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**Highlights**

Global	<p>A strong upside surprise in the US' ADP employment data (further reinforced market expectations for a robust nonfarm payrolls data tomorrow and FOMC's likelihood of hiking interest rates next week in line with the "sooner rather than later" philosophy. ADP private payrolls added 298k jobs in Feb, versus a revised 261k in Jan and beating market expectations for 187k for its strongest print since Apr14 as services, goods-producing and construction industries increased headcounts by 193k, 106k and 66k respectively. Job gains were broad-based across large (72k), medium (122k) and small (104k) companies. Consequently, the 2-year UST bond yield rose to 1.35% while the USD also strengthened. Global risk appetite remains focused on the FOMC rate hike story for now. Elsewhere, China saw its first trade deficit in three years in Feb as imports surged amid the Lunar New Year festive season.</p> <p>The main focus for today will be the ECB policy decision where Draghi's economic assessment amid the brightening growth and inflation outlook will be key rather than the policy settings which are tipped to be static for now. Expect Asian markets to trade off the US market leads. Today's economic data calendar includes US' initial jobless claims, Challenger job cuts and import price index, and China's CPI/PPI.</p>
UK	<p>UK Chancellor Hammond tipped faster growth of 2% (previously 1.4%) and stronger tax receipts which would narrow the current budget deficit to GBP51.7b (previously 68.2b), and opined that he has GBP26b of "headroom" to spend if necessary in the coming years (without accounting for any severance payments for Brexit). The new fiscal target of containing structural borrowing to no more than 2% of GDP in 2020-21 should also be achievable. Key measures include hiking the National Insurance contributions for self-employed and some help for small traders (including caps on charges). The abolishment of the permanent residency status of wealthy people (so-called non-doms) announced in 2015 will raise nearly GBP1.35b over the next 5 years, while another GBP1.9b will come from an 8% corporation tax surcharge on bank profits over the same period. GBP and gilts both fell.</p>
CH	<p>Exports fell unexpectedly by 1.3% yoy in dollar term in Feb while imports surged by 38.1% yoy. As a result of the strong imports, China reported its first trade deficit in three years at US\$9.15 billion. The volatile exports and imports growth in Feb was partly distorted by seasonal patterns as companies tend to front load exports ahead of Chinese New Year while imports tend to be higher after the Chinese New Year.</p>
Commodities	<p>Expanding US oil inventories spooked market-watchers and sent crude oil prices down by more than 5.0%. Empirically, WTI fell to near its \$50/bbl support handle overnight, while Brent followed suit to close at \$53.11/bbl. US stockpiles rose to its record level of 528.4 million barrels for the week ended 3 March 2017. However, should we look it holistically, the rise in crude oil inventories was seen in tandem with the fall in gasoline inventories (-6.6 million barrels to 249 million barrels), the lowest in 7 weeks while refinery utilisation rate was flat at -0.1%. Given that refinery rates were little changed amid a significant fall in gasoline stocks, it suggests that US oil demand remained robust. Elsewhere, with <b>US oil production growth little changed over the same period (9.1 million bpd vs 9.03 mbpd), the rise in crude oil stocks is likely a function of higher imports over the week.</b></p>

## Major Markets

- **US:** Equities ended mixed on Wednesday, with the S&P 500 and Dow down 0.23% and 0.33% respectively, while the Nasdaq ended marginally higher. Defensive stocks, like utilities, bore the brunt of declines as US Treasury yields climbed. Recent movements may signal a consolidation of the equity rally as the market awaits further cues. VIX traded up 3.58% to 11.86. Meanwhile, strong ADP employment data spurred Treasury yields higher. 10-year benchmark yields continue to move beyond the 2.5% handle, up 4 bps to 2.56%. Key technical resistance now shifts to 2.64%. 2-year yields rose 2 bps to 1.35%.
- **Singapore:** STI extended gains by 0.47% yesterday to close at 3144.29, and may attempt the 3150 handle if risk sentiments hold up. STI support is tipped at 3120. The SGS bond yields climbed 1-6bps yesterday and may continue to see further selling pressure amid heightened FOMC rate hike speculation.
- **China:** The trade balance print in Feb is usually not a good indicator. In the past six years, China has recorded three negative trade balances in 2012, 2014 and 2017.
- Crude oil and iron ore imports by value grew by 69.4% and 107.9% respectively due to increase in commodity prices, however, stripping out the price factor, crude oil import by volume fell by 0.1% while iron ore import by volume grew by 13.4%. Given China's iron ore inventory has reached a high level, the import demand in future may start to fall. We expect China's trade balance to return to surplus again in March.
- **Indonesia:** National Planning Minister, Bambang Brodjonegoro, said that the construction of 20km 'giant sea wall' on Jakarta's north coast will start this year. It is slated to cost as much as IDR9tn and is expected to help deal with flooding problems in Jakarta.
- **Malaysia:** PM Najib Razak reportedly said that two former 1MDB executives are no longer under Bank Negara's watchlist. He added that investigations on them had been completed and action had been taken on the company they worked for. BNM first issued a watchlist notice on them in July 2015 to assist with investigation on 1MDB.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates trading 1-4bps higher across all tenors. In the broader dollar space, the spread on JACI IG corporates fell 1bps to 192bps while the yield on JACI HY corporates rose 2bps to 6.72%. 10y UST yields continued to climb yesterday, by 4bps to 2.56%, after ADP employment figures topped highest estimates. Treasuries managed to pare some losses from strong demand during 10-year auctions.
- **New Issues:** CIMB Bank Berhad priced a USD1bn 2-tranche deal; with the USD500mn 3-year piece priced at 3mL+80bps, tightening from initial guidance of 3mL+105bps; and the USD500mn 5-year piece at CT5+115bps, tightening from initial guidance of CT5+140bps. The expected issue ratings are 'NR/A3/NR'. The Chugoku Electric Power Company Inc. priced a USD500mn 3-year bond at CT3+105bps, tightening from initial guidance of CT3+130bps. The expected issue ratings are 'NR/A3/NR'. KWG Property Holding Ltd. proposed the issuance of USD senior notes in a statement to the Hong Kong Stock Exchange. Kangde Xin Composite Material Group Co. scheduled investor calls on 8 March for potential USD bond issuance. The expected issue ratings are 'NR/Ba3/BB'. Guorui Properties Ltd. scheduled investor roadshows from 9 March for potential USD bond issuance. The expected issue ratings are 'B-/NR/B'. Legal and General Group Plc scheduled investor roadshows on 10<sup>th</sup> and 13<sup>th</sup> March for potential USD 30NC10 Tier 2 notes issuance. The expected issue ratings are 'BBB+/Baa1/NR'.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	102.070	0.26%	<b>USD-SGD</b>	1.4179	0.47%
<b>USD-JPY</b>	114.350	0.32%	<b>EUR-SGD</b>	1.4946	0.22%
<b>EUR-USD</b>	1.0541	-0.24%	<b>JPY-SGD</b>	1.2397	0.13%
<b>AUD-USD</b>	0.7528	-0.79%	<b>GBP-SGD</b>	1.7254	0.20%
<b>GBP-USD</b>	1.2168	-0.26%	<b>AUD-SGD</b>	1.0673	-0.35%
<b>USD-MYR</b>	4.4552	0.16%	<b>NZD-SGD</b>	0.9802	-0.12%
<b>USD-CNY</b>	6.9131	0.15%	<b>CHF-SGD</b>	1.3974	0.32%
<b>USD-IDR</b>	13350	--	<b>SGD-MYR</b>	3.1505	-0.07%
<b>USD-VND</b>	22800	-0.02%	<b>SGD-CNY</b>	4.8762	-0.29%

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	20,855.73	-69.03
<b>S&amp;P</b>	2,362.98	-5.41
<b>Nasdaq</b>	5,837.55	3.62
<b>Nikkei 225</b>	19,254.03	-90.12
<b>STI</b>	3,145.29	14.85
<b>KLCI</b>	1,725.54	-3.12
<b>JCI</b>	5,393.76	-8.85
<b>Baltic Dry</b>	1,045.00	12.00
<b>VIX</b>	11.86	0.41

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3730	--	<b>O/N</b>	0.6828	--
<b>2M</b>	-0.3400	--	<b>1M</b>	0.8544	--
<b>3M</b>	-0.3280	--	<b>2M</b>	0.9289	--
<b>6M</b>	-0.2400	--	<b>3M</b>	1.1062	--
<b>9M</b>	-0.1700	--	<b>6M</b>	1.4204	--
<b>12M</b>	-0.1110	--	<b>12M</b>	1.7998	--

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.26 (+0.01)	1.35 (+0.03)
<b>5Y</b>	1.66 (+0.03)	2.09 (+0.04)
<b>10Y</b>	2.37 (+0.04)	2.56 (+0.04)
<b>15Y</b>	2.48 (+0.04)	--
<b>20Y</b>	2.50 (+0.06)	--
<b>30Y</b>	2.53 (+0.05)	3.15 (+0.03)

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
<b>Portugal</b>	0.04	2.70	3.99
<b>Italy</b>	-0.02	2.90	6.20
<b>Ireland</b>	-0.39	4.10	1.08
<b>Greece</b>	8.19	-8.20	7.19
<b>Spain</b>	-0.12	4.30	1.81
<b>Russia</b>	1.83	--	4.16

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	23.98	-0.29
<b>EURIBOR-OIS</b>	2.30	--
<b>TED</b>	35.96	--

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	50.28	-5.38%	Coffee (per lb)	1.401	0.76%
Brent (per barrel)	53.11	-5.03%	Cotton (per lb)	0.7690	-0.49%
Heating Oil (per gallon)	1.5567	-3.54%	Sugar (per lb)	0.1840	--
Gasoline (per gallon)	1.6526	-1.62%	Orange Juice (per lb)	1.7510	-2.18%
Natural Gas (per MMBtu)	2.9010	2.73%	Cocoa (per mt)	1,945	-0.26%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	5,765.5	-0.13%	Wheat (per bushel)	4.2750	-1.95%
Nickel (per mt)	10,149.0	-4.22%	Soybean (per bushel)	10.110	-0.37%
Aluminium (per mt)	1,868.3	0.09%	Corn (per bushel)	3.6525	-1.15%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,209.4	-0.55%	Crude Palm Oil (MYR/MT)	3,000.0	0.87%
Silver (per oz)	17.257	-1.34%	Rubber (JPY/KG)	288.5	-5.41%

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

### Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
03/08/2017 04:00	US	Consumer Credit	Jan	\$17.250b	\$8.794b	\$14.160b	\$14.758b
03/08/2017 05:45	NZ	Mfg Activity SA QoQ	4Q	--	0.80%	0.40%	1.10%
<b>03/08/2017 07:50</b>	<b>JN</b>	<b>BoP Current Account Balance</b>	<b>Jan</b>	<b>¥270.0b</b>	<b>¥65.5b</b>	<b>¥1112.2b</b>	--
03/08/2017 07:50	JN	BoP Current Account Adjusted	Jan	¥1464.1b	¥1259.8b	¥1669.2b	¥1659.4b
03/08/2017 07:50	JN	Trade Balance BoP Basis	Jan	-¥800.2b	-¥853.4b	¥806.8b	--
<b>03/08/2017 07:50</b>	<b>JN</b>	<b>GDP SA QoQ</b>	<b>4Q F</b>	<b>0.40%</b>	<b>0.30%</b>	<b>0.20%</b>	--
<b>03/08/2017 07:50</b>	<b>JN</b>	<b>GDP Annualized SA QoQ</b>	<b>4Q F</b>	<b>1.50%</b>	<b>1.20%</b>	<b>1.00%</b>	--
03/08/2017 07:50	JN	GDP Nominal SA QoQ	4Q F	0.50%	0.40%	0.30%	--
<b>03/08/2017 07:50</b>	<b>JN</b>	<b>GDP Deflator YoY</b>	<b>4Q F</b>	<b>-0.10%</b>	<b>-0.10%</b>	<b>-0.10%</b>	--
03/08/2017 07:50	JN	Bank Lending Incl Trusts YoY	Feb	--	2.80%	2.50%	--
03/08/2017 07:50	JN	Bank Lending Ex-Trusts YoY	Feb	--	2.90%	2.60%	--
<b>03/08/2017 11:11</b>	<b>VN</b>	<b>Domestic Vehicle Sales YoY</b>	<b>Feb</b>	<b>--</b>	<b>53.60%</b>	<b>-10.50%</b>	--
03/08/2017 12:30	JN	Bankruptcies YoY	Feb	--	-4.84%	-10.37%	--
03/08/2017 13:00	JN	Leading Index CI	Jan P	105.4	105.5	104.8	104.9
03/08/2017 13:00	JN	Coincident Index	Jan P	114.3	114.9	114.8	115.6
03/08/2017 14:50	CH	Exports YoY	Feb	14.00%	-1.30%	7.90%	--
03/08/2017 14:51	CH	Imports YoY	Feb	20.00%	38.10%	16.70%	--
<b>03/08/2017 14:51</b>	<b>CH</b>	<b>Trade Balance</b>	<b>Feb</b>	<b>\$27.00b</b>	<b>-\$9.15b</b>	<b>\$51.35b</b>	<b>\$51.34b</b>
<b>03/08/2017 15:00</b>	<b>GE</b>	<b>Industrial Production SA MoM</b>	<b>Jan</b>	<b>2.70%</b>	<b>2.80%</b>	<b>-3.00%</b>	<b>-2.40%</b>
03/08/2017 15:00	GE	Industrial Production WDA YoY	Jan	-0.60%	0.00%	-0.70%	-0.10%
03/08/2017 15:45	FR	Trade Balance	Jan	-3800m	-7940m	-3421m	-3569m
03/08/2017 17:27	ID	Consumer Confidence Index	Feb	--	117.1	115.3	--
<b>03/08/2017 20:00</b>	<b>US</b>	<b>MBA Mortgage Applications</b>	<b>Mar-03</b>	<b>--</b>	<b>3.30%</b>	<b>5.80%</b>	--
<b>03/08/2017 21:15</b>	<b>US</b>	<b>ADP Employment Change</b>	<b>Feb</b>	<b>187k</b>	<b>298k</b>	<b>246k</b>	<b>261k</b>
<b>03/08/2017 21:15</b>	<b>CA</b>	<b>Housing Starts</b>	<b>Feb</b>	<b>200.0k</b>	<b>210.2k</b>	<b>207.4k</b>	<b>208.9k</b>
03/08/2017 21:30	US	Nonfarm Productivity	4Q F	1.50%	1.30%	1.30%	--
03/08/2017 21:30	US	Unit Labor Costs	4Q F	1.60%	1.70%	1.70%	--
03/08/2017 21:30	CA	Labor Productivity QoQ	4Q	0.40%	0.40%	1.20%	--
03/08/2017 21:30	CA	Building Permits MoM	Jan	3.00%	5.40%	-6.60%	-4.40%
<b>03/08/2017 23:00</b>	<b>US</b>	<b>Wholesale Inventories MoM</b>	<b>Jan F</b>	<b>-0.10%</b>	<b>-0.20%</b>	<b>-0.10%</b>	--
<b>03/09/2017 07:50</b>	<b>JN</b>	<b>Money Stock M2 YoY</b>	<b>Feb</b>	<b>4.20%</b>	--	<b>4.10%</b>	--
<b>03/09/2017 07:50</b>	<b>JN</b>	<b>Money Stock M3 YoY</b>	<b>Feb</b>	<b>3.60%</b>	--	<b>3.50%</b>	--
03/09/2017 07:50	JN	Japan Buying Foreign Bonds	Mar-03	--	--	-¥202.0b	--
03/09/2017 07:50	JN	Japan Buying Foreign Stocks	Mar-03	--	--	¥159.5b	--
03/09/2017 07:50	JN	Foreign Buying Japan Bonds	Mar-03	--	--	¥367.9b	--
03/09/2017 07:50	JN	Foreign Buying Japan Stocks	Mar-03	--	--	-¥261.1b	--
03/09/2017 08:00	JN	Labor Cash Earnings YoY	Jan	0.40%	--	0.10%	0.50%
03/09/2017 08:01	UK	RICS House Price Balance	Feb	23%	--	25%	--
<b>03/09/2017 09:30</b>	<b>CH</b>	<b>CPI YoY</b>	<b>Feb</b>	<b>1.70%</b>	--	<b>2.50%</b>	--
<b>03/09/2017 09:30</b>	<b>CH</b>	<b>PPI YoY</b>	<b>Feb</b>	<b>7.70%</b>	--	<b>6.90%</b>	--
03/09/2017 14:00	JN	Machine Tool Orders YoY	Feb P	--	--	3.50%	--
03/09/2017 14:30	FR	Non-Farm Payrolls QoQ	4Q F	0.40%	--	0.40%	--
03/09/2017 15:30	FR	Bank of France Bus. Sentiment	Feb	102	--	101	--
03/09/2017 20:30	US	Challenger Job Cuts YoY	Feb	--	--	-38.80%	--
<b>03/09/2017 20:45</b>	<b>EC</b>	<b>ECB Main Refinancing Rate</b>	<b>Mar-09</b>	<b>0.00%</b>	--	<b>0.00%</b>	--
<b>03/09/2017 20:45</b>	<b>EC</b>	<b>ECB Marginal Lending Facility</b>	<b>Mar-09</b>	<b>0.25%</b>	--	<b>0.25%</b>	--
<b>03/09/2017 20:45</b>	<b>EC</b>	<b>ECB Deposit Facility Rate</b>	<b>Mar-09</b>	<b>-0.40%</b>	--	<b>-0.40%</b>	--
03/09/2017 21:30	CA	Capacity Utilization Rate	4Q	82.50%	--	81.90%	--
03/09/2017 21:30	CA	New Housing Price Index MoM	Jan	0.10%	--	0.10%	--
<b>03/09/2017 21:30</b>	<b>US</b>	<b>Import Price Index MoM</b>	<b>Feb</b>	<b>0.10%</b>	--	<b>0.40%</b>	--
03/09/2017 21:30	US	Import Price Index YoY	Feb	4.40%	--	3.70%	--
<b>03/09/2017 21:30</b>	<b>US</b>	<b>Initial Jobless Claims</b>	<b>Mar-04</b>	<b>238k</b>	--	<b>223k</b>	--
03/09/2017 21:30	US	Continuing Claims	Feb-25	2062k	--	2066k	--
03/09/2017 22:45	US	Bloomberg Consumer Comfort	Mar-05	--	--	49.8	--

Source: Bloomberg

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