

## Highlights

Global	<p>With Trumponomics reigning supreme, the Dow rose above the 21,000 handle yesterday, even as Fed rhetoric continued to ratchet up March rate hike expectations. The latest was Brainard opining that “assuming continued progress, it will likely be appropriate soon to remove additional accommodation, continuing on a gradual path” even though “there’s a lot of uncertainty” about fiscal policy. The Fed’s Beige Book also reinforced the fairly upbeat economic picture, stating that all twelve Federal Reserve Districts indicated that the economy expanded at a modest to moderate pace from early January through mid-February. Notably, “consumer spending expanded modestly”, “manufacturing activity accelerated somewhat”, “lending activity was steady to somewhat higher” and “businesses were generally optimistic about the near-term outlook but to a somewhat lesser degree than in the prior report”. Expect Asian markets to trade off Wall Street’s meteoric rally overnight. Today’s focus will be on US’ initial jobless claims, Eurozone’s CPI/PPI and unemployment rate, HK retail sales and S’pore’s manufacturing and electronics PMI. BNM is meeting later today but is likely to keep OPR unchanged at 3%.</p>
US	<p>US’ manufacturing ISM improved more than expected from 56.0 in Jan to 57.7 in Feb, with the new orders gauge higher at 65.1 (previously 60.4) which is the highest in over three years, but the prices paid and employment sub-indices were softer at 68.0 (previously 69.0) and 54.2 (previously 56.1) respectively. While personal income rose faster than expected by 0.4% in Jan, personal spending moderated from 0.5% in Dec to 0.2% in Jan, which meant that adjusted for inflation, personal spending actually fell 0.3% (previously +0.3%) in its largest decline since Sep 09 and this prompted analysts to pare their 1Q17 GDP growth forecasts. Meanwhile, construction spending unexpectedly fell 1.0% mom in Jan, following +0.1% gain in Dec.</p>
EZ	<p>German unemployment fell by 14k in Feb, following a revised 25k decline in Jan. Meanwhile, the UK House of Lords voted in favour of an amendment that protects the right of EU nationals to remain living in Britain after Brexit.</p>
CA	<p>The Bank of Canada kept its policy rate static at 0.5% as anticipated, citing that higher inflation prints reflected higher energy prices but their impact on inflation is temporary and there is still material excess capacity.</p>
NZ	<p>RBNZ governor Wheeler said he sees “risks around future Official Cash Rate movements are equally weighted, reflecting balanced risks around inflation”. He opined that “in effect, there is an equal probability that the next OCR adjustment could be up or down” and while “we consider the balance of risks for the global outlook to be downside...for the domestic economy, there is some potential upside for output growth if migration and commodity prices turn out to be stronger than forecast, but the risks around inflation look balanced”, so “this means that if the economy were to develop in line with the Bank’s economic projections, which are based on several assumptions, then the OCR would remain at its current level over the next two years”.</p>
SG	<p>The manufacturing and electronics PMIs are likely to remain healthy in Feb around Jan’s prints of 51.0 and 51.8 respectively.</p>

**Treasury Advisory**  
**Corporate FX & Structured Products**

Tel: 6349-1888 / 1881

**Interest Rate Derivatives**

Tel: 6349-1899

**Investments & Structured Products**

Tel: 6349-1886

**GT Institutional Sales**

Tel: 6349-1810

## Major Markets

- **US:** Despite Trump's address containing no significant policy details, markets took it positively as it was regarded as "optimistic" and "less confrontational". Equities spiked higher on heavy volume as investors bid up financials, industrials and housing stocks. The S&P 500 rose 1.37%, while the Dow and Nasdaq added 1.46% and 1.35% respectively. VIX shaded lower by 2.9% to end at 12.54. Meanwhile, hawkish Fed speak, this time by Kaplan and Dudley, continue to spur expectations of a March rate hike and depress US Treasuries. US Treasury yield curve steepened from the long end, as 10-year yields rose through technical resistance levels to close at 2.45%, up 6 bps. The next juncture to look out for will be 2.50%. 2-year yields rose 2 bps to 1.28%, the highest year-to-date level.
- **China:** China's official PMI rose to 51.6 in February, up from 51.3 in January. Both new orders and new export orders accelerated to 53 and 50.8 from 52.8 and 50.3 respectively, implying an improving demand. In the first two months of 2017, China's PMI painted a rosy picture. The improving demand, thanks to a strong credit growth, is likely to add optimism into 1Q's economic growth. We expect 1Q GDP to accelerate to about 7%. However, the narrowing gap between new orders and finished goods inventory to 5.4, down from the peak of 8.8 in December 2016, shows that the restock is underway. The support from restocking demand may start to phase out. As such, we expect that growth may gradually decelerate from second quarter onwards. On price level, the input price index remained elevated at 64.2 in Feb, with little change from 64.5 in January. This may imply a strong PPI in Feb. We expect the PPI to accelerate further to 8.1% in Feb on the back of a base effect. Nevertheless, we think PPI may peak in Feb and fall gradually from March onwards.
- **Macau:** Junket operators might have held some events, as usual, following the Chinese New Year Holiday to attract VIP gamblers. As a result, gross gaming revenue (GGR) was up 17.8% yoy to a two-year high at MOP22.99 billion in February. The rosy data reinforces that January's slowdown in GGR growth was short-lived. However, the outlook of the gaming sector is relatively mixed. With a full smoking ban off the table, downward risks on the VIP segment are partially eased. China's stabilization in 1H will also lend more support to the gaming sector. On the flip side, VIP demand could shrink due to policy risks and the expected correction of Mainland property market in 2H. Additionally, a stronger MOP and the abating attractiveness of new hotels will likely limit the improvement in the mass-market segment. Therefore, we expect growth of 5% to 7% in GGR over 2017.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, with swap rates trading 5-7bps higher across tenors. In the broader dollar space, the spread on JACI IG corporates fell 2bps to 193bps while the yield on JACI HY corporates rose 2bps to 6.62%. 10y UST yields rose 6bps to 2.45%, extending a slide sparked by hawkish Fed comments yesterday.
- **New Issues:** China Everbright Bank Co. Ltd. (Hong Kong Branch) priced a USD500mn 3-year bond at CT3+105bps, tightening from initial guidance of CT3+130bps. The expected issue ratings are 'NR/NR/BBB'. Keen Idea Global Ltd. priced a USD300mn 3-year bond (guaranteed by Beijing Properties (Holdings) Ltd.) at 4.625%, tightening from initial guidance of 5%. Macquarie Bank Ltd., through its London Branch, priced a USD750mn AT1 NC10 Perp at 6.125%, tightening from initial guidance around the 6.375% area. The expected ratings are 'BB/Ba1/NR'. Olam International Ltd. priced a USD300mn 5-year bond at 4.5%, tightening from initial guidance of 4.65%. The Sultanate of Oman priced a USD5bn 3-tranche deal; with the USD1bn 5-year piece at MS+190bps, tightening from initial guidance of MS+215bps; the USD2bn 10-year piece at MS+300bps, tightening from initial guidance of MS+325bps; and the USD2bn 30-year piece at MS+387.5bps, tightening from initial

guidance of MS+425bps. Gome Electrical Appliance Holding Ltd. scheduled investor meetings for a potential USD bond issuance. The expected issue ratings are 'BB-/NR/NR'.

- **Rating Changes:** S&P placed Yuexiu Property Co. Ltd.'s (Yuexiu) 'BBB-' corporate credit rating on CreditWatch with negative implications. The rating action reflects the high likelihood that a deterioration in the company's leverage will weaken the credit profile of its parent, Guangzhou Yuexiu Holdings Ltd. As a core subsidiary, Yuexiu Property contributes a significant 70% of the parent's non-financial-service EBITDA, but its leverage is likely to stay elevated in the next 12 months after it further deteriorated in 2016. Moody's revised the ratings outlook on China SCE Property Holdings Limited (China SCE) to stable from negative. At the same time, Moody's also affirmed China SCE's 'B1' corporate family rating and the 'B2' senior unsecured ratings for the bonds issued by the company. The rating action reflects Moody's expectation that the company will show a sustained improvement in its credit metrics, supported by strong revenue growth, improved gross profit margins, as well as prudent land acquisitions and debt management over the next 12-18 months.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	101.780	0.65%	<b>USD-SGD</b>	1.4090	0.41%
<b>USD-JPY</b>	113.730	0.85%	<b>EUR-SGD</b>	1.4860	0.12%
<b>EUR-USD</b>	1.0547	-0.27%	<b>JPY-SGD</b>	1.2389	-0.42%
<b>AUD-USD</b>	0.7677	0.26%	<b>GBP-SGD</b>	1.7322	-0.32%
<b>GBP-USD</b>	1.2293	-0.70%	<b>AUD-SGD</b>	1.0816	0.68%
<b>USD-MYR</b>	4.4480	0.17%	<b>NZD-SGD</b>	1.0067	-0.24%
<b>USD-CNY</b>	6.8819	0.22%	<b>CHF-SGD</b>	1.3965	0.10%
<b>USD-IDR</b>	13363	0.19%	<b>SGD-MYR</b>	3.1577	-0.27%
<b>USD-VND</b>	22800	0.16%	<b>SGD-CNY</b>	4.8812	-0.65%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3710	--	<b>O/N</b>	0.6806	--
<b>2M</b>	-0.3410	--	<b>1M</b>	0.7889	--
<b>3M</b>	-0.3300	--	<b>2M</b>	0.8628	--
<b>6M</b>	-0.2390	--	<b>3M</b>	1.0640	--
<b>9M</b>	-0.1720	--	<b>6M</b>	1.3749	--
<b>12M</b>	-0.1140	--	<b>12M</b>	1.7562	--

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
<b>Portugal</b>	0.05	2.80	3.94
<b>Italy</b>	-0.02	-0.30	2.12
<b>Ireland</b>	-0.41	3.10	0.95
<b>Greece</b>	7.69	-44.50	6.90
<b>Spain</b>	-0.13	-0.30	1.69
<b>Russia</b>	1.82	1.30	4.17

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	53.83	-0.33%	Coffee (per lb)	1.427	1.39%
Brent (per barrel)	56.36	1.39%	Cotton (per lb)	0.7685	2.02%
Heating Oil (per gallon)	1.6241	0.20%	Sugar (per lb)	0.1948	0.88%
Gasoline (per gallon)	1.6780	10.98%	Orange Juice (per lb)	1.6655	1.06%
Natural Gas (per MMBtu)	2.7990	0.90%	Cocoa (per mt)	1,931	-0.62%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	6,016.0	0.72%	Wheat (per bushel)	4.3550	2.53%
Nickel (per mt)	10,985.5	0.44%	Soybean (per bushel)	10.413	1.59%
Aluminium (per mt)	1,944.3	1.20%	Corn (per bushel)	3.7575	2.45%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,250.0	-0.31%	Crude Palm Oil (MYR/MT)	2,951.0	1.83%
Silver (per oz)	18.443	0.12%	Rubber (JPY/KG)	304.7	2.83%

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

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	21,115.55	303.31
<b>S&amp;P</b>	2,395.96	32.32
<b>Nasdaq</b>	5,904.03	78.59
<b>Nikkei 225</b>	19,393.54	274.55
<b>STI</b>	3,122.77	26.16
<b>KLCI</b>	1,697.69	3.92
<b>JCI</b>	5,363.06	-23.64
<b>Baltic Dry</b>	871.00	12.00
<b>VIX</b>	12.54	-0.38

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.28 (+0.06)	1.28 (+0.02)
<b>5Y</b>	1.65 (+0.06)	1.99 (+0.06)
<b>10Y</b>	2.35 (+0.04)	2.45 (+0.06)
<b>15Y</b>	2.47 (+0.04)	--
<b>20Y</b>	2.45 (+0.04)	--
<b>30Y</b>	2.48 (+0.03)	3.06 (+0.07)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	24.40	-4.58
<b>EURIBOR-OIS</b>	2.30	0.30
<b>TED</b>	44.96	--

### Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
03/01/2017 00:00	NZ	QV House Prices YoY	Feb	--	13.50%	13.50%	--
03/01/2017 06:30	AU	AiG Perf of Mfg Index	Feb	--	59.3	51.2	--
03/01/2017 07:50	JN	Capital Spending YoY	4Q	0.80%	3.80%	-1.30%	--
03/01/2017 08:00	SK	Exports YoY	Feb	13.60%	20.20%	11.20%	--
03/01/2017 08:00	SK	Imports YoY	Feb	21.20%	23.30%	18.60%	19.70%
03/01/2017 08:30	AU	GDP YoY	4Q	2.00%	2.40%	1.80%	1.90%
03/01/2017 08:30	ID	Nikkei Indonesia PMI Mfg	Feb	--	49.3	50.4	--
03/01/2017 08:30	VN	Nikkei Vietnam PMI Mfg	Feb	--	54.2	51.9	--
03/01/2017 08:30	JN	Nikkei Japan PMI Mfg	Feb F	--	53.3	53.5	--
03/01/2017 08:30	TA	Nikkei Taiwan PMI Mfg	Feb	--	54.5	55.6	--
03/01/2017 09:00	CH	Non-Mfg PMI	Feb	--	54.2	54.6	--
03/01/2017 09:00	CH	Mfg PMI	Feb	51.2	51.6	51.3	--
03/01/2017 09:45	CH	Caixin China PMI Mfg	Feb	50.8	51.7	51	--
03/01/2017 11:30	TH	CPI YoY	Feb	1.60%	1.44%	1.55%	--
03/01/2017 12:04	ID	CPI YoY	Feb	3.90%	3.83%	3.49%	--
03/01/2017 12:04	ID	CPI NSA MoM	Feb	0.30%	0.23%	0.97%	--
03/01/2017 13:00	IN	Nikkei India PMI Mfg	Feb	--	50.7	50.4	--
03/01/2017 13:00	JN	Vehicle Sales YoY	Feb	--	13.40%	8.60%	--
03/01/2017 13:30	AU	Commodity Index SDR YoY	Feb	--	56.00%	55.70%	57.10%
03/01/2017 15:00	UK	Nationwide House PX MoM	Feb	0.20%	0.60%	0.20%	--
03/01/2017 15:00	UK	Nationwide House Px NSA YoY	Feb	4.10%	4.50%	4.30%	--
03/01/2017 16:45	IT	Markit/ADACI Italy Mfg PMI	Feb	53.5	55	53	--
03/01/2017 16:50	FR	Markit France Mfg PMI	Feb F	52.3	52.2	52.3	--
03/01/2017 16:55	GE	Markit/BME Germany Mfg PMI	Feb F	57	56.8	57	--
03/01/2017 16:55	GE	Unemployment Change (000's)	Feb	-10k	-14k	-26k	-25k
03/01/2017 16:55	GE	Unemployment Claims Rate SA	Feb	5.90%	5.90%	5.90%	--
03/01/2017 17:00	EC	Markit Eurozone Mfg PMI	Feb F	55.5	55.4	55.5	--
03/01/2017 17:30	UK	Markit UK PMI Mfg SA	Feb	55.8	54.6	55.9	55.7
03/01/2017 17:30	UK	Mortgage Approvals	Jan	68.7k	69.9k	67.9k	68.3k
03/01/2017 17:30	UK	Money Supply M4 MoM	Jan	--	0.90%	-0.50%	--
03/01/2017 20:00	US	MBA Mortgage Applications	Feb-24	--	5.80%	-2.00%	--
03/01/2017 21:00	GE	CPI YoY	Feb P	2.10%	2.20%	1.90%	--
03/01/2017 21:00	GE	CPI EU Harmonized YoY	Feb P	2.10%	2.20%	1.90%	--
03/01/2017 21:30	CA	Current Account Balance	4Q	-\$9.75b	-\$10.73b	-\$18.30b	-\$19.75b
03/01/2017 21:30	US	Personal Income	Jan	0.30%	0.40%	0.30%	--
03/01/2017 21:30	US	Personal Spending	Jan	0.30%	0.20%	0.50%	--
03/01/2017 21:30	US	PCE Core MoM	Jan	0.30%	0.30%	0.10%	--
03/01/2017 22:30	CA	Markit Canada Mfg PMI	Feb	--	54.7	53.5	--
03/01/2017 22:45	US	Markit US Mfg PMI	Feb F	54.5	54.2	54.3	--
03/01/2017 23:00	CA	Bank of Canada Rate Decision	Mar-01	0.50%	0.50%	0.50%	--
03/01/2017 23:00	US	ISM Manufacturing	Feb	56.2	57.7	56	--
03/01/2017 23:00	US	ISM Prices Paid	Feb	68	68	69	--
03/01/2017 23:00	US	Construction Spending MoM	Jan	0.60%	-1.00%	-0.20%	0.10%
03/02/2017 07:00	SK	Industrial Production YoY	Jan	2.10%	1.70%	4.30%	4.20%
03/02/2017 07:50	JN	Monetary Base YoY	Feb	--	--	22.60%	--
03/02/2017 07:50	JN	Japan Buying Foreign Bonds	Feb-24	--	--	¥48.2b	--
03/02/2017 07:50	JN	Japan Buying Foreign Stocks	Feb-24	--	--	¥164.9b	--
03/02/2017 07:50	JN	Foreign Buying Japan Bonds	Feb-24	--	--	¥141.2b	--
03/02/2017 07:50	JN	Foreign Buying Japan Stocks	Feb-24	--	--	¥127.9b	--
03/02/2017 08:30	AU	Trade Balance	Jan	A\$3800m	--	A\$3511m	--
03/02/2017 08:30	AU	Building Approvals MoM	Jan	-0.50%	--	-1.20%	--
03/02/2017 08:30	AU	Building Approvals YoY	Jan	-11.60%	--	-11.40%	--
03/02/2017 08:30	SK	Nikkei South Korea PMI Mfg	Feb	--	--	49	--
03/02/2017 15:00	MA	BNM Overnight Policy Rate	Mar-02	3.00%	--	3.00%	--
03/02/2017 16:30	HK	Retail Sales Value YoY	Jan	-1.00%	--	-2.90%	--
03/02/2017 16:30	HK	Retail Sales Volume YoY	Jan	-2.00%	--	-2.80%	--
03/02/2017 17:30	UK	Markit/CIPS UK Construction PMI	Feb	52	--	52.2	--
03/02/2017 18:00	EC	PPI YoY	Jan	3.20%	--	1.60%	--
03/02/2017 18:00	EC	Unemployment Rate	Jan	9.60%	--	9.60%	--
03/02/2017 18:00	EC	CPI Estimate YoY	Feb	2.00%	--	1.80%	--
03/02/2017 18:00	EC	CPI Core YoY	Feb A	0.90%	--	0.90%	--
03/02/2017 21:00	SI	Purchasing Managers Index	Feb	51	--	51	--
03/02/2017 21:30	CA	GDP MoM	Dec	0.30%	--	0.40%	--
03/02/2017 21:30	CA	Quarterly GDP Annualized	4Q	2.00%	--	3.50%	--
03/02/2017 21:30	US	Initial Jobless Claims	Feb-25	245k	--	244k	--
03/02/2017 21:30	US	Continuing Claims	Feb-18	2060k	--	2060k	--
03/02/2017 22:45	US	Bloomberg Consumer Comfort	Feb-26	--	--	48	--

Source: Bloomberg

<b><u>OCBC Treasury Research</u></b>	
<b><u>Macro Research</u></b> <b>Selena Ling</b> LingSSSelena@ocbc.com <b>Emmanuel Ng</b> NgCYEmmanuel@ocbc.com <b>Wellian Wiranto</b> WellianWiranto@ocbc.com <b>Tommy Xie Dongming</b> XieD@ocbc.com <b>Barnabas Gan</b> BarnabasGan@ocbc.com <b>Terence Wu</b> TerenceWu@ocbc.com	<b><u>Credit Research</u></b> <b>Andrew Wong</b> WongVKAM@ocbc.com <b>Wong Liang Mian (Nick)</b> NickWong@ocbc.com <b>Ezien Hoo</b> EzienHoo@ocbc.com <b>Wong Hong Wei</b> WongHongWei@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W