

## Highlights

|                  |   |
|------------------|---|
| <b>Global</b>    | <p>US housing starts disappointed by falling more than expected by 8.8% mom to 1089k annual pace in March, whilst building permits also unexpectedly slid 7.7% mom to 1086k, but this did not deter Wall Street from eking out fresh gains overnight as the weaker USD aided the commodity rally amid mixed earnings results. Crude oil prices also edged higher despite news that the Kuwaiti 3-day oil strike had ended. Over in Europe, the German ZEW survey current situation gauge eased from 50.7 in March to 47.7 in April, but the expectations gauge for the next six months improved further to 11.2 (previously 4.3) as fears over China eased and suggesting that sufficient momentum remains despite the Bundesbank's earlier warning that the economy may slow this quarter after a strong 1Q16. The ECB bank lending survey also suggested that the March ECB easing had contributed to a loosening of credit conditions for businesses.</p> <p>The economic data calendar for today will focus on US' existing home sales, UK's jobless claims and ILO unemployment rate, Taiwan's March export orders and German PPI. Expect Asian markets to tread in a range today.</p> |
| <b>US</b>        | <p>The New York's 95 delegate allocation will be key to watch for the presidential race. Final RealClearPolitics average tips Hillary Clinton ahead of Bernie Sanders in the Democratic race, while Donald Trump leads the GOP race ahead of John Kasich and Ted Cruz.</p>  |
| <b>JN</b>        | <p>Exports fell 6.8% yoy whilst imports slumped for the 15<sup>th</sup> straight month by 14.9% yoy in March, bringing the trade surplus to a smaller than expected JPY755b, even as the stronger JPY was mitigated by cheaper oil imports.</p>   |
| <b>UK</b>        | <p>BOE governor Carney warned lawmakers that London's "position as the leading international financial center is undoubtedly reinforced by its membership of EU and ease of access to the euro area" and under Brexit, it "will continue, but in a different form and potentially to a different order of magnitude".</p>   |
| <b>SG</b>        | <p>The STI rallied 1.17% to close at a year-to-date high of 2951.81 yesterday, may attempt to sustain its upward trajectory amid more positive overnight cues from Wall Street and morning gains in Kospi. Meanwhile, SGS bonds may continue to trade in a tight range amid new corporate bond issues and as the 3-month SOR has settled back below the 1% handle after last Thursday's kneejerk reaction to the MAS' MPS shift to a neutral stance. Also, COE premium tender results are due later today.</p>  |
| <b>Hong Kong</b> | <p>After remaining stable for eighth straight months, March's seasonally adjusted unemployment rate increased from 3.3% to 3.4%. Increases were more visible in the construction sector and retail sector as underemployment rate increased slightly to 1.4%. Unemployment rate in the retail sector also surged to 5.1% from 4.6% in March, the highest since May 2013, as business performance in retail sales was lackluster amid shrinking tourist spending while unemployment in the trade and wholesale sector rose further to 2.9%, highest in 9 months. Looking forward, corporate hiring sentiment could remain clouded given the uncertain economic prospects and dimmer business performance. We expect employment in the retail sector to continue to face headwinds amid slackening inbound tourism while employment growth in the trade sector may also be constrained by soft external demand.</p>   |

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## Major Market

- **US:** The S&P500 and Dow continued to strengthen overnight. Sentiments appear to be increasingly optimistic due to solid earnings in selected sectors and stable crude prices post-Doha. S&P 500 (+0.31%) rose above the 2100 level to close at 2100.80. The Dow (+0.27%) built on its gains after breaking 18000 on Monday. Nasdaq (-0.40%) fell as the technology sector was dragged down by poor earnings from IBM. Meanwhile, US Treasury yields fell, with the 2-year and 10-year US Treasury bonds yielding 0.75% and 1.77% respectively. VIX (0.82%) continued to slide as volatility subsides.

## Bond Market Updates

- **Market Commentary:** The short-end rates on the SGD swap curve traded 2bps-3bps lower while the rest of the curve remained level. It is worth noting that the SGD rallied strongly against the USD, and is trading at levels stronger than prior to the surprise MAS easing. Flows in the SGD corporate space were heavy, where we saw better buyers in ABNANV 4.75%'26s, GENSSP 5.125%'49s, OLAMSP 4.25%'19s, FCLSP 4.25%'26s, NOLSP 4.25%'17s, better sellers in the UOBSP 3.5%'26s and mixed interest in the CHEUNG 5.125%'49s, TRAFIG 7.5%'49s, STANLN 4.4%'26s and GEMAU 4.75%'17s. In the broader dollar space, the spread on the JACI IG corporates tightened by 1bp to 228bps while the yield on the JACI HY corporates was level at 7.46%. 10y UST yield increased by 1bp to 1.79%.
- **New Issues:** HDB priced a SGD675mn 5-year bond at 1.75%, with an expected rating of "NR/Aaa/NR". Chexim priced a 3-tranche deal, with the USD1.25bn 5-year bond priced at CT5+85bps, the USD1bn 10-year bond priced at CT10+120bps and the EUR650mn 3-year bond priced at MS+55bps. The prices tightened from an initial guidance of CT5+100bps, CT10+135bps and MS+75bps respectively. The expected rating for the issue is "AA-/Aa3/NR". Yunan Provincial Energy Investment Group Co priced a USD300mn 3-year bond at CT3+215bps, tightening from an initial guidance of CT3+245bps. The expected rating for the issue is "BBB/NR/NR". MUFG re-tapped the market in three parts, tapping USD1bn on its 2.95%'21s at CT5+125bps, tapping USD500mn on its FRN'21s at 3mL+129bps and tapping USD500mn on its 3.85%'26s at CT10+155bps. The expected rating for the issues are "A/A1/A".
- **Rating Changes:** S&P placed Marubeni Corp's (Japan-based general trading and investment company, ) "BBB" long-term corporate credit ratings on CreditWatch with negative implications. This is in light of Marubeni cutting its net profit guidance for fiscal 2015 ended Mar 31, 2016 to JPY60bn from JPY150bn. S&P revised Shikoku Electric Power Co Inc's rating outlook to positive from stable, reflecting the company's stable earnings performance in the past two years or so and a heightened likelihood that it will resume operations of the No. 3 reactor at its Ikata nuclear power plant in 2016. Moody's downgraded the corporate family rating of Yanzhou Coal Mining Co Ltd to "B2" from "Ba3". At the same time Moody's also downgraded to "B2" from "Ba3" the senior unsecured debt ratings of the bonds issued by Yancoal International Resources Development Co Ltd. Rating outlooks are revised to negative from stable. This is to reflect Moody's view that there has been a fundamental downward shift in the mining sector with the downturn being deeper, resulting in increased credit risk and weaker metrics for Yanzhou. Moody's revised the outlook on Fosun International Ltd's "Ba3" corporate family rating to stable from negative. The stable outlook reflects Fosun's demonstrated ability to maintain its access to the funding markets and improve its debt maturity profile.

## Key Financial Indicators

### Foreign Exchange

|                | Day Close | % Change      |                | Day Close | % Change      |
|----------------|-----------|---------------|----------------|-----------|---------------|
| <b>DXY</b>     | 93.976    | <b>-0.54%</b> | <b>USD-SGD</b> | 1.3373    | <b>-1.04%</b> |
| <b>USD-JPY</b> | 109.210   | 0.36%         | <b>EUR-SGD</b> | 1.5190    | <b>-0.63%</b> |
| <b>EUR-USD</b> | 1.1132    | 0.00%         | <b>JPY-SGD</b> | 1.2244    | <b>-1.39%</b> |
| <b>AUD-USD</b> | 0.7813    | 0.81%         | <b>GBP-SGD</b> | 1.9251    | <b>-0.22%</b> |
| <b>GBP-USD</b> | 1.4398    | 0.84%         | <b>AUD-SGD</b> | 1.0449    | <b>-0.22%</b> |
| <b>USD-MYR</b> | 3.8860    | <b>-1.11%</b> | <b>NZD-SGD</b> | 0.9416    | 0.24%         |
| <b>USD-CNY</b> | 6.4600    | <b>-0.23%</b> | <b>CHF-SGD</b> | 1.3896    | <b>-0.84%</b> |
| <b>USD-IDR</b> | 13136     | <b>-0.26%</b> | <b>SGD-MYR</b> | 2.8899    | <b>-0.30%</b> |
| <b>USD-VND</b> | 22296     | <b>-0.04%</b> | <b>SGD-CNY</b> | 4.8339    | 0.96%         |

### Interbank Offer Rates (%)

| Tenor      | EURIBOR | Change | Tenor      | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| <b>1M</b>  | -0.3420 | --     | <b>O/N</b> | 0.3812    | --     |
| <b>2M</b>  | -0.2870 | --     | <b>1M</b>  | 0.4388    | --     |
| <b>3M</b>  | -0.2490 | --     | <b>2M</b>  | 0.5255    | --     |
| <b>6M</b>  | -0.1390 | --     | <b>3M</b>  | 0.6344    | --     |
| <b>9M</b>  | -0.0730 | --     | <b>6M</b>  | 0.9009    | --     |
| <b>12M</b> | -0.0120 | --     | <b>12M</b> | 1.2183    | --     |

### Eurozone & Russia Update

|                 | 2Y Bond Ylds (bpschg) | 10Y Bond Ylds (bpschg) | 10Y Bund Spread % |
|-----------------|-----------------------|------------------------|-------------------|
| <b>Portugal</b> | 0.66                  | <b>-3.70</b>           | 3.13              |
| <b>Italy</b>    | <b>-0.01</b>          | 0.40                   | 1.40              |
| <b>Ireland</b>  | <b>-0.32</b>          | 1.20                   | 0.86              |
| <b>Greece*</b>  | 12.56                 | 114.40                 | 9.29              |
| <b>Spain</b>    | <b>-0.04</b>          | 0.20                   | 1.54              |
| <b>Russia^</b>  | 3.11                  | <b>-4.00</b>           | 4.90              |

\* 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    |
|-------------------|-----------|---------------|
| <b>DJIA</b>       | 18,053.60 | 49.40         |
| <b>S&amp;P</b>    | 2,100.80  | 6.50          |
| <b>Nasdaq</b>     | 4,940.33  | <b>-19.70</b> |
| <b>Nikkei 225</b> | 16,874.44 | 598.50        |
| <b>STI</b>        | 2,951.81  | 34.10         |
| <b>KLCI</b>       | 1,711.15  | <b>-6.50</b>  |
| <b>JCI</b>        | 4,881.93  | 16.40         |
| <b>Baltic Dry</b> | 671.00    | 12.00         |
| <b>VIX</b>        | 13.24     | <b>-0.10</b>  |

### Government Bond Yields (%)

| Tenor      | SGS (chg)    | UST (chg)    |
|------------|--------------|--------------|
| <b>2Y</b>  | 0.94 (-0.05) | 0.76 (+0.02) |
| <b>5Y</b>  | 1.56 (-0.02) | 1.25 (+0.02) |
| <b>10Y</b> | 1.91 (-0.01) | 1.79 (+0.01) |
| <b>15Y</b> | 2.27 (--)    | --           |
| <b>20Y</b> | 2.35 (--)    | --           |
| <b>30Y</b> | 2.55 (+0.02) | 2.59 (+0.01) |

### Financial Spread (bps)

|                    | Value | Change       |
|--------------------|-------|--------------|
| <b>LIBOR-OIS</b>   | 25.43 | 0.12         |
| <b>EURIBOR-OIS</b> | 9.88  | 0.18         |
| <b>TED</b>         | 42.63 | <b>-0.47</b> |

### Commodities Futures

| Energy                   | Futures | % chg | Soft Commodities        | Futures | % chg         |
|--------------------------|---------|-------|-------------------------|---------|---------------|
| WTI (per barrel)         | 41.08   | 3.27% | Coffee (per lb)         | 1.259   | 1.49%         |
| Brent (per barrel)       | 44.03   | 2.61% | Cotton (per lb)         | 0.6269  | 0.87%         |
| Heating Oil (per gallon) | 1.263   | 2.21% | Sugar (per lb)          | 0.1517  | <b>-1.17%</b> |
| Gasoline (per gallon)    | 1.48    | 3.02% | Orange Juice (per lb)   | 1.3425  | <b>-2.82%</b> |
| Natural Gas (per MMBtu)  | 2.088   | 7.63% | Cocoa (per mt)          | 3,043   | 1.60%         |
| Base Metals              | Futures | % chg | Grains                  | Futures | % chg         |
| Copper (per mt)          | 4,936.0 | 2.26% | Wheat (per bushel)      | 4.8625  | 2.86%         |
| Nickel (per mt)          | 9,245   | 1.53% | Soybean (per bushel)    | 9.855   | 3.27%         |
| Aluminium (per mt)       | 1,586.0 | 0.25% | Corn (per bushel)       | 3.8450  | 0.92%         |
| Precious Metals          | Futures | % chg | Asian Commodities       | Futures | % chg         |
| Gold (per oz)            | 1,253.0 | 1.57% | Crude Palm Oil (MYR/MT) | 2,672.0 | 0.60%         |
| Silver (per oz)          | 16.972  | 4.42% | Rubber (JPY/KG)         | 188.5   | 3.86%         |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Key Economic Indicators

| Date Time               | Event                                  | Survey        | Actual        | Prior         | Revised        |              |
|-------------------------|--|---------------|---------------|---------------|----------------|--------------|
| <b>04/19/2016 08:58</b> | <b>SK BoK 7-Day Repo Rate</b>          | <b>Apr-19</b> | <b>1.50%</b>  | <b>1.50%</b>  | <b>1.50%</b>   | --           |
| 04/19/2016 13:30        | JN Nationwide Dept Sales YoY           | Mar           | --            | -2.90%        | 0.20%          | --           |
| <b>04/19/2016 15:30</b> | <b>PH BoP Overall</b>                  | <b>Mar</b>    | <b>--</b>     | <b>\$854m</b> | <b>-\$316m</b> | --           |
| <b>04/19/2016 16:30</b> | <b>HK Unemployment Rate SA</b>         | <b>Mar</b>    | <b>3.30%</b>  | <b>3.40%</b>  | <b>3.30%</b>   | --           |
| 04/19/2016 16:58        | HK Composite Interest Rate             | Mar           | --            | 0.26%         | 0.26%          | --           |
| <b>04/19/2016 17:00</b> | <b>GE ZEW Survey Current Situation</b> | <b>Apr</b>    | <b>50.8</b>   | <b>47.7</b>   | <b>50.7</b>    | --           |
| <b>04/19/2016 17:00</b> | <b>GE ZEW Survey Expectations</b>      | <b>Apr</b>    | <b>8</b>      | <b>11.2</b>   | <b>4.3</b>     | --           |
| 04/19/2016 17:00        | EC ZEW Survey Expectations             | Apr           | --            | 21.5          | 10.6           | --           |
| <b>04/19/2016 20:30</b> | <b>US Housing Starts</b>               | <b>Mar</b>    | <b>1166k</b>  | <b>1089k</b>  | <b>1178k</b>   | <b>1194k</b> |
| 04/19/2016 20:30        | US Building Permits                    | Mar           | 1200k         | 1086k         | 1167k          | 1177k        |
| 04/20/2016 05:00        | SK PPI YoY                             | Mar           | --            | -3.30%        | -3.40%         | --           |
| 04/20/2016 07:50        | JN Trade Balance                       | Mar           | ¥834.6b       | ¥755.0b       | ¥242.8b        | ¥242.2b      |
| 04/20/2016 07:50        | JN Trade Balance Adjusted              | Mar           | ¥450.0b       | ¥276.5b       | ¥166.1b        | ¥150.4b      |
| <b>04/20/2016 08:30</b> | <b>AU Westpac Leading Index MoM</b>    | <b>Mar</b>    | <b>--</b>     | <b>--</b>     | <b>-0.15%</b>  | --           |
| <b>04/20/2016 12:00</b> | <b>MA CPI YoY</b>                      | <b>Mar</b>    | <b>3.40%</b>  | <b>--</b>     | <b>4.20%</b>   | --           |
| 04/20/2016 14:00        | JN Machine Tool Orders YoY             | Mar F         | --            | --            | -21.20%        | --           |
| 04/20/2016 14:00        | GE PPI MoM                             | Mar           | 0.20%         | --            | -0.50%         | --           |
| 04/20/2016 14:00        | GE PPI YoY                             | Mar           | -2.90%        | --            | -3.00%         | --           |
| <b>04/20/2016 16:00</b> | <b>TA Export Orders YoY</b>            | <b>Mar</b>    | <b>-8.00%</b> | <b>--</b>     | <b>-7.40%</b>  | --           |
| 04/20/2016 16:00        | SI COE Open Bid Cat A                  | Apr-20        | --            | --            | 46009          | --           |
| 04/20/2016 16:00        | SI COE Open Bid Cat B                  | Apr-20        | --            | --            | 47000          | --           |
| <b>04/20/2016 16:30</b> | <b>UK Claimant Count Rate</b>          | <b>Mar</b>    | <b>2.10%</b>  | <b>--</b>     | <b>2.10%</b>   | --           |
| <b>04/20/2016 16:30</b> | <b>UK Jobless Claims Change</b>        | <b>Mar</b>    | <b>-10.0k</b> | <b>--</b>     | <b>-18.0k</b>  | --           |
| <b>04/20/2016 16:30</b> | <b>UK ILO Unemp Rate 3Mths</b>         | <b>Feb</b>    | <b>5.10%</b>  | <b>--</b>     | <b>5.10%</b>   | --           |
| <b>04/20/2016 19:00</b> | <b>US MBA Mortgage Applications</b>    | <b>Apr-15</b> | <b>--</b>     | <b>--</b>     | <b>10.00%</b>  | --           |
| 04/20/2016 20:30        | CA Wholesale Trade Sales MoM           | Feb           | -0.40%        | --            | 0.00%          | --           |
| <b>04/20/2016 22:00</b> | <b>US Existing Home Sales</b>          | <b>Mar</b>    | <b>5.28m</b>  | <b>--</b>     | <b>5.08m</b>   | --           |
| 04/20/2016 22:00        | US Existing Home Sales MoM             | Mar           | 3.90%         | --            | -7.10%         | --           |

Source: Bloomberg

| <b><u>OCBC Treasury Research</u></b>   |   |   |
|--|---|---|
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