

Highlights

Global	<p>FOMC unanimously kept its policy settings unchanged as widely anticipated and the FOMC statement highlighted that “the committee views the slowing in growth during the first quarter as likely to be transitory” and “near-term risks to the economic outlook appear roughly balanced”, which suggested that the June FOMC meeting remained “live” and in turn sent the USD and UST bond yields higher. The futures pricing of the 14 June FOMC meeting also rose to 88% probability for a rate hike, up from around 60% previously. The statement also noted that “inflation measured on a 12-month basis recently has been running close to the committee’s 2 percent longer-run objective” and “household spending rose only modestly, but the fundamentals underpinning the continued growth of consumption remained solid”. Our view remains that the FOMC would hike 25bps at the June FOMC.</p> <p>Today’s economic data calendar comprises US’ durable goods and factory orders, initial jobless claims, trade and 1Q17 nonfarm productivity, services and composite PMIs from Eurozone, China and India. ECB’s Draghi, Praet, Mersch and Lautenschlaeger, and RBA’s Lowe are speaking today. In addition, watch for the House Republican vote on the Obamacare repeal today, with House Majority Leader McCathy saying “we have enough votes” and “we’re going to pass it”. Looking ahead, there’s a full line-up of Fed speakers including Yellen tomorrow to clarify their thinking, especially with regards to June intentions.</p>
US	<p>The non-manufacturing ISM improved more than expected from 55.2 in Mar to 57.5 in Apr, as the orders gauge hit 63.2 (previously 58.9), the highest since Aug05, and the business activity gauge also climbed to 62.4, albeit index of services employment fell to a 8-month low of 51.4. The Markit services and composite PMIs were finalised at 53.1 and 53.2 in Apr. Meanwhile, the ADP employment rose 177k in Apr, versus a revised 255k in Mar, suggesting continued momentum in the labor market.</p>
EZ	<p>Eurozone’s 1Q17 GDP growth was 0.5% qoq sa (+1.7% yoy sa) in line with initial estimates and matches the previous quarter as well. Meanwhile, Germany’s unemployment rate was unchanged at 5.8% and unemployment fell by 15k (previously -29k), suggesting corporate hiring confidence remains steady.</p>
SG	<p>Singapore and Malaysia will jointly call a tender to appoint a privately-financed assets company for the KL-Spore high-speed rail project in 4Q.</p>
CH	<p>The recent wave of regulatory tightening has moved from the banking sector to the insurance sector and local government financing. The self-examination is expected to take place in the insurance sector to check whether there are any illegal funding. Meanwhile, Local governments were asked to self-examine their financing guarantee position.</p>
Commodities	<p>Biggest movers in the commodities space were seen in the base metals complex, owing to news that the Philippines parliament had rejected the appointment of Regina Lopez as environment minister. Her rejection as environment minister had sparked speculation that her initial orders to close a significant amount of Philippines’ nickel mines may be reversed, with both Nickel and Copper futures plunging more than 3.0% overnight.</p>

Major Markets

- **US:** Equities were mixed on Wednesday as the Fed telegraphed a business-as-usual message in terms of rate hike path despite some economic weakness in 1Q data releases. Gains in financials were cancelled by declines in materials and real estate stocks. Overall, the S&P 500 and Nasdaq lost 0.13% and 0.37%, while the Dow nudged a marginal gain. VIX ended higher by 0.85%, at 10.68. US Treasuries were under pressure from the Fed release, with market implied odds for a June hike rising to 90%. The yield curve bear flattened, with yields higher by 3-4 bps. 2- and 10-year yields stand at 1.29% and 2.32% respectively.
- **Singapore:** STI extended gains to rally another 0.83% to close at 3237.81 yesterday, and the FOMC's still upbeat and business-as-usual tone overnight may lend momentum to Asian bourses today. STI's resistance and support are tipped at 3250 and 3220 respectively. With UST bond yields gapping some 3-5bps higher post-FOMC, the SGS market may take the cue and also unwind the gains seen yesterday.
- **China:** The government tightened the grip on local government financing. Local governments were asked to self-examine their financing guarantee position. In addition, the reserve land and expected income from the reserve land are not allowed to be used as a source of debt repayment. On PPP, local governments are not allowed to borrow to set up investment funds.
- **Commodities:** Market-watchers shrugged off the lower-than-expected fall in US crude oil inventories, with WTI and Brent climbing 0.34% and 0.65%, respectively. The climb in crude oil prices, despite the minute fall in US inventories, suggests that the fall in prices of late had been mostly driven by technicals, and some interim support could have been found near current levels.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 1-3bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in HPLSP 4.65%'25s, OUESP 3.75%'22s, and mixed interest in GEMAU 5.5%'19s, BNP 3.65%'24s, GUOLSP 3.62%'21s, UOBSP 3.5%'29s. In the broader dollar space, the spread on JACI IG corporates changed little at 197bps, while the yield on JACI HY corporates fell 2bps to 6.60%. 10y UST yields rose 4bps to 2.32% yesterday, after the Federal Open Market Committee said a slowdown in economic growth last quarter was "transitory", hinting that the pace of rate hikes will not be affected. The Federal Reserve also didn't signal any change to its balance sheet policy.
- **New Issues:** PT Perusahaan Listrik Negara (PLN) has mandated banks for investor meetings from 3 – 9 May for potential USD bond issuance.
- **Rating Changes:** Moody's affirmed the BHP Billiton Limited's and BHP Billiton Plc's issuer ratings at 'A3'. In addition, Moody's changed the ratings outlook of their subsidiaries to positive from stable and affirmed the other ratings of the Group. The rating action reflects Moody's expectation that BHP Billiton will continue to generate material earnings and solid free cash flow in the current environment. Moody's affirmed Standard Chartered Bank (Singapore) Limited's (SCBSL) issuer ratings at 'Aa3'. Moody's has also affirmed the bank's 'A2' baseline credit assessment (BCA) and adjusted BCA. In addition, Moody's has changed the outlook on the ratings to stable from negative. The rating action reflects SCBSL's strong credit fundamentals, limited spillover risks after the parent bank's downgrade, and Moody's incorporation of support uplift for SCBSL from the Singapore government. Moody's affirmed Sydney Airport Finance Company Pty Ltd's (SAFC) 'Baa2' senior secured debt rating and bank credit facility. In addition, SAFC revised the outlook on the senior secured ratings to positive from stable. The rating action reflects the increased visibility around

Sydney Airport's capital structure, following the airport's announcement that it will not exercise its right of first refusal over the Western Sydney Airport. Moody's withdrew St. Barbara Limited's 'B2' corporate family rating and its stable outlook. Moody's has withdrawn the rating for its own business reasons.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	99.209	0.24%	USD-SGD	1.3974	0.24%
USD-JPY	112.750	0.68%	EUR-SGD	1.5211	-0.18%
EUR-USD	1.0886	-0.40%	JPY-SGD	1.2393	-0.42%
AUD-USD	0.7423	-1.50%	GBP-SGD	1.7981	-0.28%
GBP-USD	1.2867	-0.56%	AUD-SGD	1.0373	-1.24%
USD-MYR	4.3200	-0.20%	NZD-SGD	0.9611	-0.57%
USD-CNY	6.8989	0.04%	CHF-SGD	1.4047	-0.06%
USD-IDR	13308	-0.03%	SGD-MYR	3.0961	-0.22%
USD-VND	22743	-0.03%	SGD-CNY	4.9449	0.10%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3740	--	O/N	0.9267	--
2M	-0.3400	--	1M	0.9928	--
3M	-0.3290	--	2M	1.0436	--
6M	-0.2490	--	3M	1.1737	--
9M	-0.1790	--	6M	1.4324	--
12M	-0.1210	--	12M	1.7801	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.22 (--)	1.29 (+0.04)	-0.73 (--)	-0.46 (--)	-0.11 (-0.02)
5Y	1.59 (-0.02)	1.85 (+0.05)	-0.38 (--)	-0.09 (+0.01)	1.01 (-0.03)
10Y	2.12 (-0.03)	2.32 (+0.04)	0.32 (--)	0.80 (-0.01)	2.26 (-0.04)
15Y	2.28 (-0.02)	--	0.53 (-0.01)	1.17 (-0.01)	2.74 (-0.05)
20Y	2.38 (-0.02)	--	0.81 (-0.01)	1.48 (-0.01)	2.86 (-0.06)
30Y	2.42 (-0.02)	2.97 (--)	1.10 (--)	1.78 (--)	3.32 (-0.06)

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
14/06/2017	90.0%	0.0%	90.0%	0.0%	0.0%
26/07/2017	88.2%	0.2%	88.2%	0.0%	0.0%
20/09/2017	93.3%	0.1%	54.5%	38.8%	0.0%
13/12/2017	95.1%	0.1%	41.3%	42.9%	10.7%
31/01/2018	95.3%	0.1%	39.8%	42.8%	12.0%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	47.82	0.34%	Copper (per mt)	5,584.3	-3.50%
Brent (per barrel)	50.79	0.65%	Nickel (per mt)	9,180.0	-3.02%
Heating Oil (per gallon)	1.4736	0.38%	Aluminium (per mt)	1,916.5	-0.33%
Gasoline (per gallon)	1.5338	1.33%			
Natural Gas (per MMBtu)	3.2280	1.03%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,705.0	-0.92%
Precious Metals	Futures	% chg	Rubber (JPY/KG)	271.5	0.56%
Gold (per oz)	1,248.5	-0.68%			
Silver (per oz)	16.487	-1.68%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	20,957.90	8.01
S&P	2,388.13	-3.04
Nasdaq	6,072.55	-22.82
Nikkei 225	19,445.70	--
STI	3,237.81	26.70
KLCI	1,772.51	-5.96
JCI	5,647.37	-28.44
Baltic Dry	1,034.00	-39.00
VIX	10.68	0.09

Financial Spread (bps)

	Value	Change
LIBOR-OIS	17.48	0.05
EURIBOR-OIS	2.88	-0.05
TED	32.90	--

Government CDS (USD)

	5Y	% Change
Germany	16.429	0.83%
France	33.415	-0.99%
Italy	168.415	-1.01%

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised	
05/03/2017	00:00	IT	New Car Registrations YoY	Apr	--	-4.62%	18.16%	--
05/03/2017	01:00	NZ	QV House Prices YoY	Apr	--	11.10%	12.90%	--
05/03/2017	06:45	NZ	Unemployment Rate	1Q	5.10%	4.90%	5.20%	--
05/03/2017	06:45	NZ	Employment Change QoQ	1Q	0.80%	1.20%	0.80%	0.70%
05/03/2017	06:45	NZ	Employment Change YoY	1Q	5.30%	5.70%	5.80%	--
05/03/2017	06:45	NZ	Pvt Wages Inc Overtime QoQ	1Q	0.50%	0.40%	0.40%	--
05/03/2017	06:45	NZ	Average Hourly Earnings QoQ	1Q	0.70%	0.30%	-0.30%	--
05/03/2017	07:30	AU	AiG Perf of Services Index	Apr	--	53	51.7	--
05/03/2017	08:30	VN	Nikkei Vietnam PMI Mfg	Apr	--	54.1	54.6	--
05/03/2017	15:55	GE	Unemployment Change (000's)	Apr	-11k	-15k	-30k	-29k
05/03/2017	15:55	GE	Unemployment Claims Rate SA	Apr	5.80%	5.80%	5.80%	--
05/03/2017	16:30	UK	Markit/CIPS UK Construction PMI	Apr	52	53.1	52.2	--
05/03/2017	17:00	EC	PPI MoM	Mar	-0.10%	-0.30%	0.00%	--
05/03/2017	17:00	EC	PPI YoY	Mar	4.20%	3.90%	4.50%	--
05/03/2017	17:00	EC	GDP SA QoQ	1Q A	0.50%	0.50%	0.40%	0.50%
05/03/2017	17:00	EC	GDP SA YoY	1Q A	1.70%	1.70%	1.70%	1.80%
05/03/2017	19:00	US	MBA Mortgage Applications	Apr-28	--	-0.10%	2.70%	--
05/03/2017	20:15	US	ADP Employment Change	Apr	175k	177k	263k	255k
05/03/2017	21:45	US	Markit US Services PMI	Apr F	52.5	53.1	52.5	--
05/03/2017	21:45	US	Markit US Composite PMI	Apr F	--	53.2	52.7	--
05/03/2017	22:00	US	ISM Non-Manf. Composite	Apr	55.8	57.5	55.2	--
05/04/2017	02:00	US	FOMC Rate (Upper Bound)	May-03	1.00%	1.00%	1.00%	--
05/04/2017	05:00	SK	Foreign Reserves	Apr	--	\$376.57b	\$375.30b	--
05/04/2017	07:00	SK	BoP Current Account Balance	Mar	--	\$5931.8m	\$8400.2m	--
05/04/2017	07:00	SK	BoP Goods Balance	Mar	--	\$9801m	\$10545m	--
05/04/2017	08:30	SI	Nikkei Singapore PMI	Apr	--	--	52.2	--
05/04/2017	09:00	NZ	ANZ Commodity Price	Apr	--	--	0.40%	--
05/04/2017	09:00	AU	HIA New Home Sales MoM	Mar	--	--	0.20%	--
05/04/2017	09:30	AU	Trade Balance	Mar	A\$3250m	--	A\$3574m	--
05/04/2017	09:45	CH	Caixin China PMI Composite	Apr	--	--	52.1	--
05/04/2017	09:45	CH	Caixin China PMI Services	Apr	--	--	52.2	--
05/04/2017	11:30	TH	Consumer Confidence Economic	Apr	--	--	65.1	--
05/04/2017	13:00	IN	Nikkei India PMI Services	Apr	--	--	51.5	--
05/04/2017	13:00	IN	Nikkei India PMI Composite	Apr	--	--	52.3	--
05/04/2017	15:45	IT	Markit/ADACI Italy Services PMI	Apr	53.6	--	52.9	--
05/04/2017	15:45	IT	Markit/ADACI Italy Composite PMI	Apr	54.6	--	54.2	--
05/04/2017	15:50	FR	Markit France Services PMI	Apr F	57.7	--	57.7	--
05/04/2017	15:50	FR	Markit France Composite PMI	Apr F	57.4	--	57.4	--
05/04/2017	15:55	GE	Markit Germany Services PMI	Apr F	54.7	--	54.7	--
05/04/2017	15:55	GE	Markit/BME Germany Comp PMI	Apr F	56.3	--	56.3	--
05/04/2017	16:00	EC	Markit Eurozone Services PMI	Apr F	56.2	--	56.2	--
05/04/2017	16:00	EC	Markit Eurozone Composite PMI	Apr F	56.7	--	56.7	--
05/04/2017	16:30	UK	Markit/CIPS UK Services PMI	Apr	54.5	--	55	--
05/04/2017	16:30	UK	Markit/CIPS UK Composite PMI	Apr	54.5	--	54.9	--
05/04/2017	16:30	UK	Official Reserves Changes	Apr	--	--	\$77m	--
05/04/2017	16:30	UK	Net Lending Sec. on Dwellings	Mar	3.3b	--	3.5b	--
05/04/2017	16:30	UK	Mortgage Approvals	Mar	67.2k	--	68.3k	--
05/04/2017	16:30	UK	Money Supply M4 MoM	Mar	--	--	-0.30%	--
05/04/2017	16:30	UK	M4 Money Supply YoY	Mar	--	--	5.70%	--
05/04/2017	17:00	EC	Retail Sales MoM	Mar	0.10%	--	0.70%	--
05/04/2017	17:00	EC	Retail Sales YoY	Mar	2.10%	--	1.80%	--
05/04/2017	19:30	US	Challenger Job Cuts YoY	Apr	--	--	-2.00%	--
05/04/2017	20:30	CA	Int'l Merchandise Trade	Mar	-1.00b	--	-0.97b	--
05/04/2017	20:30	US	Trade Balance	Mar	-\$44.5b	--	-\$43.6b	--
05/04/2017	20:30	US	Nonfarm Productivity	1Q P	-0.10%	--	1.30%	--
05/04/2017	20:30	US	Unit Labor Costs	1Q P	2.70%	--	1.70%	--
05/04/2017	20:30	US	Initial Jobless Claims	Apr-29	248k	--	257k	--
05/04/2017	20:30	US	Continuing Claims	Apr-22	1990k	--	1988k	--
05/04/2017	21:45	US	Bloomberg Consumer Comfort	Apr-30	--	--	50.8	--
05/04/2017	22:00	US	Factory Orders	Mar	0.40%	--	1.00%	--
05/04/2017	22:00	US	Durable Goods Orders	Mar F	0.70%	--	0.70%	--
05/04/2017	22:00	US	Durables Ex Transportation	Mar F	--	--	-0.20%	--
05/04/2017	22:00	US	Cap Goods Orders Nondef Ex Air	Mar F	--	--	0.20%	--
05/04/2017	22:00	US	Cap Goods Ship Nondef Ex Air	Mar F	--	--	0.40%	--

Source: Bloomberg

<u>OCBC Treasury Research</u>	
<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 Terence Wu TerenceWu@ocbc.com	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@ocbc.com

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