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Highlights

Global	<p>Risk appetite appears to be tapering into the end of this week, seen from a relatively flattish Wall Street and continued weakness in oil prices. Note that the West Texas Intermediate (WTI) has fallen below its \$50/bbl overnight, led by the sustained concerns over potential oversupplies by US shale oil production. Moreover, ECB kept its rates unchanged as widely expected with Mario Draghi iterating that “economic growth in the euro area is expected to be dampened by a sluggish pace of implementation of structural reforms”, although “ongoing economic expansion will continue to firm and broaden” while “the recovery in investment continues to be promoted by very favourable financing conditions and improvements in corporate profitability”. Elsewhere, US initial jobless claims printed higher than market expectation at 243k for the week ended 4th March, up from a 223k print seen in the previous week. For today, do watch for a slew of manufacturing production data from Europe (France, Italy and UK) and US nonfarm payrolls (est. 200K). In Asia, look for Singapore’s retail sales print, Thailand’s consumer confidence and a 10am constitutional court vote to determine Korea’s Park Guen Hye’s impeachment status.</p>
CH	<p>CPI decelerated to 0.8% yoy in Feb from 2.5% yoy in Jan. The deceleration was in line with market expectation due to base effect. However, the larger than expected deceleration was partially attributable to the decline of non-food prices, which fell by 0.1% mom. This suggests that the pass-through effect from higher PPI to CPI was not straightforward this time as the spike of PPI to 7.8% yoy in Feb was driven by supply-side factor.</p> <p>In addition, on-balance sheet credit expansion remained strong with new Yuan loan increasing by CNY1.17 trillion in Feb. However, off-balance sheet lending slowed due to window guidance as well as the impact of the upcoming macro prudential assessment. Aggregate social financing increased by CNY1.15 trillion.</p>
KR	<p>All eyes will be on a constitutional court ruling later at 10am in determining Park Guen Hye’s impeachment status. Should at least six members of the nine-member court (only eight remain after the chief justice retired in January) vote to impeach, Ms Park will be effectively removed from office. However, should the court fail to garner the required number of votes, Ms Park will be reinstated as President.</p>
Commodities	<p>A resurgence of US shale oil supply is threatening oil prices to trend lower. Specifically, energy giant Exxon Mobil had previously iterated its plans to commit \$5.5 billion (1/4 of its total spending budget) to shale drilling in US Texas and North Dakota earlier this week. Joining Exxon Mobil are other producers including Hess Corp, Chesapeake Energy Corp, Continental Resources Inc and others which detailed their growth plans that would result in a steady supply of crude supplies through the next decade. Still, note that US producers recognise the potential consequence of oversupplying the market, in which they iterated that they “have a great responsibility not to do so.” Note that WTI had fallen below its critical \$50/bbl overnight, while any further declines may lead Brent to test the same \$50/bbl handle soon. Elsewhere, gold futures broke its \$1,200/oz handle this morning, as we approach closer to the the US FOMC meeting next week.</p>

Major Markets

- **US:** Equities reversed a three-day losing streak to end just marginally higher. Defensive stocks continued to be the main drag on the indices, but they were offset by gains in healthcare, financials and energy producers. Notably, energy producers gained for the first time this week as the decline in oil price was pared overnight. VIX maintained its recent uptrend, up 3.7% to 12.3. US Treasuries slumped ahead of non-farm payrolls tonight. Yields were pushed higher by 2-5 bps to year-to-date highs, with 2- and 10-year yields standing at 1.37% and 2.61% respectively. The markets seemed well-positioned for a strong data release tonight. Indirectly, this opens up the risk of reversal if non-farm payrolls or wages disappoint.
- **Singapore:** January's retail sales print will be released later this afternoon, where we pencil a 1.9% growth print.
- STI fell 0.84% yesterday, led by falls in Golden Agri (-2.6%), Jardine C&C (-2.5%) and DBS Group (-1.8%), though gains seen in Hutchison Port Holdings (+1.3%) and Thai Beverage (+1.1%) cushioned the decline. For today, the index is likely to consolidate lower given lower oil prices amid a relatively flattish overnight Wall Street.
- **Indonesia:** Bank Indonesia's Senior Deputy Governor, Mirza Adityaswara, signaled that the central bank is done with its easing moves, saying that the benchmark rate is "low enough". In an interview with Bloomberg, he also reportedly added that boosting growth is "not about interest rates anymore" and that BI continues to monitor the external factors and think that it has already cut enough. This view dovetails with our forecast that there will not be any more rate cut this year.
- **Malaysia:** PM Najib Razak said that North Korea has given assurance of Malaysian citizens' safety in that country. He added that two of 11 Malaysians stranded in North Korea, after the travel ban, were allowed to leave the country. He added that negotiations will continue and that diplomatic relations with North Korea will not be severed.
- **Thailand:** Prime Minister Prayut Chan-o-cha voiced the "need" to raise value-added-tax (VAT) rate to 8% (+1%), in order to generate more tax revenue to fund government projects.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates trading 2-6bps higher across all tenors. In the broader dollar space, the spread on JACI IG corporates changed little at 192bps while the yield on JACI HY corporates rose 6bps to 6.78%. 10y UST yields continued its climb by 3bps to 2.59%, led by euro-zone bond markets after European Central Bank's (ECB) President Mario Draghi took a hawkish tone in yesterday's ECB meeting and said that "economic risks" are less pronounced.
- **New Issues:** Lenovo Group Ltd. priced a USD500mn 5-year bond at CT5+180bps, tightening from initial guidance of CT5+190bps. Top Wise Excellence Enterprise Co. priced a USD300mn 3-year bond (guaranteed by Kangde Xin Composite Material Group Co.) at 6%, tightening from initial guidance of 6.5%. The expected issue ratings are 'NR/Ba3/BB'. Asian Development bank priced a USD1bn 4-year bond at 3mL+5ps. The expected issue ratings are 'AAA/Aaa/AAA'. KWG Property Holding Ltd. priced a USD400mn 5.5NC3 bond at 6%, tightening from initial guidance of 6.125%. The expected issue ratings are 'B+/NR/BB-'. APT Pipelines Ltd. scheduled investor roadshows from March 13 for potential USD bond issuance.
- **Rating Changes:** S&P upgraded Sony Corp.'s (Sony) and its overseas subsidiary Sony Global Treasury Services PLC's corporate credit ratings and senior unsecured debt rating to 'BBB' from

'BBB-'. The outlook on the corporate credit ratings are stable. The ratings outlook reflects S&P's view that Sony's business restructurings and enhanced business portfolio management have greatly reduced downside risk to earnings in its volatile electronics business and have improved its operating efficiency. S&P raised the long-term local currency corporate credit rating on PT Astra International Tbk. (Astra) to 'BBB' from 'BBB-' and affirmed the 'BBB-' long-term foreign currency corporate credit rating. The rating actions reflect S&P's view that Astra's strengthened financial position should allow Astra to repay all debt in a sovereign stress scenario but that access to foreign exchange for non-sovereigns in Indonesia would be restricted by the sovereign, hence constraining the foreign currency corporate credit rating. The outlook on the local currency and foreign currency ratings is positive, reflecting the outlook on the sovereign credit ratings on Indonesia. Moody's affirmed Daikin Industries Ltd.'s (Daikin) 'A3' issuer rating and senior unsecured rating. In addition, Moody's revised the ratings outlook to positive from stable. The rating action reflects Daikin's improved profitability and Moody's expectation that the company's financial profile will remain strong for its 'A3' rating over the next 12-18 months. Moody's also expects leverage to stay around 2.0x, supported by solid cash flow generation, in the absence of material debt funded acquisitions. Fitch affirmed Australia-based retailer Wesfarmers Limited's 'BBB+' Issuer Default Rating (IDR) and senior unsecured rating, based on its leading market share, diversified earnings stream, and stable credit metrics. The outlook on the IDR is stable. At the same time, Fitch has chosen to withdraw the ratings of Wesfarmers for commercial reasons.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	101.850	-0.22%	USD-SGD	1.4205	0.18%
USD-JPY	114.950	0.52%	EUR-SGD	1.5024	0.52%
EUR-USD	1.0577	0.34%	JPY-SGD	1.2357	-0.32%
AUD-USD	0.7506	-0.29%	GBP-SGD	1.7281	0.16%
GBP-USD	1.2165	-0.02%	AUD-SGD	1.0662	-0.10%
USD-MYR	4.4605	0.12%	NZD-SGD	0.9802	--
USD-CNY	6.9110	-0.03%	CHF-SGD	1.4036	0.44%
USD-IDR	13390	0.30%	SGD-MYR	3.1400	-0.33%
USD-VND	22803	0.01%	SGD-CNY	4.8652	-0.23%

Equity and Commodity

Index	Value	Net change
DJIA	20,858.19	2.46
S&P	2,364.87	1.89
Nasdaq	5,838.81	1.26
Nikkei 225	19,318.58	64.55
STI	3,118.84	-26.45
KLCI	1,717.42	-8.12
JCI	5,402.39	8.62
Baltic Dry	1,064.00	19.00
VIX	12.30	0.44

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	0.6821	--
2M	-0.3410	--	1M	0.8578	--
3M	-0.3290	--	2M	0.9322	--
6M	-0.2410	--	3M	1.1090	--
9M	-0.1710	--	6M	1.4210	--
12M	-0.1110	--	12M	1.8012	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.28 (+0.03)	1.37 (+0.02)
5Y	1.71 (+0.04)	2.14 (+0.04)
10Y	2.43 (+0.06)	2.61 (+0.05)
15Y	2.56 (+0.08)	--
20Y	2.59 (+0.09)	--
30Y	2.61 (+0.08)	3.19 (+0.04)

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.05	0.90	4.03
Italy	0.02	3.60	4.20
Ireland	-0.40	-1.40	5.80
Greece	8.14	-5.00	1.12
Spain	-0.11	1.50	4.50
Russia	1.97	14.60	0.70
			1.10
			6.78
			1.41
			3.89

Financial Spread (bps)

	Value	Change
LIBOR-OIS	22.80	-1.18
EURIBOR-OIS	2.16	-0.04
TED	39.29	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	49.28	-1.99%	Coffee (per lb)	1.388	-0.93%
Brent (per barrel)	52.19	-1.73%	Cotton (per lb)	0.7663	-0.35%
Heating Oil (per gallon)	1.5295	-1.75%	Sugar (per lb)	0.1800	-2.17%
Gasoline (per gallon)	1.6243	-1.71%	Orange Juice (per lb)	1.7675	0.94%
Natural Gas (per MMBtu)	2.9740	2.52%	Cocoa (per mt)	1,931	-0.72%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,665.9	-0.85%	Wheat (per bushel)	4.2600	-0.35%
Nickel (per mt)	10,094.5	-0.54%	Soybean (per bushel)	10.003	-1.06%
Aluminium (per mt)	1,855.8	-0.67%	Corn (per bushel)	3.5975	-1.51%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,203.2	-0.51%	Crude Palm Oil (MYR/MT)	2,990.0	-0.33%
Silver (per oz)	16.993	-1.53%	Rubber (JPY/KG)	281.1	-2.56%

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

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
03/09/2017 07:50	JN	Money Stock M2 YoY	Feb	4.20%	4.20%	4.10%	4.00%
03/09/2017 07:50	JN	Money Stock M3 YoY	Feb	3.60%	3.60%	3.50%	--
03/09/2017 07:50	JN	Japan Buying Foreign Bonds	Mar-03	--	¥1130.6b	¥202.0b	¥206.8b
03/09/2017 07:50	JN	Japan Buying Foreign Stocks	Mar-03	--	¥76.3b	¥159.5b	¥157.4b
03/09/2017 07:50	JN	Foreign Buying Japan Bonds	Mar-03	--	¥608.3b	¥367.9b	--
03/09/2017 07:50	JN	Foreign Buying Japan Stocks	Mar-03	--	¥167.1b	¥261.1b	¥260.9b
03/09/2017 08:00	JN	Labor Cash Earnings YoY	Jan	0.40%	0.50%	0.10%	0.50%
03/09/2017 08:01	UK	RICS House Price Balance	Feb	23%	24%	25%	24%
03/09/2017 09:30	CH	CPI YoY	Feb	1.70%	0.80%	2.50%	--
03/09/2017 09:30	CH	PPI YoY	Feb	7.70%	7.80%	6.90%	--
03/09/2017 14:00	JN	Machine Tool Orders YoY	Feb P	--	9.10%	3.50%	--
03/09/2017 14:30	FR	Non-Farm Payrolls QoQ	4Q F	0.40%	0.40%	0.40%	--
03/09/2017 15:30	FR	Bank of France Bus. Sentiment	Feb	102	104	101	102
03/09/2017 17:00	CH	Money Supply M2 YoY	Feb	11.40%	11.10%	11.30%	--
03/09/2017 17:00	CH	Money Supply M1 YoY	Feb	16.60%	21.40%	14.50%	--
03/09/2017 17:00	CH	Money Supply M0 YoY	Feb	15.00%	3.30%	19.40%	--
03/09/2017 17:00	CH	New Yuan Loans CNY	Feb	950.0b	1170.0b	2030.0b	--
03/09/2017 20:30	US	Challenger Job Cuts YoY	Feb	--	-40.00%	-38.80%	--
03/09/2017 20:45	EC	ECB Main Refinancing Rate	Mar-09	0.00%	0.00%	0.00%	--
03/09/2017 20:45	EC	ECB Marginal Lending Facility	Mar-09	0.25%	0.25%	0.25%	--
03/09/2017 20:45	EC	ECB Deposit Facility Rate	Mar-09	-0.40%	-0.40%	-0.40%	--
03/09/2017 21:30	CA	Capacity Utilization Rate	4Q	82.50%	82.20%	81.90%	81.60%
03/09/2017 21:30	CA	New Housing Price Index MoM	Jan	0.10%	0.10%	0.10%	--
03/09/2017 21:30	US	Import Price Index YoY	Feb	4.40%	4.60%	3.70%	3.80%
03/09/2017 21:30	US	Initial Jobless Claims	Mar-04	238k	243k	223k	--
03/09/2017 21:30	US	Continuing Claims	Feb-25	2062k	2058k	2066k	2064k
03/09/2017 22:45	US	Bloomberg Consumer Comfort	Mar-05	--	50.6	49.8	--
03/10/2017 08:30	AU	Home Loans MoM	Jan	-1.00%	--	0.40%	--
03/10/2017 08:30	AU	Investment Lending	Jan	--	--	-1.00%	--
03/10/2017 08:30	AU	Owner-Occupier Loan Value MoM	Jan	--	--	1.30%	--
03/10/2017 09:00	PH	Exports YoY	Jan	10.50%	--	4.50%	--
03/10/2017 09:00	PH	Imports YoY	Jan	10.00%	--	19.10%	--
03/10/2017 09:00	PH	Trade Balance	Jan	-\$2985m	--	-\$2564m	--
03/10/2017 11:30	TH	Consumer Confidence Economic	Feb	--	--	63.1	--
03/10/2017 13:00	SI	Retail Sales YoY	Jan	0.80%	--	0.40%	--
03/10/2017 13:00	IN	Local Car Sales	Feb	--	--	186523	--
03/10/2017 15:00	GE	Trade Balance	Jan	18.0b	--	18.7b	--
03/10/2017 15:00	GE	Current Account Balance	Jan	15.5b	--	24.0b	--
03/10/2017 15:00	GE	Exports SA MoM	Jan	2.00%	--	-3.30%	-2.80%
03/10/2017 15:00	GE	Imports SA MoM	Jan	0.50%	--	0.00%	0.10%
03/10/2017 15:30	TH	Foreign Reserves	Mar-03	--	--	\$181.3b	--
03/10/2017 15:45	FR	Industrial Production YoY	Jan	0.40%	--	1.30%	--
03/10/2017 15:45	FR	Manufacturing Production YoY	Jan	0.30%	--	0.60%	--
03/10/2017 17:00	IT	Unemployment Rate Quarterly	4Q	11.70%	--	11.60%	--
03/10/2017 17:30	UK	Industrial Production YoY	Jan	3.20%	--	4.30%	--
03/10/2017 17:30	UK	Manufacturing Production YoY	Jan	2.90%	--	4.00%	--
03/10/2017 17:30	UK	Visible Trade Balance GBP/Mn	Jan	-£11,100	--	-£10,890	--
03/10/2017 17:30	UK	Trade Balance Non EU GBP/Mn	Jan	-£2,425	--	-£2,114	--
03/10/2017 17:30	UK	Trade Balance	Jan	-£3,100	--	-£3,304	--
03/10/2017 20:00	IN	Industrial Production YoY	Jan	0.40%	--	-0.40%	--
03/10/2017 21:30	CA	Unemployment Rate	Feb	6.80%	--	6.80%	--
03/10/2017 21:30	US	Change in Nonfarm Payrolls	Feb	200k	--	227k	--
03/10/2017 21:30	CA	Net Change in Employment	Feb	-5.0k	--	48.3k	--
03/10/2017 21:30	CA	Full Time Employment Change	Feb	--	--	15.8	--
03/10/2017 21:30	US	Change in Private Payrolls	Feb	215k	--	237k	--
03/10/2017 21:30	CA	Part Time Employment Change	Feb	--	--	32.4	--
03/10/2017 21:30	US	Change in Manufact. Payrolls	Feb	10k	--	5k	--
03/10/2017 21:30	CA	Participation Rate	Feb	--	--	65.9	--
03/10/2017 21:30	US	Unemployment Rate	Feb	4.70%	--	4.80%	--
03/10/2017 21:30	US	Average Hourly Earnings MoM	Feb	0.30%	--	0.10%	--
03/10/2017 21:30	US	Average Hourly Earnings YoY	Feb	2.80%	--	2.50%	--
03/10/2017 21:30	US	Avg Weekly Hours All Employees	Feb	34.4	--	34.4	--
03/10/2017 21:30	US	Labor Force Participation Rate	Feb	--	--	62.90%	--
03/10/2017 21:30	US	Underemployment Rate	Feb	--	--	9.40%	--
03/10/2017 23:00	UK	NIESR GDP Estimate	Feb	0.60%	--	0.70%	--
03/10/2017 03/18	CH	FDI YoY CNY	Feb	-4.20%	--	-9.20%	--

Source: Bloomberg

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Co.Reg.no.:193200032W