

Highlights

Global	<p>US president Trump plans to slash taxes for overseas profit repatriation, cut income tax on public corporations from 35% to 15%, reduce the top tax on pass-through businesses from 39.6% to 15%, reduce the current 7 to 3 individual tax rates of 10/25/35%, as well as end deductions for state and local taxes (a revenue-raiser) and repeal the estate tax and the alternative minimum tax. However, the one-page of bullet points did not give details or address how the proposed tax cuts would impact the federal deficit and the Committee for a Responsible Federal Budget predicted the plan could cost US\$3-7 trillion over the next decade and potentially “harming economic growth instead of boosting it”. It appeared to be a case of skeptics buying the rumour and selling the fact, as Wall Street flat-lined after a 2-day rally, Treasury bonds rose and corporate bond spreads widened. Expect Asian markets to trade with a slightly more cautious tone this morning. Market’s key focus today would be the ECB, BOJ and Sweden’s Riksbank policy meetings where ECB and BOJ rhetoric will gain prominent amid likely static policy settings. The economic data calendar also picks up the pace with US’ durable goods orders, pending home sales, initial jobless claims, wholesale inventories and Kansas City Fed manufacturing activity, Eurozone’s consumer confidence, German CPI and GfK consumer confidence.</p>
SG	<p>Manufacturing output surged 10.2% yoy (+5.0% mom sa) in March, whilst the February prints were revised down slightly to 10.2% yoy (-5.8% mom sa). This lifts 1Q17 manufacturing growth to 8.0% yoy vis-à-vis the flash estimate of 6.6% yoy, and should similarly boost the headline GDP growth from the 2.5% yoy estimate to 2.7% yoy (-1.9% qoq saar). This set of March data again suggests some upside risk to our 2017 GDP growth forecast of 2-2.5% yoy. Even if the heady pace of electronics output, especially semiconductor manufacturing (which was a fresh record at the index level for data going back to 1992), moderates into the next few quarters, the manufacturing sector is still likely to be the key economic engine of growth this year.</p>
MA	<p>Moody’s, a ratings agency, said the outlook for Malaysia’s banking system will remain stable over the next 18 months, on the back of stability in operating conditions following gradual recovery in recent months.</p>
KR	<p>Korea’s 1Q17 preliminary GDP growth print was comfortably higher than market expectation, highlighting that the nation is slowly recovering from its political scandal amid initial shakeup in the chaebol enterprises. GDP grew 2.7% yoy (+0.9% qoqsa), up from 2.4% seen in the previous quarter.</p>
Commodities	<p>Some disappointment from scant details out of US President Trump’s “phenomenal” tax plan left risk-related commodities losing some of its rally momentum in the early hours this morning. WTI did rally past its \$50/bbl post, but fell very quickly back to its closing at \$49.62/bbl overnight. Still, investors should increasingly pay heed to the rapid fall in US crude oil inventories (-3.6 million barrels) and gasoline (-1.2 million barrels), while implied demand for crude oil rose to its record high of 18.7 million barrels per day. Given the strong demand print and falling inventories in the US, downside risks may be limited into the rest of the week ahead.</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:** Investors appeared to adopt a “sell-on-news” strategy in relation to Trump’s tax plan announcement. The S&P 500 closed in on the 2400 handle and the Dow traded above 21000 for most of the session, before gains were lost in late trade. Overall, major indices ended marginally lower. Attention should shift back to earnings by key corporates for the rest of the week. VIX nudged higher to 10.85, up 0.8%. Meanwhile, US Treasuries also reversed early losses to rally near NY close. Yields softened from the back end, with 10-year yields retreating 3 bps to 2.30%, while the 2-year yield remained largely unchanged. In sum, movements in equities and Treasury markets reflect a sense of skepticism over Trump’s plan, which really added little new information onto the table.
- **Singapore:** The outperformer in manufacturing was electronics (+37.7% yoy), aided by semiconductors (+54.6% yoy), other electronics modules & components (+15.8% yoy) and data storage (+10.5% yoy) segments. Other segments that performed well in March included precision engineering (+12.8% yoy), chemicals (+3.5% yoy), and biomedical (+2.0% yoy, notwithstanding pharmaceuticals which fell 2.5% yoy). This offset the weakness in transport engineering (-15.6% yoy, due mainly to the marine & offshore drag of -30.6% yoy) and general manufacturing (-5.1% yoy). Excluding biomedical manufacturing, output climbed 12.4% yoy (+0.3% mom sa) in March, or 12.6% for 1Q17.
- The \$800m re-opening of the 20-year SGS bond via a mini-auction saw a cut-off yield of 2.39% with the average yield at 2.36% and a bid-cover ratio of 2.16x. The 20-year SGS bond yield had recently bounced off a low of 2.29% on 19 April, but is well below the mid-March high of 2.65% and the December 2016 high of 2.89%. The next SGS bond issue will be a 30-year re-opening announcement on 22 May, with auction on 29 May and issue on 1 June 2017.
- STI notched up a fifth straight session (+0.31) to close at 3173.92 yesterday, but the profit taking in Wall Street overnight and soft openings in Nikkei and Kospi suggest the buy the rumour and sel the fact syndrome will also prevail in Asia. STI’s resistance and support are tipped at 316 and 3180 respectively. With UST bond rallying overnight, the SGS bond market may extend yesterday’s gains, especially with the \$800m 20-year SGS bond auction out of the way.
- **Indonesia:** Total investment in Indonesia was at IDR165.8t in Q1, a 13.2% increase compared to last year. The FDI component rose to IDR97tn, or USD7.3bn, which represents a relatively small increment of 0.9%yoy. Thomas Lembong, chairman of Investment Coordinating Board, said that the stagnant FDI is due to exchange rate, adding that a slowdown in economic reform and deregulation momentum has hindered investments.
- **South Korea:** Across the industries, manufacturing (accounts for 28% of GDP) grew at its fastest pace since June 2014 at 4.4% yoy, although wholesale & retail trade (which includes hotels and restaurants) slowed markedly to 0.6% yoy to its slowest since March 2009 given the ban on Chinese tourists from visiting S. Korea.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, with swap rates trading 1-2bps higher across all tenors. Flows in SGD corporates were heavy, with better buying seen in GUOLSP 4%’22s, BNP 3.65%’24s, SOCGEN 4.3%’26s, SCISP 4.75%’49s, better selling seen in FCL 4.15%’27s, FNNSP 3.8%’27s, and mixed interest in UOBSP 3.5%’29s. In the broader dollar space, the spread on JACI IG corporates fell 1bps to 202bps, while the yield on JACI HY corporates changed little at 6.58%. 10y UST yields fell 3bps to 2.30% yesterday, after the Trump administration released its summarised tax reform plan, prompting investors to cast doubts about the plan’s prospects in Congress and its efficacy if passed.

- **New Issues:** State Grid Overseas Investment (2016) Ltd. priced a USD5bn 4-tranche deal (guaranteed by State Grid Corporation of China); with the USD900mn 3-year piece at CT3+85bps, tightening from initial guidance of CT3+110bps; the USD1.25bn piece at CT5+95bps, tightening from initial guidance of CT5+120bps; the USD2.35bn 10-year piece at CT10+120bps, tightening from initial guidance at CT10+145bps; and the USD500mn 30-year piece at 4.00%, tightening from initial guidance of 4.15%. PT Saka Energi Indonesia (upstream subsidiary of Indonesia state-owned gas utility PT Perusahaan Gas Negara (Persero) Tbk.) priced a USD625mn 7-year bond at 4.45%, tightening from initial guidance of 4.875%. The expected issue ratings are 'BB/Ba1/BB+'.
- **Rating Changes:** S&P affirmed Central China Real Estate Ltd.'s (CCRE) 'B+' corporate credit rating and the rating on the company's outstanding senior unsecured notes. In addition, S&P revised its rating outlook to negative from stable. The rating action reflects S&P's expectation that the company's leverage recovery will take time, given pricing pressure in lower-tier cities and the company's new growth plan. Moody's affirmed Western Liberty Group Finance Pty Ltd's (WLGf) 'Ba2' senior secured debt rating. In addition, Moody's revised the outlook on WLGf's 'Ba2' senior secured rating to positive from negative. The rating action reflects the materially improved refinancing prospects for its 2018 debt maturities, after successful execution of two management initiatives that improve the project's capacity to raise new debt funding under current market conditions. Moody's placed Nord Anglia Education Inc's (NAE) 'B1' corporate family rating and 'B1' ratings on NAE's term loan, credit facility, and secured notes on review for downgrade. The rating action follows the announcement made on 25 April 2017 that a consortium of investors, led by the Canada Pension Plan Investment Board and Baring Private Equity Asia, entered into an agreement with NAE to acquire NAE for a total transaction value of \$4.3 billion, including the repayment of debt. According to Moody's there is a significant likelihood of NAE's financial leverage rising upon the completion of the transaction.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	99.045	0.26%	USD-SGD	1.3960	0.14%
USD-JPY	111.060	-0.03%	EUR-SGD	1.5222	-0.05%
EUR-USD	1.0904	-0.20%	JPY-SGD	1.2571	0.18%
AUD-USD	0.7474	-0.81%	GBP-SGD	1.7938	0.21%
GBP-USD	1.2848	0.05%	AUD-SGD	1.0435	-0.66%
USD-MYR	4.3475	-0.55%	NZD-SGD	0.9620	-0.72%
USD-CNY	6.8926	0.11%	CHF-SGD	1.4055	0.19%
USD-IDR	13284	--	SGD-MYR	3.1195	-0.59%
USD-VND	22742	-0.10%	SGD-CNY	4.9327	-0.19%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.9283	--
2M	-0.3390	--	1M	0.9922	--
3M	-0.3290	--	2M	1.0406	--
6M	-0.2480	--	3M	1.1704	--
9M	-0.1780	--	6M	1.4236	--
12M	-0.1210	--	12M	1.7748	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.38	-4.10	3.57
Italy	-0.04	--	2.31
Ireland	-0.39	-1.40	0.93
Greece	6.65	-4.30	6.41
Spain	-0.22	0.10	1.70
Russia	2.02	0.40	4.03

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	49.62	0.12%	Coffee (per lb)	1.282	-1.35%
Brent (per barrel)	51.82	-0.54%	Cotton (per lb)	0.8069	-0.02%
Heating Oil (per gallon)	1.5367	-0.55%	Sugar (per lb)	0.1538	-4.94%
Gasoline (per gallon)	1.5903	-2.01%	Orange Juice (per lb)	1.6075	1.71%
Natural Gas (per MMBtu)	3.1420	3.25%	Cocoa (per mt)	1,883	0.64%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,706.7	0.39%	Wheat (per bushel)	4.0775	-0.24%
Nickel (per mt)	9,185.5	-0.98%	Soybean (per bushel)	9.458	-0.92%
Aluminium (per mt)	1,957.0	0.06%	Corn (per bushel)	3.5900	-1.64%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,262.1	-0.28%	Crude Palm Oil (MYR/MT)	2,664.0	1.14%
Silver (per oz)	17.363	-1.30%	Rubber (JPY/KG)	261.9	-0.46%

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

Equity and Commodity

Index	Value	Net change
DJIA	20,975.09	-21.03
S&P	2,387.45	-1.16
Nasdaq	6,025.23	-0.27
Nikkei 225	19,289.43	210.10
STI	3,173.76	9.83
KLCI	1,768.92	3.12
JCI	5,726.53	45.73
Baltic Dry	1,147.00	-7.00
VIX	10.85	0.09

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.25 (+0.01)	1.27 (--)
5Y	1.65 (+0.01)	1.83 (-0.03)
10Y	2.18 (+0.03)	2.30 (-0.03)
15Y	2.33 (+0.03)	--
20Y	2.40 (+0.03)	--
30Y	2.45 (+0.04)	2.96 (-0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	17.96	-0.06
EURIBOR-OIS	3.48	0.73
TED	35.88	--

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
04/26/2017	09:30	AU CPI QoQ	1Q	0.60%	0.50%	0.50%	--
04/26/2017	09:30	AU CPI YoY	1Q	2.20%	2.10%	1.50%	--
04/26/2017	09:30	AU CPI Trimmed Mean QoQ	1Q	0.50%	0.50%	0.40%	0.50%
04/26/2017	09:30	AU CPI Trimmed Mean YoY	1Q	1.80%	1.90%	1.60%	--
04/26/2017	09:30	AU CPI Weighted Median QoQ	1Q	0.50%	0.40%	0.40%	--
04/26/2017	11:00	NZ Credit Card Spending YoY	Mar	--	7.10%	5.30%	--
04/26/2017	12:30	JN All Ind Activity Index MoM	Feb	0.60%	0.70%	0.10%	-0.40%
04/26/2017	13:00	SI Industrial Production YoY	Mar	5.80%	10.20%	12.60%	10.20%
04/26/2017	13:00	SI Industrial Production SA MoM	Mar	0.50%	5.00%	-3.70%	-5.80%
04/26/2017	13:00	JN Small Business Confidence	Apr	49.4	48.6	50.5	--
04/26/2017	14:00	JN Machine Tool Orders YoY	Mar F	--	22.80%	22.60%	--
04/26/2017	14:45	FR Consumer Confidence	Apr	100	100	100	--
04/26/2017	15:49	PH Budget Balance PHP	Mar	--	-61.5b	-23.7b	--
04/26/2017	16:00	SI Automobile COE Open Bid Cat A	Apr-26	--	51600	52000	--
04/26/2017	16:00	SI Automobile COE Open Bid Cat B	Apr-26	--	54406	54405	--
04/26/2017	16:00	SI Automobile COE Open Bid Cat E	Apr-26	--	54616	54556	--
04/26/2017	19:00	US MBA Mortgage Applications	Apr-21	--	2.70%	-1.80%	--
04/26/2017	20:30	CA Retail Sales MoM	Feb	0.00%	-0.60%	2.20%	2.30%
04/26/2017	20:30	CA Retail Sales Ex Auto MoM	Feb	-0.30%	-0.10%	1.70%	2.30%
04/27/2017	07:00	SK GDP SA QoQ	1Q P	0.80%	0.90%	0.50%	--
04/27/2017	07:00	SK GDP YoY	1Q P	2.60%	2.70%	2.40%	--
04/27/2017	07:50	JN Japan Buying Foreign Bonds	Apr-21	--	--	-¥796.2b	--
04/27/2017	07:50	JN Japan Buying Foreign Stocks	Apr-21	--	--	-¥231.7b	--
04/27/2017	07:50	JN Foreign Buying Japan Bonds	Apr-21	--	--	¥410.5b	--
04/27/2017	07:50	JN Foreign Buying Japan Stocks	Apr-21	--	--	¥315.2b	--
04/27/2017	14:00	GE GfK Consumer Confidence	May	9.9	--	9.8	--
04/27/2017	15:00	GE CPI Saxony MoM	Apr	--	--	0.20%	--
04/27/2017	15:00	GE CPI Saxony YoY	Apr	--	--	1.80%	--
04/27/2017	16:00	GE CPI Brandenburg MoM	Apr	--	--	0.30%	--
04/27/2017	16:00	GE CPI Hesse MoM	Apr	--	--	0.00%	--
04/27/2017	16:00	GE CPI Bavaria MoM	Apr	--	--	0.40%	--
04/27/2017	16:00	GE CPI Bavaria YoY	Apr	--	--	1.70%	--
04/27/2017	16:00	IT Economic Sentiment	Apr	--	--	105.1	--
04/27/2017	16:00	IT Manufacturing Confidence	Apr	107.3	--	107.1	--
04/27/2017	16:00	IT Consumer Confidence Index	Apr	107.4	--	107.6	--
04/27/2017	17:00	EC Economic Confidence	Apr	108.2	--	107.9	--
04/27/2017	17:00	EC Business Climate Indicator	Apr	0.82	--	0.82	--
04/27/2017	17:00	EC Industrial Confidence	Apr	1.3	--	1.2	--
04/27/2017	17:00	EC Consumer Confidence	Apr F	-3.6	--	-3.6	--
04/27/2017	19:45	EC ECB Main Refinancing Rate	Apr-27	0.00%	--	0.00%	--
04/27/2017	19:45	EC ECB Marginal Lending Facility	Apr-27	0.25%	--	0.25%	--
04/27/2017	19:45	EC ECB Deposit Facility Rate	Apr-27	-0.40%	--	-0.40%	--
04/27/2017	20:00	GE CPI MoM	Apr P	-0.10%	--	0.20%	--
04/27/2017	20:00	GE CPI YoY	Apr P	1.90%	--	1.60%	--
04/27/2017	20:00	GE CPI EU Harmonized MoM	Apr P	-0.10%	--	0.10%	--
04/27/2017	20:00	GE CPI EU Harmonized YoY	Apr P	1.90%	--	1.50%	--
04/27/2017	20:30	US Wholesale Inventories MoM	Mar P	0.20%	--	0.40%	--
04/27/2017	20:30	US Durable Goods Orders	Mar P	1.30%	--	1.80%	--
04/27/2017	20:30	US Durables Ex Transportation	Mar P	0.40%	--	0.50%	--
04/27/2017	20:30	US Cap Goods Orders Nondef Ex Air	Mar P	0.50%	--	-0.10%	--
04/27/2017	20:30	US Cap Goods Ship Nondef Ex Air	Mar P	0.10%	--	1.00%	--
04/27/2017	20:30	US Initial Jobless Claims	Apr-22	245k	--	244k	--
04/27/2017	20:30	US Continuing Claims	Apr-15	2007k	--	1979k	--
04/27/2017	21:45	US Bloomberg Consumer Comfort	Apr-23	--	--	49.9	--
04/27/2017	22:00	US Pending Home Sales MoM	Mar	-1.00%	--	5.50%	--
04/27/2017		JN Monetary Policy Statement					
04/27/2017		MU Trade Balance	Mar	--	--	-4280m	--
04/27/2017		MU Unemployment Rate	Mar	--	--	2.00%	--
04/27/2017		JN BOJ Policy Balance Rate	Apr-27	-0.10%	--	-0.10%	--
04/27/2017		JN BOJ 10-Yr Yield Target	Apr-27	0.00%	--	0.00%	--
04/27/2017	04/28	VN CPI YoY	Apr	4.62%	--	4.65%	--
04/27/2017	04/28	VN Imports YTD YoY	Apr	--	--	22.40%	--
04/27/2017	04/28	VN Exports YTD YoY	Apr	--	--	12.80%	--

Source: Bloomberg

<u>OCBC Treasury Research</u>	
<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 Terence Wu TerenceWu@ocbc.com	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei 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