

Highlights

Global	<p>US president Trump had a sudden change of heart and acknowledged that China is not a currency manipulator, albeit he argued that the USD is still too strong. In an interview with the WSJ, he also left open the possibility of reappointing current Fed chair Yellen for another term as he prefers “a low interest-rate policy”. Meanwhile, Bank of Canada kept its policy rate unchanged at 0.5% as widely anticipated, citing that “a rate cut was not on the table at this time”, whereas Brazil cut its benchmark lending rate by 100bps to 11.25%, following two 75bp rate cuts.</p> <p>With the long Easter holiday weekend ahead, expect Asian markets to tread cautiously today. Today’s economic data calendar comprises US’ initial jobless claims, University of Michigan sentiment index and PPI, China’s trade data, German CPI, Australia’s unemployment change and unemployment rate. RBA will also release its Financial Stability Review.</p>
EZ	<p>German Finance Minister Schaeuble warned of a “nightmare” choice if Le Pen and Melenchon entered the second-round run-off.</p>
SG	<p>1Q17 GDP expanded by 2.5% yoy (-1.9% qoq saar), close to our forecast of 2.4% yoy (-1.7% qoq saar), with manufacturing outperforming (+6.6% yoy), followed by services (+1.5% yoy) whereas construction was the laggard (-1.1% yoy). MAS left its monetary policy stance unchanged at a neutral policy for an extended period, with the band width and center also static, citing that the current band provides flexibility for inflation weakness. The official growth and inflation forecasts were left unchanged at 1-3% and 0.5-1.5% yoy respectively, with core inflation remaining at 1-2% as well. MAS rhetoric noted that the global outlook has improved slightly since the Oct16 MPS but S’pore’s growth at 1-3% this year will not be markedly different from 2% in 2016. For inflation, energy-related components are the key drivers of the pickup in pricing power, coupled with some administrative price adjustments which will contribute to a temporary increase in CPI, but demand-driven inflationary pressures will be restrained, and core inflation is expected to trend towards but average slightly below 2 over the medium-term.</p>
CH	<p>CPI remained low at 0.9% yoy in March while PPI decelerated to 7.6% yoy. The weak CPI in March was mainly due to weaker than expected food prices, which fell by 1.9% mom. However, non-food CPI rebounded slightly by 0.1% mom. In addition, President Xi called President Trump on 12 Apr to discuss about North Korea and Syrians issues, only three days after he came back from the US after US sent an aircraft carrier to the region as well as Trump’s twitter about solving the North Korean problem without China.</p>
SK	<p>The Bank of Korea kept its 7-day repo rate print later at 1.25%. BoK earlier mentioned that household debt is already limiting south Korea’s consumption and higher interest rates may further burden repayment of household loans</p>
Commodities	<p>New Trump-related comments sent the dollar index weaker, while gold surged to its highest since Nov 2016 above its \$1,280/oz handle in the early morning. Specifically, Trump backtracked on a handful of issues, while commenting that the dollar is getting “too strong”. Elsewhere, some profit-taking on crude oil can be seen overnight, even as US oil inventories fell more than market-expected by 2.2 million barrels (vs est: -1.5 million barrels), suggesting that the rally may be losing some momentum at this juncture.</p>

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

Major Markets

- **US:** Escalating political tensions across the globe continued to put pressure on equity prices. The S&P 500 lost 0.38%, while the Dow and Nasdaq retreated 0.29% and 0.52% respectively. Technically, the S&P 500 closed below its 50-MA line for the first time since Nov 2016. Materials and industrial stocks led the way down. Defensive stocks, like utilities and telecoms, bucked the downward move as Treasury yields slipped. VIX spiked higher, up 4.6% to 15.77. US Treasuries rallied as investors looked for safe havens amid uncertain geopolitical times. 2- and 10-year benchmark yields retreated 3-6 bps to close at 1.20% and 2.24% respectively. Treasuries were given a further leg up as Trump commented that he “likes” the low-interest-rate policy.
- **Singapore:** Retail sales rose 2.3% mom sa but fell 2.5% yoy in Feb, reversing the -1.1% mom sa (+2.3% yoy) revised print in Jan. The Feb readings were also below our expectations and also market consensus forecast of +1.9% yoy (-0.5% mom sa). Retail sales excluding autos also edged up 0.4% mom but slumped 4.9% yoy. Motor vehicle sales surged 10.6% mom sa (+9.4% yoy), while sales also improved in other categories like petrol service stations (+4.5% mom sa/+14.6% yoy), recreational goods (+3.9% mom sa/+4.0% yoy), and furniture & household equipment (+2.9% mom sa/+2.9% yoy). However, consumer expenditure tailed off post-CNY for supermarkets (-3.1% mom sa/-15.4% yoy), department stores (-0.1% mom sa/-15.0% yoy) and computer & telecommunications equipment (-8.0% mom sa/-5.7% yoy). For Jan-Feb 2017, retail sales averaged a tepid 0.09% yoy, which pales in comparison to the same period last year (2.9% yoy). While Jan-Feb data tends to be volatile and sensitized to the CNY festive period timings, the latest retail sales reading suggests consumer spending is off to a somewhat weak start this year. Given the softening in the domestic labour market conditions, consumers may continue to exercise caution in their discretionary spending in the months ahead as well.
- STI overcame soft investor sentiments to add 0.35% to close at 3186.01 yesterday. With weak overnight leads from Wall Street and morning slippage by Nikkei, the STI may face some consolidation pressure today, albeit there were no surprises from the domestic 1Q17 GDP print and MAS MPS decision. STI's support and resistance are tipped at 3160 and 3200 respectively. The SGS bonds rallied yesterday with yields lower by another 1-3bps, and may extend gains today as amid the modest risk-off sentiments.
- **China:** CPI is expected to remain sub-1.5% in the coming months due to weak food prices and modest non-food prices. The gap between PPI and CPI is expected to narrow in the coming months as PPI is likely to fall further as a result of correction in commodity prices.
- The call showed that the tensions have escalated at a rapid pace. The key focus will be whether North Korea will launch their sixth round of nuclear tests this month to celebrate founder Kim Il Sung's birth on 15 April or the founding of North Korea army on 25 April. The nuclear test is likely to become the catalyst for potential US military intervention.
- **Malaysia:** Real Estate and Housing Developer's Association reportedly said that it wants the state government of Malacca to lift its blanket restriction on residential property prices. Its chairman Datuk Ngoh King Hua said that the association hope the state government will only keep a control of prices for affordable housing units priced between RM150k-180k for the lower-income buyers, but leave market forces to determine the prices for other segments.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 1-4bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in OUESP 3.75%'22s, and mixed interest in BNKEA 4.25%'20s, SOCGEN 4.3%'26s. In the broader dollar space, the spread on JACI IG corporates rose 3bps to 200bps while the yield on JACI HY changed little at 6.55%. 10y UST yields continued to trend lower, falling 6bps to 2.24%, after President Trump said that he likes the Federal Reserve's low-interest-rate policy and is leaving open the possibility of renominating the U.S Federal Reserve Chairwoman Janet Yellen.
- **New Issues:** Oxley MTN Pte Ltd. priced a USD200mn 4-year bond (guaranteed by Oxley Holdings Ltd.) at 6.375%, tightening from initial guidance of 6.5%. CCB Life Insurance Company Ltd. priced a USD500mn extendible 60NC5 bond at 4.5%, tightening from initial guidance of 4.8%. The expected issue ratings are 'BBB/Baa3/NR'. Daiwa Securities Group, Inc. priced a USD1bn 5-year bond at CT5+130bps, tightening from initial guidance of CT5+145bps. The expected issue ratings are 'A-/Baa1/NR'. Japan Finance Organization for Municipalities priced a USD1bn 5-year bond at MS+74bps, tightening from initial guidance of MS+78bps. The expected issue ratings are 'A+/A1/NR'. China Huarong AMC Ltd. is planning for potential USD bond issuance. Chinalco Capital Holdings Ltd. sets final guidance for its USD 5-year bond (guaranteed by Aluminum Corporation of China Ltd.) at 4.25%. The initial guidance was 4.6% area. Nuoxi Capital Ltd. sets final guidance for its USD 3-year bond (guaranteed by Hongkong JHC Co., Ltd.) at 4.6%. The initial guidance was at 5% area.
- **Rating Changes:** S&P upgraded Australian hard-rock contract mining company Barminto Holdings Pty Ltd.'s (Barminto) issuer credit rating to 'B' from 'B-'. The outlook is stable. In addition, S&P removed all Barminto's ratings from CreditWatch with positive implications. The rating action reflects the company's successful issuance of US\$350 million senior secured notes maturing in 2022, which removed any refinancing pressure over the next 12 months. S&P affirmed Hydoo International Holding Ltd.'s (Hydoo) corporate credit rating at 'B' and issue rating on its outstanding notes at 'B-'. In addition, Hydoo revised the company's outlook to negative from stable. The rating action reflects S&P's expectation for Hydoo's financial leverage to remain high in the next 12-24 months, as sales performance and revenue may remain weak associated with the down cycle in the trade center industry. Moody's withdrew SOHO China Limited's (SOHO) 'Ba3' corporate family rating with a negative outlook. Moody's announced that the withdrawal is based on its own business reasons. Moody's assigned Xinjiang Guanghui Industry Investment (Group) Co. Ltd. (Xinjiang) a definitive 'B3' rating, with stable outlook. The definitive rating assignment follows Guanghui Group's completion of its USD bond issuance, the final terms and conditions of which are consistent with Moody's expectations, and the registration with the National Development and Reform Commission and the State Administration of Foreign Exchange in China. Fitch affirmed Indonesia-based port operator PT Pelabuhan Indonesia III (Persero)'s (Pelindo III) Foreign-Currency Issuer Default Rating (IDR) and the rating on the USD500mn senior unsecured notes due 2024 at 'BBB-'. In addition, Fitch revised the outlook on Pelindo III to Stable from Positive. However, Fitch downgraded Pelindo III's standalone rating from 'BB+' to 'BB'. The rating action reflects the lower-than-expected margins and higher-than-previously expected capex plan in the medium term, which will result weaker metrics in 2017-2020 due to its higher debt required to finance the elevated capex. The two-notch uplift from the standalone rating reflects Pelindo III's moderate linkages with its parent, the government of Indonesia.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	100.780	0.07%	USD-SGD	1.3952	-0.61%
USD-JPY	109.030	-0.54%	EUR-SGD	1.4879	-0.03%
EUR-USD	1.0665	0.57%	JPY-SGD	1.2797	-0.05%
AUD-USD	0.7522	0.31%	GBP-SGD	1.7494	-0.23%
GBP-USD	1.2540	0.39%	AUD-SGD	1.0495	-0.29%
USD-MYR	4.4288	-0.11%	NZD-SGD	0.9721	-0.49%
USD-CNY	6.8915	-0.01%	CHF-SGD	1.3914	-0.12%
USD-IDR	13275	-0.05%	SGD-MYR	3.1618	0.21%
USD-VND	22673	0.08%	SGD-CNY	4.9254	0.24%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3750	--	O/N	0.9272	--
2M	-0.3390	--	1M	0.9900	--
3M	-0.3320	--	2M	1.0272	--
6M	-0.2420	--	3M	1.1551	--
9M	-0.1810	--	6M	1.4154	--
12M	-0.1190	--	12M	1.7890	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.37	-2.90	3.86
Italy	-0.01	1.30	2.30
Ireland	-0.37	-0.90	0.93
Greece	7.22	-12.20	6.66
Spain	-0.17	1.40	1.67
Russia	2.11	-0.40	4.15

Equity and Commodity

Index	Value	Net change
DJIA	20,591.86	-59.44
S&P	2,344.93	-8.85
Nasdaq	5,836.16	-30.61
Nikkei 225	18,552.61	-195.26
STI	3,186.01	11.26
KLCI	1,744.08	8.24
JCI	5,644.16	16.22
Baltic Dry	1,282.00	20.00
VIX	15.77	0.70

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.19 (-0.02)	1.20 (-0.03)
5Y	1.64 (-0.02)	1.77 (-0.06)
10Y	2.17 (-0.02)	2.24 (-0.06)
15Y	2.31 (-0.03)	--
20Y	2.38 (-0.03)	--
30Y	2.40 (-0.03)	2.89 (-0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	21.00	0.16
EURIBOR-OIS	2.05	-0.30
TED	34.80	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	53.11	-0.54%	Coffee (per lb)	1.383	-1.36%
Brent (per barrel)	55.86	-0.66%	Cotton (per lb)	0.7473	-0.37%
Heating Oil (per gallon)	1.6520	0.08%	Sugar (per lb)	0.1670	-0.12%
Gasoline (per gallon)	1.7417	-0.91%	Orange Juice (per lb)	1.6115	-0.37%
Natural Gas (per MMBtu)	3.1870	1.17%	Cocoa (per mt)	1,941	-1.57%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,610.8	-2.42%	Wheat (per bushel)	4.3325	--
Nickel (per mt)	9,680.0	-1.07%	Soybean (per bushel)	9.478	0.90%
Aluminium (per mt)	1,884.3	-1.18%	Corn (per bushel)	3.6900	0.68%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,275.3	0.32%	Crude Palm Oil (MYR/MT)	2,780.0	-2.04%
Silver (per oz)	18.300	0.25%	Rubber (JPY/KG)	265.0	-2.82%

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

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
04/12/2017 07:00	SK	Unemployment rate SA	Mar	3.80%	3.70%	4.00%	--
04/12/2017 07:50	JN	Machine Orders YoY	Feb	2.50%	5.60%	-8.20%	--
04/12/2017 07:50	JN	PPI YoY	Mar	1.40%	1.40%	1.00%	1.10%
04/12/2017 07:50	JN	Bank Lending Incl Trusts YoY	Mar	--	3.00%	2.80%	--
04/12/2017 07:50	JN	Bank Lending Ex-Trusts YoY	Mar	3.00%	3.00%	2.90%	--
04/12/2017 08:30	AU	Westpac Consumer Conf SA	Apr	--	-0.70%	0.10%	--
04/12/2017 09:30	CH	CPI YoY	Mar	1.00%	0.90%	0.80%	--
04/12/2017 09:30	CH	PPI YoY	Mar	7.50%	7.60%	7.80%	--
04/12/2017 13:00	SI	Retail Sales YoY	Feb	1.90%	-2.50%	2.00%	2.30%
04/12/2017 16:00	SI	Automobile COE Open Bid Cat A	Apr-12	--	52000	51765	--
04/12/2017 16:00	SI	Automobile COE Open Bid Cat B	Apr-12	--	54405	54000	--
04/12/2017 16:00	SI	Automobile COE Open Bid Cat E	Apr-12	--	54556	54501	--
04/12/2017 16:30	UK	Claimant Count Rate	Mar	--	2.20%	2.10%	--
04/12/2017 16:30	UK	Jobless Claims Change	Mar	--	25.5k	-11.3k	-6.1k
04/12/2017 16:30	UK	ILO Unemployment Rate 3M	Feb	4.70%	4.70%	4.70%	--
04/12/2017 19:00	US	MBA Mortgage Applications	Apr-07	--	1.50%	-1.60%	--
04/12/2017 20:00	IN	CPI YoY	Mar	3.94%	3.81%	3.65%	--
04/12/2017 20:00	IN	Industrial Production YoY	Feb	1.30%	-1.20%	2.70%	3.30%
04/12/2017 20:30	US	Import Price Index MoM	Mar	-0.20%	-0.20%	0.20%	0.40%
04/12/2017 20:30	US	Import Price Index YoY	Mar	4.00%	4.20%	4.60%	4.80%
04/12/2017 22:00	CA	Bank of Canada Rate Decision	Apr-12	0.50%	0.50%	0.50%	--
04/12/2017 22:00	CA	BoC April Monetary Policy Report					
04/13/2017 02:00	US	Monthly Budget Statement	Mar	-\$169.0b	-\$176.2b	-\$108.0b	--
04/13/2017 05:30	NZ	REINZ House Sales YoY	Mar	--	-10.70%	-14.20%	--
04/13/2017 06:30	NZ	BusinessNZ Mfg PMI	Mar	--	57.8	55.2	55.7
04/13/2017 06:45	NZ	Food Prices MoM	Mar	--	-0.30%	0.20%	--
04/13/2017 07:01	UK	RICS House Price Balance	Mar	22%	22%	24%	22%
04/13/2017 07:50	JN	Japan Buying Foreign Bonds	Apr-07	--	¥2176.8b	¥1099.8b	--
04/13/2017 07:50	JN	Japan Buying Foreign Stocks	Apr-07	--	¥82.9b	¥335.4b	--
04/13/2017 07:50	JN	Foreign Buying Japan Bonds	Apr-07	--	¥586.8b	¥890.0b	--
04/13/2017 07:50	JN	Foreign Buying Japan Stocks	Apr-07	--	¥441.0b	¥584.5b	--
04/13/2017 07:50	JN	Money Stock M2 YoY	Mar	4.20%	4.30%	4.20%	--
04/13/2017 07:50	JN	Money Stock M3 YoY	Mar	3.60%	3.60%	3.60%	--
04/13/2017 08:00	SI	GDP YoY	1Q A	2.60%	2.50%	2.90%	--
04/13/2017 08:00	SI	GDP SAAR QoQ	1Q A	-1.80%	-1.90%	12.30%	--
04/13/2017 09:30	AU	Employment Change	Mar	20.0k	--	-6.4k	--
04/13/2017 09:30	AU	Unemployment Rate	Mar	5.90%	--	5.90%	--
04/13/2017 09:30	AU	Full Time Employment Change	Mar	--	--	27.1k	--
04/13/2017 09:30	AU	Part Time Employment Change	Mar	--	--	-33.5k	--
04/13/2017 09:30	AU	Participation Rate	Mar	64.60%	--	64.60%	--
04/13/2017 14:00	GE	CPI YoY	Mar F	1.60%	--	1.60%	--
04/13/2017 14:00	GE	CPI EU Harmonized YoY	Mar F	1.50%	--	1.50%	--
04/13/2017 14:45	FR	CPI EU Harmonized YoY	Mar F	1.40%	--	1.40%	--
04/13/2017 14:45	FR	CPI YoY	Mar F	1.10%	--	1.10%	--
04/13/2017 14:45	FR	CPI Ex-Tobacco Index	Mar	101.16	--	100.52	--
04/13/2017 16:00	IT	CPI EU Harmonized YoY	Mar F	1.30%	--	1.30%	--
04/13/2017 20:30	CA	New Housing Price Index MoM	Feb	0.20%	--	0.10%	--
04/13/2017 20:30	CA	Manufacturing Sales MoM	Feb	-0.70%	--	0.60%	--
04/13/2017 20:30	US	PPI Final Demand MoM	Mar	0.00%	--	0.30%	--
04/13/2017 20:30	US	PPI Ex Food and Energy MoM	Mar	0.20%	--	0.30%	--
04/13/2017 20:30	US	PPI Final Demand YoY	Mar	2.40%	--	2.20%	--
04/13/2017 20:30	US	PPI Ex Food and Energy YoY	Mar	1.80%	--	1.50%	--
04/13/2017 20:30	US	Initial Jobless Claims	Apr-08	245k	--	234k	--
04/13/2017 20:30	US	Continuing Claims	Apr-01	2024k	--	2028k	--
04/13/2017 21:45	US	Bloomberg Consumer Comfort	Apr-09	--	--	50.2	--
04/13/2017 22:00	US	U. of Mich. Sentiment	Apr P	96.5	--	96.9	--
04/13/2017	SK	BoK 7-Day Repo Rate	Apr-13	1.25%	--	1.25%	--
04/13/2017	CH	Imports YoY	Mar	15.50%	--	38.10%	--
04/13/2017	CH	Exports YoY	Mar	4.30%	--	-1.30%	--
04/13/2017	CH	Trade Balance	Mar	\$12.50b	--	-\$9.15b	--
04/13/2017 04/15	CH	Money Supply M2 YoY	Mar	11.10%	--	11.10%	--
04/13/2017 04/15	CH	Money Supply M1 YoY	Mar	19.30%	--	21.40%	--
04/13/2017 04/15	CH	Money Supply M0 YoY	Mar	4.00%	--	3.30%	--
04/13/2017 04/15	CH	New Yuan Loans CNY	Mar	1200.0b	--	1170.0b	--
04/13/2017 04/17	IN	Exports YoY	Mar	--	--	17.50%	--
04/13/2017 04/17	IN	Imports YoY	Mar	--	--	21.80%	--
04/10/2017 04/13	PH	Budget Balance PHP	Feb	--	--	2.2b	--

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

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