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Highlights

Global	<p>Global equity markets remained risk-supportive amid relatively mixed US economic data – initial jobless claims rose 6k to 278k to bring the 4-week average to 270.25k (low since end-Nov), while the non-manufacturing ISM was little changed at 53.4 in Feb vis-à-vis 53.5 in Jan, albeit this was accompanied by the first decline in its employment gauge in two years from 52.1 to 49.7 (but note that this indicator saw a blip in Feb14 which did not reflect NFP@+175k at that time). Notably, the new orders gauge also softened from 56.5 to 55.5. Separately, Eurozone and Germany's services PMIs were generally stronger across the board. Elsewhere, oil prices held near 8-week highs, and North Korea is back to sabre-rattling tactics in response to UN sanctions resolution.</p> <p>For today, watch for US' nonfarm payrolls and unemployment rate are highly anticipated at +195k (previously +151k) and 4.9% (unchanged) respectively for Feb – given the recent economic indicators which point to some deceleration in momentum but still in relatively robust health, any upside or downside surprises may swing futures pricing for the June rather than March FOMC (with the latter seen as a non-event and currently priced at only 8% probability of a rate hike). Do watch for the average hourly earnings, up 2.5% yoy in Jan, as nascent wage inflation may be a tipping point, as well as US' Jan trade deficit, Malaysia's Jan trade and China's NPC starting tomorrow.</p>
US	<p>Factory orders rebounded less than expected from -2.9% to +1.6% (expected: +2.1%). Meanwhile, 4Q15 nonfarm productivity was -2.2% (initially estimated at -3.0%), while unit labour costs rose 3.3% (previously estimated at +4.5%).</p> <p>Wall Street continued to eke out gains yesterday, even as investors awaited tonight's key unemployment data, with the Dow +0.26%, S&P500 +0.35% and Nasdaq +0.09%. VIX -2.28% to 16.70. The UST bond market rose for the first time in three days, with the 2- and 10-year bond yields lower at 0.85% and 1.83% respectively and the 30-year yield fell 3bps to 2.66%.</p>
Singapore	<p>The Nikkei whole economy PMI retreated from 52.5 in Jan to 51.6 in Feb (lowest since Oct15), as but still marked the 9th consecutive month in expansion territory. Notably, its output gauge fell from 56.5 to 53.4 (low since Oct13), whereas new orders only rose slightly (highest since Nov15). The 0.9 point retraction between January to February is also not alarming in itself as it is larger than the 0.5 point fall for the same period in 2015 but smaller than the 1.3 point decline in 2014. This data suggests that services sector is not immune to the brewing headwinds and softening business cum consumer sentiments, but should still generate sufficient momentum to remain supportive of growth in 1H16.</p>
China	<p>The national committee of the Chinese People's Political Consultative Conference kicked off on Thursday morning, marking the start of a 12-day long "two sessions". The most important plenary session of National People's Congress will start from tomorrow onwards. In addition to usual GDP, M2, inflation and fiscal deficit target, China's fight against over capacity and high leverage will also be the focus of the market. Meanwhile, PBoC deputy Governor Yi Gang reiterated that China will maintain RMB basically stable against its basket currency this year.</p>

Major Market

- **Singapore:** The STI rallied another 2.22% to close at 2787.62 yesterday, outperforming the other Asian bourses. Given the modestly positive overnight Wall Street lead but more cautious morning cues from Nikkei and Kospi, expect the STI to consolidate between 2720-2800 today. SGS bonds could remain supported today ahead of US' key labour market report.
- **Macau:** The decline in HK's total retail sale value continued, dropping 6.5% yoy in January. The value of retail sales totalled HK\$43.6 billion, falling for the eleventh straight month on a yearly basis. HK's retail sector witnessed a broad-based year-on-year decline in various retail outlets. Though declines in the luxury segment continued to narrow, it remained the major drag on HK retail sales. Sales value for jewellery and watches also contracted for the 16th straight month by 16.3% yoy in January, which was the fifth consecutive double-digit contraction for this segment. Meanwhile, consumer durable goods dipped notably by 19.9% yoy, following the previous drop of 8.4% yoy, the largest plunge since January 2015. HK retail sector is likely to be constrained by weak inbound tourism activities in the short term as the Chinese economic downturn and external uncertainties continue to weigh down employment in this sector. This gloomy prospect for Hong Kong's retail sector is expected to also inject downward pressure onto the HK retail shop property market. More rental concessions by landlords could thus be expected.

Bond Market Updates

- **Market Commentary:** The SGD swap curve shifted 4bps-6bps lower yesterday. In the broader dollar space, JACI IG corporates spread tightened by 2bps to 243bps, while the yield on the JACI HY corporates decreased by 3bps to 8.04%. 10y UST yield inched 1bp lower to 1.83%.
- **New Issues:** Ford Motor Credit (BBB-/Baa2/BBB-) prices a SGD350mn 3-year bond at 3.7%, tightening from an initial price guidance of 3.8%. Axiata Group Berhad plans a sukuk issuance out of its multi-currency sukuk Euro MTN program. The expected rating for the issue by S&P is "BBB". BreadTalk scheduled investor meetings on 7 Mar 2016 for a possible SGD bond offering from their SGD250mn MTN program.
- **Rating Changes:** S&P upgraded Yanlord Land Group to "BB-" from "B+", reflecting S&P view that Yanlord will maintain its debt leverage in the coming 12 months. S&P opines that Yanlord's adequate cash balance and cash inflow from sales will provide sufficient resources for the company to expand without any significant increase in debt. Outlook is stable. Moody's downgraded Japan Petroleum Exploration Co Ltd ("JAPEX") to "Baa1" from "A2", reflecting Moody's expectation that JAPEX's profitability will deteriorate significantly as a result of sustained low oil prices. Combined with rising adjusted debt related to its large-scale investments, Moody's expect the combined effect to substantially weaken JAPEX's key credit metrics over the next 18-24 months. Outlook is negative. Moody's downgraded Inpex Corp to "A2" from "A1", reflecting Moody's expectation of lower profitability due to sustained low oil prices. The company's weakened profitability, combined with rising adjusted debt related to the company's major Ichthys project, will weaken its key credit metrics over at least the next 18-24 months. Outlook is negative.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.592	-0.63%	USD-SGD	1.3889	-0.57%
USD-JPY	113.690	0.19%	EUR-SGD	1.5218	0.24%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2216	-0.76%
AUD-USD	0.7352	0.78%	GBP-SGD	1.9691	0.13%
GBP-USD	1.4178	0.71%	AUD-SGD	1.0211	0.22%
USD-MYR	4.1345	-0.78%	NZD-SGD	0.9340	0.16%
USD-CNY	6.5347	-0.25%	CHF-SGD	1.3999	-0.12%
USD-IDR	13232	-0.52%	SGD-MYR	2.9678	-0.09%
USD-VND	22302	-0.01%	SGD-CNY	4.7023	0.53%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2730	--	O/N	0.3715	--
2M	-0.2410	--	1M	0.4376	--
3M	-0.2080	--	2M	0.5201	--
6M	-0.1340	--	3M	0.6349	--
9M	-0.0800	--	6M	0.8890	--
12M	-0.0240	--	12M	1.1955	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.60	-4.00	2.99
Italy	-0.07	-1.60	1.42
Ireland	-0.35	-3.60	0.90
Greece*	11.18	14.20	9.70
Spain	-0.02	-0.40	1.54
Russia^	3.45	-3.50	5.70

* 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	16,943.90	44.60
S&P	1,993.40	7.00
Nasdaq	4,707.42	4.00
Nikkei 225	16,960.16	213.60
STI	2,787.62	60.70
KLCI	1,688.20	-2.80
JCI	4,844.04	7.80
Baltic Dry	342.00	7.00
VIX	16.70	-0.40

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.04 (-0.01)	0.85 (--)
5Y	1.83 (-0.02)	1.34 (--)
10Y	2.23 (-0.03)	1.83 (-0.01)
15Y	2.65 (-0.02)	--
20Y	2.71 (-0.02)	--
30Y	2.84 (-0.03)	2.66 (-0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	21.49	1.03
EURIBOR-OIS	15.30	0.70
TED	36.09	2.10

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	34.57	-0.26%	Coffee (per lb)	1.156	1.99%
Brent (per barrel)	37.07	0.38%	Cotton (per lb)	0.5842	0.65%
Heating Oil (per gallon)	1.120	1.24%	Sugar (per lb)	0.1484	1.16%
Gasoline (per gallon)	1.30	-0.91%	Orange Juice (per lb)	1.2330	0.37%
Natural Gas (per MMBtu)	1.639	-2.32%	Cocoa (per mt)	2,942	0.07%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,855.0	1.36%	Wheat (per bushel)	4.5325	2.37%
Nickel (per mt)	8,977	3.17%	Soybean (per bushel)	8.563	0.23%
Aluminium (per mt)	1,572.3	-0.77%	Corn (per bushel)	3.5375	-0.21%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,258.2	1.32%	Crude Palm Oil (MYR/MT)	2,453.0	0.20%
Silver (per oz)	15.131	0.85%	Rubber (JPY/KG)	155.3	1.90%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
03/03/2016 07:00	SK CPI MoM	Feb	0.10%	0.50%	0.00%	--
03/03/2016 07:00	SK CPI YoY	Feb	0.90%	1.30%	0.80%	--
03/03/2016 08:00	NZ ANZ Commodity Price	Feb	--	0.40%	-2.30%	--
03/03/2016 08:30	AU Trade Balance	Jan	-3200m	-2937m	-3535m	-3524m
03/03/2016 09:45	CH Caixin China PMI Services	Feb	--	51.2	52.4	--
03/03/2016 10:00	JN Nikkei Japan PMI Services	Feb	--	51.2	52.4	--
03/03/2016 10:30	HK Nikkei Hong Kong PMI	Feb	--	46.4	46.1	--
03/03/2016 13:00	IN Nikkei India PMI Services	Feb	--	51.4	54.3	--
03/03/2016 15:00	UK Nationwide House PX MoM	Feb	0.40%	0.30%	0.30%	--
03/03/2016 16:30	UK Halifax House Prices MoM	Feb	0.00%	-1.40%	1.70%	--
03/03/2016 16:30	UK Halifax House Price 3Mths/Year	Feb	10.40%	9.70%	9.70%	--
03/03/2016 16:30	HK Retail Sales Value YoY	Jan	-8.20%	-6.50%	-8.50%	--
03/03/2016 16:30	HK Retail Sales Volume YoY	Jan	-5.10%	-5.20%	-6.10%	--
03/03/2016 16:45	IT Markit/ADACI Italy Services PMI	Feb	52.8	53.8	53.6	--
03/03/2016 16:50	FR Markit France Services PMI	Feb F	49.8	49.2	49.8	--
03/03/2016 16:55	GE Markit Germany Services PMI	Feb F	55.1	55.3	55.1	--
03/03/2016 17:00	EC Markit Eurozone Services PMI	Feb F	53	53.3	53	--
03/03/2016 17:00	EC Markit Eurozone Composite PMI	Feb F	52.7	53	52.7	--
03/03/2016 17:30	UK Markit/CIPS UK Services PMI	Feb	55.1	52.7	55.6	--
03/03/2016 18:00	EC Retail Sales YoY	Jan	1.30%	2.00%	1.40%	2.10%
03/03/2016 21:30	US Initial Jobless Claims	Feb-27	270k	278k	272k	--
03/03/2016 21:30	US Continuing Claims	Feb-20	2250k	2257k	2253k	2254k
03/03/2016 22:45	US Markit US Services PMI	Feb F	50	49.7	49.8	--
03/03/2016 22:45	US Markit US Composite PMI	Feb F	--	50	50.1	--
03/03/2016 22:45	US Bloomberg Consumer Comfort	Feb-28	--	43.6	44.2	--
03/03/2016 23:00	US ISM Non-Manf. Composite	Feb	53.1	53.4	53.5	--
03/03/2016 23:00	US Factory Orders	Jan	2.10%	1.60%	-2.90%	--
03/03/2016 23:00	US Durable Goods Orders	Jan F	--	4.70%	4.90%	--
03/03/2016 23:00	US Durables Ex Transportation	Jan F	--	1.70%	1.80%	--
03/03/2016 23:00	US Cap Goods Orders Nondef Ex Air	Jan F	--	3.40%	3.90%	--
03/03/2016 23:00	US Cap Goods Ship Nondef Ex Air	Jan F	--	-0.40%	-0.40%	--
03/04/2016 05:00	SK Foreign Reserves	Feb	--	\$365.76b	\$367.29b	--
03/04/2016 08:00	JN Labor Cash Earnings YoY	Jan	0.40%	--	0.10%	0.00%
03/04/2016 08:30	AU Retail Sales MoM	Jan	0.40%	--	0.00%	--
03/04/2016 09:00	PH CPI YoY	Feb	1.30%	--	1.30%	--
03/04/2016 12:00	MA Exports YoY	Jan	2.50%	--	1.40%	--
03/04/2016 15:30	TH Foreign Reserves	Feb-26	--	--	\$167.1b	--
03/04/2016 17:00	IT GDP WDA QoQ	4Q F	0.10%	--	0.10%	--
03/04/2016 17:00	IT GDP WDA YoY	4Q F	1.00%	--	1.00%	--
03/04/2016 21:30	US Trade Balance	Jan	-\$44.00b	--	-\$43.36b	--
03/04/2016 21:30	CA Int'l Merchandise Trade	Jan	-0.90b	--	-0.59b	--
03/04/2016 21:30	US Change in Nonfarm Payrolls	Feb	195k	--	151k	--
03/04/2016 21:30	US Change in Manufact. Payrolls	Feb	-1k	--	29k	--
03/04/2016 21:30	US Unemployment Rate	Feb	4.90%	--	4.90%	--

Source: Bloomberg

OCBC Treasury Research		
<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	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Koh Jun Ming, Nicholas NicholasKoh@ocbc.com	<u>Wing Hang</u> Kam Liu kamyliu@ocbcwh.com Carie Li carierli@ocbcwh.com

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