Research Monitor (January)

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Monday, January 07, 2019

Key Themes

1. Financial markets remain volatile through December, notwithstanding the Trump-Xi agreement for a 90-day truce on fresh tariffs on the sidelines of the G20 summit, and 2019 started trading with a notably risk-off tone as well. This culminated in the trifecta of the Powell, China's universal reserve requirement ratio (RRR) cut and an upside surprise of strong US nonfarm payrolls (NFP of 312k) to plug the blood-letting in the markets. Note the 10-year UST bond rallied nearly 70 bps from the 2018 high of 3.24% on 8 November to a low of 2.55% on 3 January 2019 before backing up to 2.67% on 4 January 2019 (post-NFP and Powell). Meanwhile, the S&P500 also corrected some 16% within December itself as VIX spiked to a high of 36.07 on 24 December 2018 before easing back to around 21 as of 4 January 2019. The futures market has flipped from pricing in 2-3 rate hikes for 2019 just two months ago to now essentially looking for no hikes this year to the possibility of a rate cut, coupled with speculation of a tweak to the Fed's balance sheet unwinding process tells you how far market sentiments have shifted. Powell's reassurance that he's "listening sensitively to the message that markets are sending" and "with the muted inflation readings that we've seen, we will be patient as we watch to see how the economy evolves", as well as the promise to "we will be prepared to adjust policy quickly and flexibly and to use all of our tools to support the economy should that be appropriate to keep the expansion on track" suggests that a pause is likely for 1Q18. As such, the risk-on appetite may extend.
2. Key events to watch for the month ahead include the US-China trade talks on 7-8 January. Do not expect any fireworks from central bank meetings this month who are likely to remain cautious and largely static amid the recent market volatility and this would include BOC (9 Jan), BI (17 Jan), BOJ (23 Jan), BNM, ECB and BOK (all on 24 Jan) and FOMC (31 Jan). With Chinese New Year approaching in February, keep an eye on the short-term market liquidity situation.
3. Into the year-end, the notable shift in the tone of the Fed has caught some quarters by surprise. The subsequent re-pricing of the Fed's rate hike trajectory in 2019 is underway, and will continue well into December, possibly piling negative pressure on the USD. Looking ahead, the December FOMC is likely to add another layer of complication into the re-pricing process. Overall, expect the USD to remain range-bound as the markets continue to negotiate the shift in Fed rhetoric, pending further clarity from the December FOMC.
4. The first below 50 reading for China's official PMI since July 2016 confirmed that China is facing heightening downside risk. The PBoC unveiled the plan to expand the criteria to be qualified for targeted RRR cut for inclusive finance on 2 Jan and then announced the first universal RRR cut since April 2016 by 100bps on 4 Jan. Both measures, together with the recent establishment of the new TMLF facility, are expected to net inject CNY800 billion into the banking system.
5. Energy prices enjoyed some respite in early January. A series of factors including a cut in OPEC production, have lent support to energy prices. Uncertainty over a potential global slowdown remains, but in the very short-term we may see some short-covering on a sector that has been heavily sold off the last three months. Continued optimism could likely push WTI back to $50-$55/barrel and Brent to $60-$65/barrel.

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<table>
<tr><th></th><th colspan="2">House View</th><th>Trading Views</th></tr>
<tr><td rowspan="2">FX</td><td colspan="2">DXY and majors: Post the December 2018 FOMC, the re-pricing of the FOMC's intentions for 2019 will have to contend with the ongoing global economic deceleration. On the macro front, US economic outperformance is standing on an increasingly narrow base. Nevertheless, it should continue to carry USD strength into the beginning of 2019, despite idiosyncratic drivers pulling the majors in different directions.
Thereafter, weakening fundamentals should make broad USD prospects considerably murkier. The Fed's hiking cycle should enter its last legs by mid-2019. There is already an increasing awareness that the US economy is about to run into late-cycle dynamics in 2019 – narrowing the hitherto dichotomy with the rest of the world.
This should give the other major central banks the opportunity to catch up to the Fed in terms of policy normalization – putting the USD on the back seat on a structural perspective. However, the risk is for the dollar smile to kick in, especially if the expected pause by the Fed collides with a sharper, more protracted downturn in the economic momentum. In this context, expect the other major central banks to under-deliver on their potential rate hikes.
On a medium term horizon therefore, we expect the broad dollar to increasingly lose traction as the global economic slowdown eventually shows signs of being arrested.</td><td>Remain heavy on the AUD-USD on the back of global growth concerns. USD-JPY is also seen southbound, on the back of eroding USD yield differential support and potential for further risk aversion.</td></tr>
<tr><td colspan="2">Asian FX: A macro slowdown in Asia has been an ongoing development throughout 2018, though there is now greater awareness of it. At this juncture, we do not see any signs of a further headline negative shock for the Asian economies.
RMB movement will be a by-product of policy action addressing larger domestic issues. Stabilization in the Chinese economy a pre-requisite for a sustained upswing in the RMB. EM Asian FX would require a confluence of a weaker USD and stabilization in the Chinese economy (and therefore the RMB) for it to break out of its structural depreciation trend.
Pending a concrete bottoming out of the global economy, Asian long-end govvie yields may continue to remain under wraps, with Asian central banks now no longer likely to feel pressured to keep pace with the Fed in 2019.</td><td>Beginning of the year dynamics may see relative better interest towards the southern markets, where relative FX stability and the search for yield will prove supportive.</td></tr>
<tr><td rowspan="2">Rates</td><td rowspan="2">The Fed has turned neutral, and remains under pressure to also turn dovish, in the face of market and Trump pressures. This capitulation is likely to provide markets with some appetite for turning risk-on in the short-term as other central banks also ponder the need for further monetary policy tightening in 2019.</td><td>US: The 10-year UST bond yield has rallied nearly 70bps to a recent low of 2.55% on 3 January after weak global manufacturing PMIs and US manufacturing ISM data reinforced market concerns of a global and US economic slowdown. Since the December labour market report surprised to the upside, this may cause the 10-year year bond yield to bounce and the 2.75-2.80% test would be key to watch. Given the 3-month LIBOR remains elevated at 2.80%, the yield curve inversion vis-à-vis the 10-year UST bond yield suggests something has to give in the coming days/weeks (the last time this happened was back in 2007-08 during the global financial crisis).</td><td>↓</td></tr>
<tr><td>SG: Similarly, the 3-month SIBOR to 10-year SGS yield spread has compressed to just 24bp (also last seen back during the 2007-08 GFC), but remains shy of an actual inversion for now. Ditto for the 3-month SOR to 10-year SGS yield spread which has also collapsed to 15bps. So far, the SGS curve appears reluctant to fully track the volatile gyrations seen in the UST bond market. The 2019 SGS bond issuance calendar will kick off with a new 5-year SGS to be announced on 22 January for auction on 29 January and issue on 1 February. To recap, 2019 will see 8 re-openings (which are spread between two 2-year, two 5-year, one 7-year, two 10-year, and one 30-year) and 2 new issues (namely the 5-year on 1 February and the 20-year on 1 July 2019). In addition, there may be two mini-auctions on 3 June and 1 October which will comprises of re-openings</td><td>↓</td></tr>
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Credit

December risk sentiments started on a positive note from a pause in trade tensions and dovish talk from the Fed. This drove strong early month issuance volume, particularly by Chinese property issuers who tapped the market on a need to issue basis and before the year end NDRC quota expiry. Indonesia also joined the party with a USD3bn issue as 10Y USTs fell below 3% and part of the treasury curve inverted. Good feelings were short lived however as markets returned to risk-off territory by mid-month as economic growth concerns, a stalemate on the trade wars and BREXIT and hawkish comments from a fed official turned the market bearish. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 10bps to 167bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 14bps to 618bps. The arrest of Huawei's CFO only added to negative sentiments and this drove USTs lower ending the year at 2.68% and Fantasia Holdings issuing a non-put 2 year bond at 15%, the highest coupon among public deals in Asia this year. While the fall in yields looked to provide the best monthly returns for Asia dollar bonds since July 2016, overall returns for 2018 were marginally negative on the credit market correction throughout the year.

SGD primary market activity was destitute in December as issuers and investors likely digested gyrations in market sentiment and held their positions while awaiting the Fed's rate hike decision at the end of December. Instead, news flow was centred mostly on on-going restructurings including Noble Group (restructuring eventually approved in a Bermuda Court), Pacific Radiance (Noteholders Extraordinary Resolution passed with all outstanding notes redeemed via Option 1 (Cash and Shares)), EZRA (Court approved Chapter 11 liquidating plan became effective on December 31st) and Hyflux (extensions by SGX for publication of accounts and Maybank for a binding agreement to be executed with a bidder/investor).

Looking forward, although credit markets ended the year in risk-off territory, expectations are high that sentiments will be more bullish in 1Q2019, given the strong correction seen in 2018 and a slow moderation in economic growth which should result in selective buying opportunities particularly in high yield. Overall however, yields are expected to continue to widen on the back of significant bond maturities and interest rates still rising. These trends should be consistent across the Asia-dollar and SGD space.

IG Pick: CITSP 3.75% 06/07/2022 (Offer YTW 2.96%): City Developments Ltd ("CDL") is an international property and hotel conglomerate with a portfolio of investment and development property. CDL is a subsidiary of Hong Leong Group Singapore. While property sales industry-wide has slowed following the Jul 2018 cooling measures, sales at its launched projects at New Futura, The Tapestry and Whistler Grand continues to move. We remain comfortable with CDL's credit profile which remains anchored by high recurring income (which accounts for ~56% of total EBITDA) and manageable level of net gearing (0.24x).

HY Pick: PREHSP 3.85% 03/07/2020 (Offer YTM 5.99%): Perennial Real Estate Holdings Ltd ("PREH") is an integrated real estate owner and developer focused in China (62.5% by asset value) and Singapore (28.6%). The company is 82.3%-owned by Mr Kuok (CEO of Wilmar), Mr Ron Sim (CEO of OSIM), Wilmar International and Mr Pua (CEO of PREH). While credit metrics look somewhat weak with 0.75x net gearing and PREH will need funding to redeem the upcoming PREHSP 4.9% '19s, we remain comfortable as PREH may obtain liquidity and deleverage from divestments (e.g. sale of AXA Tower).

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Macroeconomic Views

	House View	Key Themes
US	FOMC hiked for the fourth time in December 2018, but Fedspeak especially from Powell has turned distinctly more dovish into the new year. FOMC will likely retain its "data dependent" approach, but will be under continued market and Trump pressures not to hike going forward, especially with soft oil prices, albeit they may not fully refrain any rate hike if GDP growth holds up and market jitters stabilise. Our view is for a 1Q19 pause, but to not fully write off one to two hikes subsequently if economic data and market confidence allow.	With the addition of the word "some" to the phrase of "further gradual increases" in the December 2018 FOMC statement, this suggests a limited number of rate hikes remain in our view. We are essentially back to data dependency, and there is little to stop the FOMC from doing a third hike if the data warrants it. Watch 30 Jan for FOMC's first meeting cum press conference for insights into its interpretation of the economy's outlook based on recent releases, including a stronger-than-expected nonfarm payrolls but slowing manufacturing PMI and housing data. Fed chair Powel will hold press conferences after every FOMC meeting and this may keep market players on their feet. Nancy Pelosi was re-elected as Speaker of the House following the Democrats' taking back the House, and is expected to lead the party in a more confrontational attitude towards the Trump administration's policies and legislation, with the current US government shutdown being a prime example. Greater domestic distractions for Trump going into the 2020 elections may ironically open the door for a more pacifist approach to US-China trade talks.
EU	ECB officially announced an end to its asset purchases in December, but will extend the reinvestment period of maturing bonds to a year instead of the initial 3-month timeframe, pointing to efforts to accommodate market shocks in response to potentially tighter liquidity. The UK Parliamentary returns from recess on 7 Jan, and a vote on the Brexit deal is expected to be carried out by the 21 Jan	ECB's reinvestment scheme of maturing bonds into EU member states will continue to be guided by the ECB capital key, of which Italy's share has been reduced with effect this January. With UK's exit from the EU around the corner, expect the ECB to require a recalibration of the capital key as Bank of England's current contribution to the capital is approximately 14% of the pool (second to Germany's central bank). Meanwhile, Italy may draw more scrutiny on its efforts to attain its reduced 2019 budget deficit target amid political in-fighting. UK PM May survived a confidence vote last month, but is currently shoring up support for her Brexit deal ahead of the upcoming Parliamentary vote. The Eurozone economy is expected to grow 1.7% in 2019, but inflation decelerated to 1.6% yoy in Dec, down from 2% in Nov, while core CPI was unchanged at 1%.
Japan	BOJ will continue its monetary easing programme to stimulate the economy in 2019. Near-term support for prices ahead of the expected October sales tax hike may be short-lived as consumers pull back on spending subsequently.	The revised 3Q18 GDP growth came in at -2.5% annualised on-quarter, worse than the preliminary -1.2% print, as weather and natural disasters battered supply chains and exports in addition to the trade war and business spending slumped 2.8%. Core inflation remained stubbornly subdued at 0.9% on-year in Nov (Oct: 1.0%) and at less than half of the 2% official target, this will keep BOJ sidelined for quite some time still. Following the flash crash in JPY in early Jan, policymakers have flagged that excessive moves are not favourable and will monitor markets with vigilance and take appropriate action if necessary.
Singapore	The Singapore economy expanded by a slower 2.2% yoy, bringing full-year growth to 3.3% yoy (2017: 3.6%). We see 2019 growth at 2.7%. Watch for the 2019 Budget on 18 Feb which may incorporate a slightly looser fiscal stance if need be to accommodate any accentuated downside growth risks, given the external economic environment remains fraught with uncertainties such as the 90-day truce for the US-China trade war, geopolitical tensions and lingering questions over China's growth slowdown.	Despite much ado about the slowing global manufacturing cycle, especially for electronics and further exacerbated by fears about the escalating US-China trade war, 2018 has turned out to be relatively benign in terms of overall GDP growth. However, 2019 growth is tipped to ease in the face of a climate of choppy financial markets, coupled with somewhat wavering business and consumer confidence, and uncertainty over tightening global financial conditions. MAS may closely watch the core inflation dynamics given administrative prices adjustments (eg. public transport fares) and the tightening domestic labour market (with no plans to lift foreign worker curbs and a still elevated wage growth trajectory). Meanwhile, expect the 2019 Budget to be an extension of the 2018 Budget in terms of prioritizing economic restructuring, infrastructure investment, skills up/re-skilling, aiding firms (especially SMEs) to regionalise/internationalise, and improving socioeconomic outcomes. The property market may remain soft, with sales to lag.

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Indonesia	We see growth coming out at 5.2% yoy for 2018 and 5.3% yoy for 2019. The final quarter of 2018 is unlikely to see any pick-up as we see few factors that could result in an acceleration. The 2019 growth should be supported by robust government consumption, strong investment growth and strengthening private consumption. We believe BI will likely undertake two more hikes of at least 25bps for 2019, in line with the Fed.	BI held the rate in December after having earlier undertaken a hike in November. Meanwhile, trade data for November was mixed but the deficit widened to US$2.1bn (Oct: US$1.8bn). Imports growth slowed but exports declined. Exports growth may face significant risks amid commodity prices struggling and US–China trade talks showing limited progress. Capital goods imports declined by 2.1% yoy as the government implemented import management measures. The government also reported that the estimated fiscal deficit is at 1.76% of GDP in 2018. This is the lowest the deficit would be since 2012 and it is also below the initial estimate of 2.19% of GDP. The country has been facing a twin deficit issue which possibly contributed to the IDR vulnerability and the fiscal deficit reduction should help to go some way in reducing the currency's volatility.
China	The Chinese economy is likely to slow down to 6.6% yoy in 2018 due to rising uncertainties from the ongoing US-China trade war (notwithstanding the recent 90-day truce) and looming financial risks and is expected to slow down further to 6.2% in 2019.	Positive sentiment develops on US-China trade talk after President Xi and President Trump had a telephone conversation ahead of New Year to express their willingness to push for implementation of their agreement reached in G20 meeting. Domestically, the Chinese economy continues to decelerate. December PMI fell to 49.4, below the threshold line 50, for the first time since July 2016. Despite the mixed messages from the politburo meeting and Central Economic Work Conference, it shows that China's top policy makers will stimulate the economy via proactive fiscal policy with a larger scale of tax cut in 2019. The focus will be whether China will set a higher budget deficit above 3% this year. In addition, China allows early local government debt issuance to support growth.
Hong Kong	We expect GDP growth will decelerate from 3.4% yoy in 2018 to 2.7% yoy in 2019 as the economy has been facing multiple headwinds including China's slowdown, monetary tightening and trade war. Elsewhere, recent rounds of HKD weakness are unlikely to cause market turmoil. With HIBOR to tick up gradually, HKD may rebound, while housing growth could moderate.	Commercial banks refrained from another prime rate hike in December as market believed that the latest uptick in HIBOR is unsustainable. Ever since late August, there has not been any liquidity withdrawal by the HKMA whereas there have been benign equity inflows. As such, the jump of 1M HIBOR to the highest since 2008 at 2.398% in December was mainly due to year-end effect rather than capital outflows. Given the still flushed liquidity, USDHKD which dropped to as low as 7.80 in early December rebounded to 7.835 lately. On the housing market front, though banks did not lift prime rate in December, HK CCL index which tracks the secondary housing prices has declined for 13 consecutive weeks. Moving ahead, we expect the housing market to remain on the downtrend amid higher interest rates, economic slowdown, stock market correction and increasing supply,
Macau	With a strong MOP and Asia's muted economic outlook on trade war concerns, the growth of exports of goods and services may decelerate. On the other hand, the VIP-segment may succumb to policy risks. Adding on sluggish private investment and a high base effect, we expect GDP to grow by 5% in 2018 and by 2%-3% in 2019.	Housing transaction rebounded by 29.3% mom to 751 deals while average housing price rallied by 9% mom to MOP116,147/square meter in October. Nonetheless, housing transaction may remain muted due to the concerns over US-China trade war, slowdown of gaming growth, the existing housing measures, the prospect of rising borrowing costs and stock market correction. Elsewhere, though visitor arrivals rose by 15.3% yoy in November amid infrastructure improvement, the Hong Kong-Zhuhai-Macau bridge has merely brought low-end same-day visitors. Despite infrastructure improvement, we expect tourism activities to slow down due to Asia's weakening economic outlook.

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Malaysia	We expect the 2018 growth forecast to come out at 4.5% yoy with a further slowdown in 4Q 2018 given the front-loading of consumer expenditure in earlier quarters and weaker industrial activity. For 2019, we expect growth to slow to 4.4% yoy amid a deceleration in global activity. We also expect that BNM should stay pat for 2019 even as inflation would probably average 1.2% yoy for 2018 and 2.0% yoy for 2019.	The fiscal situation should continue to be closely watched given the volatile fuel prices and adjustments to welfare hand-outs. Finance Minister Lim Guan Eng has mentioned that RM1.2bn of cost of living aid will be paid out in January to low income households based on the old BR1M list. This list would include people who are not eligible based on the new criteria. He also said that the budget will only be recalibrated if the oil price falls below US$50. As a note, Petronas holds about RM181bn of cash and cash equivalents as of 30th Sept 2018. If we take out the RM30bn special dividend, that leaves RM151bn, which still makes about 10% of GDP (based on a government growth forecast of 4.8% yoy for 2018 and 4.9% yoy for 2019).
Thailand	The BoT forecasted 2019 GDP growth between 4% to 4.2%, the second highest in the last 6 years. They also had raised the benchmark rate from 1.50% to 1.75% in December but we believe they will stay pat for 2019.	As expected, the Bank of Thailand (BoT) raised the benchmark interest rate by 25bps to 1.75% in December 2018. The Monetary Policy Committee decided to raise the policy rate "in order to curb financial stability risks and to start building policy space". The BoT opined that the "accommodative monetary policy would remain appropriate in the period ahead, and that the policy rate increase would be gradual and not in a continuous manner as in the past". We do not expect any more rate hikes in 2019 given the possibility of a slowdown in global activity and the risk of escalating trade tensions.
Korea	Further rate hikes by BOK unlikely. Market movements will be highly correlated with the Sino-US trade talks; may experience heavy selling if China-US talks turn south. Volatility expected to remain high.	A weathervane for global trade flows, South Korea will be one of the first to bear the brunt of any further deterioration in Sino-US trade talks – and recent data does not make for optimistic reading. Poor exports in Dec followed by a second consecutive month of contraction in manufacturing activity set off a wave of selling in South Korea's equity market. The KOSPI has tested the floor of 2,000 twice in the past three months, but has found some respite in January following a positive US jobs report and relatively dovish stances from both the Fed and PBoC.
PH	For 2019, we see growth coming out at 6.1% yoy, just a slight slowdown from our forecast of 6.2% yoy in 2018. The 2019 growth will probably continue to be supported by heavy public spending and strong investment growth as the government drives ahead with its infrastructure program. We expect BSP to also undertake two hikes of 25bps in 2019, in line with the Fed increases.	The central bank held the benchmark rate in December for the first time in six meetings. The BSP had noted that "recent inflation readings indicate signs of receding price pressures". They also mentioned that "constraints on food supply continue to ease with the implementation of various non-monetary measures" and "expectations have also steadied given the decline in international crude oil prices and the stabilization of the peso". Meanwhile, the trade deficit further widened in October to US$4.2bn from US$3.9bn the previous month. Imports growth (21.4% yoy) continued to significantly outpaced exports growth (3.3% yoy).
Myanmar	"The last frontier of SE Asia" – as State Counsellor Aung San Suu Kyi's calls her country – remains an optimistic hotbed for much unexplored business and investment opportunities.	Manufacturing PMI printed 52.5 in Dec, marking the second consecutive month of expansion in manufacturing activity after 4 consecutive months of contraction between Jul-Oct. As a relatively unexplored new economy, Myanmar should remain more insulated from the US-China trade spat – but the steep challenges of doing business and investments in the country remain one of many high hurdles to entry.

FX/Rates Forecast

USD Interest Rates	1Q19	2Q19	3Q19	4Q19
Fed Funds Target Rate	2.50%	2.75%	2.75%	3.00%
1-month LIBOR	2.64%	2.78%	2.91%	3.05%
2-month LIBOR	2.74%	2.86%	2.98%	3.10%
3-month LIBOR	2.89%	2.98%	3.06%	3.15%
6-month LIBOR	2.96%	3.04%	3.12%	3.20%
12-month LIBOR	3.07%	3.13%	3.19%	3.25%
1-year swap rate	2.88%	3.01%	3.13%	3.25%
2-year swap rate	2.83%	2.99%	3.14%	3.30%
3-year swap rate	2.80%	2.98%	3.17%	3.35%
5-year swap rate	2.82%	3.03%	3.24%	3.45%
10-year swap rate	2.92%	3.08%	3.24%	3.40%
15-year swap rate	2.99%	3.13%	3.28%	3.43%
20-year swap rate	3.01%	3.16%	3.30%	3.45%
30-year swap rate	3.02%	3.18%	3.34%	3.50%
SGD Interest Rates	**1Q19**	**2Q19**	**3Q19**	**4Q19**
1-month SIBOR	1.89%	2.02%	2.15%	2.28%
1-month SOR	1.89%	2.03%	2.16%	2.30%
3-month SIBOR	2.00%	2.11%	2.22%	2.33%
3-month SOR	2.03%	2.13%	2.24%	2.35%
6-month SIBOR	2.05%	2.17%	2.28%	2.40%
6-month SOR	2.05%	2.20%	2.35%	2.50%
12-month SIBOR	2.23%	2.33%	2.44%	2.54%
1-year swap rate	2.02%	2.21%	2.39%	2.58%
2-year swap rate	1.93%	2.03%	2.14%	2.24%
3-year swap rate	1.94%	2.05%	2.16%	2.27%
5-year swap rate	2.02%	2.12%	2.23%	2.33%
10-year swap rate	2.31%	2.46%	2.60%	2.75%
15-year swap rate	2.51%	2.61%	2.70%	2.80%
20-year swap rate	2.60%	2.70%	2.80%	2.90%
30-year swap rate	2.63%	2.75%	2.86%	2.97%
Malaysia	**1Q19**	**2Q19**	**3Q19**	**4Q19**
OPR	3.25%	3.25%	3.25%	3.25%
1-month KLIBOR	3.50%	3.57%	3.63%	3.70%
3-month KLIBOR	3.74%	3.78%	3.83%	3.87%
6-month KLIBOR	3.83%	3.87%	3.90%	3.93%
12-month KLIBOR	3.92%	3.95%	3.97%	3.99%
1-year swap rate	3.71%	3.74%	3.76%	3.78%
2-year swap rate	3.72%	3.75%	3.78%	3.81%
3-year swap rate	3.75%	3.78%	3.81%	3.84%
5-year swap rate	3.84%	3.87%	3.89%	3.91%
10-year swap rate	4.17%	4.20%	4.22%	4.24%
15-year swap rate	4.38%	4.40%	4.43%	4.45%
20-year swap rate	4.57%	4.60%	4.62%	4.64%

UST bond yields	1Q19	2Q19	3Q19	4Q19
2-year UST bond yield	2.59%	2.70%	2.80%	2.90%
5-year UST bond yield	2.66%	2.80%	2.95%	3.09%
10-year UST bond yield	2.83%	2.97%	3.11%	3.25%
30-year UST bond yield	3.10%	3.19%	3.27%	3.36%
SGS bond yields	**1Q19**	**2Q19**	**3Q19**	**4Q19**
2-year SGS yield	1.94%	2.00%	2.06%	2.12%
5-year SGS yield	1.98%	2.05%	2.13%	2.20%
10-year SGS yield	2.20%	2.34%	2.48%	2.62%
15-year SGS yield	2.43%	2.53%	2.64%	2.74%
20-year SGS yield	2.50%	2.60%	2.71%	2.81%
30-year SGS yield	2.60%	2.68%	2.77%	2.85%
MGS forecast	**1Q19**	**2Q19**	**3Q19**	**4Q19**
6-month yield	3.35%	3.38%	3.42%	3.45%
5-year MGS yield	3.85%	3.84%	3.84%	3.83%
10-year MGS yield	4.11%	4.13%	4.14%	4.15%

FX	Spot	1Q19	2Q19	3Q19	4Q19
USD-JPY	113.49	114.29	112.76	111.22	109.69
EUR-USD	1.1364	1.1322	1.1557	1.1792	1.2026
GBP-USD	1.2781	1.2669	1.2944	1.3219	1.3495
AUD-USD	0.7367	0.7425	0.7513	0.7601	0.7689
NZD-USD	0.6913	0.6989	0.7093	0.7196	0.7299
USD-CAD	1.3204	1.3283	1.3034	1.2786	1.2537
USD-CHF	0.9976	0.9958	0.9831	0.9704	0.9578
USD-SGD	1.3646	1.3549	1.3502	1.3455	1.3409
USD-CNY	6.8539	6.8152	6.7435	6.6717	6.6000
USD-THB	32.33	31.95	31.80	31.64	31.49
USD-IDR	14490	14300	14217	14133	14050
USD-MYR	4.1375	4.1153	4.0782	4.0411	4.0039
USD-KRW	1119.40	1113.35	1103.90	1094.45	1085.00
USD-TWD	30.771	30.547	30.398	30.249	30.100
USD-HKD	7.8356	7.8450	7.8300	7.8150	7.8000
USD-PHP	52.565	52.312	51.908	51.504	51.100
USD-INR	69.62	69.12	68.31	67.51	66.70
EUR-JPY	128.97	124.82	125.09	125.36	125.61
EUR-GBP	0.8891	0.9059	0.9037	0.9015	0.8994
EUR-CHF	1.1336	1.1192	1.1219	1.1245	1.1269
EUR-SGD	1.5538	1.5649	1.5730	1.5810	1.5890
GBP-SGD	1.7475	1.7274	1.7406	1.7537	1.7666
AUD-SGD	1.0073	0.9372	0.9483	0.9593	0.9701
NZD-SGD	0.9453	0.9098	0.9208	0.9318	0.9426
CHF-SGD	1.3706	1.3982	1.4021	1.4060	1.4100
JPY-SGD	1.2047	1.2537	1.2574	1.2612	1.2650
SGD-MYR	3.0515	3.0374	3.0204	3.0033	2.9860
SGD-CNY	5.0453	5.0302	4.9944	4.9584	4.9221

Macroeconomic Calendar

Date Time		Event		Survey	Actual	Prior
01/02/2019 16:50	FR	Markit France Manufacturing PMI	Dec F	49.7	49.7	49.7
01/03/2019 16:30	HK	Retail Sales Value YoY	Nov	4.50%	1.40%	5.90%
01/03/2019 21:30	US	Initial Jobless Claims	Dec-29	220k	231k	216k
01/03/2019 23:00	US	ISM Manufacturing	Dec	57.5	54.1	59.3
01/04/2019 15:45	FR	CPI YoY	Dec P	1.80%	1.60%	1.90%
01/04/2019 18:00	IT	CPI EU Harmonized YoY	Dec P	1.40%	1.20%	1.60%
01/04/2019 21:30	US	Change in Nonfarm Payrolls	Dec	184k	312k	155k
01/08/2019 15:00	GE	Industrial Production SA MoM	Nov	0.30%	--	-0.50%
01/08/2019 16:00	TA	CPI YoY	Dec	0.20%	--	0.31%
01/08/2019 01/12	US	Durable Goods Orders	Nov F	--	--	0.80%
01/09/2019 08:30	AU	Building Approvals MoM	Nov	-0.30%	--	-1.50%
01/09/2019 23:00	CA	Bank of Canada Rate Decision	Jan-09	1.75%	--	1.75%
01/10/2019 09:30	CH	CPI YoY	Dec	2.10%	--	2.20%
01/10/2019 21:30	US	Initial Jobless Claims	Jan-05	225k	--	231k
01/11/2019 07:50	JN	BoP Current Account Balance	Nov P	¥566.3b	--	¥1309.9b
01/11/2019 21:30	US	CPI MoM	Dec	-0.10%	--	0.00%
01/15/2019 15:45	FR	CPI YoY	Dec F	--	--	1.60%
01/16/2019 07:50	JN	Core Machine Orders MoM	Nov	--	--	7.60%
01/16/2019 17:30	UK	CPI MoM	Dec	--	--	0.20%
01/16/2019 17:30	UK	CPI YoY	Dec	--	--	2.30%
01/16/2019 18:00	IT	CPI EU Harmonized YoY	Dec F	--	--	1.20%
01/17/2019 18:00	EC	CPI YoY	Dec F	--	--	1.90%
01/17/2019 21:30	US	Initial Jobless Claims	Jan-12	--	--	--
01/18/2019 12:30	JN	Industrial Production MoM	Nov F	--	--	-1.10%
01/18/2019 21:30	CA	CPI YoY	Dec	--	--	1.70%
01/18/2019 23:00	US	U. of Mich. Sentiment	Jan P	96.5	--	98.3
01/21/2019 10:00	CH	GDP YoY	4Q	--	--	6.50%
01/22/2019 07:00	SK	GDP YoY	4Q P	--	--	2.00%
01/22/2019 17:30	UK	Jobless Claims Change	Dec	--	--	21.9k
01/22/2019 18:00	GE	ZEW Survey Current Situation	Jan	--	--	45.3
01/22/2019 18:00	GE	ZEW Survey Expectations	Jan	--	--	-17.5
01/23/2019 05:45	NZ	CPI QoQ	4Q	--	--	0.90%
01/23/2019 13:00	SI	CPI YoY	Dec	--	--	0.30%
01/24/2019 08:30	AU	Employment Change	Dec	--	--	37.0k
01/24/2019 08:30	AU	Unemployment Rate	Dec	--	--	5.10%
01/24/2019 15:00	MA	BNM Overnight Policy Rate	Jan-24	--	--	3.25%
01/24/2019 16:15	FR	Markit France Manufacturing PMI	Jan P	--	--	49.7
01/24/2019 20:45	EC	ECB Main Refinancing Rate	Jan-24	--	--	0.00%
01/24/2019 21:30	US	Initial Jobless Claims	Jan-19	--	--	--
01/24/2019	SK	BoK 7-Day Repo Rate	Jan-24	--	--	1.75%
01/25/2019 17:00	GE	IFO Business Climate	Jan	--	--	101
01/25/2019 21:30	US	Durable Goods Orders	Dec P	--	--	--
01/29/2019 23:00	US	Conf. Board Consumer Confidence	Jan	--	--	128.1
01/30/2019 16:30	HK	Retail Sales Value YoY	Dec	--	--	1.40%
01/30/2019 17:00	IT	Manufacturing Confidence	Jan	--	--	103.6
01/30/2019 21:30	US	GDP Annualized QoQ	4Q A	--	--	3.40%
01/31/2019 03:00	US	FOMC Rate Decision (Upper Bound)	Jan-30	2.50%	--	2.50%
01/31/2019 07:50	JN	Industrial Production MoM	Dec P	--	--	--
01/31/2019 15:45	FR	CPI YoY	Jan P	--	--	--
01/31/2019 18:00	EC	GDP SA QoQ	4Q A	--	--	0.20%
01/31/2019 21:30	US	Initial Jobless Claims	Jan-26	--	--	--

Source: Bloomberg

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