Research Monitor (September)

OCBC Bank

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Treasury Research
Tel: 6530-8384

Key Themes

1. After the August pain, there are no signs that September showers won't continue to rain down on financial markets for now. Global risk sentiments clearly remain vulnerable. With US president Trump essentially taking a tough stance towards Canada and China on trade, there is unlikely to be any near-term respite for global risk appetite. Adding to this mix are key event risks including continued EM pressure points in Turkey and Argentina, FOMC's anticipated rate hike at the 27 September meeting (albeit Fed chair Powell reiterated a gradualist approach to rate hikes), renewed Italian and Brexit concerns, China's rolling out policy measures to mitigate the downside risks stemming from the US-Sino trade war with the impending US$200b of additional US tariffs on Chinese imports. In the currency markets, IDR is clearly feeling the heat as well. Given that fund managers and traders are likely under pressure to catch up after the June-August correction and volatility, it would be no surprise that September till November will be an exciting if choppy period of trading.
2. On the fund flows front, there has been some tentative return of capital to EM markets for both bonds and equities, albeit the year-to-date equity flows remain negative. While this is not quite another taper tantrum, the spotlight has returned to the so-called Fragile Five (comprising Brazil, India, Indonesia, Turkey and South Africa). While one would like to argue this time is different based on macro-economic fundamental improvements, nevertheless floating exchange rates and unrestricted capital flows accentuate vulnerabilities again. At this juncture, credit differentiation appears critical.
3. The fundamental picture remains supportive of the USD, with the latest series of PMIs still pointing to relative US economic outperformance. Nevertheless, the advantage may be increasingly diffused without further drivers from the data front and Fed expectations. In the near term, look to on-going risk events for directionality. At this juncture, with the Sino-US trade tensions showing no signs of a positive development, and contagion from emerging markets looking to spill over, we think that negative risk sentiments will keep the USD (and other haven currencies) supported.
4. China continued to support the real economy via easing monetary policy. However, the expectation on easing monetary policy drove the RMB to weaken. Since early August, China has rolled out a number of counter cyclical measures to support the currency. It seems China is trying to achieve an ambitious balance to keep liquidity flushed while maintaining currency stability. We doubt this will be a sustainable balance in the medium term. To some extent, China may have to give up one parameter. Watch out for whether the PBoC will follow the Fed to hike its money market rate in September to further support RMB.
5. The stronger dollar has been one of the key drivers dragging the dollar-denominated commodity complex. Gold prices especially trended below its psychologically important $1,200/oz handle in late August, while copper remained depressed below its $6,000/MT handle. Crude oil however, has seen some selling reprieve as market-watchers turned concerned over potential supply shortfall from Iranian sanctions, though we continue to adopt a sell-on-rally strategy given the rather short-lived

nature of geopolitical effects. Elsewhere, further signs of El Nino weather extremity have been seen of late, with US weather experts calling for 60 – 70% probability for El Nino to occur by December 2018. Should El Nino occur, it will likely place some upward pressure on agricultural prices, especially crude palm oil.

	House View		Trading Views
FX	**DXY and majors:** The fundamental picture has not shifted significantly as we head in into September, and remains supportive of the broad USD. With recent US economic prints coming in largely mixed, our US Macro Surprises Index (MSI) has trended side-ways. The flipside is that the MSIs for Europe and Asia are similarly anaemic for now, thus putting the US in a relatively positive light. Nevertheless, without new fundamental drivers, this thesis may be increasingly diffused going forward. With the fundamental picture static, we look to evolving global risk events for directionality this week. For the broad USD, ongoing Sino-US trade issues and potential EM flare-ups (who is next after Argentina?) may set the tone, while headlines on Brexit and NAFTA may drive the GBP and CAD respectively. In particular, with the public consultation period for the next set tariffs scheduled to end this week, we may see a further deterioration on the Sino-US trade front. With developments in global risk events looking to point further south, we think overall risk sentiments may depressed further. Thus, expect periodic de-risking and deleveraging from EM assets to benefit the USD. Meanwhile, a potentially USD negative risk event may be brewing in the White House itself. The question is whether the legal issues of Manafort and Cohen may eventually implicate the President himself. While the impact on the USD has been muted thus far, further worsening of the matter may eventually force the market to contemplate applying a political risk premium on the USD.		We remain negative on the AUD and NZD due to their cyclical nature and exposure to EM Asia. Meanwhile, expect the JPY-crosses and CHF-crosses to dip if headlines surrounding EM stress points and Sino-US trade continue to be negative.
	Asian FX: In Asia, EM concerns and worsening Sino-US trade tensions notwithstanding, all eyes will be on the RMB movements. While the RMB has stabilised after the reinstatement of the counter-cyclical factor (CCF) by the PBoC, it has not seen the turnaround that many has expected post-CCF. It remains to be seen how the RMB may fare if USD strength returns in September. We think this will be the main driver for EM Asian FX. Overall, global cues may not bode well for EM Asian currencies. However, we do not expect the EM Asian currencies to be sold off in the tune of the TRY and ARS in the near term. From a fundamental perspective, the EM Asia economies are stronger than the global counterparts, thus their currencies should remain relatively insulated from global EM jitters. Any impact from global EM jitters on EM Asia will pass indirectly through a stronger USD, rather than a disruptive de-risking from EM Asian assets.		Stay long USD-Asia as a proxy for USD-China on Sino-US trade tensions and monetary easing in China. INR and IDR to be disproportionately affected due to current account deficits.
Rates	Global monetary policy tightening has become the norm. FOMC remains the leader. DM-EM interest differentials remain under pressure	**US:** The 10-year UST bond yield retraced to the lower end of its 2.80-2.96 range for August, as the Turkish and Argentinean blowout prompted a flight to safety. The 2-10 year UST bond yield curve narrowed to 16bps on 25 August, but has stabilised around 22bps at the start of September. Given that the FOMC is set to hike rates in September, but many Fed members remain reluctant to see the flattening yield curve invert, more due to the negative market perception of such a phenomenon rather than it being an outright recession signal for now. With the major stock indices touching fresh records recently, it is clear that investors are not worried that a recession is looming yet. However, a slowdown in growth momentum in the coming months or quarters may not be out of the question, especially after the fiscal stimulus wears off by 2H19. As long as the Turkish-Argentina-inspired EM contagion persists, the 10-year UST bond yield is likely to stay shy of the 3% handle and the bias is for the curve to remain flat. The gap between the 3-month LIBOR and the 2-year UST bond yield is only around 31bps, so the upcoming 25bp FOMC rate hike is likely to pressure the latter again. 2.82-3.97% range.	→

		SG: Both the 3-month SIBOR and SOR are currently trading around 1.63%-1.65% and are expected to gradually rise towards the 1.8% handle by year-end. Note that the MAS core inflation has accelerated to 1.9% yoy in July, and may cross the 2% handle by August. This implies that the window for MAS to further gradually tighten its S$NEER policy stance remains open at the October MPS. There is also a 15-year SGS re-opening on 1 October, with the size announcement on 19 September and auction on 26 September. This may offer an opportunity for the longer-tenor bond yields to rise from its 3.5 month lows and the 2-10 year SGS yield curve to steepen slightly from its current 50bps (YTD range: 35-78bps). There may be another optional mini-auction on 1 November as well, which will be another SGS bond re-opening with the tenor to be announced.	→

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Commodities	**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.	Sustained concerns over oversupplies into 2H18 amid fresh trade war concerns dragged growth-related commodities lower in the recent month. Since the start of July, WTI has fallen over 10% into the first week of August, while Brent fell 9.5% in tandem over the same period. OPEC's oil production rose for its third straight month into June, led by Saudi Arabia. US oil production also gained starkly to 11.0 million bpd, underpinning stronger supplies to-date.	↓
	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.	The mix of dollar strength and lacklustre gold demand were key reasons for lower yellow metal prices into mid-August, noting physical and ETF gold demand tapered lower in the second quarter of the year. Gold prices can quickly swing north should an escalation of trade war risks spark recessionary fears, though it remains to be seen if tariff threats may be carried out in full.	→
	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.	US-based weather experts cite a 60-70% chance of an El Nino weather pattern emerging into the fourth quarter of 2018. Despite that, crude palm oil prices have failed to rally in the same fashion seen in past El Nino weathers as palm oil demand remained weak to-date. Palm oil futures could likely see little upside impact from the weather extremity into end 3Q18 as demand stays weak.	→

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Credit	10-yr US Treasuries hit 3.00% on 1 August on the back of US government's intention to increase borrowing from the bond market and US jobs data beating estimates. Subsequently, yields came down steadily by 8bps, largely due to trade tensions between the US and China, the US and Turkey. With longer term yields coming down more quickly, the trend of an overall flattening yield curve persists. In the Asian dollar space, overall market sentiment seems to have improved. The volume of bonds issued in August came close with that of 2017's for the first time since April this year with most issuances coming out of China. Going forward, we expect greater bond supply in September as the 2018 issuance window closes and ahead of Chinese holidays at the start of October. While this represents buying opportunities for investors, it may add pressure to the trading levels of secondary bonds.	**IG Pick: SPOST 4.25%-PERPc22s (Offer YTC 3.17%):** Singapore Post Ltd ("SPOST") (Issuer profile: Positive (2)) is the incumbent mail operator in Singapore. Through Singapore Telecom Ltd and a few other corporations, Temasek Holdings has an indirect ownership of ~22% and Alibaba Group Holdings is the 2nd largest shareholder with ~14% of SPOST. Having displayed strong credit fundamentals in 2Q2018 – net cash position, we think this will provide greater value than companies with a similar issuer profile.	↑

	House View	Trading Views	
	Despite general sentiment improving (movement in the Bloomberg Barclays Asia USD High Yield Bond Index Average Option Spread was much more muted relative to last month with an average of 480bps and fluctuations within 24bps), we continue to see a dispersion in demand for high yield and investment grade credit. The average option spread for USD investment grade bond was relatively stable with changes within 3bps at an average 139bps (5bps lower than July's average). This was highlighted by the strong demand for Singapore Telecommunications Ltd's USD500mn 3.875% 10yr notes that attracted USD2.85bn in orders or was ~5.7x oversubscribed. Conversely, Indonesian Property developer PT Intiland Development delayed its 11.5% debut USD bond due to weak market reception. We saw activity in the SGD primary market space pick up slightly with six corporate issuers – CapitaMall Trust, Mapletree Treasury Services, Perennial Real Estate Holdings, China Aoyuan Property Group Ltd (a first time issuer in the SGD space), RCS Trust and Overseas-Chinese Banking Corp, issuing a total of SGD1.9bn bond. Reportedly, CITIC Envirotech Ltd is seeking to raise either a USD or SGD perpetual and has arranged for investor meetings. Overall, we advocate that investors go for quality by selecting on names with stronger credit fundamentals – moderately leveraged balance sheets, adequate liquidity. Recent SGD issuances seem to offer attractive premium and performed well in the market as they trade above par – namely, PREHSP 5.95 '20s and CAPITA 3.2 '25s.	**HY Pan: CENCHI 6.25% 02/05/20 (Offer YTM 6.25%):** Central China Real Estate Ltd ("CENCHI") (Issuer profile: Unrated) is a Chinese property developer focused on the Henan Province. The second largest shareholder of CENCHI is CapitaLand who now holds ~22%-stake in the company. CENCHI's 1H2018 reported EBITDA was up 24.6% y/y to RMB1.4bn and the company has achieved 56.3% of its full year targeted contracted sales (RMB25.3bn out of RMB45.0bn). Reported net gearing (without restricted cash) was lower at 0.7x (30 June 2017: 0.8x). While credit profile appears stable, we think there is better value elsewhere within similarly rated China property sector space.	↓

Macroeconomic Views

	House View	Key Themes
US	FOMC is primed to hike on 27 Sep, and the market pricing of a Dec hike has risen to around 61% probability. GDP growth remains resilient despite the ongoing trade spats and ahead of mid-term elections in Nov.	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.
EU	ECB will end asset purchases by end-2018, but will hesitate to signal any rate hikes before summer of 2019. Italy risks have resurfaced again,	Euro-area inflation decelerated to 2% yoy in August (July: 2.1%), which reinforces the ECB's reluctance to commit to a pre-emptive rate hike schedule for now. ECB president Draghi's 8-year term will also end in October 2019, so the exact rate trajectory may be passed to his successor. Note also that Italian risks have resurfaced after Fitch affirmed its BBB rating but revised the outlook to negative, citing that a "degree of fiscal loosening" ahead of its 2019 budget submission to the European Commission in mid-October. Meanwhile, UK PM May has dismissed a second referendum on Brexit as "a gross betrayal of our democracy" and reiterated that exit will happen by 29 March 2019.
Japan	BOJ had 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".	Capex spending rose 12.8% in 2Q, the most since 2007 and compared to 3.4% in 1Q18, amid strong global demand, record corporate profits and a tight labour market. This could pose an upside revision risk to the initial 1.9% annualised qoq estimate. Finance Minister Aso also opined that rising wages will help spur consumption, whilst PM Abe reportedly said that "we must accomplish this by all means" to proceed to raise the sales tax as scheduled from 8% to 10% in October 2019.
Singapore	Our baseline is for 3% 2018 growth . 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.	Singapore's manufacturing and electronics PMIs both improved in August to 52.6 (+0.3 points) and 52.0 (+0.4 points), and marked the 24th and 25th consecutive month of expansions. This suggests that the domestic manufacturing momentum is withstanding the deterioration in the external economic environment due to the US-Sino trade war relatively well, and the broadening of manufacturing drivers beyond electronics to pharmaceuticals, especially in the run-up to the traditional Christmas season. Our manufacturing growth forecast for 3Q18 is 3.9% yoy, which is a moderation from the double-digit growth seen in 1H18. Still our full-year manufacturing growth forecast is at 7.0% yoy. Even with services growth likely to sustain at 2+% yoy in 2H18, top-line GDP growth is tipped to ease from the 3.9% yoy seen in 2Q18 to around 2.3% yoy in 3Q18.
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 6.00% by year end.	BI raised the benchmark rate by 25bps in August and therefore bringing it to 5.50%. This rate hike came as the IDR continues to remain under pressure in August amid the Turkish Lira meltdown, ongoing trade tensions and US interest rate normalization. Meanwhile, 2Q 2018 GDP growth surprised on the upside coming out 5.3% yoy as private consumption finally ticked above the 5.0% mark to come out at 5.1% and government consumption grew at 5.3% yoy. Investment growth remained strong at 5.9% yoy. However for the rest of this year, this momentum may not sustain given the historical volatility of government expenditure and the various pressure points on consumption such as rising interest rates and a weaker IDR.

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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 6.6% in 2018 due to rising uncertainty as a result of US-China trade war and looming financial risk.	China continued to pump liquidity into the system in August via 1-year MLF as well as reverse repo. This drove China's short term rates to fall below US's rates in similar tenor in early August. Meanwhile, China is also instructing banks not to withdraw the credit support to corporate facing operating difficulty to channel more liquidity from money market to credit market. As a result of China's easing monetary policy, RMB continued to weaken due to narrowing interest rate differential. Since early August, China has rolled out a number of counter cyclical measures including 20% reserve on long dollar forward position and the resumption of counter cyclical factor in daily RMB fixing to support RMB. The line in the sands has been clearer and we expect the USDCNY to stay below 7. It seems China is trying to achieve an ambitious balance to keep liquidity flushed while maintaining currency stability. We doubt this will be a sustainable balance in the medium term. To some extent, China may have to give up one parameter. Watch out for whether the PBoC will follow the Fed to hike its money market rate in September to further support RMB. Other than monetary policy, fiscal policy was back to the centre stage as China plans to accelerate its funding support to local government debt issuance via both supply side and demand side measures. Meanwhile, China also approved the individual income tax reform to lower the tax burden for normal working class to boost the domestic consumption.
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 two downside risks including global monetary tightening and the prolonged trade war. Should trade war escalate, the possibility of GDP showing a slower growth of 3.2% cannot be ruled out. 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.	GDP growth decelerated from 4.6% yoy in 1Q18 to 3.5% yoy in 2Q18. We expect economic growth to slow down further in 2H18 as trade war concerns and global monetary tightening may prompt capital outflows, push up local rates and dent business as well as consumer sentiments. Elsewhere, the HKMA defended the currency peg system again and reduced the aggregate balance by 30.3% in Aug to HK$76.35 billion. In the absence of mega IPOs, ample front-end liquidity is expected to sustain. This combined with Fed's possible rate hike in Sep may raise speculation on a wider US-HK yield differential and further boost carry trade activities. On a positive note, HK's strong fundamentals would help to ease capital outflow pressure. Further decline in aggregate balance combined with quarter-end effect may also make short HKD traders cautious. We expect HIBOR to edge up only moderately with 1M HIBOR to touch 1.8% while aggregate balance may hold above HK$50 billion by end of Sep. Still, given the strong growth of HKD fixed deposits (+14.2% yoy in July) and the expected uptrend of HIBOR, banks' funding costs may increase gradually and intensify the pressures on net interest margin. As such, we believe that banks will raise prime rate by 25bps this year.
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 growth will slow down in 2H18 and print 5%-7% for 2018.	GDP expanded for the eighth consecutive quarter, but at the slowest pace since 3Q16 by 6% yoy in 2Q18. Growth may decelerate further in 2H18 given three major downward risks. First, due to high base effect and the gradual completion of mega projects, private investment may remain subdued. Second, a stronger MOP combined with Asia's muted economic outlook on trade war concerns will likely decelerate the growth of exports of goods and services. Third, higher interest rates and bearish stock market could dent business and consumer sentiments. On a positive note, strong infrastructure investment may help to offset some downward risks to economic growth. Besides, the upcoming completion of HK-Zhuhai-Macau Bridge may lend some support to the tourism and gaming sectors.

	House View	Key Themes
Malaysia	Following a subdued 2Q 2018 growth at 4.5% yoy, we are now looking to lower our growth forecast for 2018 to the range of 4.8% - 5.1%. Our 2019 growth forecast still stands at 5.0% yoy. On the interest rate front, we also do not expect BNM to further raise the OPR this year as they continue to remain cautious and monitor the economy for the rest of this year.	2Q 2018 growth came out rather subdued at 4.5% yoy. This was mainly due to supply disruptions in the LNG and agricultural sector. Private consumption growth came out strong as expected at 8.0% yoy due to the tax holiday and government handouts. Investment growth also came out strong at 6.1% yoy as signs of concerns towards policy uncertainty does not seem to immediately visible at the moment. Going forward, growth should pick up in 3Q 2018 as a result of continued strong private consumption growth as the tax holiday period comes to an end. However, we expect growth to slowdown in 4Q 2018. Meanwhile, Finance Minister Lim Guan Eng has mentioned that the government will not be able to achieve a balanced budget in the next few years as he cited the RM1 trillion debt and salaries and pensions costs as reasons for the government being unable to do so.
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 upgrade our growth outlook to 4.4% while keeping inflation at 1.4%, respectively. We pencil BOT rate hike to 1.75% (+25bps) into 4Q18.	Thailand's GDP grew at a strong 4.8% y/y in the first half of 2018, a pace much higher than Bank of Thailand's 4.4% full-year target. Growth was underpinned by the acceleration in private consumption expenditure, external demand and investment. Private consumption grew 4.5% in 2Q18, the fastest growth pace since 1Q13. Elsewhere, gross fixed capital formation expanded 3.6%, marking the fastest pace since 1Q16. **We opine that Thailand's growth may likely slow into 2H18** given a higher 2H17 growth base amid potential negative knock-on growth effect should trade tensions intensify.
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.	Further disappointment in Korea's exports (+6.2% y/y in July vs market estimate of 7.4%) coupled with falling manufacturing PMI print over the same period does paint a relatively bleak outlook for S. Korea. 2Q18 GDP growth came in at 2.9% y/y, in line with BOK's full-year growth outlook of 2.9%. Korea's export and manufacturing sectors are closely reliant on Chinese import demand, in which further trade escalation could further limit Korea's overall growth prospect.
PH	The BSP looks to remain on a hawkish trajectory, especially with inflation still not under control. PHP depreciation may continue apace amid EM jitters.	With inflation reaching new highs on a monthly basis (July print at 6.4% yoy), we continue to see rate hike expectations pick up further, with another 50 bps hike in the Sep meeting more than likely. Overseas remittances continue to look weak, adding further pressure on the current account and the PHP.
Myanmar	Retain a general sense of optimism around Myanmar. Keep close watch on legislative and reform developments to find opportunities.	Manufacturing climate continues to deteriorate in August, with PMI print falling further to 46.4 compared to 47.9 in July. A lack of demand in new orders and supply-side issues conspired to push manufacturing conditions to a new low. Nevertheless, business optimism on future orders rose, highlighting the better prospects for Myanmar in the longer term.

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	2.80%	2.90%	3.50%	3.85%
1-year swap rate	2.70%	2.85%	3.55%	3.90%
2-year swap rate	2.85%	2.95%	3.60%	4.00%
3-year swap rate	2.93%	2.97%	3.65%	4.10%
5-year swap rate	2.95%	3.00%	3.72%	4.20%
10-year swap rate	3.00%	3.10%	3.83%	4.35%
15-year swap rate	3.05%	3.13%	3.85%	4.37%
20-year swap rate	3.06%	3.15%	3.87%	4.40%
30-year swap rate	3.07%	3.18%	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	1.66%	1.74%	2.30%	2.83%
3-month SIBOR	1.67%	1.75%	2.33%	2.85%
3-month SOR	1.70%	1.76%	2.35%	2.87%
6-month SIBOR	1.80%	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	2.05%	2.14%	2.85%	3.20%
3-year swap rate	2.10%	2.29%	2.90%	3.26%
5-year swap rate	2.25%	2.33%	3.00%	3.38%
10-year swap rate	2.51%	2.56%	3.22%	3.65%
15-year swap rate	2.80%	2.93%	3.30%	3.70%
20-year swap rate	2.85%	2.95%	3.37%	3.76%
30-year swap rate	2.90%	3.00%	3.49%	3.84%
Malaysia	**3Q18**	**4Q18**	**2019**	**2020**
OPR	3.25%	3.25%	3.50%	3.50%
1-month KLIBOR	3.45%	3.47%	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%	3.95%	3.98%	4.05%
1-year swap rate	3.72%	3.74%	3.90%	4.02%
2-year swap rate	3.75%	3.78%	3.96%	4.10%
3-year swap rate	3.78%	3.81%	4.09%	4.17%
5-year swap rate	3.88%	3.90%	4.20%	4.35%
10-year swap rate	4.22%	4.24%	4.50%	4.67%
15-year swap rate	4.43%	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	2.80%	2.95%	3.43%	3.90%
10-year UST bond yield	2.90%	3.05%	3.60%	4.10%
30-year UST bond yield	3.05%	3.15%	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	2.20%	2.25%	2.75%	3.08%
10-year SGS yield	2.45%	2.50%	2.95%	3.30%
15-year SGS yield	2.75%	2.87%	3.15%	3.40%
20-year SGS yield	2.80%	2.90%	3.25%	3.50%
30-year SGS yield	2.85%	2.95%	3.35%	3.60%
MGS forecast	**3Q18**	**4Q18**	**2019**	**2020**
6-month yield	3.33%	3.35%	3.47%	3.50%
5-year MGS yield	3.79%	3.83%	4.03%	4.13%
10-year MGS yield	4.14%	4.18%	4.38%	4.48%

FX	Spot	3Q18	4Q18	1Q19	2Q19
USD-JPY	110.90	111.39	112.24	112.70	112.93
EUR-USD	1.1610	1.1523	1.1480	1.1660	1.1849
GBP-USD	1.2931	1.2738	1.2555	1.2524	1.2612
AUD-USD	0.7195	0.7119	0.7042	0.6988	0.6942
NZD-USD	0.6611	0.6542	0.6459	0.6389	0.6317
USD-CAD	1.3056	1.2935	1.3055	1.3175	1.3295
USD-CHF	0.9694	0.9766	0.9824	0.9763	0.9593
USD-SGD	1.37	1.3781	1.3828	1.3862	1.391
USD-CNY	6.8353	6.8592	6.8710	6.8195	6.8111
USD-THB	32.70	32.87	33.14	33.33	33.5
USD-IDR	14782	14850	14913	14964	15016
USD-MYR	4.1235	4.1415	4.1689	4.1806	4.1922
USD-KRW	1110.35	1102.30	1121.11	1128.94	1136.78
USD-TWD	30.706	30.620	30.820	30.950	31.103
USD-HKD	7.8496	7.8500	7.8494	7.8478	7.8461
USD-PHP	53.49	53.67	53.90	54.12	54.35
USD-INR	70.78	71.30	71.87	72.16	72.45
EUR-JPY	128.76	128.35	128.85	131.41	133.81
EUR-GBP	0.8979	0.9046	0.9144	0.9310	0.9395
EUR-CHF	1.1256	1.1253	1.1278	1.1384	1.1367
EUR-SGD	1.5906	1.5880	1.5874	1.6163	1.6482
GBP-SGD	1.7716	1.7554	1.7360	1.7361	1.7543
AUD-SGD	0.9858	0.9811	0.9737	0.9687	0.9656
NZD-SGD	0.9057	0.9016	0.8931	0.8856	0.8787
CHF-SGD	1.4132	1.4111	1.4075	1.4198	1.45
JPY-SGD	1.2353	1.2372	1.2320	1.2300	1.2317
SGD-MYR	3.0102	3.0052	3.0149	3.0158	3.0138
SGD-CNY	4.9889	4.9773	4.9690	4.9195	4.8965

Macroeconomic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
09/03/2018 09:45	CH	Caixin China PMI Mfg	Aug	50.6	--	50.8	--
09/03/2018 11:00	TH	CPI YoY	Aug	--	--	1.46%	--
09/04/2018 07:00	SK	GDP YoY	2Q F	--	--	2.90%	--
09/04/2018 07:00	SK	CPI YoY	Aug	--	--	1.50%	--
09/04/2018 12:30	AU	RBA Cash Rate Target	Sep-04	1.50%	--	1.50%	--
09/05/2018 09:30	AU	GDP SA QoQ	2Q	--	--	1.00%	--
09/05/2018 15:00	MA	BNM Overnight Policy Rate	Sep-05	--	--	3.25%	--
09/05/2018 16:00	TA	CPI YoY	Aug	--	--	1.75%	--
09/05/2018 22:00	CA	Bank of Canada Rate Decision	Sep-05	1.50%	--	1.50%	--
09/06/2018 14:00	GE	Factory Orders MoM	Jul	--	--	-4.00%	--
09/06/2018 20:30	US	Initial Jobless Claims	Sep-01	--	--	--	--
09/06/2018 22:00	US	Durable Goods Orders	Jul F	--	--	-1.70%	--
09/07/2018 14:00	GE	Industrial Production SA MoM	Jul	--	--	-0.90%	--
09/07/2018 17:00	EC	GDP SA QoQ	2Q F	--	--	0.40%	--
09/07/2018 17:00	EC	GDP SA YoY	2Q F	--	--	2.20%	--
09/07/2018 20:30	US	Change in Nonfarm Payrolls	Aug	192k	--	157k	--
09/07/2018 20:30	CA	Unemployment Rate	Aug	5.90%	--	5.80%	--
09/10/2018 07:50	JN	GDP SA QoQ	2Q F	--	--	0.50%	--
09/10/2018 07:50	JN	BoP Current Account Balance	Jul	--	--	¥1175.6b	--
09/10/2018 09:30	CH	CPI YoY	Aug	--	--	2.10%	--
09/10/2018 16:30	UK	Industrial Production MoM	Jul	--	--	0.40%	--
09/11/2018 16:30	UK	Jobless Claims Change	Aug	--	--	6.2k	--
09/13/2018 07:50	JN	PPI YoY	Aug	--	--	3.10%	--
09/13/2018 07:50	JN	Core Machine Orders MoM	Jul	--	--	-8.80%	--
09/13/2018 09:30	AU	Employment Change	Aug	--	--	-3.9k	--
09/13/2018 09:30	AU	Unemployment Rate	Aug	--	--	5.30%	--
09/13/2018 14:45	FR	CPI YoY	Aug F	--	--	--	--
09/13/2018 19:00	UK	Bank of England Bank Rate	Sep-13	--	--	0.75%	--
09/13/2018 19:45	EC	ECB Main Refinancing Rate	Sep-13	--	--	0.00%	--
09/13/2018 20:30	US	CPI MoM	Aug	--	--	0.20%	--
09/13/2018 20:30	US	Initial Jobless Claims	Sep-08	--	--	--	--
09/14/2018 12:30	JN	Industrial Production MoM	Jul F	--	--	--	--
09/14/2018 20:30	US	Retail Sales Advance MoM	Aug	--	--	0.50%	--
09/14/2018 22:00	US	U. of Mich. Sentiment	Sep P	--	--	--	--
09/17/2018 08:30	SI	Non-oil Domestic Exports YoY	Aug	--	--	11.80%	--
09/17/2018 17:00	EC	CPI YoY	Aug F	--	--	2.10%	2.10%
09/19/2018 15:05	TH	BoT Benchmark Interest Rate	Sep-19	1.50%	--	1.50%	--
09/19/2018 16:30	UK	CPI YoY	Aug	--	--	2.50%	--
09/19/2018 16:30	UK	CPI Core YoY	Aug	--	--	1.90%	--
09/19/2018 19:00	US	MBA Mortgage Applications	Sep-14	--	--	--	--
09/20/2018 06:45	NZ	GDP SA QoQ	2Q	--	--	0.50%	--
09/20/2018 20:30	US	Initial Jobless Claims	Sep-15	--	--	--	--
09/21/2018 20:30	CA	CPI YoY	Aug	--	--	3.00%	--
09/24/2018 13:00	SI	CPI YoY	Aug	--	--	0.60%	--
09/24/2018 16:00	GE	IFO Business Climate	Sep	--	--	103.8	--
09/27/2018 02:00	US	FOMC Rate Decision (Upper Bound)	Sep-26	2.25%	--	2.00%	--
09/27/2018 05:00	NZ	RBNZ Official Cash Rate	Sep-27	1.75%	--	1.75%	--
09/27/2018 16:00	PH	BSP Overnight Borrowing Rate	Sep-27	--	--	4.00%	--
09/27/2018 20:30	US	GDP Annualized QoQ	2Q T	--	--	--	--
09/27/2018 20:30	US	Initial Jobless Claims	Sep-22	--	--	--	--
09/28/2018 07:30	JN	Jobless Rate	Aug	--	--	--	--
09/28/2018 09:45	CH	Caixin China PMI Mfg	Sep	--	--	--	--
09/28/2018 16:30	UK	GDP QoQ	2Q F	--	--	0.40%	--
09/28/2018 16:30	UK	GDP YoY	2Q F	--	--	1.30%	--
09/28/2018 22:00	US	U. of Mich. Sentiment	Sep F	--	--	--	--

Source: Bloomberg

OCBC Treasury Research	
Macro Research	**Credit Research**
Selena Ling	**Andrew Wong**
LingSSSelena@ocbc.com	WongVKAM@ocbc.com
Emmanuel Ng	**Ezien Hoo**
NgCYEmmanuel@ocbc.com	EzienHoo@ocbc.com
Tommy Xie Dongming	**Wong Hong Wei**
XieD@ocbc.com	WongHongWei@ocbc.com
Barnabas Gan	**Seow Zhi Qi**
BarnabasGan@ocbc.com	ZhiQiSeow@ocbc.com
Terence Wu	
TerenceWu@ocbc.com	
Alan Lau	
AlanLau@ocbc.com	