

Treasury Advisory
Corporate FX & Structured
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Highlights

Global	<p>Global risk appetite remained subdued amid profit-taking interest after Yellen's confirmation of a March rate hike on the near horizon. US president Trump also signed another executive order to limit immigration entry for six countries (excluding Iraq this time) for 90 days effective 6 Mar, while the Republicans have unveiled their bill to replace Obamacare.</p> <p>Expect Asian markets to trade on a slightly cautious tone ahead of upcoming event risks including the FOMC's first rate hike this year, election risks in Netherlands and France, as well as the ongoing China NPC announcements. First off will be the RBA policy meeting where the 1.5% cash rate target is likely to be retained, followed by US' German factory orders, Taiwan trade data, and foreign reserves data from a number of Asian countries.</p>
US	<p>Durable goods orders were revised up to 2% in Jan, albeit driven mainly by transportation. Core orders excluding transportation was flat in Jan, after a 0.2% decline in Dec. Factory orders rose 1.2% in Jan, but factory orders excluding transportation also eased from a revised 2.4% gain in Dec to 0.3%.</p>
EZ	<p>Eurozone's Sentix investor confidence improved more than expected from 17.4 in Feb to 20.7 in Mar, which is the highest in a decade, as both current situation and expectations gauges rose. This casts a favourable but interesting perspective ahead of Thursday's ECB policy meeting where policy settings are likely to remain static as Draghi sticks to his guns for now.</p>
SG	<p>Manpower Minister Lim Swee Say expects workforce growth of about 1%. STI ended nearly flat (-0.03%) yesterday at 3121.51 and may continue to tread water within a 3100-3140 range amid profit-taking interest across most global bourses, led by the Dow. SGS bonds gained yesterday, with yields lower by around 2-4bps, led by the longer-dated tenors, but it remains vulnerable to the sell-off in UST bonds which was also weighed down by higher corporate issuance including McDonald's and Nordstrom in addition to hawkish FOMC rate prospects.</p>
ID	<p>Bank Indonesia said it is starting local FX settlement with Thailand and Malaysia in H2 this year. Governor Agus Martowardojo said that the move will allow direct cross rate between rupiah and currencies of the respective countries. He added that the central bank will not hesitate to be in the market to guard exchange rate stability and buy back government bonds if necessary, even though he does not expect too much impact from Fed fund rate hike.</p>
MA	<p>Bank Negara is due to release its end-February foreign reserves data today. As a reference, reserves stood at USD95bn a fortnight ago.</p>
Commodities	<p>The relatively stronger dollar seen yesterday dragged dollar-denominated commodities, especially seen in softs and base metals. Gold continued to trend lower to \$1,225.5/oz as Bloomberg-calculated implied probability for a Fed rate hike in March has risen to 96% yesterday. Crude oil was little changed overnight. Note that Exxon Mobil aims to spend \$20 billion through 2022 to expand its chemicals and fuel-making capacity into products for Asian consumers, after an earlier announcement to commit \$5.5 billion (one quarter of its total spending budget) to shale drilling in US Texas and North Dakota in 2017.</p>

Major Markets

- **US:** Equities declined as investors turned cautious about the impending rate hike. Financial and consumer discretionary sectors led losses, as the S&P 500 fell 0.33%, Nasdaq retreating 0.37%, and the Dow lost 0.25% to close below the 21000 handle. Equities may be slated for some consolidation ahead of the FOMC meeting next week. VIX nudged higher to 11.24, up 2.55%. Meanwhile, US Treasuries were depressed slightly by a crowded IG corporate issuance calendar. Overall, the UST yield curve steepened from the long end, as 10-year benchmark yields rose 2 bps to the 2.50% handle. 2-year yields were largely static, closing at 1.31%.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards yesterday, with swap rates trading 2-6bps lower across all tenors. In the broader dollar space, the spread on JACI IG corporates rose 2bps to 192bps while the yield on JACI HY corporates rose 2bps to 6.67%. 10y UST yields rose 1bps to 2.49%, amid a swelling corporate issuance calendar, with 11 companies including McDonald's and Nordstrom's slated bond offerings within 10-year and/or 30-year tranches. 10y UST yields declined earlier in the day during European trading, led by gains in German 10-year bunds amid flight to safe haven assets after Alain Juppe declined to consider replacing Francois Fillon in the French presidential election.
- **New Issues:** ICBC International Holdings Ltd. priced a USD650mn 3-year bond at CT3+110bps, tightening from initial guidance of CT3+125bps. The expected issue ratings are 'NR/A1/NR'. Noble Group Ltd. priced a USD750mn 5NC3 note at 8.75%, tightening from initial guidance of 9%. The expected issue ratings are 'NR/B2/BB+'. China SCE Property Holdings Ltd. priced a USD200mn 5NC3 bond at 5.875%. The expected issue ratings are 'B-/B2/NR'. HSBC Holdings Plc priced a USD5bn 2-tranche deal; with the USD2.5bn 6NC5 piece priced at CT5+125bps, tightening from initial guidance of CT5+140bps; and another USD2.5bn 11NC10 piece at CT10+155bps, tightening from initial guidance of CT10+175bps. The expected issue ratings are 'A/A1/AA-'. Lenovo Group Ltd. scheduled investor roadshows from 7 March for a potential USD senior bond issuance. Lenovo is also planning for a potential USD Perpetual issuance to repay notes issued to Google. Azure Nova International Finance Ltd. hired banks for a potential USD bond issuance (guaranteed by Bank of Communications Financial Leasing Co. ('A-/A2/A')). The expected issue rating are 'NR/A2/A'. KEB Hana Bank has arranged fixed income investor meetings commencing on March 13, 2017 for potential USD notes issuance. The Export-Import Bank of China hired banks for a potential USD 5-year/10-year bond issuance and scheduled investor calls from 6 March. The expected issue ratings are 'AA-/Aa3/NR'. Regal Hotels International Holdings Ltd. scheduled investor roadshows from 7 March for a potential USD Perpetual issuance.
- **Rating Changes:** S&P revised Anheuser-Busch InBev S.A.'s (AB InBev) ratings outlook to negative from stable. In addition, S&P affirmed AB InBev's and its related entities' 'A-' corporate credit rating and issue ratings. The rating action reflects the heightened risks AB InBev faces in achieving its deleveraging targets. S&P also revised U.K.-based brewer SABMiller PLC's and Foster's Group Ltd.'s (acquired by AB InBev) outlooks to negative from stable, affirmed their 'A-' corporate credit and issue ratings, and then withdrew all ratings. Moody's affirmed CIFI Holdings (Group) Co. Ltd.'s (CIFI) 'Ba3' corporate family rating and the 'B1' senior unsecured rating on its USD400mn bonds due 2020. At the same time, Moody's revised CIFI's ratings outlook to positive from stable. The rating action reflects Moody's expectation that CIFI will improve its credit metrics over the next 12-18 months, owing to its strong sales execution and prudent land acquisition strategy. Moody's affirmed Deutsche Bank AG's (Deutsche) ratings following the announcement of a fully underwritten EUR8bn raise of common equity. The outlook on Deutsche's long-term debt ratings remains stable. Moody's commented that these measures are positive developments for Deutsche's bondholders and the

capital raising gives Deutsche more time and financial leeway to achieve the objectives of the revised 2020 plan. Fitch affirmed PT Indika Energy Tbk's (Indika) 'CCC' Issuer Default Ratings (IDR), with a positive outlook. The rating action reflects Fitch's expectation of improvement in Indika's cash flows due to higher thermal coal prices. Moreover, Fitch commented that the higher cash generation ability has substantially improved the company's ability to refinance its 2018 notes, and the need for any debt restructuring has receded significantly.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	101.640	0.10%	USD-SGD	1.4122	0.11%
USD-JPY	113.890	-0.13%	EUR-SGD	1.4944	-0.27%
EUR-USD	1.0582	-0.38%	JPY-SGD	1.2397	0.27%
AUD-USD	0.7579	-0.22%	GBP-SGD	1.7281	-0.36%
GBP-USD	1.2236	-0.45%	AUD-SGD	1.0704	-0.10%
USD-MYR	4.4480	-0.14%	NZD-SGD	0.9877	-0.47%
USD-CNY	6.8970	-0.04%	CHF-SGD	1.3951	-0.36%
USD-IDR	13350	-0.25%	SGD-MYR	3.1559	0.20%
USD-VND	22805	-0.17%	SGD-CNY	4.8884	0.22%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.6828	--
2M	-0.3400	--	1M	0.8344	--
3M	-0.3290	--	2M	0.9133	--
6M	-0.2370	--	3M	1.1017	--
9M	-0.1710	--	6M	1.4227	--
12M	-0.1130	--	12M	1.8082	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.03	-2.60	3.96
Italy	-0.03	0.80	2.17
Ireland	-0.40	-3.00	1.04
Greece	7.94	-5.20	7.08
Spain	-0.17	1.90	1.73
Russia	1.81	-1.40	4.15

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	53.20	-0.24%	Coffee (per lb)	1.397	-1.13%
Brent (per barrel)	56.01	0.20%	Cotton (per lb)	0.7839	1.44%
Heating Oil (per gallon)	1.6045	0.68%	Sugar (per lb)	0.1915	-1.90%
Gasoline (per gallon)	1.6723	1.16%	Orange Juice (per lb)	1.7980	2.83%
Natural Gas (per MMBtu)	2.9010	2.62%	Cocoa (per mt)	1,968	-1.06%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,858.0	-1.00%	Wheat (per bushel)	4.3825	1.04%
Nickel (per mt)	11,046.8	0.94%	Soybean (per bushel)	10.268	-0.02%
Aluminium (per mt)	1,866.8	-0.96%	Corn (per bushel)	3.7275	-0.53%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,225.5	-0.08%	Crude Palm Oil (MYR/MT)	3,010.0	0.33%
Silver (per oz)	17.725	0.16%	Rubber (JPY/KG)	307.0	1.32%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	20,954.34	-51.37
S&P	2,375.31	-7.81
Nasdaq	5,849.18	-21.58
Nikkei 225	19,379.14	-90.03
STI	3,121.51	-0.83
KLCI	1,727.36	18.98
JCI	5,409.82	18.60
Baltic Dry	979.00	40.00
VIX	11.24	0.28

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.25 (-0.03)	1.31 (--)
5Y	1.60 (-0.04)	2.02 (+0.01)
10Y	2.29 (-0.06)	2.50 (+0.02)
15Y	2.39 (-0.07)	--
20Y	2.39 (-0.06)	--
30Y	2.43 (-0.05)	3.10 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	25.07	-0.23
EURIBOR-OIS	2.20	-0.10
TED	40.60	--

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
03/06/2017 05:00	SK	Foreign Reserves	Feb	--	\$373.91b	\$374.04b	--
03/06/2017 05:45	NZ	Building Permits MoM	Jan	--	0.80%	-7.20%	-7.90%
03/06/2017 08:00	AU	Melbourne Institute Infl MoM	Feb	--	-0.30%	0.60%	--
03/06/2017 08:00	AU	Melbourne Institute Inflation YoY	Feb	--	2.10%	2.10%	--
03/06/2017 08:30	AU	Retail Sales MoM	Jan	0.40%	0.40%	-0.10%	--
03/06/2017 08:30	AU	ANZ Job Advertisements MoM	Feb	--	-0.70%	4.00%	3.90%
03/06/2017 16:20	TA	Foreign Reserves	Feb	--	\$437.66b	\$436.59b	--
03/06/2017 16:30	GE	Markit Germany Construction PMI	Feb	--	54.1	52	--
03/06/2017 17:10	GE	Markit Germany Retail PMI	Feb	--	51.2	50.3	--
03/06/2017 17:10	EC	Markit Eurozone Retail PMI	Feb	--	49.9	50.1	--
03/06/2017 17:10	FR	Markit France Retail PMI	Feb	--	51.7	53.1	--
03/06/2017 17:10	IT	Markit Italy Retail PMI	Feb	--	45.5	45.6	--
03/06/2017 23:00	US	Factory Orders	Jan	1.00%	1.20%	1.30%	--
03/06/2017 23:00	US	Durable Goods Orders	Jan F	1.00%	2.00%	1.80%	--
03/06/2017 23:00	US	Durables Ex Transportation	Jan F	0.10%	0.00%	-0.20%	--
03/06/2017 23:00	US	Cap Goods Orders Nondef Ex Air	Jan F	--	-0.10%	-0.40%	--
03/06/2017 23:00	US	Cap Goods Ship Nondef Ex Air	Jan F	--	-0.40%	-0.60%	--
03/06/2017 03/13	VN	Domestic Vehicle Sales YoY	Feb	--	--	-10.50%	--
03/07/2017 06:30	AU	AiG Perf of Construction Index	Feb	--	53.1	47.7	--
03/07/2017 07:50	JN	Official Reserve Assets	Feb	--	--	\$1231.6b	--
03/07/2017 08:30	TA	CPI YoY	Feb	0.70%	--	2.25%	--
03/07/2017 08:30	TA	WPI YoY	Feb	3.00%	--	2.72%	--
03/07/2017 09:00	PH	CPI NSA MoM	Feb	0.30%	--	0.30%	--
03/07/2017 09:00	PH	CPI YoY	Feb	3.20%	--	2.70%	--
03/07/2017 11:30	AU	RBA Cash Rate Target	Mar-07	1.50%	--	1.50%	--
03/07/2017 13:30	AU	Foreign Reserves	Feb	--	--	A\$68.6b	--
03/07/2017 15:00	GE	Factory Orders MoM	Jan	-2.50%	--	5.20%	--
03/07/2017 15:00	GE	Factory Orders WDA YoY	Jan	4.30%	--	8.10%	--
03/07/2017 15:00	MA	Foreign Reserves	Feb-28	--	--	\$95.0b	--
03/07/2017 15:45	FR	Budget Balance YTD	Jan	--	--	-69.0b	--
03/07/2017 16:00	TA	Trade Balance	Feb	\$3.80b	--	\$3.50b	--
03/07/2017 16:00	TA	Exports YoY	Feb	16.40%	--	7.00%	--
03/07/2017 16:00	TA	Imports YoY	Feb	24.90%	--	8.40%	--
03/07/2017 16:30	UK	Halifax House Prices MoM	Feb	0.40%	--	-0.90%	--
03/07/2017 16:30	UK	Halifax House Price 3Mths/Year	Feb	5.30%	--	5.70%	--
03/07/2017 17:00	SI	Foreign Reserves	Feb	--	--	\$252.74b	--
03/07/2017 17:00	IT	PPI MoM	Jan	--	--	0.60%	--
03/07/2017 17:00	IT	PPI YoY	Jan	--	--	0.90%	--
03/07/2017 18:00	EC	Household Cons QoQ	4Q	0.50%	--	0.30%	--
03/07/2017 18:00	EC	GDP SA QoQ	4Q F	0.40%	--	0.40%	--
03/07/2017 18:00	EC	GDP SA YoY	4Q F	1.70%	--	1.70%	--
03/07/2017 21:30	US	Trade Balance	Jan	-\$48.5b	--	-\$44.3b	--
03/07/2017 21:30	CA	Int'l Merchandise Trade	Jan	0.75b	--	0.92b	--
03/07/2017 23:00	CA	Ivey PMI SA	Feb	58.5	--	57.2	--
03/07/2017	HK	Foreign Reserves	Feb	--	--	\$391.5b	--
03/07/2017	PH	Foreign Reserves	Feb	--	--	\$81.0b	--
03/07/2017	CH	Foreign Reserves	Feb	\$2969.0b	--	\$2998.2b	--
03/07/2017	ID	Foreign Reserves	Feb	--	--	\$116.89b	--

Source: Bloomberg

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