

## Highlights

Global	<p>Global risk sentiments were generally supported with most equity bourses registering gains overnight in line with the buoyant oil prices. Fed rhetoric overnight saw Harker and Kaplan (both non-voters) arguing for a cautious approach to policy normalisation, whereas Williams opined that two or three rate hikes was a reasonable call. Harker noted that he was a “bit more conservative in my approach to policy, at least in the very near term...it might prove prudent to wait until the inflation data are stronger before we undertake a second rate hike”, while Kaplan echoed “we’re going to have to be slow and patient...we’ll make another move some time in the not-too-distant future if GDP recovers in the way I expect”. Lacker sounded more upbeat that “given the extent to which global risks to the United States have subsided, prudence suggests staying the course with a gradual sequence of rate increases”. Expect Asian markets to tread on a firmer tone today. Elsewhere, IMF downgraded world economic growth for the second time this year, pencilling now a 3.2% (-0.2%) and 3.5% (-0.1%) growth print for 2016 and 2017 respectively. The diminished growth outlook came largely from the advanced economies: US (-0.2%) and Euro Area (-0.2%), Japan (-0.5%) and UK (-0.3%), although upgrades in growth forecast for China to 6.5% (+0.2%) was seen. Today’s economic data calendar is fairly light and likely dominated by the Bank of Canada policy decision (likely static at 0.5%), US’ retail sales and PPI, Eurozone’s industrial production, and China’s trade data.</p>
US	<p>Import prices rose a tepid 0.2% (-6.2% yoy) in Mar, following a revised 0.4% mom decline (-6.5% yoy) in Feb, despite rising oil prices (+6.5%) and a softening USD. The 12-month gain was 4.5% yoy, the slowest in 18 months.</p>
S’pore	<p>1Q16 GDP growth flash estimate (due tomorrow at 8am) is tipped at 2.2% yoy (+2.5% qoq saar), with manufacturing likely at -2.1% yoy but be offset by positive construction and services growth. MAS is also anticipated to keep policy status quo for now, with no change to its parity, gradient or band width.</p>
CN	<p>Foreign direct investment, excluding investment in financial sector, rose by 4.5% in the first quarter to US\$34.7 billion. Investment in high-tech service industry jumped by more than 100%.</p>
Indo-nesia	<p>Media reports suggest that Bank Indonesia is planning to adopt 7-day reverse repo rate as its new policy benchmark rate, to better reflect money market rate movement. A Bloomberg report added that the new policy is likely to be announced on Friday and will take effect in August.</p>
Commodities	<p>“There is hope” for a production freeze agreement in Doha regardless of Iran’s position, according to Russian Energy Minister Alexander Novak. This same hope likely led oil prices higher overnight, on market anticipation that some form of agreement could be reached this Sunday. The gains in oil prices were seen even with higher US oil inventories reported by the American Petroleum Institute (+6.2 million barrels last week), suggesting that much hope for an agreement in the Doha talks are driving prices higher. Still, should the freeze agreement fail, do expect oil prices to turn south again. Elsewhere on the agricultural space, some reprieve from higher palm oil prices were seen from the 6th consecutive trading day of decline given higher seasonal supply. Still, the harsh weathers are still seen at this juncture, and conditions are still expected to be dry in the near-term. This should effectively cap significant downside risk as agriculture harvests stay poor.</p>

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## Major Market

- **US:** Markets appear to be driven by strong gains in crude oil overnight, with the WTI trading above US\$42 at one stage. Markets generally moved away from the safe havens towards the riskier assets. Correspondingly, US Treasury yields climbed. 2-year and 10-year US Treasury bonds yielded 0.74% and 1.78% respectively. Equity markets also gained, as sentiments shifted away from the slow start of the earnings season, with S&P 500 +0.97%, Dow +0.94% and Nasdaq +0.80%. Elsewhere, VIX -8.67% to close at 14.85.
- **Singapore:** The STI gained 0.19% at 2814.65 yesterday, and may attempt to firm further today given the overnight Wall Street rally and morning gains by Nikkei and Kospi. The STI could see support and resistance at 2800 and 2840. Meanwhile, SGS bond yields tip higher in line with the UST bond overnight sell-off.
- **Japan:** PPI unexpectedly fell 0.1% mom (-3.8% yoy) in Mar, even as Sakakibara (Mr Yen) suggested that Abenomics is nearing its best-before date and Yen intervention is futile.
- **FX Insights:** With crude oil prices continuing to stabilize, heightening suspicion towards dollar resilience, and a lack of apparent discomfort towards CAD resilience from the Bank of Canada, the potential for the **USD-CAD** to search lower beyond the short term may be increasing. With a spot ref of 1.2895, we target 1.2045 and place a stop at 1.3325.
- With the NZD likely to continue to benefit from the on-going traction across the cyclical currencies at the expense of the dollar, prospects for a sustained breach above 0.7000 may be increasing, especially if the search for yield remains intact. From a spot ref of 0.6885, we look for a **NZD-USD** objective of 0.7450 and place a stop at 0.6600.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve was range bound yesterday, with the short-end rates and the 20y rates trading 1bp-2bps lower, while the rest of the curve traded 1bp-2bps higher. In the broader dollar space, the spread on the JACI IG corporates tightened 2bps to 232bps while the yield on the JACI HY corporates widened by 1bp to 7.57%. 10y UST yield increased by 5bps to 1.78%. This was driven by the rally in energy prices cooling demand for safe haven assets.
- **New Issues:** Japan Bank for International Cooperation ("JBIC") priced a dual-tranche deal, with the USD1bn 5-year bond priced at MS+75bps and the USD1.5bn 10-year bond was priced at MS+80bps, tightening from an initial guidance of MS+80bps and MS+85bps respectively. The expected rating for the issue is "A+/A1/NR". Ichthys LNG, a venture of Japan's Inpex Corp and Total SA, is planning to issue a 12-year subordinated bond. Central Nippon Expressway Co Ltd is planning to issue a ~USD600mn 5-year bond with an initial guidance of MS+110bps. The expected rating for the issue is "NR/A1/NR".
- **Rating Changes:** Fitch affirmed China-based homebuilder Sunshine 100 China Holdings Ltd's ("Sunshine 100") long-term foreign-currency issuer default rating at "B-". The outlook is revised to negative from positive, reflecting significant headwinds for the homebuilder as slower growth in housing sales resulted in insufficient cash flow to support the expansion of its commercial property business. S&P revised the outlook on Japan-based apparel retailer Fast Retailing Co Ltd to stable from positive. The outlook revision reflects Fast Retailing's revised guidance for its consolidated performance for fiscal year 2016, which falls short of S&P's previous assumptions; poor performance of its domestic and overseas UNIQLO business; and a tough competitive environment hampering recovery of its profitability.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	93.959	0.01%	<b>USD-SGD</b>	1.3435	-0.01%
<b>USD-JPY</b>	108.540	0.56%	<b>EUR-SGD</b>	1.5297	-0.23%
<b>EUR-USD</b>	1.1132	0.00%	<b>JPY-SGD</b>	1.2377	-0.55%
<b>AUD-USD</b>	0.7684	1.17%	<b>GBP-SGD</b>	1.9177	0.23%
<b>GBP-USD</b>	1.4275	0.25%	<b>AUD-SGD</b>	1.0323	1.14%
<b>USD-MYR</b>	3.8800	-0.23%	<b>NZD-SGD</b>	0.9302	0.97%
<b>USD-CNY</b>	6.4645	0.08%	<b>CHF-SGD</b>	1.4064	-0.10%
<b>USD-IDR</b>	13115	-0.14%	<b>SGD-MYR</b>	2.8845	-0.19%
<b>USD-VND</b>	22295	0.00%	<b>SGD-CNY</b>	4.8055	-0.02%

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	17,721.25	164.80
<b>S&amp;P</b>	2,061.72	19.70
<b>Nasdaq</b>	4,872.09	38.70
<b>Nikkei 225</b>	15,928.79	177.70
<b>STI</b>	2,814.65	5.40
<b>KLCI</b>	1,715.00	-0.30
<b>JCI</b>	4,829.57	42.60
<b>Baltic Dry</b>	560.00	5.00
<b>VIX</b>	14.85	-1.40

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3400	--	<b>O/N</b>	0.3792	--
<b>2M</b>	-0.2870	--	<b>1M</b>	0.4359	--
<b>3M</b>	-0.2510	--	<b>2M</b>	0.5210	--
<b>6M</b>	-0.1330	--	<b>3M</b>	0.6299	--
<b>9M</b>	-0.0720	--	<b>6M</b>	0.8964	--
<b>12M</b>	-0.0110	--	<b>12M</b>	1.2076	--

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	0.89 (+0.01)	0.74 (+0.04)
<b>5Y</b>	1.52 (--)	1.21 (+0.05)
<b>10Y</b>	1.89 (+0.01)	1.78 (+0.05)
<b>15Y</b>	2.25 (--)	--
<b>20Y</b>	2.34 (--)	--
<b>30Y</b>	2.53 (--)	2.60 (+0.04)

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
<b>Portugal</b>	0.91	4.90	3.44
<b>Italy</b>	0.01	1.00	1.38
<b>Ireland</b>	-0.32	1.80	0.89
<b>Greece*</b>	11.16	92.80	9.09
<b>Spain</b>	0.00	-0.90	1.54
<b>Russia^</b>	3.12	-3.80	5.02

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	25.03	-0.40
<b>EURIBOR-OIS</b>	9.70	0.05
<b>TED</b>	40.58	-1.05

\* 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

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	42.17	4.48%	Coffee (per lb)	1.246	1.01%
Brent (per barrel)	44.69	4.34%	Cotton (per lb)	0.6151	1.32%
Heating Oil (per gallon)	1.276	5.04%	Sugar (per lb)	0.1407	-0.57%
Gasoline (per gallon)	1.53	1.76%	Orange Juice (per lb)	1.3595	-0.80%
Natural Gas (per MMBtu)	2.004	4.81%	Cocoa (per mt)	2,932	0.89%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,766.5	2.21%	Wheat (per bushel)	4.5250	1.17%
Nickel (per mt)	8,828	3.55%	Soybean (per bushel)	9.363	0.86%
Aluminium (per mt)	1,525.5	1.89%	Corn (per bushel)	3.6275	1.68%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,259.4	0.21%	Crude Palm Oil (MYR/MT)	2,610.0	-0.87%
Silver (per oz)	16.222	1.54%	Rubber (JPY/KG)	183.0	1.39%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### FX Trade Ideas

	Inception	B/S	Currency	Spot	Target	Stop/Trailing stop	Rationale	
1	04-Mar-16	S	USD-SGD	1.3881	1.3380	1.3755	Brightening risk appetite, vulnerable broad dollar	
2	30-Mar-16	B	EUR-USD	1.1297	1.1630	1.1130	Dollar negativity post-Yellen	
3	11-Apr-16	S	USD-JPY	107.72	104.15	109.50	JPY still not drastically overvalued, endemic USD weakness	
<b>STRUCTURAL</b>								
4	03-Feb-16	S	GBP-USD	1.4401	1.3700	1.4755	Policy dichotomy, Brexit concerns, and space for further NEER depreciation	
5	18-Feb-16	B	EUR-USD	1.1137	1.1825	1.0790	Growing suspicion that the Fed will hesitate	
6	01-Mar-16	S	USD-JPY	112.91	105.00	116.90	Inconsequential G20, dented FOMC prospects, risk aversion, global growth worries	
7	07-Mar-16	B	AUD-USD	0.7412	0.7955	0.7135	Potential risk appetite, abating global growth concerns, static Fed expectations	
8	12-Apr-16	S	USD-CAD	1.2895	1.2045	1.3325	Stabilizing crude, soft USD, sanguine BOC	
9	12-Apr-16	B	NZD-USD	0.6885	0.7450	0.6600	Recovery in cyclicals, search for yield	
<b>RECENTLY CLOSED</b>								
	Inception	Close	B/S	Currency	Spot	Close	Rationale	P/L (%)
1	14-Mar-16	15-Mar-16	B	GBP-USD	1.4380	1.4180	Abating Brexit concerns, potential for Yellen to underwhelm	-1.41
2	18-Mar-16	24-Mar-16	B	EUR-USD	1.1321	1.1150	Tilt in policy balance after ECB and FOMC	-1.53
3	18-Feb-16	31-Mar-16	S	USD-SGD	1.4034	1.4335	USD vulnerability, stabilization in RMB, equities/commodities	+4.54
4	03-Mar-16	08-Apr-16	B	AUD-USD	0.7284	0.7410	Stabilizing commodities/equities, coupled with recent upside aussie	+3.19
5	29-Feb-16	08-Apr-16	S	USD-CAD	1.3533	1.3139	Bottoming crude	+2.98

### Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
04/12/2016 07:10	NZ REINZ House Sales YoY	Mar	--	8.20%	5.70%	--
04/12/2016 09:00	PH Exports YoY	Feb	-3.20%	-4.50%	-3.90%	--
04/12/2016 09:30	AU NAB Business Conditions	Mar	--	12	8	--
04/12/2016 09:30	AU NAB Business Confidence	Mar	--	6	3	--
04/12/2016 14:00	JN Machine Tool Orders YoY	Mar P	--	-21.20%	-22.50%	--
04/12/2016 14:00	GE CPI MoM	Mar F	0.80%	0.80%	0.80%	--
04/12/2016 14:00	GE CPI YoY	Mar F	0.30%	0.30%	0.30%	--
04/12/2016 14:00	GE CPI EU Harmonized MoM	Mar F	0.80%	0.80%	0.80%	--
04/12/2016 14:00	GE CPI EU Harmonized YoY	Mar F	0.10%	0.10%	0.10%	--
04/12/2016 16:30	UK CPI MoM	Mar	0.30%	0.40%	0.20%	--
04/12/2016 16:30	UK CPI YoY	Mar	0.40%	0.50%	0.30%	--
04/12/2016 16:30	UK CPI Core YoY	Mar	1.30%	1.50%	1.20%	--
04/12/2016 16:30	UK Retail Price Index	Mar	260.8	261.1	260	--
04/12/2016 16:30	UK RPI MoM	Mar	0.30%	0.40%	0.50%	--
04/12/2016 16:30	UK RPI YoY	Mar	1.40%	1.60%	1.30%	--
04/12/2016 16:30	UK PPI Output NSA MoM	Mar	0.20%	0.30%	0.10%	--
04/12/2016 16:30	UK PPI Output NSA YoY	Mar	-1.00%	-0.90%	-1.10%	--
04/12/2016 16:30	UK ONS House Price YoY	Feb	--	7.60%	7.90%	--
04/12/2016 20:00	IN CPI YoY	Mar	5.00%	4.83%	5.18%	5.26%
04/12/2016 20:00	IN Industrial Production YoY	Feb	0.80%	2.00%	-1.50%	--
04/12/2016 20:30	US Import Price Index MoM	Mar	1.00%	0.20%	-0.30%	-0.40%
04/13/2016 02:00	US Monthly Budget Statement	Mar	-\$104.0b	-\$108.0b	-\$52.9b	--
04/13/2016 06:45	NZ Food Prices MoM	Mar	--	0.50%	-0.60%	--
04/13/2016 07:50	JN Money Stock M2 YoY	Mar	3.10%	--	3.10%	--
04/13/2016 07:50	JN Money Stock M3 YoY	Mar	2.50%	--	2.50%	--
04/13/2016 07:50	JN PPI MoM	Mar	0.00%	--	-0.20%	--
04/13/2016 07:50	JN PPI YoY	Mar	-3.50%	--	-3.40%	--
04/13/2016 08:30	AU Westpac Cons Conf SA MoM	Apr	--	--	-2.20%	--
04/13/2016 14:45	FR CPI EU Harmonized MoM	Mar F	0.70%	--	0.70%	--
04/13/2016 14:45	FR CPI EU Harmonized YoY	Mar F	-0.10%	--	-0.10%	--
04/13/2016 14:45	FR CPI MoM	Mar F	0.70%	--	0.70%	--
04/13/2016 14:45	FR CPI YoY	Mar F	-0.20%	--	-0.20%	--
04/13/2016 14:45	FR CPI Ex-Tobacco Index	Mar	100	--	99.32	--
04/13/2016 17:00	EC Industrial Production SA MoM	Feb	-0.70%	--	2.10%	--
04/13/2016 19:00	US MBA Mortgage Applications	Apr-08	--	--	2.70%	--
04/13/2016 20:30	US Retail Sales Advance MoM	Mar	0.10%	--	-0.10%	--
04/13/2016 20:30	US Retail Sales Ex Auto MoM	Mar	0.40%	--	-0.10%	--
04/13/2016 20:30	US Retail Sales Ex Auto and Gas	Mar	0.30%	--	0.30%	--
04/13/2016 20:30	US PPI Final Demand MoM	Mar	0.20%	--	-0.20%	--
04/13/2016 20:30	US PPI Ex Food and Energy MoM	Mar	0.10%	--	0.00%	--
04/13/2016 20:30	US PPI Final Demand YoY	Mar	0.30%	--	0.00%	--
04/13/2016 20:30	US PPI Ex Food and Energy YoY	Mar	1.30%	--	1.20%	--
04/13/2016 22:00	CA Bank of Canada Rate Decision	Apr-13	0.50%	--	0.50%	--
04/13/2016	CH Trade Balance	Mar	\$34.95b	--	\$32.59b	--
04/13/2016	CH Exports YoY	Mar	10.00%	--	-25.40%	--
04/13/2016	CH Imports YoY	Mar	-10.10%	--	-13.80%	--
04/12/2016 04/15	CH New Yuan Loans CNY	Mar	1100.0b	--	726.6b	--
04/12/2016 04/15	CH Money Supply M1 YoY	Mar	18.40%	--	17.40%	--
04/12/2016 04/15	CH Money Supply M2 YoY	Mar	13.50%	--	13.30%	--
04/11/2016 04/20	ID Local Auto Sales	Mar	--	--	88250	--

Source: Bloomberg

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