Research Monitor (April)

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Key Themes

1. The growing US-China trade tensions continued to overshadow financial markets. Hopes for a quick or peaceful resolution to the US-China trade tensions were dashed amid news that the Trump administration is considering investment curbs by the Chinese on sensitive technologies by invoking the "International Emergency Economic Powers Act". US Commerce Secretary Ross also hinted at "limitations on foreign investment" and pending legislation to bulk up the Committee on Foreign Investment in the US. In response, China has announced US$50 billion of reciprocal tariffs on US goods, which clearly raises the stakes for a worse outcome. Given the possibility of a broader co-ordinated targeting of China, and the integrated nature of the global supply chain, one view is that smaller Asian economies will be indirectly hurt if the relationship between the US and China gets strained.
2. With the 3-month LIBOR hitting a high of 2.31175% on 29 March (highest since 2008) and widening the LIBOR-OIS spread to 59bps. Contributing reasons include US companies repatriating funds from overseas and liquidation of bank-debt holdings with 1-3 year maturities due to the tax reforms and also the Base-Erosion and Anti-abuse Tax (BEAT) which removes tax deduction for interest paid by US affiliates on money received from their foreign-domiciled HQ, both of which force foreign banks to fund more through CP and CDs. This is in addition to the deluge of US T-bill issuance since the US debt ceiling was raised in Feb. Note while the FOMC hiked 25bps in March, the median dots plot was not shifted from 3 to 4 rate hikes for 2018, albeit the 2019-2020 dots were raised. Notably, Fed chair Powell was also cautious not to overplay any hawkish intentions and emphasized the data-dependency of the rate trajectory.
3. China concluded its 2018 National People's Congress. Although China departed from the norm with regards to a political perspective, China's commitment to reform and openness is unlikely to change. The PBoC is moving towards a super central bank model after China shifted law making responsibility from the newly formed banking and insurance regulatory body to PBoC. This will help China combat financial risk more effectively.
4. Relative central bank narrative as a driver for broad USD weakness may be fraying at the seams. Powell continued douse hawkish expectations for the Fed, but the other core central banks, save the ECB, are not following the script. The absence of inflationary pressures has limited their ability to push forward monetary policy normalisation. On the other hand, trade tensions have emerged as another FX driver, though its impact on broad USD directionality is less clear. Trade-related issues and its consequential effect on risk sentiments may persist for some time yet. Watch for further contagion due to trade issues, and any sustained outflows from Asia due to increased EM risk premiums.

Asset Class Views

<table>
<tr><th></th><th colspan="2">House View</th><th colspan="2">Trading Views</th></tr>
<tr><td rowspan="2">FX</td><td colspan="2">DXY and majors: Over the last few weeks, investors have been side-tracked and buffeted by two main issues: Firstly, potential global trade war tensions emanating from the US. This is not expected to subside in the near term. On this front, note that our risk appetite indicator has been making increasingly frequent incursions into Risk-Off territory and this is not expected to subside anytime soon. Secondly, despite continued dovish/neutral hints by a swath of global central banks, markets continue to cling on to the belief that selected central banks (apart from the Fed) would ultimately assume a more hawkish posture – the foundation of the current weak dollar narrative. As stated previously, pretty much only the ECB at this juncture is keeping that banner flying. Note also, that the Fed chair Powell has pointedly doused any hawkish expectations surrounding the FOMC for the near term despite the initial (and very short-lived) commotion surrounding the dot plots and macro projections. For all intents and purposes, the Fed-centric dollar dynamic remains static. Structurally however, expect global markets to start on a slightly more cautious footing for 2Q 18. Note that the Macro Surprise Indices (for US, EZ, Asia) continue to head south, the global inflation impulse is going nowhere fast, while cross-asset cues from the commodity/equity complex have been increasingly cautious.</td><td colspan="2">Depending on the extent of contagion from trade tensions to the risk appetite environment, the impact on the USD may be dualistic. Cyclical currencies, including the AUD and the NZD, may be under downward pressure given the souring macro fundamentals.</td></tr>
<tr><td colspan="2">Asian FX and SGD: Asian FX continues to be beholden to global cues, such as trade tensions, and its attendant impact on risk sentiments. Even though net portfolio flows in Asia are showing some signs of bottoming, sustained inflow momentum remains absent. This should keep any dips in USD-Asia shallow. On a structural horizon, we note that macro outcomes in Asia are turning down, and inflation is not accelerating on the upside. This should keep Asian central banks cautious in their policy stance.
SGD: There may be little macro impetus for a policy move at the next MAS MPS (Monetary Policy Statement) in April, although a pre-emptive move next month cannot be totally discounted. Strong inflationary pressures are still lacking at this juncture. Headline inflation rose to 0.5% yoy in February, while the core gauge accelerated to 1.7% yoy from 1.4% previously. Despite the significant uptick in core inflation, it remains comfortably within the MAS's forecast range. We look, instead, towards a reversion to a gentle slope at the October MPS.</td><td colspan="2">Keep close watch on trade developments and its attendant impact on risk sentiments. Note however, that any strength in Asian currencies may be short-lived without support from sustained inflow momentum. Favour the KRW and THB on more positive inflow environment.</td></tr>
<tr><td>Rates</td><td>Monetary policy normalisation expectations have been somewhat dented by growing trade war concerns.
Pending further catalysts, global bond yields have paused their ascent for now.</td><td colspan="2">US: Fears of a tit-for-tat trade retaliation loomed large in March and had prompted the 10-year UST bond yield to retrace from the 2.95% high seen on 21 February. Note 32% of the ISM survey respondents cited tariff-related concerns (namely "concern across the supply chain", "panic buying, driving the near-term prices higher" and "inventory shortages") even before the tariffs were implemented. Until there is clarity if the current state of affairs will deteriorate or stabilise from here, business confidence and risk appetite are likely to pause. The 3-month LIBOR jumped to 2.31175% on 29Mar, widening the LIBOR-OIS spread to 59bps. There is a confluence of factors contributing to the rising LIBOR – rising UST bill issuance, elevated Treasury cash balance, repatriation of cash due to tax reform incentives, elevated Treasury cash balances, tightening USD funding conditions and increasing demand for USD funding particularly by foreign banks in the US in the short-term, in addition to the anticipated FOMC rate hike story. This phenomenon may sustain for longer, given the incentive structure from US tax reforms and the Base-Erosion and Anti-Abuse Tax (BEAT) provision whereby interest paid from foreign-domiciled HQ are no longer tax deductible in the US. Barring stronger signs of a near-term inflation uptick, the yield curve is likely to stay flat at this juncture. For now, we stick to our call for three 25bp rate hikes for the FOMC this year, given the headwinds of Trump-led trade tantrums.</td><td>↑</td></tr>
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		SG: The 3-month SIBOR, which has risen from 1.37% at the start of March to 1.5% currently, is likely playing catch up to the inexorably rising LIBOR. Given the current headwinds of heightened trade war tensions between the US and China, the MAS walks a fine line between a pre-emptive tightening and keeping the accommodative policy buffer to wait-and-see first for the upcoming MPS in mid-April. Strong domestic inflationary pressures are still lacking at this juncture. Despite the uptick in core inflation in February 2018, it remains comfortably within the MAS's forecast range. While we have revised up our 1Q18 GDP growth estimate to 5.1% yoy (4.7% qoq saar), the growth momentum is likely to taper for the coming quarters. If MAS retains its currently neutral policy stance, then domestic short-term interest rates are likely to face further upside risk in the near-term especially as we approach the June FOMC where another 25bp rate hike is already priced in. That said, the 3-month SIBOR is also back to October 2008 levels, so the question is how much of an overshoot will materialise. As a historical reference, the highest 3-month SIBOR was 3.56% back in July 2006 but that was when the Fed Funds Target Rate and the 3-month LIBOR were at 5.25% and 5.5% respectively. Nevertheless, our 3-month SIBOR forecast has been upgraded to 1.75% by year-end. The 2-10 year SGS bond yield curve had flattened around 18bps from a month ago, given the re-opening of the 2-year bond in late March. Next up is a new 10-year bond auction with the size announcement on 19 April for auction on 26 April and to be issued on 2 May. To meet rising demand, MAS will also increase the monthly issuance size of the Singapore Savings Bond (SSB) programme from $150m to $200m. This could also soak up more liquidity in the domestic market.	↑

	House View	Trading Views	
Commodities	**Crude Oil:** Crude oil fundamentals improved into early 2018, while global inventories narrowed. Geopolitical tensions and/or policy uncertainties could sway prices quickly, while OPEC's soft-deadline to extend oil curbs by another 9 months injects uncertainty to future supply trajectory. We keep our year-end outlook for WTI and Brent at $65/bbl and $70/bbl respectively.	Market-watchers shrugged off strong US production into March following concerns over potential sanctions against Iran. US oil inventories fell below its 5-year average, signaling that the oil glut shrunk into 3M18. Note net-long positions held by money-managers have risen to its all-time high (% of open interest at 23.1% at end-Feb), suggesting strong bull calls but any pullback could result in a correction. Oil to stay neutral-bearish as investors evaluate the current geopolitical / political climate.	↓
	Gold: The mix of global growth and yield-chasing behaviour are effective drivers to drive gold prices lower into 2018. Safe haven demand could however be supported should geopolitical tensions escalate.	Gold rose on safe haven demand into end-March given political uncertainties and trade war concerns. Latest FOMC rate hike was priced in and did not move the bullion. Expect the yellow metal to stay supported on the back of uncertainties into April.	↑
	Crude Palm Oil: A relatively weak La Nina has been seen in early 2018, while Asia's CPO production levels seasonally declines into early 2Q18. Strong MYR could eventually cap CPO's rally. We keep our CPO outlook at MYR2,400/MT with downside risk.	CPO stayed weak into March, touching its lowest since 2016 (MYR2,376/MT). A supported MYR and stronger CPO production outlook are key drivers to lower CPO prices, while Malaysia's production grew 5.8% m/m in the first 20 days of March. Overall production has likely bottomed and is slated to rise into 3Q18.	↓

	House View	Trading Views	
Credit	March was a time of reckoning for investors that were exposed to duration. Uncertainty over interest rate trajectories continued to weigh on credit markets, particularly leading up to the US Fed meeting. AxJ G3 currency bond issuance for March totalled USD24.3bn, slumping sharply from the previous year's USD38.2bn. Mega deals were still printed, such as ChemChina's six tranche issue aggregating ~USD6.4bn. Most deals however had to provide attractive new issue concessions. This in turn contributed to secondary markets trading weaker, with investors preferring new issues for the concessions versus the existing curves. Dealers also had to mark their inventories lower when the new deals priced wider. The story was slightly different in the SGD corporate bond space. New issuance was SGD3.2bn for March 2018, sharply higher than the SGD1.3bn seen a year back. That being said, SGD2.3bn worth was effectively quasi-government (HDB, LTA, SMRT). Excluding these deals, issuance would have been comparable. Like the deals printed in February, new issues by CCT and MCT had to come in at generous concessions, which in turn affected the secondary market. The sole SGD HY issue was the SGD300mn ARASP 5.65-perp. Interestingly, the new ARASP-perp traded wider than the older ARASP 5.2-perp given the longer reset date (10-year versus 6-year), when previously corporate perpetuals were traded based on first call, implying the market pricing the new perp to reset. Looking forward, though the pace of spread widening looks to have slowed, we believe that bond investors will remain defensive, tactically clipping new issue concessions while waiting for signs of market turbulence easing.	**IG Pick: BNP 4.30% 25c20 (Offer YTC 3.25%):** BNP Paribas SA's ("BNP") operations span domestic and international retail banking as well as corporate and institutional banking ('CIB'). As one of 30 global systemically important banks ('G-SIBs'), BNP's scale and diversity is a key support to its credit profile with strong domestic retail market positions and its international retail operations mitigating the domestic low interest rate environment and recent weaker performance in the bank's CIB segment from low market volatility and client volumes. The operating environment remains solid with improving loan quality trends as BNP's reported doubtful loans to gross outstandings ratio improved to 3.3% for FY2017 against 3.8% in FY2016. The cash price for the BNP 4.30% Tier 2 paper has fallen with the market correction further than peers and now looks to be decent value against domestic peers and other Tier 2 names.	↑
		Switch trade idea: Switch from FPLSP 4.38% PERP (Bid YTC: 5.40%, Bid YTR: 4.93%) to FPLSP 3.95% PERP (Offer YTC: 5.08%, Offer YTR: 5.08%): Frasers Property Ltd ("FPL") is one of the largest property developers in Singapore by assets, with property developments and investments in Singapore, Australia, China and Thailand. As discussed in our March publication on SGD corporate perpetuals, we think it is uneconomical for FPLSP 4.38% PERP to be called on first call (2023) due to the rise in interest rates while the reset date (2028) does not coincide with the call date. Comparatively, FPLSP 3.95% PERP's call (2022) and reset dates (2022) coincide, which increases the probability of first call. As such, we prefer FPLSP 3.95% PERP trading at a 5.08% yield to reset ("YTR") in 2022 over FPLSP 4.38% PERP's YTR of 4.93% in 2028. Even if FPLSP 3.95% PERP were not called on first call, the coupon is expected to reset higher to 4.96%, based on the SDSW5 forwards (2.713%) and 2.245% reset spread.	

Macroeconomic Views

	House View	Key Themes
US	Fed remains finely balanced between 3 or 4 rate hikes this year. Some signs of softening economic momentum may be mitigated by tax reforms and fiscal stimulus, but the uncertainty of a trade war may keep the Fed slightly cautious in the interim amid unconvincing inflation data.	Trade tensions between the world's two largest economies continue to take centre stage. Trump announced trade tariffs on China based on investigations carried out by the USTR under sections 232 and 301. Meanwhile, the FOMC hiked rates by 25bps as widely expected, and sounded more upbeat in its growth and unemployment forecasts. For the dots plot, 7 members are now looking at 4 or more rate hikes this year, while 8 still tip 3 or less rate hikes, leaving the median unchanged for now. Much depends on the performance of the labour market moving forward. Fed chair Powell reiterated the need for further gradual policy normalisation, highlighting that "there is no sense in the data that we are on the cusp of an acceleration of inflation".

	House View	Key Themes
EU	ECB is looking more upbeat on growth, but less so on inflation for 2018. That said, growing ECB rhetoric suggesting that asset purchases would wind down after Sep18.	The ECB adjusted its forward guidance to drop its pledge to increase the size of its asset purchases if conditions deteriorate or if financial conditions become inconsistent with further progress towards a sustained adjustment in the inflation path, but kept the other reference to continue reinvesting principal payments for an extended period of time after the end of net asset purchases. ECB President Draghi tipped 2018 growth to be faster than expected at 2.4% (previously 2.3%), but opined regional inflation was still subdued and flagged the biggest risks as a global trade war and efforts to ease bank regulation.
Japan	With JPY strength, soft inflation prints, and BOJ leadership continuity, market expectations for any BOJ policy exit have been pushed back yet again. Near-term, the Abe scandal will be the market's focus.	The BoJ left its policy rate and government bond buying plan for Apr unchanged, another sign that the bank will stick to its ultra-easy program until inflation reaches 2%. The central bank says the recent strengthening of the yen, along with the still underperforming inflation, are effectively preventing major changes in monetary policy due to the heightened risks of the economy sliding back into disinflation. The latest March Tankan survey also showed that sentiment among large companies slipped in 1Q18. Elsewhere, PM Abe has been embroiled in a cronyism scandal which has taken a significant toll on his popularity poll. The sliding support rates could dash Abe's hopes of winning a 3rd three-year term as ruling Liberal Democratic Party (LDP) leader in a party vote this Sep.
Singapore	MAS may delay a steepening of its SGD NEER slope to the October MPS amid potential downside risks from US-China trade tensions. Our 2018 GDP growth forecast is 3-4%.	Given the current headwinds of heightened trade war tensions between the US and China, the MAS walks a fine line between a pre-emptive tightening and keeping the accommodative policy buffer to wait-and-see first for the upcoming MPS in mid-April. However, strong inflationary pressures are still lacking at this point. Headline inflation rose to 0.5% yoy in February, while the core print accelerated to 1.7% yoy, up from 1.4% previously. Despite the significant uptick in core inflation, it remains comfortably within the MAS's forecast range. We tip 1Q18 GDP growth at 5.1% yoy (4.3% qoq saar) on manufacturing strength in Jan-Feb.
ID	Indonesia has elected a new BI Governor, Perry Warjiyo who is a veteran career central banker. His appointment very much signals continuity in BI's policy stance. As expected, BI held its policy rate recently although we still expect at least one rate hike this year. The IDR continues to remain volatile although we expect that economic fundamentals will eventually drive its value.	IDR is now the main concern of BI as the central bank intervenes in the market to stabilize the currency. We see it unlikely though that BI would be pressured in the immediate term due to the IDR. Instead, BI would most likely continue to use its record level of reserves as its line of defense to stabilize the IDR. Moving forward, we see that BI would have to undertake one hike this year as inflationary pressures and higher growth would pressure other Asian central banks to raise rates and therefore in turn put the pressure on BI to close the differential gap.

	House View	Key Themes
China	The Chinese economy is expected to slow down to 6.5% yoy in 2018 from 6.9% in 2017 as China's government is likely to continue to withdraw its support via tighter credit and monetary policy.	The trade tension escalated significantly after China released the lists of product targeting the top imports from the US including soybean and cars. It seems that China has shown hand by taxing soybean. Nevertheless, China has not announced the effective date. This means China may use the tactic "a war that will end war" to bargain with the US as it will still take about two months for USTR to come out the final list after the public hearing on 15 May. Both sides are expected to negotiate further in the next one and half months. Domestically, China concluded its 2018 NPC. Although China has departed from norms from political perspective, China's commitment to reform and openness is unlikely to change. The PBoC is moving towards a super central bank model after China shifted law making responsibility from the newly formed banking and insurance regulatory body to PBoC. This will help China combat financial risk more effectively. China followed the Fed again to hike its money market rate. However, the 5bps rate hike is more symbolic. As currency stability is no longer the concern, we think there is no urgency for China to follow the Fed in future.
Hong Kong	Fiscal stimulus, a stable labour market, improved tourism activities and resilient external demand may continue to support the economy. However, due to high base effect and potential impact of global monetary tightening and trade conflicts, GDP growth may moderate to 2.9% in 2018. As we expect HIBOR to tick up gradually, banks will face more pressure to lift prime rate this year.	Unchanged fundamentals mean that HK could continue to see capital inflows and allow HIBOR to stay low for some time. However, quarter-end effect, high HKD loan-to-deposit ratio, increasing large IPOs following the revamp of IPO rules in 2Q 2018, and banks' preparation for capital outflow risks may contain the downside of HIBOR. Therefore, yield differential between USD and HKD may remain around 100bps and continue to weigh down the HKD. However, cautious short traders may prevent HKD from touching the weak end in the near term. Elsewhere, BIS warns rapid increase in loans to property developers in HK. This adds to record household debts in making Hong Kong vulnerable to higher interest rates and property market correction. Nevertheless, macro-prudential measures, strong fundamentals and prospects for slow increase in interest rates may help to contain the systematic risk related to the real estate sector.
Macau	A weaker MOP, upcoming completion of mega projects and Hong Kong-Zhuhai-Macau Bridge and strong growth across Asia together are likely to support tourism activities and mass-market segment. VIP segment may be succumbed to liquidity and policy risks. Given high base effect, we expect GDP to expand 7% in 2018.	Housing market performed robustly in January. The new control measures will curb investment demand and reduce secondary home supply. Adding on slow increase in both public and private new home supply, we expect housing transactions to remain muted. However, the government also announced new measure to support first-home local buyers. Therefore, housing prices may remain elevated. Elsewhere, visitor arrivals increased to the highest level since August 2014 (3.07 million) in February 2018 amid the effect of Lunar New Year Holiday. Infrastructure improvement, new project openings, weaker MOP and strong Asian growth will likely support tourism and the mass-market segment of gaming sector.
MA	Malaysia looks to be gearing up for elections as the opposition have released their manifestos. However, the markets seem so far unnerved about elections as the MYR and KLCI looked to be mainly affected by external factors. We believe that elections would mean the MYR would be ranged in the coming month. Meanwhile, BNM held interest rates as it appears to be on monitoring mode.	The MYR has very much been stable since the end of February although there has been some strengthening recently as the fall in UST yields fuelled a demand in carry trade. However moving forward, we believe that the MYR will be ranged as market participants manage their risks related to the upcoming elections. BNM held rates in their last MPC meeting as they seem to have adopted a monitoring mode. Inflationary pressures also look to have eased with February inflation standing at around 1.7% yoy. However, interestingly, BNM forecasts growth to be around 5.5 – 6.0% this year that is really on the higher end. All focus at this point in the coming month though should be on the upcoming elections.

	House View	Key Themes
TH	Official call for growth stands at 3.6 - 4.6% in 2018. Growth outlook remains positive, and underpinned by both private and public investments, tourism, manufacturing, and trade. We tip growth & inflation at 3.5% and 1.4%, respectively.	PM Prayut iterated elections to be held no later than Feb 2019 (postponed from previous timeline of November 2018). Trade continues to expand into Feb, while inflation remains tame, suggesting little impetus for any rate tightening by policy-makers as seen from BOT's decision to keep rates pat for now. Note international bond inflows continue to grow into March, reflecting the positive growth outlook though pressuring the THB to strengthen as well.
Korea	We remain cautiously optimistic on Korea; growth may print at a respectable 3.0% in 2018 following easing geopolitical tensions. Inflation is likely to stay tame at ~2.0%.	BOK is to meet in a weeks' time, although policy-makers are unlikely to tweak monetary policy then, following the pre-emptive hike made in Nov 2017 and the relatively tame inflation climate seen to-date. Inflation continues to disappoint. Industry numbers appear supportive for growth (IP +4.6%, first 20-days exports +9.3%), although GDP grew 2.8%, falling short of market expectations at 3.0%.
PH	The BSP looks determined to resist pressures to hike rates. This resolve prevailed in the March meeting, but will be tested again in the May meeting.	Despite price pressures running hot thus far, the BSP held rates unchanged in its March meeting. It continues to view the inflation spike to be temporary. However, in a tacit nod towards policy rate normalization, the BSP also noted that inflation expectations are on the rise, and that economic growth is sufficiently robust to absorb some policy tightening.
Myan	Retain a general sense of optimism around Myanmar. Keep close watch on legislative and reform developments to find opportunities.	Htin Kyaw stepped down as the President to "take a rest", and is replaced by U Win Myint. Win Myint is thought to be an Aung San Suu Kyi loyalist, and should serve to retain the overall power structure within Myanmar. We do not expect material changes in governmental functions due to this change.

FX/Rates Forecast

USD Interest Rates	2Q18	3Q18	4Q18	2019	2020
Fed Funds Target Rate	2.00%	2.00%	2.25%	2.75%	3.00%
1-month LIBOR	2.01%	2.15%	2.28%	2.80%	3.10%
2-month LIBOR	2.09%	2.19%	2.29%	2.85%	3.17%
3-month LIBOR	2.37%	2.43%	2.50%	2.96%	3.25%
6-month LIBOR	2.53%	2.62%	2.70%	3.05%	3.35%
12-month LIBOR	2.76%	2.86%	2.95%	3.15%	3.45%
1-year swap rate	2.55%	2.67%	2.80%	3.00%	3.50%
2-year swap rate	2.71%	2.86%	3.00%	3.32%	3.68%
3-year swap rate	2.81%	2.95%	3.09%	3.60%	3.90%
5-year swap rate	2.88%	3.07%	3.25%	3.85%	4.20%
10-year swap rate	3.01%	3.26%	3.50%	4.00%	4.35%
15-year swap rate	3.07%	3.31%	3.55%	4.10%	4.40%
20-year swap rate	3.09%	3.35%	3.60%	4.20%	4.45%
30-year swap rate	3.11%	3.41%	3.70%	4.30%	4.65%

SGD Interest Rates	2Q18	3Q18	4Q18	2019	2020
1-month SIBOR	1.46%	1.55%	1.63%	2.10%	2.50%
1-month SOR	1.26%	1.43%	1.60%	2.18%	2.59%
3-month SIBOR	1.59%	1.67%	1.75%	2.25%	2.60%
3-month SOR	1.57%	1.67%	1.76%	2.30%	2.75%
6-month SIBOR	1.77%	1.90%	2.02%	2.40%	2.80%
6-month SOR	1.73%	1.89%	2.04%	2.43%	2.90%
12-month SIBOR	1.92%	2.01%	2.10%	2.45%	2.92%
1-year swap rate	1.79%	1.91%	2.03%	2.58%	3.00%
2-year swap rate	2.03%	2.20%	2.37%	2.85%	3.20%
3-year swap rate	2.13%	2.29%	2.45%	2.90%	3.26%
5-year swap rate	2.30%	2.45%	2.60%	3.00%	3.38%
10-year swap rate	2.58%	2.69%	2.80%	3.15%	3.50%
15-year swap rate	2.77%	2.83%	2.90%	3.25%	3.60%
20-year swap rate	2.85%	2.91%	2.97%	3.37%	3.67%
30-year swap rate	2.91%	2.99%	3.07%	3.49%	3.80%

Malaysia	2Q18	3Q18	4Q18	2019	2020
OPR	3.25%	3.25%	3.25%	3.50%	3.50%
1-month KLIBOR	3.46%	3.50%	3.57%	3.70%	3.75%
3-month KLIBOR	3.73%	3.77%	3.85%	3.88%	3.95%
6-month KLIBOR	3.83%	3.86%	3.91%	3.95%	4.00%
12-month KLIBOR	3.92%	3.93%	3.96%	3.98%	4.05%
1-year swap rate	3.79%	3.82%	3.88%	3.90%	4.02%
2-year swap rate	3.80%	3.82%	3.90%	4.00%	4.10%
3-year swap rate	3.84%	3.86%	3.95%	4.09%	4.17%
5-year swap rate	3.89%	3.91%	4.00%	4.20%	4.35%
10-year swap rate	4.19%	4.24%	4.40%	4.75%	4.95%
15-year swap rate	4.38%	4.42%	4.53%	4.80%	5.00%

UST	2Q18	3Q18	4Q18	2019	2020
2-year	2.34%	2.42%	2.50%	2.73%	3.00%
5-year	2.66%	2.77%	2.88%	3.15%	3.45%
10-year	2.84%	2.95%	3.05%	3.55%	4.00%
30-year	3.10%	3.23%	3.36%	3.75%	4.15%

SGS	2Q18	3Q18	4Q18	2019	2020
2-year	1.86%	1.95%	2.05%	2.55%	2.78%
5-year	2.12%	2.20%	2.29%	2.75%	3.08%
10-year	2.41%	2.53%	2.65%	2.95%	3.28%
15-year	2.61%	2.68%	2.75%	3.05%	3.32%
20-year	2.66%	2.73%	2.80%	3.09%	3.36%
30-year	2.82%	2.90%	2.97%	3.15%	3.40%

MGS	2Q18	3Q18	4Q18	2019	2020
6-month	3.27%	3.29%	3.31%	3.38%	3.45%
5-year	3.72%	3.82%	3.92%	3.90%	4.00%
10-year	4.02%	4.09%	4.15%	4.30%	4.50%

FX	Spot	1Q18	2Q18	3Q18	4Q18
USD-JPY	106.11	107.00	104.40	106.10	107.80
EUR-USD	1.2322	1.2230	1.2330	1.2470	1.2610
GBP-USD	1.4081	1.4050	1.4260	1.4345	1.4430
AUD-USD	0.7687	0.7630	0.7580	0.7720	0.7860
NZD-USD	0.7249	0.7190	0.7390	0.7427	0.7463
USD-CAD	1.2872	1.2765	1.3090	1.2905	1.2720
USD-CHF	0.9536	0.9610	0.9665	0.9527	0.9388
USD-SGD	1.3097	1.3100	1.2995	1.2932	1.2868
USD-CNY	6.2845	6.2700	6.2355	6.2177	6.1998
USD-THB	31.19	31.35	30.85	30.70	30.55
USD-IDR	13764	13700	13850	13773	13697
USD-MYR	3.8630	3.8430	3.8200	3.7882	3.7563
USD-KRW	1054.60	1047.00	1040.00	1033.33	1026.67
USD-TWD	29.145	29.150	28.950	28.817	28.683
USD-HKD	7.8491	7.8490	7.8474	7.8449	7.8425
USD-PHP	52.03	51.70	52.45	51.97	51.48
USD-INR	65.00	64.75	65.60	65.00	64.40
EUR-JPY	130.74	130.86	128.73	132.31	135.94
EUR-GBP	0.8751	0.8705	0.8647	0.8693	0.8739
EUR-CHF	1.1751	1.1753	1.1917	1.188	1.1839
EUR-SGD	1.6138	1.6021	1.6023	1.6126	1.6227
GBP-SGD	1.8441	1.8406	1.8531	1.855	1.8569
AUD-SGD	1.0075	0.9995	0.9850	0.9983	1.0115
NZD-SGD	0.9494	0.9419	0.9603	0.9604	0.9604
CHF-SGD	1.3734	1.3632	1.3445	1.3574	1.3707
JPY-SGD	1.2343	1.2243	1.2447	1.2188	1.1937
SGD-MYR	2.9495	2.9336	2.9396	2.9294	2.9191
SGD-CNY	4.7983	4.7863	4.7984	4.8081	4.8179

FX Trading Views

	Inception	Close	B/S	Currency	Spot	Target	Stop/Trailing Stop	Rationale	P/L (%)*
	TACTICAL								
	-		-	-	-	-	-	-	
	STRUCTURAL								
1	19-Jan-18		B	EUR-USD	1.2274	1.2865	1.1975	ECB likely to alter its forward guidance into the spring	
2	31-Jan-18		S	USD-JPY	108.67	102.35	111.85	Market fixation on USD weakness, despite mitigating factors and the BOJ	
3	15-Feb-18		B	GBP-USD	1.4014	1.4855	1.3590	Borad dollar vulerability coupled with hawkish BOE expectations.	
	RECENTLY CLOSED TRADE IDEAS								
	Inception	**Close**	**B/S**	**Currency**	**Spot**		**Close**	**Rationale**	**P/L (%)***
1	09-Feb-18	15-Feb-18	B	USD-CAD	1.2600		1.2470	Softer crude and fragile appetite towards the cyclicals	-1.03
2	22-Feb-18	09-Mar-18	B	USD-CAD	1.2696		1.2820	Post FOMC minutes, rising implied valuations for the pair	+0.99
3	06-Mar-18	12-Mar-18	S	AUD-USD	0.7765		0.7855	Non-hawkish RBA meeting outcome, vulnerability to USD resilience	-1.14
4	08-Mar-18	13-Mar-18	S	USD-JPY	106.00		106.85	White House policy uncertainty, risk aversion	-0.83

Source: OCBC Bank

Macroeconomic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
04/02/2018 22:00	US	ISM Manufacturing	Mar	59.6	59.3	60.8	--
04/03/2018 12:30	AU	RBA Cash Rate Target	Apr-03	1.50%	--	1.50%	--
04/03/2018 15:50	FR	Markit France Manufacturing PMI	Mar F	53.6	--	53.6	--
04/03/2018 16:30	HK	Retail Sales Value YoY	Feb	7.50%	--	4.10%	--
04/05/2018 17:00	IN	RBI Repurchase Rate	Apr-05	6.00%	--	6.00%	--
04/05/2018 20:30	US	Initial Jobless Claims	Mar-31	225k	--	215k	--
04/06/2018 14:00	GE	Industrial Production SA MoM	Feb	0.20%	--	-0.10%	--
04/06/2018 20:30	US	Change in Nonfarm Payrolls	Mar	185k	--	313k	--
04/09/2018 07:50	JN	BoP Current Account Balance	Feb	--	--	¥607.4b	--
04/10/2018 16:00	TA	CPI YoY	Mar	--	--	2.19%	--
04/11/2018 07:50	JN	Core Machine Orders MoM	Feb	--	--	8.20%	--
04/11/2018 09:30	CH	CPI YoY	Mar	2.70%	--	2.90%	--
04/11/2018 20:30	US	CPI MoM	Mar	0.00%	--	0.20%	--
04/12/2018 14:45	FR	CPI YoY	Mar F	--	--	1.50%	--
04/12/2018 20:30	US	Initial Jobless Claims	Apr-07	--	--	--	--
04/12/2018	SK	BoK 7-Day Repo Rate	Apr-12	--	--	1.50%	--
04/13/2018 22:00	US	U. of Mich. Sentiment	Apr P	101	--	101.4	--
04/17/2018 08:30	SI	Non-oil Domestic Exports YoY	Mar	--	--	-5.90%	--
04/17/2018 10:00	CH	GDP YoY	1Q	--	--	6.80%	--
04/17/2018 12:30	JN	Industrial Production MoM	Feb F	--	--	4.10%	--
04/17/2018 16:00	IT	CPI EU Harmonized YoY	Mar F	--	--	1.10%	--
04/17/2018 17:00	GE	ZEW Survey Current Situation	Apr	--	--	90.7	--
04/17/2018 17:00	GE	ZEW Survey Expectations	Apr	--	--	5.1	--
04/18/2018 16:30	UK	CPI MoM	Mar	--	--	0.40%	--
04/18/2018 16:30	UK	CPI YoY	Mar	--	--	2.70%	--
04/18/2018 17:00	EC	CPI YoY	Mar F	--	--	1.10%	1.10%
04/18/2018 22:00	CA	Bank of Canada Rate Decision	Apr-18	1.25%	--	1.25%	--
04/19/2018 06:45	NZ	CPI QoQ	1Q	--	--	0.10%	--
04/19/2018 09:30	AU	Employment Change	Mar	--	--	17.5k	--
04/19/2018 09:30	AU	Unemployment Rate	Mar	--	--	5.60%	--
04/19/2018 20:30	US	Initial Jobless Claims	Apr-14	--	--	--	--
04/20/2018 20:30	CA	CPI YoY	Mar	--	--	2.20%	--
04/23/2018 13:00	SI	CPI YoY	Mar	--	--	0.50%	--
04/23/2018 15:00	FR	Markit France Manufacturing PMI	Apr P	--	--	--	--
04/24/2018 16:00	GE	IFO Business Climate	Apr	--	--	114.7	--
04/24/2018 16:00	IT	Manufacturing Confidence	Apr	--	--	109.1	--
04/24/2018 22:00	US	Conf. Board Consumer Confidence	Apr	--	--	127.7	--
04/26/2018 07:00	SK	GDP YoY	1Q P	--	--	2.80%	--
04/26/2018 19:45	EC	ECB Main Refinancing Rate	Apr-26	--	--	0.00%	--
04/26/2018 20:30	US	Initial Jobless Claims	Apr-21	--	--	--	--
04/27/2018 07:30	JN	Jobless Rate	Mar	--	--	2.50%	--
04/27/2018 07:50	JN	Industrial Production MoM	Mar P	--	--	--	--
04/27/2018 14:45	FR	CPI YoY	Apr P	--	--	--	--
04/27/2018 16:30	UK	GDP QoQ	1Q A	--	--	0.40%	--
04/27/2018 16:30	UK	GDP YoY	1Q A	--	--	1.40%	--
04/27/2018 20:30	US	GDP Annualized QoQ	1Q A	--	--	2.90%	--
04/27/2018 22:00	US	U. of Mich. Sentiment	Apr F	--	--	--	--
04/30/2018 17:00	IT	CPI EU Harmonized YoY	Apr P	--	--	--	--

Source: Bloomberg

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