

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

Global	<p>With the failed missile launch by North Korea, and US president Trump tweeting that “why would I call China a currency manipulator when they are working with us on the North Korean problem? We will see what happens!” This manifested in the US Treasury’s semi-annual FX report which did not label China a currency manipulator, but opined that “China currently has an extremely large and persistent bilateral trade surplus with the United States, which underscores the need for further opening of the Chinese economy to American goods and services” and underscored the point that its FX intervention over the last decade had imposed “significant and long-lasting hardship on American workers and companies”. Apart from China, the report also kept South Korea, Japan, Taiwan, Germany and Switzerland on its monitoring list. Meanwhile, US Commerce Secretary Ross also said that “currency misalignment” will be addressed in a trade abuse study due in June. Elsewhere, Turkey’s weekend referendum saw president Erdogan gaining sweeping presidential powers.</p> <p>Asian markets are back from the Easter long weekend, and may tread cautiously this morning ahead of China’s data dump comprising 1Q17 GDP growth, retail sales, fixed asset investments and industrial production. Today’s economic data calendar comprises US’ NAHB housing market index and Empire manufacturing, and Indonesia’ trade. This week, watch for US Vice-president Mike Pence’s visit to South Korea, Japan, Indonesia, Australia and Hawaii, the IMF-World Bank spring meetings, 1Q earnings season, Jakarta governor second round election on Wed (with Arnies leading Ahok in the polls) and the start of South Korea’s official presidential campaign ahead of the 9 May election following the earlier ouster of Park Geun-hye.</p>
US	<p>Headline CPI fell 0.3% mom (+2.4% yoy) in Mar, marking its first drop since Feb16, while core CPI fell 0.1% mom (+2% yoy) in its first decline since Jan10 as well. This data reflected cheaper motor vehicles, wireless phone services and apparel, and should reassure policymakers about the pace of inflation uptick. Meanwhile, retail sales also shrank 0.2% mom in Mar, following a revised 0.3% drop in Feb (previously estimated at +0.1%), due to the drag from automobile purchases (which fell for the second month by 1.2%) and suggesting that consumer spending remained soft in 1Q17.</p>
CH	<p>Trade data beat market expectation and trade balance returned to surplus in March.</p>
SG	<p>NODX declined 1.1% mom sa (+16.5% yoy) in Mar, compared to Feb’s +1.4% mom sa (+21.5% yoy). This beat consensus expectations of -6.4% mom (+7.3% yoy) and our forecast of -13.3% mom sa (+0.9% yoy). Electronics exports rose for the 5th straight month by 5.2% in Mar, following +17.2% in Feb, while non-electronics NODX also similarly rose for the 5th consecutive month by 20.8%.</p>
Commodities	<p>Gold prices rose starkly to hit its five-month high last week on geopolitical tensions. As of this morning, gold opened higher and is trending around its \$1,295/oz. With geopolitical concerns still heightened at this juncture, do expect the yellow metal to remain elevated on safe haven demand. The surge in gold prices also led other precious metal assets higher, including silver and platinum last week.</p>

Major Markets

- **US:** Equities ended lower for a third straight day last Thursday, ahead of the Easter weekend. Recent flip-flops by Trump, on issues as diverse as NATO and Yellen, left investors somewhat confused over the policy direction of the administration. Financials and energy led losses as all industry sectors ended in the red. Overall, the S&P 500 was down 0.68%, while the Dow and Nasdaq retreated 0.67% and 0.53% respectively. VIX shaded higher to 15.96 amidst geopolitical tensions. Despite Trump on the record saying that he “likes the low-interest rate policy”, US Treasuries yields held steady. 2- and 10-year benchmark yields held at 1.20% and 2.24% respectively. However, the path of least resistance for yields appear to be downwards going forward.
- **Singapore:** STI slipped 0.53% to close lower at 3169.24 last Thursday, and may open on a softer tone today given weak morning leads from Nikkei. The STI's support and resistance are tipped at 3140 and 3180 respectively. The SGS bonds gained on Thursday amid the geopolitical concerns surrounding North Korea, and may sustain a modest risk-off tone ahead of the jam-packed week ahead.
- **China:** The acceleration of exports in March was mainly driven by steady global recovery being unaffected by political uncertainty while strong imports were the result of a base effect as well as strong demand for commodity and rising commodity prices. Loan data was slightly below market expectations probably due to macro prudential assessment. However, off-balance sheet lending remained strong. The financing from bond market has not fully recovered yet though net issuance of corporate bond returned to positive in March after two consecutive month's reading. The deceleration of M2 growth is probably due to slower than expected corporate deposit growth. The slowing M2 growth may cap banks' ability to expand their balance sheet in future, which may eventually slow the economic growth.
- **Indonesia:** Bank Indonesia survey shows that bank loans growth has picked up pace in Q2 this year. Its statement, as quoted by Bloomberg, cites that an improvement in liquidity and better economic prospects have helped to increase loans growth. It expects loan growth of 13.2% in 2017. The survey also shows that there are expectations for interest rates on working capital loans to fall by 28bps, on investment loans to fall by 26bps and on consumption credit to decline by 6bps.
- **South Korea:** BOK left its 7-day repo rate unchanged at 1.25% as widely expected, though citing that growth may print slightly higher than its 2.5% projection made earlier in January, while inflation may “fluctuate at the 2% level”, up from a previous estimate of 1.8%.
- **Commodities:** In the crude palm oil space, futures have touched their lowest since Nov 2016, after rallying past its MYR3,300/MT in Feb 2017 before falling on higher production. Note Malaysia's CPO production grew for three consecutive months, with latest growth print at 20% in March 2017 (or 1.46 million tons).

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened last Thursday, with swap rates trading 1-8bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in OUESP 3.75%'22s, GUOLSP 3.62%'21s, better selling seen in FCLSP 4.15%'27s, and mixed interest in BNP 3.65%'24s, UOBSP 3.5%'29s. The Itraxx Asia ex-Japan IG index closed at 101bps last Thursday, widening 2bps from last Wednesday's close. 10y UST held steady at 2.24% last Thursday, as markets remain cautious over rising geopolitical tensions between U.S and North Korea.

- **Rating Changes:** S&P assigned a 'A-' corporate credit rating to Beijing Gas Group Co. Ltd. (Beijing Gas) last Thursday. The outlook is stable. The rating action reflects the company's dominant market position as the key gas distributor in Beijing and its solid financial position despite an increased appetite for acquisition in recent years. Moody's assigned Beijing Gas an 'A3' issuer rating, while Fitch assigned the company a 'A' Issuer Default Rating and senior unsecured rating, with stable outlook. S&P upgraded China Petrochemical Corp.'s (Sinopec Group) corporate credit rating and issue ratings all the outstanding notes that Sinopec Group guarantees to 'AA-' from 'A+'. In addition, S&P upgraded Sinopec Century Bright Capital Investment Ltd.'s (SCB) corporate credit rating to 'A+' from 'A', and Sinopec Group's captive insurance subsidiary Sinopec Insurance Ltd.'s issuer credit rating to 'AA-' from 'A+'. The outlook on the ratings are negative. The rating expectations reflect S&P's expectation for the company to continue to have strong operating cash flows in the next two to three years as oil prices continue to recover. S&P anticipates that Sinopec will continue to deploy its strong operating cash flows to repay debt. S&P assigned China-based telecommunications services provider Dr. Peng Telecom & Media Group Co. Ltd. (Dr Peng) a 'BB' corporate credit rating. The rating assignment reflects the company's weaker market position in China than state-owned operators', business concentration in broadband internet services, and the highly competitive telecommunications services industry in China. Moody's assigned a 'Ba2' corporate family rating to Dr. Peng as well, with stable outlook. S&P assigned Nanjing Yang Zi State-Owned Investment Group Co. Ltd. (NYZ) a 'BBB+' corporate credit rating. The outlook is stable. According to S&P, the rating on NYZ benefits from the creditworthiness of the company's sole owner, the Nanjing municipal government. S&P also sees an extremely high likelihood that the company will receive timely and sufficient extraordinary government support if it comes under financial distress. Moody's affirmed Singapore Technologies Engineering Ltd.'s (STE) 'Aaa' issuer rating and senior unsecured rating of ST Engineering Financial I Ltd (STEF1). STEF1 is a wholly-owned and guaranteed special purpose funding subsidiary of STE. The rating action reflects STE's relatively stable operations as the company expands its presence globally and broadens its customer base through a combination of small acquisitions and the extension of its home grown activities internationally. Moody's affirmed Yanzhou Coal Mining Company Limited's (Yanzhou) 'B2' corporate family and senior unsecured rating on the bonds issued by its subsidiary, Yancoal International Resources Development Co. Limited. In addition, Moody's revised to stable from negative the outlook on these ratings. The rating action reflects Moody's expectations that average thermal coal prices in China and Australia over the next 12 to 18 months will be higher than in 2016, which will in turn support the company's EBITDA recovery and debt deleveraging.

Key Financial Indicators

Foreign Exchange						Equity and Commodity		
	Day Close	% Change		Day Close	% Change	Index	Value	Net change
DX	100.560	-0.22%	USD-SGD	1.3984	0.23%	DJIA	20,453.25	-138.61
USD-JPY	109.090	0.06%	EUR-SGD	1.4842	-0.25%	S&P	2,328.95	-15.98
EUR-USD	1.0613	-0.49%	JPY-SGD	1.2818	0.16%	Nasdaq	5,805.15	-31.01
AUD-USD	0.7568	0.61%	GBP-SGD	1.7486	-0.05%	Nikkei 225	18,426.84	-125.77
GBP-USD	1.2503	-0.30%	AUD-SGD	1.0584	0.85%	STI	3,169.24	-16.77
USD-MYR	4.4128	-0.36%	NZD-SGD	0.9786	0.67%	KLCI	1,738.18	-5.90
USD-CNY	6.8900	-0.02%	CHF-SGD	1.3899	-0.11%	JCI	5,616.55	-27.61
USD-IDR	13256	-0.14%	SGD-MYR	3.1641	0.07%	Baltic Dry	1,296.00	14.00
USD-VND	22677	0.02%	SGD-CNY	4.9311	0.12%	VIX	15.96	0.19

Interbank Offer Rates (%)						Government Bond Yields (%)		
Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change	Tenor	SGS (chg)	UST (chg)
1M	-0.3720	0.0020	O/N	0.9261	-0.0017	2Y	1.18 (-0.02)	1.21 (-)
2M	-0.3410	-0.0020	1M	0.9944	0.0005	5Y	1.62 (-0.03)	1.77 (-)
3M	-0.3310	0.0010	2M	1.0350	0.0017	10Y	2.13 (-0.04)	2.24 (-)
6M	-0.2460	-0.0040	3M	1.1584	--	15Y	2.26 (-0.05)	--
9M	-0.1820	-0.0010	6M	1.4032	-0.0072	20Y	2.33 (-0.05)	--
12M	-0.1200	--	12M	1.7718	-0.0117	30Y	2.35 (-0.05)	2.89 (+0.01)

Eurozone & Russia Update						Financial Spread (bps)		
	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread			Value	Change	
Portugal	0.40	3.20	3.89	2.40	3.70	LIBOR-OIS	21.04	-0.22
Italy	-0.01	0.10	2.32	1.70	2.13	EURIBOR-OIS	2.90	0.85
Ireland	-0.33	4.00	0.93	-0.60	0.74	TED	35.59	1.36
Greece	7.24	2.00	6.67	0.60	6.48			
Spain	-0.18	-0.60	1.71	3.70	1.52			
Russia	2.11	-0.10	4.11	-3.40	3.93			

Commodities Futures					
	Futures	% chg	Soft Commodities	Futures	% chg
Energy					
WTI (per barrel)	53.18	0.13%	Coffee (per lb)	1.389	0.43%
Brent (per barrel)	55.89	0.05%	Cotton (per lb)	0.7562	1.19%
Heating Oil (per gallon)	1.6495	-0.15%	Sugar (per lb)	0.1660	-0.60%
Gasoline (per gallon)	1.7349	-0.39%	Orange Juice (per lb)	1.6075	-0.25%
Natural Gas (per MMBtu)	3.2270	1.26%	Cocoa (per mt)	1,879	-3.19%
Base Metals			Grains		
Copper (per mt)	5,667.0	1.00%	Wheat (per bushel)	4.2975	-0.81%
Nickel (per mt)	9,695.3	0.16%	Soybean (per bushel)	9.555	0.82%
Aluminium (per mt)	1,895.0	0.57%	Corn (per bushel)	3.7100	0.54%
Precious Metals			Asian Commodities		
Gold (per oz)	1,285.9	0.83%	Crude Palm Oil (MYR/MT)	2,769.0	-0.40%
Silver (per oz)	18.510	1.15%	Rubber (JPY/KG)	268.5	1.32%

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

CFTC Commodities Futures and Options

For the week ended: 11 Apr 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Gold	177,131	161,183	15,948	Soybean	-14,575	15,450	-30,025
Nymex Crude	477,196	462,560	14,636	Corn	-56,279	-42,020	-14,259
Natural Gas	-2,919	-17,543	14,624	Cotton	95,996	108,848	-12,852
Live Cattle	147,798	141,819	5,979	Lean Hogs	26,514	34,469	-7,955
Heating Oil	31,807	27,027	4,780	Cocoa	-15,949	-9,733	-6,216
Silver	107,003	102,469	4,534	Sugar	85,011	86,008	-997
Coffee	13,249	11,989	1,260	Copper	25,866	26,842	-976
Wheat	-107,000	-108,206	1,206	RBOB Gasoline	55,488	56,341	-853
Palladium	20,642	20,948	-306	Platinum	26,091	26,607	-516

Date	Time	Event		Survey	Actual	Prior	Revised
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	07:50	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	08:57	SK BoK 7-Day Repo Rate	Apr-13	1.25%	1.25%	1.25%	--
04/13/2017	09:30	AU Employment Change	Mar	20.0k	60.9k	-6.4k	2.8k
04/13/2017	09:30	AU Unemployment Rate	Mar	5.90%	5.90%	5.90%	--
04/13/2017	09:30	AU Participation Rate	Mar	64.60%	64.80%	64.60%	--
04/13/2017	11:06	CH Imports YoY	Mar	15.50%	20.30%	38.10%	--
04/13/2017	11:06	CH Exports YoY	Mar	4.30%	16.40%	-1.30%	--
04/13/2017	11:06	CH Trade Balance	Mar	\$12.50b	\$23.93b	-\$9.15b	--
04/13/2017	14:00	GE CPI YoY	Mar F	1.60%	1.60%	1.60%	--
04/13/2017	14:00	GE CPI EU Harmonized YoY	Mar F	1.50%	1.50%	1.50%	--
04/13/2017	14:45	FR CPI EU Harmonized YoY	Mar F	1.40%	1.40%	1.40%	--
04/13/2017	14:45	FR CPI YoY	Mar F	1.10%	1.10%	1.10%	--
04/13/2017	16:00	IT CPI EU Harmonized YoY	Mar F	1.30%	1.40%	1.30%	--
04/13/2017	20:13	IN Exports YoY	Mar	--	27.60%	17.50%	--
04/13/2017	20:30	CA New Housing Price Index MoM	Feb	0.20%	0.40%	0.10%	--
04/13/2017	20:30	CA Manufacturing Sales MoM	Feb	-0.70%	-0.20%	0.60%	0.10%
04/13/2017	20:30	US PPI Ex Food and Energy MoM	Mar	0.20%	0.00%	0.30%	--
04/13/2017	20:30	US PPI Final Demand YoY	Mar	2.40%	2.30%	2.20%	--
04/13/2017	20:30	US PPI Ex Food and Energy YoY	Mar	1.80%	1.60%	1.50%	--
04/13/2017	20:30	US Initial Jobless Claims	Apr-08	245k	234k	234k	235k
04/13/2017	20:30	US Continuing Claims	Apr-01	2024k	2028k	2028k	2035k
04/13/2017	22:00	US U. of Mich. Sentiment	Apr P	96.5	98	96.9	--
04/14/2017	12:30	JN Industrial Production YoY	Feb F	--	4.70%	4.80%	--
04/14/2017	12:30	JN Capacity Utilization MoM	Feb	--	3.20%	0.10%	--
04/14/2017	15:02	CH Money Supply M2 YoY	Mar	11.10%	10.60%	11.10%	--
04/14/2017	15:02	CH New Yuan Loans CNY	Mar	1200.0b	1020.0b	1170.0b	--
04/14/2017	20:30	US CPI MoM	Mar	0.00%	-0.30%	0.10%	--
04/14/2017	20:30	US CPI YoY	Mar	2.60%	2.40%	2.70%	--
04/14/2017	20:30	US Retail Sales Advance MoM	Mar	-0.20%	-0.20%	0.10%	-0.30%
04/14/2017	20:30	US Retail Sales Ex Auto MoM	Mar	0.10%	0.00%	0.20%	0.00%
04/14/2017	20:30	US Retail Sales Ex Auto and Gas	Mar	0.30%	0.10%	0.20%	0.10%
04/17/2017	08:30	SI Non-oil Domestic Exports YoY	Mar	7.30%	--	21.50%	--
04/17/2017	10:00	CH Retail Sales YoY	Mar	9.70%	--	10.90%	--
04/17/2017	10:00	CH Industrial Production YoY	Mar	6.30%	--	6.00%	--
04/17/2017	10:00	CH GDP YoY	1Q	6.80%	--	6.80%	--
04/17/2017	14:30	IN Wholesale Prices YoY	Mar	6.00%	--	6.55%	--
04/17/2017	15:30	TH Foreign Reserves	Apr-07	--	--	\$180.9b	--
04/17/2017	20:30	US Empire Manufacturing	Apr	15	--	16.4	--
04/17/2017		PH Overseas Remittances YoY	Feb	5.40%	--	8.60%	--
04/17/2017		ID Exports YoY	Mar	13.20%	--	11.16%	--

Source: Bloomberg

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