

Highlights

Global	It was great, while it lasted. Markets were initially rather euphoric when the ECB surprised with an announcement that it will increase its bond purchase program by EUR20bn a month to EUR80bn and to include corporate bond purchases in the scheme as well. On top of that, the central bank announced cuts to all its key rates, including bringing the deposit rate more deeply into the negative territory of -0.4%. EUR weakened upon the news, by as much as 1.3% against USD initially. Alas, it did not last, as it surged back up to near 1.12 region soon after. Why the dramatic reversal? What happened was that President Mario Draghi suggested in his press conference thereafter that the ECB would not make any deeper cuts to the negative deposit rates. This led to market concerns that, as much as it over-delivered yesterday in terms of current easing stance, the ECB's ammunition going forward is getting more and more constrained.
US	US markets ignored ECB's announcement of fresh stimulus to close lower on Thursday. Dow -0.03%, S&P500 +0.02%, Nasdaq -0.26%. VIX -1.58% to 18.05. UST bonds slipped as well, with 2- and 10-year bonds closing lower to 0.93% and 1.93% respectively.
S'pore	The STI was largely flat, losing a mere 1.3 points to close 2,809.12 yesterday. Key gainers included Golden Agri-Resources (+6.58%), Hongkong Land Holdings (+2.66%) and Hutchison Port Holdings Trust (+2.06%), though the loss seen in Noble Group (-2.3%) and rig builders like Keppel (-1.67%) and Sembcorp Ind (-1.31%) limited the overall gains. For today, do expect the STI to consolidate around the 2,800 levels as market-watchers digest ECB Draghi's comments made last night.
China	CPI rose at the fastest pace in the past 19 months, surging by +2.3% yoy (est. 1.9%) in February. However, the data was distorted as costs of food surged amid the Lunar New Year Holidays and cold weather. Notably, last month's unexpected adjustment to the weights of the CPI categories by the National Bureau of Statistics did not translate into a dissipating impact of volatile food costs on the country's consumer price. Still, we expect China's inflation to remain below the 3% target this year. On the other hand, PPI extended its decline, falling 4.9% yoy. Deflationary pressures and overcapacity are expected to continue weighing on company profitability, decreasing the corporate sector's ability to pay down mounting debts.
Indo-nesia	The parliament's financial commission is said to be finalizing a safety net bill that would provide a legal umbrella for bank rescues in times of financial emergency, in talks involving the central bank, finance ministry and regulator OJK.
Commo-dities	Brent seemed to find some interim support at \$40/bbl, with WTI trailing a mere \$2/bbl behind its costlier cousin. Aside, a weaker greenback, led by the sudden surge in EURUSD after Draghi's closely watched comment that further reduction of rates is not anticipated at this juncture, had left gold higher to \$1,272.8/oz (+1.22%) yesterday.

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Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-steepened yesterday, with the short-end rates trading 3bps-7pbs lower while the very long-end of the curve traded 19bps higher. In the broader dollar space, JACI IG corporates spread was level at 240bps, while the yield on the JACI HY corporates fell by 6bps to 7.96%. 10y UST yield increased by 6bps to 1.9323%.
- **New Issues:** BOCOM has scheduled for investor meetings today for a potential USD bond issue. The notes will be issued by Azure Orbit III International Finance Ltd, but guaranteed by BOCOM's Macau Branch. The issue is expected to be rated "NR/A2/A-". Perennial Real Estate Holdings Ltd ("PREH") priced a SGD125mn 3-year bond at 4.9%, tightening from an initial guidance of 5%. The issue is not rated. OCBC Bank priced a senior unsecured AUD300mn 4-year bond at MS+120bps, tightening from an initial guidance of MS+123bps. AusNet Services priced a USD375mn 60NC5.5 bond at 5.75%, tightening from an initial guidance of 5.875%. The structure of the bond is similar to the recent issue in SGD, and has an expected rating of "BBB/Baa2/NR"
- **Rating Changes:** S&P downgraded Parkson Retail Group, a China-based department store operator, to "B" from "BB-". S&P expects Parkson's financial leverage to remain high after a significant increase due to weak operating cash flow generation, and does not expect an improvement in the next 12 months. Outlook is negative.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.066	-1.14%	USD-SGD	1.3805	-0.14%
USD-JPY	113.190	-0.14%	EUR-SGD	1.5431	1.47%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2189	-0.08%
AUD-USD	0.7454	-0.43%	GBP-SGD	1.9715	0.30%
GBP-USD	1.4281	0.45%	AUD-SGD	1.0291	-0.57%
USD-MYR	4.0960	-0.73%	NZD-SGD	0.9205	0.05%
USD-CNY	6.5085	-0.07%	CHF-SGD	1.4017	1.12%
USD-IDR	13052	-0.80%	SGD-MYR	2.9669	-0.54%
USD-VND	22279	-0.06%	SGD-CNY	4.7165	0.02%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2910	--	O/N	0.3720	--
2M	-0.2540	--	1M	0.4380	--
3M	-0.2240	--	2M	0.5210	--
6M	-0.1390	--	3M	0.6346	--
9M	-0.0810	--	6M	0.8984	--
12M	-0.0230	--	12M	1.2090	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.68	-7.80	3.13
Italy	-0.05	1.80	1.46
Ireland	-0.27	6.80	0.95
Greece*	9.18	-62.00	9.13
Spain	0.02	2.60	1.59
Russia^	3.41	-2.90	5.69

* Greece's bond yields data reflect 3-year (instead of 2-year) tenor

^ Russia's bond yields data reflects 3-year and 15-year tenors instead

Equity and Commodity

Index	Value	Net change
DJIA	16,995.13	-5.20
S&P	1,989.57	0.30
Nasdaq	4,662.16	-12.20
Nikkei 225	16,852.35	210.10
STI	2,809.12	-1.30
KLCI	1,690.91	4.60
JCI	4,793.20	-17.80
Baltic Dry	384.00	8.00
VIX	18.05	-0.30

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.01 (-0.01)	0.93 (+0.04)
5Y	1.72 (-0.02)	1.45 (+0.06)
10Y	2.09 (-)	1.93 (+0.06)
15Y	2.47 (+0.01)	--
20Y	2.55 (+0.02)	--
30Y	2.72 (+0.04)	2.69 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.16	-0.01
EURIBOR-OIS	11.20	-2.10
TED	32.21	-1.24

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	37.84	-1.18%	Coffee (per lb)	1.206	-0.21%
Brent (per barrel)	40.05	-2.48%	Cotton (per lb)	0.5683	0.42%
Heating Oil (per gallon)	1.216	-1.35%	Sugar (per lb)	0.1482	1.30%
Gasoline (per gallon)	1.44	-2.14%	Orange Juice (per lb)	1.1970	-2.56%
Natural Gas (per MMBtu)	1.788	2.05%	Cocoa (per mt)	3,031	0.83%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,890.0	-0.91%	Wheat (per bushel)	4.7150	1.67%
Nickel (per mt)	8,726	-1.52%	Soybean (per bushel)	8.818	0.20%
Aluminium (per mt)	1,549.8	-1.43%	Corn (per bushel)	3.6250	0.97%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,272.8	1.22%	Crude Palm Oil (MYR/MT)	2,489.0	-1.15%
Silver (per oz)	15.546	1.24%	Rubber (JPY/KG)	160.4	0.88%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
03/10/2016 04:00	NZ RBNZ Official Cash Rate	Mar-10	2.50%	2.25%	2.50%	--
03/10/2016 07:50	JN Foreign Buying Japan Stocks	Mar-04	--	¥138.5b	¥1015.9b	¥1015.8b
03/10/2016 07:50	JN PPI MoM	Feb	-0.30%	-0.20%	-0.90%	-1.00%
03/10/2016 07:50	JN PPI YoY	Feb	-3.40%	-3.40%	-3.10%	-3.20%
03/10/2016 08:01	UK RICS House Price Balance	Feb	50%	50%	49%	48%
03/10/2016 08:59	SK BoK 7-Day Repo Rate	Mar-10	1.50%	1.50%	1.50%	--
03/10/2016 09:00	PH Exports YoY	Jan	0.40%	-3.90%	-3.00%	--
03/10/2016 09:30	CH CPI YoY	Feb	1.80%	2.30%	1.80%	--
03/10/2016 09:30	CH PPI YoY	Feb	-4.90%	-4.90%	-5.30%	--
03/10/2016 13:00	IN Local Car Sales	Feb	--	164469	168303	--
03/10/2016 14:30	FR Non-Farm Payrolls QoQ	4Q F	0.20%	0.20%	0.20%	--
03/10/2016 15:00	GE Trade Balance	Jan	17.0b	13.6b	18.8b	19.0b
03/10/2016 15:00	GE Current Account Balance	Jan	17.0b	13.2b	25.6b	26.3b
03/10/2016 15:00	GE Exports SA MoM	Jan	0.80%	-0.50%	-1.60%	-0.70%
03/10/2016 15:00	GE Imports SA MoM	Jan	0.80%	1.20%	-1.60%	--
03/10/2016 15:45	FR Industrial Production MoM	Jan	0.80%	1.30%	-1.60%	-0.60%
03/10/2016 15:45	FR Industrial Production YoY	Jan	0.10%	2.00%	-0.70%	-0.20%
03/10/2016 15:45	FR Manufacturing Production MoM	Jan	0.50%	0.80%	-0.80%	0.00%
03/10/2016 15:45	FR Manufacturing Production YoY	Jan	1.30%	2.80%	0.50%	0.80%
03/10/2016 17:00	IT Unemployment Rate Quarterly	4Q	11.50%	11.50%	11.70%	11.50%
03/10/2016 20:45	EC ECB Main Refinancing Rate	Mar-10	0.05%	0.00%	0.05%	--
03/10/2016 20:45	EC ECB Deposit Facility Rate	Mar-10	-0.40%	-0.40%	-0.30%	--
03/10/2016 20:45	EC ECB Marginal Lending Facility	Mar-10	0.30%	0.25%	0.30%	--
03/10/2016 21:30	CA Capacity Utilization Rate	4Q	81.70%	81.10%	82.00%	81.60%
03/10/2016 21:30	US Initial Jobless Claims	Mar-05	275k	259k	278k	277k
03/10/2016 21:30	CA New Housing Price Index MoM	Jan	0.20%	0.10%	0.10%	--
03/10/2016 21:30	US Continuing Claims	Feb-27	2250k	2225k	2257k	--
03/10/2016 22:45	US Bloomberg Consumer Comfort	Mar-06	--	43.8	43.6	--
03/11/2016 03:00	US Monthly Budget Statement	Feb	-\$196.3b	-\$192.6b	-\$192.4b	--
03/11/2016 05:30	NZ BusinessNZ Manufacturing PMI	Feb	--	56	57.9	58
03/11/2016 05:45	NZ Food Prices MoM	Feb	--	-0.60%	2.00%	--
03/11/2016 07:32	NZ REINZ House Sales YoY	Feb	--	5.70%	4.30%	--
03/11/2016 12:00	MA Industrial Production YoY	Jan	2.10%	--	2.70%	--
03/11/2016 15:00	GE CPI MoM	Feb F	0.40%	--	0.40%	--
03/11/2016 15:00	GE CPI YoY	Feb F	0.00%	--	0.00%	--
03/11/2016 15:00	GE CPI EU Harmonized MoM	Feb F	0.40%	--	0.40%	--
03/11/2016 15:00	GE CPI EU Harmonized YoY	Feb F	-0.20%	--	-0.20%	--
03/11/2016 15:30	TH Foreign Reserves	Mar-04	--	--	\$167.7b	--
03/11/2016 17:00	IT Industrial Production MoM	Jan	0.70%	--	-0.70%	--
03/11/2016 17:00	IT Industrial Production WDA YoY	Jan	--	--	-1.00%	--
03/11/2016 17:00	IT Industrial Production NSA YoY	Jan	--	--	2.10%	--
03/11/2016 17:30	UK Visible Trade Balance GBP/Mn	Jan	-£10,300	--	-£9,917	--
03/11/2016 17:30	UK Trade Balance Non EU GBP/Mn	Jan	-£2,650	--	-£2,357	--
03/11/2016 17:30	UK Trade Balance	Jan	-£3,000	--	-£2,709	--
03/11/2016 20:00	IN Industrial Production YoY	Jan	-0.50%	--	-1.30%	--
03/11/2016 21:30	CA Unemployment Rate	Feb	7.20%	--	7.20%	--
03/11/2016 21:30	US Import Price Index MoM	Feb	-0.70%	--	-1.10%	--
03/11/2016 21:30	CA Net Change in Employment	Feb	10.0k	--	-5.7k	--
03/11/2016 03/18	PH Budget Balance PHP	Dec	--	--	6.0b	--
03/10/2016 03/15	CH New Yuan Loans CNY	Feb	1200.0b	--	2510.0b	--
03/10/2016 03/15	CH Money Supply M1 YoY	Feb	18.90%	--	18.60%	--
03/10/2016 03/15	CH Money Supply M2 YoY	Feb	13.70%	--	14.00%	--
03/10/2016 03/20	ID Local Auto Sales	Feb	--	--	84885	--
03/10/2016 03/15	IN Imports YoY	Feb	--	--	-11.00%	--
03/10/2016 03/15	IN Exports YoY	Feb	--	--	-13.60%	--

Source: Bloomberg

OCBC Treasury Research		
<u>Macro Research</u> Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Wellian Wiranto WellianWiranto@ocbc.com Tommy Xie Dongming XieD@ocbc.com Barnabas Gan BarnabasGan@ocbc.com	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Koh Jun Ming, Nicholas NicholasKoh@ocbc.com	<u>Wing Hang</u> Kam Liu kamyliu@ocbcwh.com Carie Li carierli@ocbcwh.com

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