

Treasury Advisory
Corporate FX & Structured
Products

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Investments & Structured
Products

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Highlights

Global	<p>After ECB released another bazooka easing – comprising of the main refinancing interest rate to be cut from 0.5% to 0% (unexpected), marginal lending facility on overnight credit interest rates will be cut by 5bps to 0.25% (unexpected). deposit interest rate by commercial banks to the ECB will be cut by 10bps to -0.4% (expected), monthly QE purchase program will be increased by EUR20b to EUR80b (larger-than-expected) and investment-grade EUR-denominated corporate bonds will be included, as well as the introduction of new 4 Targeted Longer-Term Refinancing Operations (TLTRO) with a maturity of four years starting from June 2016 (somewhat expected) – market reaction was somewhat schizophrenic to start but later recovered with the EuroStoxx finally gaining 3.47% on Friday. Note the ECB also cut their economic forecasts for GDP growth to 1.4% (2016) and 1.7% (2017), and CPI to 0.1% (2016), down from 1% in Dec, followed by 1.3% (2017) and 1.6% (2018), which is below the 2% inflation target out to 2018. The baton now passes to the BOJ (due 15 Mar with a small probability of a further easing), FOMC (due 17 Mar with market focusing on the median dots graph, updated forecasts and Yellen's commentary), BOE (due 17 Mar and also likely static ahead of the 23 June Brexit referendum), and BI (due 17 Mar with potentially another cut). Elsewhere, China's industrial output and retail sales data were disappointing despite PBOC governor Zhou's comments that major stimulus is not necessary. Today's data focus will be Eurozone's industrial production, India's CPI and wholesale prices.</p>
US	<p>Import prices fell less than expected by 6.1% yoy in Feb, after a revised 6.3% decline in Jan, as USD strength offset some crude oil price weakness. Excluding fuel, import prices fell 0.1% mom (-2.7% yoy) in Feb.</p>
China	<p>China is discussing alternative ways for banks to dispose of rising non-performing loans via innovative measures such as debt for equity swap, securitization of bad loans as well as transfer of bad loans to special asset management companies. Bank of China is reported to become the largest shareholder of Huarong energy should the bank exchange its bad loans for equity. These new measures may help buy more time for restructuring and extend the credit cycle. However, it may also raise concerns about the supreme debt style problem. Meanwhile, China kicked off with a weak start. Industrial production figures disappointed in the first two months due to persistent pressure for de-capacity. Real estate investment was the only bright spark, which grew by 3% after falling for five months due to the recent property market boom, particularly in tier-1 and some tier-2 cities. However, the rebound in real estate investment may not be sustainable due to high inventory in lower tier cities. Thus 1Q GDP growth is expected to slow further.</p>
Commodities	<p>Commodity prices rose broadly, including energy, base metals, grains and crude palm oil, all for the save of gold, which fell 1.05% to \$1,259.4/oz yesterday. Notably, the International Energy Agency (IEA) commented that crude oil may have finally bottomed and there is now "light at the end of what has been a long dark tunnel". WTI and Brent buck further gains on these comments, now with WTI and Brent lifting to \$38.5/bbl and \$40.39/bbl respectively. Elsewhere, weather conditions remain hot and dry, highlighted by extreme temperatures in Malaysia. Thus, poor conditions should tamper agricultural harvest efforts and lift palm oil prices in the weeks to come.</p>

Major Market

- **US:** Wall Street rallied on Friday, with the Dow +1.28%, S&P500 +1.64% and Nasdaq +1.85%. VIX - 1.55% to 16.50. The UST bond market retreated as investors positioned for a potentially more hawkish FOMC, with the 2- and 10-year bond yields up at 0.96% and 1.98% respectively. The US\$12b 30-year bond auction fetched a high yield of 2.72% with a bid-cover ratio of 2.33x and indirect bidding of 60.9%.
- **Singapore:** The STI rose 0.70% to close at 2828.86 on Friday, and is likely to continue to advance today amid strong positive leads from major bourses on Friday. Meanwhile, SGS bonds may track UST bond yields and tread cautiously today ahead of the upcoming FOMC policy decision later in the week.
- **Macau:** Residential property transaction volumes fell by 24% mom to 414 units in January, the lowest since March 2015. As a result, new residential mortgage loan (RML) approvals tumbled by 35.8% yoy to MOP3.20 billion in January, wiping out December's gain of 104% yoy. Worse, slow wage growth across all sectors is expected to further weigh on market sentiment. Moreover, given the government's reluctance to loosen housing purchase policies coupled with a potential rate hike in Macau, we believe that housing transactions and demand for mortgage loans will continue to remain low this year. Also, the completion of over 6,000 public housing units this year and the increasing supply of private housing units in years ahead will add downward pressure to Macau's housing market in the medium-term. As such, we expect private housing prices to fall at around 10% yoy by end of this year.
- **Malaysia:** According to a report by the Wall Street Journal, Ministry of Finance's Secretary General Irwan Serigar Abdullah is to be named the new head of Bank Negara to replace outgoing Governor Zeti Aziz.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened last Friday, with the short-end rates trading 1-4bps lower while the middle-to-long-end rates traded 2bps-3bps higher. Credit markets ended the tone on a positive note with JACI IG corporates spread tightening by 6bps to 233bps, while the yield on the JACI HY corporates decreased by 3bps to 7.94% in the broader dollar space. 10y UST yield increased by 5bps to 1.98%.
- **New Issues:** Croesus Retail Asset Management Pte Ltd scheduled for investors meetings in Singapore today for a potential SGD perp issue.
- **Rating Changes:** S&P downgraded French Bank BNP Paribas to "A" from "A+", and has removed the long-term rating from CreditWatch with negative implications. This is in light of the bank's tighter capital management stance than peers, and S&P opines that they don't see BNP Paribas building a large enough ALAC buffer to benefit from a rating uplift. At the same time, S&P affirmed BNP Paribas's "A-1" short-term counterparty credit rating on the bank. Outlook is stable. Moody's affirmed the government of Hong Kong's long-term debt and issuer ratings at "Aa1", and changed the outlook to negative from stable. This reflects Moody's view that trends in Hong Kong's credit profile will continue to track those in China, due to its tightening political, economic and financial linkages with the Mainland.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.172	0.11%	USD-SGD	1.3733	-0.52%
USD-JPY	113.860	0.59%	EUR-SGD	1.5319	-0.73%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2061	-1.05%
AUD-USD	0.7565	1.49%	GBP-SGD	1.9749	0.17%
GBP-USD	1.4382	0.71%	AUD-SGD	1.0388	0.94%
USD-MYR	4.0875	-0.21%	NZD-SGD	0.9263	0.63%
USD-CNY	6.4945	-0.22%	CHF-SGD	1.3976	-0.29%
USD-IDR	13075	0.18%	SGD-MYR	2.9674	0.02%
USD-VND	22292	0.06%	SGD-CNY	4.7325	0.34%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3010	-0.0060	O/N	0.3725	--
2M	-0.2590	--	1M	0.4362	-0.0019
3M	-0.2250	0.0040	2M	0.5204	-0.0002
6M	-0.1310	0.0100	3M	0.6339	0.0015
9M	-0.0710	0.0130	6M	0.9055	0.0050
12M	-0.0090	0.0160	12M	1.2245	0.0135

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)		10Y Bond Ylds (bpschg)		10Y Bund Spread %
Portugal	0.68	0.00	2.94	-19.30	2.67
Italy	-0.05	-0.60	1.33	-13.40	1.06
Ireland	-0.35	-7.60	0.86	-8.30	0.59
Greece*	7.53	-165.50	8.91	-21.40	8.64
Spain	0.00	-1.60	1.49	-10.40	1.21
Russia^	3.38	-3.40	5.62	-7.90	5.34

* 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	17,213.31	218.20
S&P	2,022.19	32.60
Nasdaq	4,748.47	86.30
Nikkei 225	16,938.87	86.50
STI	2,828.86	19.70
KLCI	1,696.54	5.60
JCI	4,813.78	20.60
Baltic Dry	388.00	4.00
VIX	16.50	-1.60

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.01 (--)	0.96 (+0.03)
5Y	1.72 (--)	1.49 (+0.05)
10Y	2.12 (+0.03)	1.98 (+0.05)
15Y	2.50 (+0.03)	--
20Y	2.59 (+0.04)	--
30Y	2.76 (+0.04)	2.75 (+0.06)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	22.74	0.33
EURIBOR-OIS	11.00	0.30
TED	31.84	-0.37

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	38.50	1.74%	Coffee (per lb)	1.244	3.15%
Brent (per barrel)	40.39	0.85%	Cotton (per lb)	0.5715	0.56%
Heating Oil (per gallon)	1.218	0.16%	Sugar (per lb)	0.1513	2.09%
Gasoline (per gallon)	1.44	0.37%	Orange Juice (per lb)	1.2140	1.42%
Natural Gas (per MMBtu)	1.822	1.90%	Cocoa (per mt)	3,031	--
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,970.0	1.64%	Wheat (per bushel)	4.6975	-0.37%
Nickel (per mt)	8,798	0.83%	Soybean (per bushel)	8.880	0.71%
Aluminium (per mt)	1,551.8	0.13%	Corn (per bushel)	3.6600	0.97%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,259.4	-1.05%	Crude Palm Oil (MYR/MT)	2,549.0	2.41%
Silver (per oz)	15.607	0.39%	Rubber (JPY/KG)	156.2	-2.62%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 08 Mar 2016

	Current	Previous	Net Chg		Current	Previous	Net Chg
Soybean	-36,009	-85,959	49,950	Corn	-154,297	-128,032	-26,265
Nymex Crude	303,758	260,687	43,071	Natural Gas	-207,953	-192,268	-15,685
Sugar	133,736	93,184	40,552	Cotton	-24,250	-14,779	-9,471
Gold	212,857	183,616	29,241	RBOB Gasoline	92,792	92,074	718
Copper	-2,949	-24,619	21,670	Lean Hogs	52,381	51,132	1,249
Coffee	-4,560	-17,988	13,428	Platinum	34,255	31,861	2,394
Wheat	-110,686	-123,086	12,400	Heating Oil	580	-1,843	2,423
Live Cattle	40,133	35,085	5,048	Cocoa	28,792	25,836	2,956
Silver	57,971	54,121	3,850	Palladium	5,926	2,656	3,270

Source: CFTC

Key Economic Indicators

Date Time	Event		Survey	Actual	Prior	Revised
03/11/2016 03:00	US Monthly Budget Statement	Feb	-\$196.3b	-\$192.6b	-\$192.4b	--
03/11/2016 05:30	NZ BusinessNZ Manufacturing PMI	Feb	--	56	57.9	58
03/11/2016 05:45	NZ Food Prices MoM	Feb	--	-0.60%	2.00%	--
03/11/2016 07:32	NZ REINZ House Sales YoY	Feb	--	5.70%	4.30%	--
03/11/2016 12:00	MA Industrial Production YoY	Jan	2.10%	3.20%	2.70%	--
03/11/2016 15:00	GE CPI MoM	Feb F	0.40%	0.40%	0.40%	--
03/11/2016 15:00	GE CPI YoY	Feb F	0.00%	0.00%	0.00%	--
03/11/2016 15:00	GE CPI EU Harmonized MoM	Feb F	0.40%	0.40%	0.40%	--
03/11/2016 15:00	GE CPI EU Harmonized YoY	Feb F	-0.20%	-0.20%	-0.20%	--
03/11/2016 15:30	TH Foreign Reserves	Mar-04	--	\$169.6b	\$167.7b	--
03/11/2016 17:00	IT Industrial Production MoM	Jan	0.70%	1.90%	-0.70%	-0.60%
03/11/2016 17:00	IT Industrial Production WDA YoY	Jan	--	3.90%	-1.00%	--
03/11/2016 17:00	IT Industrial Production NSA YoY	Jan	--	0.70%	2.10%	--
03/11/2016 17:30	UK Visible Trade Balance GBP/Mn	Jan	£10,300	£10,289	£9,917	£10,450
03/11/2016 17:30	UK Trade Balance Non EU GBP/Mn	Jan	£2,650	£2,199	£2,357	£3,022
03/11/2016 17:30	UK Trade Balance	Jan	£3,000	£3,459	£2,709	£3,699
03/11/2016 19:30	CH New Yuan Loans CNY	Feb	1200.0b	726.6b	2510.0b	--
03/11/2016 19:30	CH Money Supply M2 YoY	Feb	13.70%	13.30%	14.00%	--
03/11/2016 20:00	IN Industrial Production YoY	Jan	-0.50%	-1.50%	-1.30%	-1.20%
03/11/2016 20:14	CH Money Supply M1 YoY	Feb	18.90%	17.40%	18.60%	--
03/11/2016 21:30	CA Unemployment Rate	Feb	7.20%	7.30%	7.20%	--
03/11/2016 21:30	US Import Price Index MoM	Feb	-0.70%	-0.30%	-1.10%	-1.00%
03/11/2016 21:30	CA Net Change in Employment	Feb	10.0k	-2.3k	-5.7k	--
03/12/2016 13:30	CH Industrial Production YTD YoY	Feb	5.60%	5.40%	6.10%	--
03/12/2016 13:30	CH Retail Sales YTD YoY	Feb	11.00%	10.20%	10.70%	--
03/12/2016 13:30	CH Fixed Assets Ex Rural YTD YoY	Feb	9.30%	10.20%	10.00%	--
03/14/2016 07:50	JN Machine Orders MoM	Jan	1.90%	15.00%	4.20%	--
03/14/2016 07:50	JN Machine Orders YoY	Jan	-3.80%	8.40%	-3.60%	--
03/14/2016 10:00	NZ Non Resident Bond Holdings	Feb	--	--	67.60%	--
03/14/2016 14:30	IN Wholesale Prices YoY	Feb	-0.19%	--	-0.90%	--
03/14/2016 18:00	EC Industrial Production SA MoM	Jan	1.70%	--	-1.00%	--
03/14/2016 18:00	EC Industrial Production WDA YoY	Jan	1.60%	--	-1.30%	--
03/14/2016 20:00	IN CPI YoY	Feb	5.52%	--	5.69%	--
03/11/2016 03/18	PH Budget Balance PHP	Dec	--	--	6.0b	--
03/11/2016 03/20	ID Local Auto Sales	Feb	--	--	84885	--
03/11/2016 03/15	IN Imports YoY	Feb	--	--	-11.00%	--
03/11/2016 03/15	IN Exports YoY	Feb	--	--	-13.60%	--

Source: Bloomberg

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