

**Treasury Advisory**  
**Corporate FX & Structured**  
**Products**

Tel: 6349-1888 / 1881

**Interest Rate Derivatives**

Tel: 6349-1899

**Investments & Structured**  
**Products**

Tel: 6349-1886

**GT Institutional Sales**

Tel: 6349-1810

**Highlights**

<b>Global</b>	<p>Given the more buoyant crude oil prices, risk appetite in Wall Street improved overnight and led the VIX back below the 20 handle, with the FTSE100 also rallying notwithstanding concerns over Brexit in Europe. Economic data prints were generally softer across the board for European PMIs – Europe’s manufacturing and services PMIs retreated to 51.0 and 53.0 in Feb, with German readings also mixed (manufacturing lower at 50.2 whereas services higher at 55.1). Elsewhere, David Cameron commented that leaving the European Union “could hurt the working people for years to come” and “is a leap in the dark”, as he stands firm on his position to remain in the European Union.</p> <p>Looking ahead, watch for US’ existing home sales, S&amp;P/CaseShiller and consumer confidence, revised German 4Q15 GDP growth, HK CPI, and S’pore’s CPI print. Speakers include BOE’s Carney and SNB’s Jordan.</p>
<b>US</b>	<p>US’ Chicago Fed national activity index unexpectedly rose from a revised -0.34 in Dec15 to +0.28 in Jan, but the Markit manufacturing PMI slipped from 52.4 in Jan to 51.0 in Feb amid softer new orders (from 53.6 to 51.7). : Wall Street rallied yesterday, as crude oil prices gained, with the Dow at +1.40%, S&amp;P500 +1.45% and Nasdaq +1.47%. VIX -5.60% to 19.38. The UST bond market was little changed with the 2- and 10-year bond yields at 0.75% and 1.76% respectively.</p>
<b>Singapore</b>	<p>Headline CPI is likely to contract for the 15th straight month by 0.8% yoy (-0.4% mom nsa) with core CPI at +0.8% yoy. Main drags will remain softening asset prices and subdued oil-related costs. Tomorrow’s 4Q16 GDP growth estimate is likely to be revised down to +1.8% yoy (+5.1% qoq saar) to reflect the poorer manufacturing momentum in Dec, but may not be significant enough to shift the full-year 2016 GDP growth from 2.1% yoy.</p> <p>The STI added 0.14% to close at 2660.65 yesterday, and given overnight gains from Wall Street’s, the STI could trade with a firmer tone today. STI support and resistance are tipped at 2620 and 2700. SGS bonds may be rangebound ahead of the \$2b 30-year SGS bond auction on 25 Feb.</p>
<b>Indonesia</b>	<p>President Jokowi has reportedly said that the government and parliament have agreed to postpone a revision of antigraft-agency law. This has come amid increasing public dismay that any revision would water down the powers of KPK, the anticorruption commission, which is often deemed to be the country’s most trusted agency.</p>
<b>Commo- dities</b>	<p>Crude oil prices surged. WTI rose 6.21% to \$31.48/bbl and Brent followed suit with a 5.1% gain to \$34.69/bbl. In response, gold fell significantly to its \$1,200/oz support in intraday trading yesterday, before regaining some lost grounds to close \$1,209.5/oz. Note that there is a ceasefire agreement between US and Russia in Syria.</p>

## Bond Market Updates

- **Market Commentary:** The SGD swap curve traded 1-2bps higher through the short end and 3-5bps higher across the belly to long end. In the broader dollar space, JACI IG corporates tightened 3bps to 250bps, while the yield on the JACI HY corporates was flat at 8.31%. The 10y UST yield was little changed at 1.75%.
- **New Issues:** Cheung Kong Infrastructure Holdings Ltd (-/-A-/-) priced a USD1.2bn perpetual at 5.875%, tighter than the initial price guidance of 6%. The perpetual with a non-call period of 5 years is rated BBB by S&P. NTPC Limited (-/-BBB-/BBB-) also sold a 10-year USD500mn bond at UST+255bps, tighter than the initial price guidance of UST+275bps. Funds will be used to meet high capex and negative free cash flows for capacity expansion. Ausnet Services is meeting with investors in Singapore today for a potential hybrid SGD bond issue. Temasek Financial has mandated 4 banks for a potential Euro bond issue with investor calls taking place today.
- **Rating Changes:** Following the release of their annual results and after incorporating S&P's revised oil price assumptions, S&P downgraded several European oil majors given S&P's expectation that the oil majors' prospective credit metrics are likely to remain below what's expected for their prior ratings for the next 2-3 years: BP PLC was downgraded to "A-" from "A" and assigned a stable outlook; Total S.A. was downgraded to "A+" from "AA-" and assigned a negative outlook; Statoil ASA was downgraded to "A+" from "AA-" and assigned a stable outlook. Similarly, Moody's concluded a review of 12 B-rated US exploration and production companies resulting in 1 rating affirmation and 11 downgrades of 2-5 notches including Chesapeake Energy Corp whose corporate family rating was downgraded to "Caa2" from "B2" given its very weak cash flow generation capacity and high debt levels and weak liquidity. The outlook is negative.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	97.379	0.81%	<b>USD-SGD</b>	1.3996	-0.41%
<b>USD-JPY</b>	112.920	0.26%	<b>EUR-SGD</b>	1.5437	-1.30%
<b>EUR-USD</b>	1.1132	0.00%	<b>JPY-SGD</b>	1.2394	-0.67%
<b>AUD-USD</b>	0.7227	1.11%	<b>GBP-SGD</b>	1.9804	-2.18%
<b>GBP-USD</b>	1.4150	-1.78%	<b>AUD-SGD</b>	1.0115	0.69%
<b>USD-MYR</b>	4.1975	-0.25%	<b>NZD-SGD</b>	0.9376	0.61%
<b>USD-CNY</b>	6.5218	-0.01%	<b>CHF-SGD</b>	1.4001	-1.37%
<b>USD-IDR</b>	13439	-0.52%	<b>SGD-MYR</b>	2.9926	-0.01%
<b>USD-VND</b>	22383	0.15%	<b>SGD-CNY</b>	4.6543	0.44%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.2550	--	<b>O/N</b>	0.3709	--
<b>2M</b>	-0.2310	--	<b>1M</b>	0.4335	--
<b>3M</b>	-0.1980	--	<b>2M</b>	0.5172	--
<b>6M</b>	-0.1250	--	<b>3M</b>	0.6182	--
<b>9M</b>	-0.0720	--	<b>6M</b>	0.8679	--
<b>12M</b>	-0.0170	--	<b>12M</b>	1.1398	--

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
<b>Portugal</b>	1.26	-1.00	3.45
<b>Italy</b>	0.04	-1.20	1.52
<b>Ireland</b>	-0.23	0.00	0.97
<b>Greece*</b>	11.76	-9.50	10.59
<b>Spain</b>	0.10	-2.30	1.65
<b>Russia^</b>	3.64	-5.90	5.83

\* 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>	16,620.66	228.70
<b>S&amp;P</b>	1,945.50	27.70
<b>Nasdaq</b>	4,570.61	66.20
<b>Nikkei 225</b>	16,111.05	143.90
<b>STI</b>	2,660.65	3.80
<b>KLCI</b>	1,674.59	-0.30
<b>JCI</b>	4,708.62	11.10
<b>Baltic Dry</b>	316.00	1.00
<b>VIX</b>	19.38	-1.20

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.05 (+0.01)	0.75 (+0.01)
<b>5Y</b>	1.79 (+0.02)	1.23 (+0.01)
<b>10Y</b>	2.17 (+0.02)	1.75 (+0.01)
<b>15Y</b>	2.52 (+0.03)	--
<b>20Y</b>	2.57 (+0.03)	--
<b>30Y</b>	2.65 (+0.02)	2.60 (-)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	22.92	-0.40
<b>EURIBOR-OIS</b>	14.13	0.08
<b>TED</b>	32.45	-0.38

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	31.48	6.21%	Coffee (per lb)	1.199	3.54%
Brent (per barrel)	34.69	5.09%	Cotton (per lb)	0.5774	-3.78%
Heating Oil (per gallon)	1.055	2.89%	Sugar (per lb)	0.1261	0.72%
Gasoline (per gallon)	1.00	4.29%	Orange Juice (per lb)	1.2530	-4.06%
Natural Gas (per MMBtu)	1.821	0.94%	Cocoa (per mt)	2,855	0.67%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,694.0	1.58%	Wheat (per bushel)	4.5850	-0.70%
Nickel (per mt)	8,756	2.26%	Soybean (per bushel)	8.810	0.31%
Aluminium (per mt)	1,576.3	1.58%	Corn (per bushel)	3.6750	0.55%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,209.5	-1.70%	Crude Palm Oil (MYR/MT)	2,502.0	-0.79%
Silver (per oz)	15.184	-1.23%	Rubber (JPY/KG)	141.5	0.35%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### FX Trade Ideas

	Inception		B/S	Currency	Spot	Target	Stop/Trailing stop	Rationale
1	08-Jan-16		B	EUR-USD	1.0888	1.1560	1.1045	Risk of Fed/dollar "disappointment"
2	18-Feb-16		S	USD-CAD	1.3655	1.3260	1.3855	Potential for crude to consolidate higher
3	19-Feb-16		S	USD-JPY	112.8400	109.3000	114.6500	Iffy FOMC & background risk aversion
STRUCTURAL								
4	03-Feb-16		S	GBP-USD	1.4401	1.3700	1.4755	Policy dichotomy, Brexit concerns, and space for further NEER depreciation
5	18-Feb-16		B	EUR-USD	1.1137	1.1825	1.0790	Growing suspicion that the Fed will hesitate
6	18-Feb-16		S	USD-SGD	1.4034	1.3435	1.4335	USD vulnerability, stabilization in RMB, equities/commodities
RECENTLY CLOSED								
	Inception	Close	B/S	Currency	Spot	Close	Rationale	P/L (%)
1	21-Dec-15	21-Jan-16	S	USD-JPY	121.15	117.45	Disappointment towards a less dovish than expected BOJ	+3.06
2	10-Nov-15	21-Jan-16	B	USD-CAD	1.3276	1.4390	USD strength vs. weak crude	+7.75
3	04-Jan-16	01-Feb-16	B	USD-SGD	1.4229	1.4240	Asian FX weakness, RMB jitters	+0.01
4	21-Dec-15	02-Feb-16	S	GBP-USD	1.4917	1.4409	Negative chatter surrounding BREXIT and sustained dissipation towards BOE hawkishness	+3.56
5	05-Feb-16	08-Feb-16	B	AUD-USD	0.7188	0.7060	Dollar in retreat, consolidating commodities	-1.81
6	04-Feb-16	08-Feb-16	S	USD-CAD	1.3760	1.3950	Dollar on the defensive, stabilizing crude	-1.36
7	29-Dec-15	10-Feb-16	S	USD-JPY	120.25	113.45	Japanese macro and flow fundamentals may continue to argue for a flat to softer USD-JPY	+5.86
8	10-Feb-16	11-Feb-16	S	USD-JPY	114.50	112.62	Risk aversion + weakened dollar narrative	+1.67
9	04-Feb-16	16-Feb-16	S	USD-SGD	1.4158	1.4035	Dollar may stumble further post-Dudley	+0.85

### Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
02/22/2016 10:00	NZ Credit Card Spending YoY	Jan	--	8.90%	7.40%	--
<b>02/22/2016 10:00</b>	<b>JN Nikkei Japan PMI Mfg</b>	<b>Feb P</b>	<b>52</b>	<b>50.2</b>	<b>52.3</b>	--
<b>02/22/2016 16:00</b>	<b>FR Markit France Manufacturing PMI</b>	<b>Feb P</b>	<b>49.9</b>	<b>50.3</b>	<b>50</b>	--
02/22/2016 16:00	FR Markit France Services PMI	Feb P	50.3	49.8	50.3	--
02/22/2016 16:00	FR Markit France Composite PMI	Feb P	50.3	49.8	50.2	--
	<b>Markit/BME Germany</b>					
<b>02/22/2016 16:30</b>	<b>GE Manufacturing PMI</b>	<b>Feb P</b>	<b>51.9</b>	<b>50.2</b>	<b>52.3</b>	--
02/22/2016 16:30	GE Markit Germany Services PMI	Feb P	54.7	55.1	55	--
02/22/2016 16:30	GE Markit/BME Germany Composite PMI	Feb P	54.1	53.8	54.5	--
<b>02/22/2016 17:00</b>	<b>EC PMI</b>	<b>Feb P</b>	<b>52</b>	<b>51</b>	<b>52.3</b>	--
02/22/2016 17:00	EC Markit Eurozone Services PMI	Feb P	53.4	53	53.6	--
<b>02/22/2016 17:00</b>	<b>EC Markit Eurozone Composite PMI</b>	<b>Feb P</b>	<b>53.3</b>	<b>52.7</b>	<b>53.6</b>	--
<b>02/22/2016 17:00</b>	<b>IT CPI EU Harmonized YoY</b>	<b>Jan F</b>	<b>0.40%</b>	<b>0.40%</b>	<b>0.40%</b>	--
02/22/2016 18:00	MA Foreign Reserves	Feb-15	--	\$95.6b	\$95.5b	--
02/22/2016 21:30	US Chicago Fed Nat Activity Index	Jan	-0.05	0.28	-0.22	-0.34
<b>02/22/2016 22:45</b>	<b>US Markit US Manufacturing PMI</b>	<b>Feb P</b>	<b>52.4</b>	<b>51</b>	<b>52.4</b>	--
02/23/2016 13:00	SI CPI NSA MoM	Jan	-0.10%	--	0.00%	--
<b>02/23/2016 13:00</b>	<b>SI CPI YoY</b>	<b>Jan</b>	<b>-0.60%</b>	--	<b>-0.60%</b>	--
<b>02/23/2016 15:00</b>	<b>GE GDP SA QoQ</b>	<b>4Q F</b>	<b>0.30%</b>	--	<b>0.30%</b>	--
02/23/2016 15:00	GE GDP WDA YoY	4Q F	1.30%	--	1.30%	--
<b>02/23/2016 15:00</b>	<b>GE GDP NSA YoY</b>	<b>4Q F</b>	<b>2.10%</b>	--	<b>2.10%</b>	--
<b>02/23/2016 15:45</b>	<b>FR Manufacturing Confidence</b>	<b>Feb</b>	<b>102</b>	--	<b>102</b>	--
<b>02/23/2016 16:30</b>	<b>HK CPI Composite YoY</b>	<b>Jan</b>	<b>2.50%</b>	--	<b>2.50%</b>	--
<b>02/23/2016 16:30</b>	<b>HK Unemployment Rate SA</b>	<b>Jan</b>	<b>3.30%</b>	--	<b>3.30%</b>	--
<b>02/23/2016 17:00</b>	<b>GE IFO Business Climate</b>	<b>Feb</b>	<b>106.8</b>	--	<b>107.3</b>	--
<b>02/23/2016 17:00</b>	<b>GE IFO Current Assessment</b>	<b>Feb</b>	<b>112</b>	--	<b>112.5</b>	--
<b>02/23/2016 17:00</b>	<b>GE IFO Expectations</b>	<b>Feb</b>	<b>101.6</b>	--	<b>102.4</b>	--
02/23/2016 22:00	US S&P/CaseShiller 20-City Index NSA	Dec	183.07	--	182.86	--
02/23/2016 22:00	US S&P/CS Composite-20 YoY	Dec	5.80%	--	5.83%	--
<b>02/23/2016 23:00</b>	<b>US Consumer Confidence Index</b>	<b>Feb</b>	<b>97.2</b>	--	<b>98.1</b>	--
02/23/2016 23:00	US Richmond Fed Manufact. Index	Feb	2	--	2	--
<b>02/23/2016 23:00</b>	<b>US Existing Home Sales</b>	<b>Jan</b>	<b>5.32m</b>	--	<b>5.46m</b>	--
02/23/2016 23:00	US Existing Home Sales MoM	Jan	-2.50%	--	14.70%	--
02/23/2016	MU CPI Composite YoY	Jan	--	--	3.73%	--

Source: Bloomberg

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

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W