Research Monitor (August)

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Thursday, August 02, 2018

Key Themes

1. With US president Trump tweeting that "tariffs are the greatest", and piling up the pressure on Europe and China on manipulating currencies and interest rates, it came as somewhat of a surprise to market watchers that the US and Eurozone agreed to suspend new tariffs. Qualcomm's aborted US$44b bid for NXP Semiconductors due to China's absent green-light may not bode well for US-Sino economic relations ahead. US' growth and earnings momentum may have peaked in 2Q18 - while the US earnings season currently underway was off to a relatively healthy start, there were some recent tech stumbles by some notable FAANG members. Looking ahead, the FOMC is still tipped to hike in September, and keep its options open for a fourth hike in December 2018, notwithstanding that Trump is "not thrilled" about it. Likewise, Trump has threatened to shut down the government if Democrats refuse to back Republican demands for Border Security, which includes the wall. This suggests a challenging September ahead. Other key event risks include the potential 10/25% tariffs on an additional US$200 billion of Chinese imports, which is looking increasingly likely given the absence of bilateral negotiations making any headway.
2. Summer doldrums may persist in August. While there has been some tentative bottom-fishing for some EM bonds which saw some US$428m inflows in the latest week till 25 July, this is in contrast to continued outflows for the EM equity market at US$564m for the same period. With China proactively easing domestic monetary and fiscal policy settings, the sole silver lining in the EM bond space appears to the China onshore bond market. In particular, PBoC had asked banks to buy more high-yield bonds in exchange for MLF loans, as well as allowed public funds to invest in some non-standard credit assets to counter the slowdown in aggregate financing.
3. The broad USD remains firmly stuck in its defined range. With limited clarity in the horizon in terms of structural drivers, we think the broad USD should continue to drift sideways, pending further directionality. In Asia, expect the RMB to remain as the driver for USD-Asia. At this juncture, the uptrend in USD-CNH and USD-CNY remains intact, with little clarity on where the line in the sand for the PBOC (if any) is located. Nevertheless, we think 92.00 on the CFETS RMB Index is a key waypoint to note going forward.
4. A weaker commodity complex may still be on the cards into the month ahead. Higher global oil production into July should continue to plague oil prices lower. The US Energy Information Agency (EIA) reported that US oil production rose to 10.9 million barrels per day (bpd), just second to Russia's 11.2 million bpd. Other key producers including Saudi Arabia and Russia reported higher production levels as well of late. Gold prices continue to stay slave to dollar trend, although some safe haven demand was seen from renewed trade tension concerns. Palm oil remains weak below its MYR2,300/MT, although early El Nino signs seen of late could rally prices into the months ahead.

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	House View	Trading Views
FX	**DXY and majors:** Powell's Congressional testimonies, Trump's jawboning, shifts in the US trade stance with the EU – all the these factors took turns to drive the broad USD in different directions in July, but the defined range for the DXY index and the major pairs continued to hold. Looking forward, we still lack clarity as to where the next structural driver to push the broad USD out of the recent range may come from. The Aug FOMC was a relative non-event, with no Powell press conference following it. The material risk for the Fed's rate hike path will be flattening yield curve. We should get more colour on this in the FOMC minutes in mid-August. A number of regional Fed presidents are looking for a "Powell put" to provide assurance against an inverted yield curve. This may take the form of a reduced pace of rate hikes. If this comes to past, it may be sufficient to push the broad USD out of its range on the downside. Nevertheless, this is, as yet, not the base case, as Powell himself remains comparatively unperturbed by the issue. The antipodeans, as a proxy for EM Asia, may underperform their G7 peers going forward. At this juncture, we think the Sino-US trade tensions may turn worse before getting better (see below).	Major pairs still firmly stuck within the defined ranges, providing opportunities to range trade within the top and bottom thresholds. Slight preference for the USD against the AUD and NZD on Sino-US trade concerns. USD long positions looking stretched, watch out for any unwinding.
FX	**Asian FX and SGD:** The Sino-US trade tensions continue to swirl in the background. President Trump warming up to trade deals with the EU and NAFTA may give it more room to take a harder stance towards China. Indeed, the initial signs from Lighthizer and Ross do not look optimistic. Monetary easing from the PBOC, stealth or otherwise, may be the policy direction going forward. Thus, we see external and internal pressures on the RMB. At this juncture, RMB depreciation trend remains intact, and should continue to drag the rest of the EM Asian currencies along. We expect this strong correlation between RMB and the EM Asian FX to persist further. Positive signs for EM Asian FX may be seen from an improving portfolio flows situation, recovering and sustained risk appetite, and hawkish central banks. Nevertheless, these are overlooked in the midst of persistent RMB weakness. The USD-SGD remains a proxy for the broad USD movements, and thus, should continue to range in the near term. With the June core CPI print surprising on the upside, we think there may provide some justification for the MAS to tightening the upcoming October meeting, especially if the core print continues to accelerate towards the key 2.0% threshold.	Stay long USD-Asia as a proxy for USD-China on Sino-US trade tensions and monetary easing in China. USD-SGD to range, in sympathy to the broad USD.

Rates	With monetary policy normalisation becoming more mainstream, market focus has shifted to ECB, BOJ and BOE. DM interest differentials may re-exert.	**US:** Post-BOJ's announcement of flexibility and forward guidance, the JGB market continues to push global government debt yields to a 4-year high. The UST bond market also sold off as the curve steepened with the 10-year yield above 3% for the first time since June amid refunding concerns. The US Treasury plans to borrow US$329 billion in 3Q18, with long-term debt issuance at US$78b (highest since 2010) to fund the fiscal deficit going ahead. Fed governor Powell testified that "with a strong job market, inflation close to our objective and the risks to the outlook roughly balanced, the FOMC believes that – for now – the best way forward is to keep gradually raising the federal funds rate". Meanwhile, the LIBOR-OIS spread has compressed to 33bps (April: 60bps).	↓
Rates		**SG:** With the 3-month SIBOR and SOR currently trading around 1.62% and the UST-SGS 2-year bond spreads widening to 76bps (the recent wide was 83bps on 26 July, which is highest since 2009), the question remains when the local rates would play catch up. In comparison, the 10-year UST-SGS spread widening is only at 51bps (recent high of 66bps which is comparable to 2012 levels) due to the sell-off post the recent 20-year and 7-year SGS bond re-opening. Only a re-opening of the 2-year in September and 15-year in October remains scheduled for the rest of 2018.	↓

<table>
<tr><th></th><th>House View</th><th colspan="2">Trading Views</th></tr>
<tr><td rowspan="3">Commodities</td><td>Crude Oil: Fundamentals appear to favor a weaker energy complex into 2H18, following trade war-induced risk-off appetite and higher US-OPEC supplies into 2H18. Still, geopolitical tensions and/or policy uncertainties could sway prices quickly. Note that supplies have surpassed demand since March 2018. We keep our year-end outlook for WTI and Brent at $65/bbl and $70/bbl respectively.</td><td>Market-watchers appear to discount supply shortage risks seen from Iran & labour strikes in Gabon and Norway, and focused rather on over-supply concerns. Global supply continues to surpass demand for the third month into May-2018, led by higher US oil production (rose to 10.9 million bpd, versus Russia's 11.2). We look for more downside risks to oil prices as seen from the fundamental backdrop, though policy uncertainties amid trade war concerns could prove to be strong drivers in determining oil prices.</td><td>↓</td></tr>
<tr><td>Gold: We keep our gold outlook to $1,300/oz given the relatively stronger dollar-to-date amid the rosier US-centric data. While a firmer dollar story into 3Q18 could potentially keep gold bulls at bay, some unwinding of dollar strength in 4Q18 will likely give gold the necessary boost to our year-end target.</td><td>There are signs for further weakness in the precious metal space. Safe haven demand has not flowed into Gold and its precious metal cousins. Physical and paper gold demand remained weak, while higher US interest rates into 2018 could cap gold's rally. These suggest that gold's weakness could persist further into 3Q18.</td><td>→</td></tr>
<tr><td>Crude Palm Oil: The mix of stable weather conditions and weak import demand left CPO prices lower into 2H18. Supplies are also expected to expand further into October 2018 given seasonal factors, a rather persuasive driver that could keep palm oil bulls at bay for now. We keep our CPO outlook at MYR2,400/MT with downside risk.</td><td>Lacklustre CPO demand has been the key source of price weakness of late. Collective crude palm oil exports from Indonesia and Malaysia fell 61.9% y/y in May, the second consecutive month of contraction. Asia palm oil stocks rose into their latest print, suggesting abundant supplies amid poor demand. Supplies are likely to grow further into 3Q18 before tapering lower into 4Q18.</td><td>↓</td></tr>
<tr><td>Credit</td><td>10-yr US Treasuries was firmer in July, rising markedly above 2.94% since 23 July on the back of continued concerns over global central banks turning less accommodative, breaking out of range-trading between 2.82% and 2.87% over earlier parts of July. Concerns over the implications from a flattening yield curve were reignited with shorter parts of the yield curve rising relatively faster.

In the Asiadollar space, market sentiments were mixed in the earlier part of the month, though towards the last two weeks of July, the pendulum swung into bullish territory. Buying of longer dated and bonds lower on the credit curve was observed, reversing some of the investor skittishness prevailing since mid-April and which intensified into early July.</td><td>IG Pan: MLTSP 4.18%-PERP (Offer YTC: 3.69%): Mapletree Logistics Trust ("MLT") is a logistics trust who invests in industrial assets within the Asia-Pacific region. MLT owns 134 properties (including its 50%-interest in 11 Chinese assets held via a joint venture) with a total asset value of SGD6.9bn as at 30 June 2018. While aggregate leverage looks optically manageable at 36.4%, MLT is proposing to acquire five quality Singapore warehouses at a total acquisition cost of ~SGD806mn. Prior to completion and if so requested by the vendor, MLT is obliged to extend at least USD100mn (~SGD136mn) in bridge loans to the vendor. The funding structure is still being worked out, though our base case assumes that MLT would gear up by issuing new perpetual and/or debt to fund the transaction, pending proceeds from divestments in Singapore. We think divestments in Singapore would be protracted and on a piecemeal basis.</td><td>↓</td></tr>
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	House View	Trading Views	
	The Bloomberg Barclays Asia USD High Yield Bond Index Average Option Spread widened steeply by 60bps to 582bps on 11 July before reversing, almost as quickly by 119bp to 463bps at month-end. Three key things drove the reversal in our view (1) PBOC instructing big Chinese banks to increase support to borrowers via loans and investment into credit bonds (2) Reversal of fund flow back into emerging market bonds and high yield and (3) Institutional investors playing catch up as we enter 2H2018. New issue volume was higher m/m at USD16.2bn (June 2018: USD12.1bn), predominantly from financials, Chinese property companies, China Port Holdings Co Ltd 2-tranche and Temasek's new USD1.35bn issue. The SGD market treaded lightly in the first week of July with investors and dealers alike taking bite sized positions though sentiments gradually improved as the month progressed, particularly for high grade issuers and selected perpetuals. Investors begun pricing in non-call risks and overall taking a more measured approach amidst the resumption in risk-taking. Along with improvements in secondary trade flows, SGD primary markets also thawed, with one corporate issuer (namely, CapitaLand Retail China Trust issuing a SGD130mn maiden bond) and three statutory boards (with near-government risk) issuing a total of SGD2.5bn. Overall, we continue to remain cautious over high yield issuers with stretched liquidity profiles and near term maturities (including impending call dates). However, with valuations coming off significantly, we are selectively turning overweight on the high yield issuers which have minimal refinancing risks. Despite the increasingly constructive environment for high grade issuers, primary market demand for high yield issuers is likely to remain opportunistic rather than flushed (especially in contrast to the plentiful years of 2016-2017).	**HY Pick: HFCSP 4.75% 22/03/19 (Offer YTM 3.89%):** Hong Fok Corp Ltd ("HFC") holds properties including The Concourse, International Building and also 610-room YOTEL. We like HFCSP '19s as it offers a decent yield for a short maturity and management is confident that this can be refinanced or repaid from available undrawn facilities. Net gearing remains very manageable at 0.34x, with HFC largely absent from land bids (unlike several of its peers). While profitability looks weak, we expect operating results to improve when YOTEL (24% of total assets) ramps up operations and office market further recovers.	↑

Macroeconomic Views

	House View	Key Themes
US	FOMC is primed to hike in Sep and leave options open for a fourth hike in Dec 2018. GDP growth remains strong, but may have peaked in 2Q. Trade rhetoric is likely to remain elevated until after mid-term elections in Nov - now considering 25% tariffs on US$200b of Chinese imports.	2Q18 GDP growth of 4.1% qoq annualised was the fastest since 2014, but marginally missed market expectations. With the US and EU agreeing to suspend new tariffs, the US economy appears to be holding the upper hand for now. FOMC kept its policy settings static in August as widely expected and highlighted that "economic activity has been rising at a strong rate" and "the labour market has continued to strengthen". This paves the way for another 25bp rate hike at the September meeting.
EU	ECB will end asset purchases by end-2018, but will hesitate to signal any rate hikes before summer of 2019. Watch signs of slowing growth in the Eurozone.	The ECB survey of professional forecasters tipped Eurozone inflation to accelerate faster to 1.7% this year and next year (previously seen at 1.5% and 1.6% respectively), albeit the growth forecast was shaved to 2.2% (previously 2.4%) for this year and to 1.9% (previously 2%) for next year.
Japan	BOJ remains dovish in its guidance as far as interest rate hikes are concerned, but hinted at some flexibility for its 10-year JGB yield target.	At its August meeting, the BOJ recently signalled some policy flexibility (+/-20bps from its current 10-year JGB target of around 0% and will conduct JGB purchases in a "flexible manner" around the annual JPY80t target) and introduced forward guidance in the form of its commitment to keep rates low for "an extended period of time". The proportion of bank reserves subjected to the -0.1% interest rate was roughly halved. The BOJ dissenters were Harada and Kataoka.
Singapore	Our baseline 3% 2018 growth forecast may be vulnerable to downside growth risks 2H18 if US-Sino trade tensions ratchet higher. Still with MAS core inflation tipped to cross 2% yoy as early as August, a further monetary policy tightening at the October MPS cannot be ruled out at this juncture.	Given the stellar 1H18 GDP growth of 4.1% yoy (based on 2Q flash estimates) and with services expected to take the drivers' seat in 2H18, our 2H18 GDP growth forecast of around 2% yoy still appears reasonable to give a full-year growth forecast of 3% yoy. A net 7% of manufacturers in S'pore anticipate a more favourable business prospects in 2H18 (previously 13%), with all except the chemicals cluster seeing better business prospects. The most upbeat were the transport engineering cluster (+22%) and electronics (+10%). A net weighted 9% of services firms are more upbeat for 2H18 (previously 8%), led by accommodation (+38%), F&B services (+37%) due to the upcoming year-end holidays and festive season, followed by business services excluding real estate (+17%) and financial & insurance (+14%) whereas the real estate was the sole laggard after the recent cooling measures.
Indonesia	Our growth forecast stands at 5.1% yoy for 2018. We are expecting moderate private consumption growth and investment growth to be strong-fueled by a rise in commodities prices. Due to the potential of continued pressure on the IDR, we believe at this point that the benchmark rate should be at 5.75% by year end.	BI held the benchmark policy rate in the latest meeting as expected. The IDR continues to remain pressured hitting as high as 14,530 against the USD at the end of the day on the 24th July 2018. Meanwhile, according to Reuters, the central bank will be introducing a new benchmark rate called "Indonia" to replace the JIBOR. The JIBOR has been criticized for not closely following the benchmark policy rate or reflecting actual lending rates between banks. Going forward, watch out for the release of the Q2 2018 GDP result of which we are expecting growth to be slightly stronger at 5.2% yoy due to stronger consumption as a result of the Eid holidays. Also, we are expecting the IDR to continue to remain under pressure given external factors such as trade war concerns and strong US data.

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China	The economy slowed slightly to 6.8% yoy in the first half of 2018 from 6.9% in 2017 and is expected to decelerate further to around 6.5% in 2018 due to tighter credit growth and rising uncertainty as a result of US-China trade war.	With China's funding structure for real economy entering unchartered territory after the stock of China's off-balance sheet lending fell for the first time in record in June, the cost benefit analysis shows that the cost of further financial tightening could outweigh the benefit against the backdrop of rising default risks and uncertain global situation. As such, both China's monetary and fiscal policies have turned more flexible. PBoC was reported to instruct banks to lend more and invest in credit bonds via window guidance. Additional medium term lending facility will be granted to banks expanding their lending or investing in credit bonds. This is similar to the LTRO done by ECB post financial crisis. In addition, it was also reported that some banks were allowed to lower their structural parameters for the calculation of minimum macro prudential capital adequacy ratio to give banks more room to lend. On currency, RMB extended its depreciation due to easing monetary policy expectation. In addition, the limited scale of intervention from PBoC also shows that there is a line in the sands at the moment. Nevertheless, given the decline of RMB index to below 92, we think market will be cautious to chase the USDCNY higher due to concerns that China may launch the counter cyclical factor.
Hong Kong	Fiscal stimulus, a stable labour market, improved tourism activities and resilient external demand may continue to support the economy. As such, we revise our forecasts for 2018 GDP from 2.9% to 3.6%. Still, we will closely monitor the potential tightening of global liquidity and the lingering trade conflicts. Elsewhere, recent rounds of HKD weakness is unlikely to cause market turmoil. With HIBOR to tick up gradually, HKD may rebound, while housing growth could moderate.	A slew of new housing measures from June may help to increase the availability and the affordability of public housing, but would do little to help calm the housing frenzy. Property developers could slow down the construction pace of new projects in the future to avoid paying vacancy tax or pass through the tax to prospective buyers. Besides, with public housing to be built on nine prime sites originally reserved for private property projects, medium-term supply of private housing will reduce as a result. Adding that unemployment rate stays at an over two-decade low while economic outlook remains sanguine, the housing market is unlikely to be crashed by the new measures. Instead, any stock market correction and local rate hikes may help to slow down the housing price growth (+8.5% YTD in May). Elsewhere, as month-end coincides with China Tower's IPO, adding on large dividend pay-outs in August, we expect 1M HIBOR (1.89%) and 3M HIBOR (2.08%) to test 2% and 2.1%. The USDHKD may not touch 7.85 in the near term.
Macau	Factors including a weaker MOP, mega-project openings, completion of Hong Kong-Zhuhai-Macau Bridge and strong growth in Asia are likely to support tourism activities and the mass-market segment of gaming. On the other hand, the VIP-segment may succumb to policy risks. Given a high base effect, we expect GDP to expand 7% in 2018.	Recent housing measures continued to take effect in deterring second-home buyers and the speculators. As a result, housing transactions (-33.7% yoy in May) remained muted. This adds to HIBOR's uptrend in taming mortgage demand (approved new mortgage loans slid 14.7% yoy in May). However, recent housing measures impeded homeowners from selling their properties while encouraging first-home local buyers to enter the market. Limited supply combined with strong first-home demand led to gradual increase in housing prices (+16.5% YTD to MOP113,105/sq. m. in May). With private housing completions and housing starts dropped by 28% yoy and 68% yoy over the first five months, we expect housing transactions to remain benign and housing prices to stay elevated.

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Malaysia	We keep our GDP growth forecast at 5.5% yoy for 2018. However, we do note there are downside risks such as investments being dampened by policy uncertainty or the delay/shelving of infrastructure projects. On the interest rate front, we also do not expect BNM to further raise the OPR this year as the central bank has pre-emptively raised it in January.	Mahathir will reportedly be making a trip to China in August. He has said that he will bring up the issue of "the unfairness of the terms of the contract and also the loan" of Chinese projects. Recently, the government has suspended works on the East Coast Rail Link (ECRL), Multi-Product Pipeline (MPP) and the Trans-Sabah Gas Pipeline (TSGP). The government has also cut the cost of the LRT3 project by 47% or RM16.63 billion. Meanwhile, the government has announced that the new sales & service tax would be set at 10% for goods and 6% for services. The government estimates that the new tax will raise RM21bn in revenue. Going forward, watch closely the release of Q2 2018 GDP result in mid-August of which we are forecasting it at 5.6% yoy on top of strong consumption growth.
Thailand	Official call for growth stands at 3.6 - 4.6% in 2018. Growth outlook remains positive, and underpinned by private consumption, investments, tourism, manufacturing, and trade. We keep our growth outlook at 4.2% while keeping inflation at 1.4%, respectively. We pencil BOT rate to 1.75% into 2018.	The central bank upgraded its growth outlook to 4.4% in 2018 in its last meeting. More recently, policy-makers commented that a "more hawkish" policy signal may be needed should growth exceeds 4.5%. Economic buffers including healthy foreign reserves ($206.8bn) and widening trade surplus should comfortably insulate Thailand from a quick deterioration of investor appetite. Moreover, Thailand's external environment continues to stay positive albeit exports slowed for the second month to 8.2% in June while improving business and consumer confidence levels are pristine signs to support further growth tailwinds into 2018.
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 will likely stand pat at 1.50% for the year ahead.	Export headwinds amid mounting uncertainties surrounding Korea's growth drag from slower China's import demand finally persuaded policy-makers to downgrade Korea's growth to 2.9% (from 3.0%). Recent BOK rhetoric is relatively bearish with officials citing weak labour market and slowing investment activities. Incoming data since the start of 2Q18 indicated weak exports and manufacturing activities, which could exacerbate should trade issues worsen in the foreseeable future.
PH	The BSP looks to remain on a hawkish trajectory, indicating willingness to raise interest rates again at the next meeting on 9th Aug should inflation data call for intervention. Latest estimates by BSP are pointing to a 5.1-5.8% inflation range. PHP depreciation continues apace amid persistent equity outflows. As of now, we continue to expect 2018 growth to hover around 6.7%.	IMF projected Philippines' GDP growth to be 6.7% for 2018 and 2019 in its latest Article IV mission, fueled by consumption and public investment. The report warns of short-term risks to the economy due to inflationary pressures and an uncertain external environment that would likely be attributed to the global trade tensions. The peso has depreciated by about 7% against USD year to date, providing some relief to goods exporters. Meanwhile, the Nikkei Philippines Manufacturing PMI fell 50.9 in July from 52.9 in June, owing to a slowdown in new orders and output. Firms scaled down production amid lower demand and weaker sales, possibly affected by the recent trade tariffs as 16.9% of Philippines' shipments abroad are part of China's export value chain. However, domestic consumption is expected to buoy robust growth entering August.
Myanmar	Softer demand for goods were offset by scarcity of raw materials as average prices charged increased at a faster rate in July. Moving forward, risks from volatile financial markets and exposure to trade tensions spillovers from China will continue to dominate downside risks to Myanmar's economy.	July manufacturing PMI printed at 47.9, compared to 50.0 in June, and new orders fell for the second month running. Myanmar's manufacturing sector faced contracting business conditions for the first time since September 2017, which led firms to reduce hiring, a situation not observed since last October. On the other hand, scarcity of raw materials brought about a further rise in input costs. Overall, the manufacturing sector continues to be plagued by transportation issues, hampering the efficiency across the supply chain.

FX/Rates Forecast

USD Interest Rates	3Q18	4Q18	2019	2020
Fed Funds Target Rate	2.25%	2.50%	3.25%	3.50%
1-month LIBOR	2.35%	2.60%	3.30%	3.60%
2-month LIBOR	2.43%	2.70%	3.35%	3.68%
3-month LIBOR	2.58%	2.80%	3.40%	3.75%
6-month LIBOR	2.70%	2.85%	3.45%	3.80%
12-month LIBOR	2.88%	2.95%	3.50%	3.85%
1-year swap rate	2.83%	3.00%	3.55%	3.90%
2-year swap rate	2.95%	3.04%	3.60%	4.00%
3-year swap rate	3.01%	3.09%	3.65%	4.10%
5-year swap rate	3.05%	3.15%	3.72%	4.20%
10-year swap rate	3.10%	3.20%	3.83%	4.35%
15-year swap rate	3.13%	3.22%	3.85%	4.37%
20-year swap rate	3.15%	3.25%	3.87%	4.40%
30-year swap rate	3.17%	3.28%	3.90%	4.42%
SGD Interest Rates	**3Q18**	**4Q18**	**2019**	**2020**
1-month SIBOR	1.59%	1.73%	2.28%	2.80%
1-month SOR	1.54%	1.62%	2.30%	2.83%
3-month SIBOR	1.68%	1.81%	2.33%	2.85%
3-month SOR	1.68%	1.76%	2.35%	2.87%
6-month SIBOR	1.86%	2.02%	2.40%	2.88%
6-month SOR	1.81%	1.90%	2.50%	2.89%
12-month SIBOR	2.00%	2.10%	2.55%	2.92%
1-year swap rate	1.85%	1.93%	2.58%	3.00%
2-year swap rate	2.07%	2.14%	2.85%	3.20%
3-year swap rate	2.20%	2.29%	2.90%	3.26%
5-year swap rate	2.35%	2.45%	3.00%	3.38%
10-year swap rate	2.65%	2.75%	3.22%	3.65%
15-year swap rate	2.87%	2.93%	3.30%	3.70%
20-year swap rate	3.00%	3.09%	3.37%	3.76%
30-year swap rate	3.04%	3.13%	3.49%	3.84%
Malaysia	**3Q18**	**4Q18**	**2019**	**2020**
OPR	3.25%	3.25%	3.50%	3.50%
1-month KLIBOR	3.50%	3.57%	3.70%	3.75%
3-month KLIBOR	3.72%	3.75%	3.88%	3.95%
6-month KLIBOR	3.83%	3.86%	3.95%	4.00%
12-month KLIBOR	3.92%	3.96%	3.98%	4.05%
1-year swap rate	3.74%	3.78%	3.90%	4.02%
2-year swap rate	3.75%	3.81%	4.00%	4.10%
3-year swap rate	3.80%	3.85%	4.09%	4.17%
5-year swap rate	3.91%	3.96%	4.20%	4.35%
10-year swap rate	4.17%	4.20%	4.50%	4.67%
15-year swap rate	4.32%	4.45%	4.59%	4.75%

UST bond yields	3Q18	4Q18	2019	2020
2-year UST bond yield	2.70%	2.85%	3.32%	3.80%
5-year UST bond yield	2.88%	3.00%	3.43%	3.90%
10-year UST bond yield	3.03%	3.11%	3.60%	4.10%
30-year UST bond yield	3.14%	3.22%	3.75%	4.24%
SGS bond yields	**3Q18**	**4Q18**	**2019**	**2020**
2-year SGS yield	1.95%	2.05%	2.55%	2.75%
5-year SGS yield	2.27%	2.35%	2.75%	3.08%
10-year SGS yield	2.58%	2.68%	2.95%	3.30%
15-year SGS yield	2.81%	2.90%	3.15%	3.40%
20-year SGS yield	2.84%	2.94%	3.25%	3.50%
30-year SGS yield	2.93%	3.03%	3.35%	3.60%
MGS forecast	**3Q18**	**4Q18**	**2019**	**2020**
6-month yield	3.34%	3.35%	3.47%	3.50%
5-year MGS yield	3.79%	3.83%	4.03%	4.13%
10-year MGS yield	4.11%	4.18%	4.38%	4.48%

FX	Spot	3Q18	4Q18	1Q19
USD-JPY	111.11	111.43	112.68	113.16
EUR-USD	1.1638	1.1523	1.1620	1.1912
GBP-USD	1.3091	1.3131	1.2963	1.3077
AUD-USD	0.7381	0.7279	0.7229	0.7195
NZD-USD	0.6773	0.6671	0.6594	0.6524
USD-CAD	1.3069	1.2935	1.2806	1.2711
USD-CHF	0.9949	1.0011	0.9908	0.9776
USD-SGD	1.3626	1.3741	1.3748	1.3660
USD-CNY	6.8106	6.8576	6.7937	6.7230
USD-THB	33.29	33.38	33.75	33.37
USD-IDR	14458	14565	14633	14617
USD-MYR	4.0677	4.1002	4.0956	4.0518
USD-KRW	1117.2	1132.10	1141.53	1140.23
USD-TWD	30.588	30.820	31.040	31.000
USD-HKD	7.8485	7.8480	7.8464	7.8441
USD-PHP	53.36	53.67	53.61	53.39
USD-INR	68.72	69.59	70.19	69.95
EUR-JPY	129.31	128.40	130.37	133.35
EUR-GBP	0.8889	0.8776	0.8925	0.9012
EUR-CHF	1.1579	1.1536	1.1476	1.1554
EUR-SGD	1.5858	1.5833	1.5905	1.6098
GBP-SGD	1.7839	1.8042	1.7822	1.7863
AUD-SGD	1.0057	1.0002	0.9938	0.9828
NZD-SGD	0.9230	0.9166	0.9065	0.8912
CHF-SGD	1.3696	1.3725	1.3860	1.3933
JPY-SGD	1.2264	1.2332	1.2200	1.2072
SGD-MYR	2.9852	2.9840	2.9791	2.9662
SGD-CNY	4.9982	4.9908	4.9417	4.9217

Macroeconomic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
08/01/2018 07:00	SK	CPI YoY	Jul	1.70%	1.50%	1.50%	--
08/01/2018 09:45	CH	Caixin China PMI Mfg	Jul	50.9	--	51	--
08/01/2018 12:30	TH	CPI YoY	Jul	1.49%	--	1.38%	--
08/01/2018 17:00	IN	RBI Repurchase Rate	Aug-01	6.50%	--	6.25%	--
08/01/2018 19:00	US	MBA Mortgage Applications	Jul-27	--	--	-0.20%	--
08/01/2018 22:00	US	ISM Manufacturing	Jul	59.3	--	60.2	--
08/02/2018 02:00	US	FOMC Rate Decision (Upper Bound)	Aug-01	2.00%	--	2.00%	--
08/02/2018 19:00	UK	Bank of England Bank Rate	Aug-02	0.75%	--	0.50%	--
08/02/2018 20:30	US	Initial Jobless Claims	Jul-28	220k	--	217k	--
08/02/2018 22:00	US	Durable Goods Orders	Jun F	--	--	1.00%	--
08/03/2018 09:30	AU	Retail Sales MoM	Jun	0.30%	--	0.40%	--
08/03/2018 20:30	US	Change in Nonfarm Payrolls	Jul	190k	--	213k	--
08/06/2018 14:00	GE	Factory Orders MoM	Jun	--	--	2.60%	--
08/06/2018	ID	GDP YoY	2Q	5.10%	--	5.06%	--
08/07/2018 12:30	AU	RBA Cash Rate Target	Aug-07	1.50%	--	1.50%	--
08/07/2018 14:00	GE	Industrial Production SA MoM	Jun	--	--	2.60%	--
08/07/2018 16:00	TA	CPI YoY	Jul	1.40%	--	1.31%	--
08/08/2018 07:50	JN	BoP Current Account Balance	Jun	--	--	¥1938.3b	--
08/08/2018 15:05	TH	BoT Benchmark Interest Rate	Aug-08	1.50%	--	1.50%	--
08/08/2018 19:00	US	MBA Mortgage Applications	Aug-03	--	--	--	--
08/09/2018 05:00	NZ	RBNZ Official Cash Rate	Aug-09	1.75%	--	1.75%	--
08/09/2018 07:50	JN	Core Machine Orders MoM	Jun	--	--	-3.70%	--
08/09/2018 09:30	CH	CPI YoY	Jul	--	--	1.90%	--
08/09/2018 10:00	PH	GDP YoY	2Q	--	--	6.80%	--
08/09/2018 16:00	PH	BSP Overnight Borrowing Rate	Aug-09	--	--	3.50%	--
08/09/2018 20:30	US	Initial Jobless Claims	Aug-04	--	--	--	--
08/10/2018 07:50	JN	PPI YoY	Jul	--	--	2.80%	--
08/10/2018 07:50	JN	GDP SA QoQ	2Q P	0.30%	--	-0.20%	--
08/10/2018 16:30	UK	Industrial Production MoM	Jun	--	--	-0.40%	--
08/10/2018 16:30	HK	GDP YoY	2Q	--	--	4.70%	--
08/10/2018 16:30	UK	GDP QoQ	2Q P	--	--	0.20%	--
08/10/2018 20:30	US	CPI MoM	Jul	0.20%	--	0.10%	--
08/14/2018 12:30	JN	Industrial Production MoM	Jun F	--	--	-2.10%	--
08/14/2018 16:30	UK	Jobless Claims Change	Jul	--	--	7.8k	--
08/14/2018 17:00	EC	GDP SA QoQ	2Q P	--	--	0.30%	--
08/14/2018 17:00	GE	ZEW Survey Current Situation	Aug	--	--	72.4	--
08/14/2018 17:00	GE	ZEW Survey Expectations	Aug	--	--	-24.7	--
08/15/2018 16:30	UK	CPI YoY	Jul	--	--	2.40%	--
08/15/2018 19:00	US	MBA Mortgage Applications	Aug-10	--	--	--	--
08/16/2018 20:30	US	Initial Jobless Claims	Aug-11	--	--	--	--
08/17/2018 08:30	SI	Non-oil Domestic Exports YoY	Jul	--	--	1.10%	--
08/17/2018 17:00	EC	CPI YoY	Jul F	--	--	2.00%	2.00%
08/17/2018 22:00	US	U. of Mich. Sentiment	Aug P	--	--	97.9	--
08/22/2018 19:00	US	MBA Mortgage Applications	Aug-17	--	--	--	--
08/23/2018 13:00	SI	CPI YoY	Jul	--	--	0.60%	--
08/23/2018 20:30	US	Initial Jobless Claims	Aug-18	--	--	--	--
08/29/2018 19:00	US	MBA Mortgage Applications	Aug-24	--	--	--	--
08/29/2018 20:30	US	GDP Annualized QoQ	2Q S	--	--	4.10%	--
08/30/2018 16:30	HK	Retail Sales Value YoY	Jul	--	--	--	--
08/30/2018 20:30	US	Initial Jobless Claims	Aug-25	--	--	--	--
08/31/2018 07:30	JN	Jobless Rate	Jul	--	--	2.40%	--
08/31/2018 07:50	JN	Industrial Production MoM	Jul P	--	--	--	--
08/31/2018 17:00	IT	CPI EU Harmonized YoY	Aug P	--	--	--	--
08/31/2018 22:00	US	U. of Mich. Sentiment	Aug F	--	--	--	--
08/31/2018	SK	BoK 7-Day Repo Rate	Aug-31	--	--	1.50%	--

Source: Bloomberg

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