry Co Ltd and its group companies by 5 Oct 2016.
3. Fitch downgraded China-based Honghua Group Ltd’s long-term issuer default rating to “B-” from “B”, reflecting a deterioration of the company’s financials in a sharp industry downturn. Honghua did not manage to unlock cash from working capital as revenue dropped dramatically, on top of declining margins.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.586	-0.27%	USD-SGD	1.3484	-0.13%
USD-JPY	112.570	0.12%	EUR-SGD	1.5344	0.24%
EUR-USD	1.1132	0.00%	JPY-SGD	1.1977	-0.27%
AUD-USD	0.7657	-0.18%	GBP-SGD	1.9363	-0.26%
GBP-USD	1.4360	-0.13%	AUD-SGD	1.0324	-0.32%
USD-MYR	3.8995	-0.91%	NZD-SGD	0.9315	-0.31%
USD-CNY	6.4536	-0.23%	CHF-SGD	1.4019	0.20%
USD-IDR	13239	-0.13%	SGD-MYR	2.8950	-0.62%
USD-VND	22293	0.08%	SGD-CNY	4.7970	0.15%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3320	--	O/N	0.3772	--
2M	-0.2790	--	1M	0.4340	--
3M	-0.2430	--	2M	0.5155	--
6M	-0.1320	--	3M	0.6251	--
9M	-0.0690	--	6M	0.8989	--
12M	-0.0040	--	12M	1.2142	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.58	-1.10	2.94
Italy	-0.02	-0.90	1.22
Ireland	-0.32	3.10	0.73
Greece*	9.19	-38.60	8.59
Spain	0.00	-0.30	1.44
Russia^	3.32	-0.70	5.32

* Greece's bond yields data reflect 3-year (instead of 2-year) tenor

^ Russia's bond yields data reflects 3-year and 15-year tenors instead

Equity and Commodity

Index	Value	Net change
DJIA	17,685.09	-31.60
S&P	2,059.74	-4.20
Nasdaq	4,869.85	0.60
Nikkei 225	16,758.67	-120.30
STI	2,840.90	-31.90
KLCI	1,717.58	-0.20
JCI	4,845.37	28.70
Baltic Dry	429.00	15.00
VIX	13.95	0.40

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.81 (-0.04)	0.72 (-0.04)
5Y	1.45 (-0.04)	1.20 (-0.05)
10Y	1.84 (-0.01)	1.77 (-0.05)
15Y	2.23 (--)	--
20Y	2.33 (--)	--
30Y	2.52 (-0.01)	2.61 (-0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	24.06	-0.62
EURIBOR-OIS	10.28	-0.22
TED	43.03	-0.15

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	38.34	0.05%	Coffee (per lb)	1.275	0.35%
Brent (per barrel)	39.60	0.87%	Cotton (per lb)	0.5844	1.34%
Heating Oil (per gallon)	1.185	2.16%	Sugar (per lb)	0.1535	-3.28%
Gasoline (per gallon)	1.43	-0.69%	Orange Juice (per lb)	1.4720	3.81%
Natural Gas (per MMBtu)	1.959	-1.85%	Cocoa (per mt)	2,950	-0.81%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,847.0	-0.52%	Wheat (per bushel)	4.7350	2.05%
Nickel (per mt)	8,457	0.72%	memb	9.108	0.19%
Aluminium (per mt)	1,508.8	1.46%	Corn (per bushel)	3.5150	-4.22%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,234.2	0.59%	Crude Palm Oil (MYR/MT)	2,690.0	-0.44%
Silver (per oz)	15.464	1.66%	Rubber (JPY/KG)	170.0	-0.64%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
03/31/2016 07:00	SK Industrial Production YoY	Feb	-0.20%	2.40%	-1.90%	-2.20%
03/31/2016 07:05	UK GfK Consumer Confidence	Mar	-1	0	0	--
03/31/2016 08:00	AU HIA New Home Sales MoM	Feb	--	-5.30%	3.10%	0.60%
03/31/2016 08:00	NZ ANZ Business Confidence	Mar	--	3.2	7.1	--
03/31/2016 08:30	AU Private Sector Credit MoM	Feb	0.50%	0.60%	0.50%	--
03/31/2016 10:00	NZ Money Supply M3 YoY	Feb	--	7.30%	7.60%	--
03/31/2016 13:22	PH Bank Lending YoY	Feb	--	15.70%	15.60%	--
03/31/2016 14:00	GE Retail Sales MoM	Feb	0.40%	-0.40%	0.70%	-0.10%
03/31/2016 14:45	FR CPI YoY	Mar P	-0.10%	-0.20%	-0.20%	--
03/31/2016 15:30	TH Exports YoY	Feb	--	6.20%	-9.30%	--
03/31/2016 15:30	TH Trade Balance	Feb	--	\$5978m	\$2636m	--
03/31/2016 15:30	TH BoP CA Balance	Feb	\$6100m	\$7401m	\$4066m	--
03/31/2016 15:55	GE Unemployment Change	Mar	-6k	0k	-10k	-9k
03/31/2016 16:30	UK Mortgage Approvals	Feb	73.5k	73.9k	74.6k	74.1k
03/31/2016 16:30	HK Retail Sales Value YoY	Feb	-7.80%	-20.60%	-6.50%	-6.60%
03/31/2016 16:30	HK Retail Sales Volume YoY	Feb	-6.50%	-19.50%	-5.20%	--
03/31/2016 16:30	UK GDP QoQ	4Q F	0.50%	0.60%	0.50%	--
03/31/2016 16:30	UK GDP YoY	4Q F	1.90%	2.10%	1.90%	--
03/31/2016 17:00	EC CPI Estimate YoY	Mar	-0.10%	-0.10%	-0.20%	--
03/31/2016 17:00	EC CPI Core YoY	Mar A	0.90%	1.00%	0.80%	--
03/31/2016 17:00	IT CPI EU Harmonized YoY	Mar P	-0.20%	-0.30%	-0.20%	--
03/31/2016 18:08	IT PPI MoM	Feb	--	-0.50%	-0.80%	--
03/31/2016 18:36	MU Hotel Occupancy Rate	Feb	--	78.6	76.5	--
03/31/2016 20:30	CA GDP MoM	Jan	0.30%	0.60%	0.20%	--
03/31/2016 20:30	US Initial Jobless Claims	Mar-26	265k	276k	265k	--
04/01/2016 07:00	SK CPI YoY	Mar	1.30%	1.00%	1.30%	--
04/01/2016 07:00	SK BoP Current Account Balance	Feb	--	\$7507.7m	\$7063.6m	\$6820.9m
04/01/2016 08:00	SK Exports YoY	Mar	-10.90%	--	-12.20%	--
04/01/2016 08:00	SK Imports YoY	Mar	-14.30%	--	-14.60%	--
04/01/2016 09:00	CH Manufacturing PMI	Mar	49.4	--	49	--
04/01/2016 09:00	CH Non-manufacturing PMI	Mar	--	--	52.7	--
04/01/2016 09:30	SK Nikkei South Korea PMI Mfg	Mar	--	--	48.7	--
04/01/2016 09:45	CH Caixin China PMI Mfg	Mar	48.3	--	48	--
04/01/2016 10:00	JN Nikkei Japan PMI Mfg	Mar F	--	--	49.1	--
04/01/2016 10:00	ID CPI YoY	Mar	4.50%	--	4.42%	--
04/01/2016 10:00	ID CPI Core YoY	Mar	3.57%	--	3.59%	--
04/01/2016 10:30	TA Nikkei Taiwan PMI Mfg	Mar	--	--	49.4	--
04/01/2016 11:00	ID Nikkei Indonesia PMI Mfg	Mar	--	--	48.7	--
04/01/2016 11:30	TH CPI YoY	Mar	-0.43%	--	-0.50%	--
04/01/2016 12:00	VN Nikkei Vietnam PMI Mfg	Mar	--	--	50.3	--
04/01/2016 13:00	JN Vehicle Sales YoY	Mar	--	--	-4.60%	--
04/01/2016 13:30	AU Commodity Index AUD	Mar	--	--	73.2	--
04/01/2016 13:30	AU Commodity Index YoY	Mar	--	--	-21.60%	--
04/01/2016 14:00	UK Nationwide House PX MoM	Mar	0.40%	--	0.30%	--
04/01/2016 15:30	TH Foreign Reserves	Mar-25	--	--	\$172.8b	--
04/01/2016 15:45	IT Markit/ADACI Italy Mfg PMI	Mar	52.5	--	52.2	--
04/01/2016 15:50	FR Markit France Mfg PMI	Mar F	49.6	--	49.6	--
04/01/2016 15:55	GE Markit/BME Germany Mfg PMI	Mar F	50.4	--	50.4	--
04/01/2016 16:00	EC Markit Eurozone Mfg PMI	Mar F	51.4	--	51.4	--
04/01/2016 16:30	UK Markit UK PMI Mfg SA	Mar	51.2	--	50.8	--
04/01/2016 17:00	EC Unemployment Rate	Feb	10.30%	--	10.30%	--
04/01/2016 20:30	US Change in Nonfarm Payrolls	Mar	205k	--	242k	--
04/01/2016 20:30	US Unemployment Rate	Mar	4.90%	--	4.90%	--
04/01/2016 21:30	CA RBC Canadian Mfg PMI	Mar	--	--	49.4	--
04/01/2016 21:45	US Markit US Manufacturing PMI	Mar F	51.5	--	51.4	--
04/01/2016 22:00	US ISM Manufacturing	Mar	51	--	49.5	--
04/01/2016 22:00	US Construction Spending MoM	Feb	0.10%	--	1.50%	--
04/01/2016 22:00	US U. of Mich. Sentiment	Mar F	90.5	--	90	--
04/01/2016 04/07	ID Foreign Reserves	Mar	--	--	\$104.54b	--

Source: Bloomberg

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