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Highlights

Global	Market sentiment remains in check ahead of a number of key events this week, including general elections in the Netherlands today and the release of FOMC decision at 2am Singapore time overnight. For the Dutch elections, two latest polls show that firebrand Geert Wilders' prospects of coming on top have dwindled further. These polls suggest that his PVV (Freedom) party would gain just 16 out of 150 seats in the parliament, compared to expectation of 20 seats suggested by polls done the day before. Meanwhile, for the FOMC decision, while a rate hike is expected by the market, much attention will zoom in on signals on future rate moves, via dot plots and Yellen's press conference.
US	Equities saw broad-based declines ahead of Fed's rate hike decision tomorrow. 10 of 11 sectors in the S&P 500 index slipped, with consumer discretionary stocks only marginally positive. Energy stocks were the main drag as oil continued its recent downtrend. Overall, the S&P 500 lost 0.34%, while the Dow and Nasdaq slipped 0.21% and 0.32% respectively. VIX jumped 8.4% to close at 12.3.
CH	Economic recovery remained steady in the first two months of 2017. Industrial production grew by 6.3% yoy in the first two months while fixed asset investment accelerated to 8.9% yoy. However retails sales slowed to 9.5%. The latest growth data painted a fairly rosy picture in China's manufacturing sectors, in line with recent strong PMI data. Industrial production in manufacturing sectors grew by 6.9% yoy in the first two months, offsetting the decline in mining outputs. In addition, the upgrade of the value chain in manufacturing seems to be underway. For example, production of both general purpose equipment machinery and special purpose equipment machinery increased by 10.6% and 11.5% yoy respectively, its highest print since July 2014. Meanwhile, fixed asset investment in manufacturing sector also accelerated to 4.3% yoy.
ID	Finance Minister Sri Mulyani Indrawati said that the government received IDR114tn in penalty payments from the tax amnesty program. She added that overall participation in the program is still low compared with the number of people who should take part.
MA	Foreigners have reportedly sold MYR21.71bn worth of government bonds in the last three months. This reduced the share of their holding in debt papers from a peak of 34.7% last year to 28.7% as of end of Feb, as reported by the Star. Bank Negara reportedly said that the selldown was largely due to the unwinding of the NDF positions by non-resident financial institution investors.
Commodities	Market watchers basically shrugged off OPEC's upgrade in its global oil demand expectation (+50 thousand bpd to 1.38 million bpd growth in 2017), while non-OPEC supply is expected to fall further (-0.66 million bpd) as oil prices continue to fall overnight. Instead, investors turned spooked over the reality of a rise in global crude stocks and a surprise production increase from Saudi Arabia despite ongoing curbs. Empirically, Riyadh reportedly increased oil production to 10.011 million barrels per day in February, resulting in both WTI and Brent taking another notch lower. Meanwhile, gold remained flat as market-watchers eye closely on the upcoming Dutch elections and FOMC meeting.

Major Markets

- **US:** US Treasury yield curve flattened as 10-year benchmark yields fell 3 bps to close at 2.60%, while 2-year yields stand at 1.38%, up 1 bp. Fast money appears to be positioned in expectation of a hawkish message from the Fed tomorrow.
- **Singapore:** STI closed lower yesterday albeit in a flattish fashion, snapping its two consecutive trading days of gain. The index fell 0.12% to 3,143.40, dragged by Golden Agri-Resources (-2.6%) and Keppel Corp (-2.2%), while gains in Hutchison Port Holdings (+2.5%) and Jardine C&C (+1.6%) cushioned the fall. STI is expected to range-bound until more clarity is seen from the upcoming Dutch Elections and FOMC rate decision.
- **China:** The stronger than expected fixed asset investment was mainly attributed to three factors which include strong infrastructure investments, improving private sentiments as well as a steady property market. Infrastructure investments grew by 27.3% yoy, highest in record. Private investment also re-accelerated to 6.7% yoy, highest since March 2016. Investments in the property market accelerated to 8.9% yoy from 6.9% in 2016 despite the cooling measures. The stronger investment was supported by property sales, which increased by 25.1% yoy. It seems there has been a spill over effect from higher tier cities to lower tier cities.
- Retail sales unexpectedly slowed to 9.5% in the first two months, driven by the slowdown of car sales, which fell by 1%, probably due to the expiration of tax subsidy.
- **Macau:** Housing transactions dropped by 43.6% mom to 709 units in January while new residential mortgage loans approved tumbled by 16% mom to MOP3.5 billion. In the same month, average housing prices fell by 14% mom to MOP89,727/sqm. However, these three indicators all showed positive growth on yearly basis. Therefore, the monthly decreases may be attributed to seasonality while the housing market has been stabilizing on the back of economic recovery. Moving forward, housing market's outlook is rather mixed. Moderate economic recovery, stagnant wage growth, global uncertainties and higher interest rates may tame housing sentiment. With home supply increasing, should the Fed raise rates at a faster pace and prompt Macau's banking system to lift the Prime Rate, we expect average housing prices to drop around 5% yoy in 2017. Demand for residential mortgage loans may also reduce as a result. On the flip side, the government will reclaim several undeveloped plots of lands which were granted to builders after the leases expire. This may slow down the increase in housing supply. A slower-than-expected rate hike pace by the Fed may also limit the downside of the housing market. If this is the case, a 3% to 5% annual growth in housing prices is forecasted.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear steepened decisively yesterday, with the short end trading higher by 3bps and the long end trading higher by up to 7bps. In the broader dollar space, the spread on JACI IG corporates fell 2bps to 191bps while the yield on JACI HY corporates rose 2bps to 6.79%. 10y UST yields fell 3bps yesterday to 2.60%, as oil's slide (to its lowest since November) curbed inflation expectations, even as gains were capped after the February Producer Price Index rose more than forecast.
- **New Issues:** Azure Nova International Finance Ltd. priced a USD2bn 3-tranche deal (guaranteed by Bank of Communications Financial Leasing Ltd.); with the USD700mn 3-year piece at CT3+140bps, tightening from initial guidance of CT3+145bps; the USD1.05bn 5-year piece at CT5+150bps, tightening from initial guidance of CT5+155bps; the USD250mn 10-year piece at CT10+172.5bps, tightening at initial guidance of CT10+175bps. The expected issue ratings are 'NR/A2/A'. Guorui Properties Ltd. priced a USD300mn 3-year bond at 7%, tightening from initial guidance of 7.375%.

The expected issue ratings are 'B-/NR/B'. Trafigura Group Pte. Ltd. priced a USD600mn NC5 Perp at 6.875%, tightening from initial guidance of 7.25%. Indonesia scheduled investor roadshow from 16 March for potential USD-denominated sukuk issuance. Shandong Yuhuang Chemical Co. scheduled investor roadshow from 15 March for potential USD bond issuance. The expected issue ratings are 'B+/NR/B'.

- **Rating Changes:** S&P assigned Shandong Yuhuang Chemical Co. Ltd. (Yuhuang) a 'B+' corporate credit rating and long-term rating to the senior unsecured notes issued by Yuhuang's wholly-owned subsidiary Rock International Investment Inc. and guaranteed by Yuhuang. The rating action reflects the company's small scale, limited geographic and product diversification, average profitability, and high financial leverage. S&P also commented that they expect the company's debt leverage to stay high over the next two years because of steep capital expenditure for its U.S. gas-to-methanol project. S&P upgraded Styron Asia Ltd.'s foreign and local issuer credit ratings, to 'BB-' from 'B+'. The rating outlook is stable.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	101.700	0.38%	USD-SGD	1.4155	0.09%
USD-JPY	114.750	-0.11%	EUR-SGD	1.5011	-0.37%
EUR-USD	1.0604	-0.46%	JPY-SGD	1.2337	0.21%
AUD-USD	0.7559	-0.16%	GBP-SGD	1.7207	-0.42%
GBP-USD	1.2153	-0.54%	AUD-SGD	1.0701	-0.06%
USD-MYR	4.4497	0.07%	NZD-SGD	0.9795	0.03%
USD-CNY	6.9150	0.01%	CHF-SGD	1.4013	-0.20%
USD-IDR	13370	0.10%	SGD-MYR	3.1446	-0.13%
USD-VND	22805	--	SGD-CNY	4.8889	-0.11%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.6828	--
2M	-0.3410	--	1M	0.9122	--
3M	-0.3300	--	2M	0.9694	--
6M	-0.2410	--	3M	1.1312	--
9M	-0.1690	--	6M	1.4321	--
12M	-0.1080	--	12M	1.8212	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	-0.01	-7.90	3.97
Italy	0.02	-1.70	2.34
Ireland	-0.35	-1.30	1.13
Greece	8.27	23.50	7.29
Spain	-0.12	-4.90	1.87
Russia	2.10	5.60	4.37

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	47.72	-1.40%	Coffee (per lb)	1.396	-0.64%
Brent (per barrel)	50.92	-0.84%	Cotton (per lb)	0.7715	0.36%
Heating Oil (per gallon)	1.4919	-0.58%	Sugar (per lb)	0.1816	-0.11%
Gasoline (per gallon)	1.5835	0.18%	Orange Juice (per lb)	1.7530	--
Natural Gas (per MMBtu)	2.9380	-3.45%	Cocoa (per mt)	2,091	2.00%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,784.9	0.29%	Wheat (per bushel)	4.1200	-0.06%
Nickel (per mt)	10,192.5	0.78%	Soybean (per bushel)	9.873	-0.90%
Aluminium (per mt)	1,852.8	-0.68%	Corn (per bushel)	3.5375	-0.21%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,202.6	-0.04%	Crude Palm Oil (MYR/MT)	2,985.0	1.19%
Silver (per oz)	16.888	-0.28%	Rubber (JPY/KG)	284.7	-0.63%

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

Equity and Commodity

Index	Value	Net change
DJIA	20,837.37	-44.11
S&P	2,365.45	-8.02
Nasdaq	5,856.82	-18.97
Nikkei 225	19,609.50	-24.25
STI	3,143.40	-3.75
KLCI	1,722.47	0.55
JCI	5,431.59	22.21
Baltic Dry	1,112.00	13.00
VIX	12.30	0.95

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.30 (+0.05)	1.38 (--)
5Y	1.70 (+0.03)	2.13 (-0.01)
10Y	2.48 (+0.05)	2.60 (-0.03)
15Y	2.61 (+0.06)	--
20Y	2.65 (+0.06)	--
30Y	2.67 (+0.06)	3.17 (-0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.05	-0.08
EURIBOR-OIS	1.93	0.03
TED	35.91	--

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
03/14/2017	05:00	SK Export Price Index YoY	Feb	--	4.90%	7.40%	7.40%
03/14/2017	05:00	SK Import Price Index YoY	Feb	--	9.10%	13.20%	13.30%
03/14/2017	08:01	IN Manpower Survey	2Q	--	18%	21%	--
03/14/2017	08:30	AU NAB Business Conditions	Feb	--	9	16	--
03/14/2017	08:30	AU NAB Business Confidence	Feb	--	7	10	--
03/14/2017	09:00	PH Unemployment Rate	Jan	--	6.60%	4.70%	--
03/14/2017	10:00	CH Retail Sales YTD YoY	Feb	10.60%	9.50%	10.40%	--
03/14/2017	10:00	CH Fixed Assets Ex Rural YTD YoY	Feb	8.30%	8.90%	8.10%	--
03/14/2017	10:00	CH Industrial Production YTD YoY	Feb	6.20%	6.30%	6.00%	--
03/14/2017	14:30	IN Wholesale Prices YoY	Feb	6.10%	6.55%	5.25%	--
03/14/2017	15:00	GE CPI YoY	Feb F	2.20%	2.20%	2.20%	--
03/14/2017	15:00	GE CPI EU Harmonized YoY	Feb F	2.20%	2.20%	2.20%	--
03/14/2017	18:00	EC Industrial Production SA MoM	Jan	1.30%	0.90%	-1.60%	-1.20%
03/14/2017	18:00	EC Industrial Production WDA YoY	Jan	0.90%	0.60%	2.00%	2.50%
03/14/2017	18:00	GE ZEW Survey Current Situation	Mar	78	77.3	76.4	--
03/14/2017	18:00	EC ZEW Survey Expectations	Mar	--	25.6	17.1	--
03/14/2017	18:00	GE ZEW Survey Expectations	Mar	13	12.8	10.4	--
03/14/2017	18:00	US NFIB Small Business Optimism	Feb	105.6	105.3	105.9	--
03/14/2017	20:00	IN CPI YoY	Feb	3.60%	3.65%	3.17%	--
03/14/2017	20:30	US PPI Ex Food and Energy MoM	Feb	0.20%	0.30%	0.40%	--
03/14/2017	20:30	US PPI Final Demand YoY	Feb	1.90%	2.20%	1.60%	--
03/14/2017	20:30	US PPI Ex Food and Energy YoY	Feb	1.50%	1.50%	1.20%	--
03/14/2017	03/31	IN BoP Current Account Balance	4Q	-\$12.00b	--	-\$3.40b	--
03/15/2017	05:45	NZ BoP Current Account Bal NZD	4Q	-2.425b	-2.335b	-4.891b	-5.029b
03/15/2017	05:45	NZ Current Account GDP Ratio YTD	4Q	-2.70%	-2.70%	-2.90%	-3.00%
03/15/2017	07:00	SK Unemployment rate SA	Feb	3.90%	4.00%	3.60%	--
03/15/2017	07:30	AU Westpac Cons Conf SA MoM	Mar	--	--	2.30%	--
03/15/2017	08:30	AU New Motor Vehicle Sales YoY	Feb	--	--	-0.90%	--
03/15/2017	10:00	JN Tokyo Condominium Sales YoY	Feb	--	--	-7.40%	--
03/15/2017	12:30	JN Industrial Production YoY	Jan F	--	--	3.20%	--
03/15/2017	12:30	JN Capacity Utilization MoM	Jan	--	--	0.60%	--
03/15/2017	15:45	FR CPI EU Harmonized YoY	Feb F	1.40%	--	1.40%	--
03/15/2017	15:45	FR CPI YoY	Feb F	1.20%	--	1.20%	--
03/15/2017	15:45	FR CPI Ex-Tobacco Index	Feb	100.5	--	100.41	--
03/15/2017	16:00	SI Automobile COE Open Bid Cat A	Mar-15	--	--	--	--
03/15/2017	16:00	SI Automobile COE Open Bid Cat B	Mar-15	--	--	--	--
03/15/2017	16:00	SI Automobile COE Open Bid Cat E	Mar-22	--	--	--	--
03/15/2017	17:00	IT Retail Sales MoM	Jan	0.20%	--	-0.50%	--
03/15/2017	17:00	IT Retail Sales YoY	Jan	0.80%	--	-0.20%	--
03/15/2017	17:30	UK Claimant Count Rate	Feb	--	--	2.10%	--
03/15/2017	17:30	UK Jobless Claims Change	Feb	--	--	-42.4k	--
03/15/2017	17:30	UK ILO Unemployment Rate 3Mths	Jan	4.80%	--	4.80%	--
03/15/2017	18:00	EC Employment YoY	4Q	--	--	1.20%	--
03/15/2017	18:00	IT CPI EU Harmonized YoY	Feb F	1.60%	--	1.60%	--
03/15/2017	19:00	US MBA Mortgage Applications	Mar-10	--	--	3.30%	--
03/15/2017	20:30	US Empire Manufacturing	Mar	15	--	18.7	--
03/15/2017	20:30	US CPI MoM	Feb	0.00%	--	0.60%	--
03/15/2017	20:30	US CPI Ex Food and Energy MoM	Feb	0.20%	--	0.30%	--
03/15/2017	20:30	US CPI YoY	Feb	2.70%	--	2.50%	--
03/15/2017	20:30	US CPI Ex Food and Energy YoY	Feb	2.20%	--	2.30%	--
03/15/2017	20:30	US CPI Core Index SA	Feb	251.155	--	250.783	--
03/15/2017	20:30	US CPI Index NSA	Feb	243.416	--	242.839	--
03/15/2017	20:30	US Retail Sales Advance MoM	Feb	0.10%	--	0.40%	--
03/15/2017	20:30	US Retail Sales Ex Auto MoM	Feb	0.10%	--	0.80%	--
03/15/2017	20:30	US Retail Sales Ex Auto and Gas	Feb	0.20%	--	0.70%	--
03/15/2017	22:00	US NAHB Housing Market Index	Mar	65	--	65	--
03/15/2017	22:00	US Business Inventories	Jan	0.30%	--	0.40%	--
03/15/2017	PH Overseas Remittances YoY	Jan	5.30%	--	3.60%	--	
03/15/2017	ID Imports YoY	Feb	15.11%	--	14.54%	--	
03/15/2017	ID Exports YoY	Feb	16.06%	--	27.71%	--	
03/15/2017	ID Trade Balance	Feb	\$1322m	--	\$1396m	--	
03/15/2017	03/17	IN Exports YoY	Feb	--	--	4.30%	--
03/15/2017	03/17	IN Imports YoY	Feb	--	--	10.70%	--
03/15/2017	03/20	ID Local Auto Sales	Jan	--	--	86573	--
03/15/2017	03/20	ID Motorcycle Sales	Jan	--	--	437764	--

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

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