

Highlights

Global	<p>Global risk appetite is likely to remain supported amid market hopes for President Trump's tax cut package (15% corporate income tax?). Expect Asian markets to continue to ride the wave of optimism, albeit keeping an eye on North Korea amid the 85th anniversary of the Korean People's Army. In particular, the China bourse will be closely scrutinised after the Shanghai Composite Index fell below its 200-day moving average yesterday for the first time since late Sep amid deleveraging fears.</p> <p>The economic data calendar comprises of US' new home sales, S&P home prices and FHFA house price index, HK trade data and ECB's bank lending survey.</p>
US	<p>Chicago Fed national activity index retreated from a revised 0.27 print in Feb to 0.08 in Mar, suggesting it is nearing the zero threshold for below-trend growth. Meanwhile, the Dallas Fed manufacturing activity was little changed at 16.8 in Apr, versus 16.9 in Mar, as new orders improved but production and capacity utilisation slowed. Separately, president Trump also said he would impose a 20% tariff on Canadian softwood lumber.</p>
EZ	<p>German IFO business climate improved more than expected from 112.4 in Mar to 112.9 in Apr, the highest since Jul 2011 and suggesting that momentum should sustain. The current assessment gauge rose to 121.1 (previously 119.5) whereas the expectations gauge unexpectedly slipped from 105.7 to 105.2.</p>
SG	<p>Stabilization in the headline and core CPI inflation prints for March affirm why MAS kept its monetary policy stance unchanged at the April review as the pickup in inflation is seen as due to energy-related components and administrative price increases rather than generalized demand-induced price pressures. Headline CPI and core CPI were flat on-month, albeit higher by 0.7% yoy and 1.2% yoy respectively, which were both largely within market expectations. We tip headline and core inflation to accelerate modestly into 2Q17 at 0.7% and 1.4% yoy respectively, with the bulk of the pressure potentially coming in 2H17 due to the planned administrative price hikes and given the relatively low base last year. While a relatively benign view is currently being adopted on the impending inflation uptick, it is plausible that any overshoot on the upside could again spur speculation down the road about the October MAS policy review.</p>
TH	<p>Exports gained at its strongest pace in four months (+9.2%), beating market expectations for a mere 1.7% and our forecast of 4.5%. Exports of both agriculture and electronics were higher on a year-on-year basis, highlighting that Thailand's external environment remains positive.</p>
Commodities	<p>With oil prices breaking below its \$50/bbl handle of late, the lack of an immediate technical support (immediate support now perceived at \$49/bbl) gave oil bears free rein to bring prices lower. WTI and Brent closed lower by almost one percentage point, though selling pressure appeared to have tamed as market-watchers expect US oil inventories print to fall into the week ahead. Gold remained lower yesterday as well as risk-taking behaviour lifted global equities, but further upside risk may persist should geopolitical tensions (note today's 85th anniversary of North Korean army) escalates.</p>

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Major Markets

- **US:** Strong gains across the board for equities as a “market friendly” outcome in the French election sparked a relief rally. In addition, an impending tax announcement from the Trump administration also added to the optimism. Financials, industrials and tech outperformed the market. Major indices all rose by more than 1%, with the Nasdaq leading the way with a 1.24% gain, while the S&P 500 and Dow were close behind with gains of 1.08% and 1.05%. VIX took a large step down, losing 26% to close at 10.84, near year-to-date lows. As risk-on sentiments attempts to take hold again, Treasuries slid lower again as 10-year yields rise back towards the 2.30% handle. 2- and 10-year yields were higher by 2-5 bps, closing at 1.23% and 2.27% respectively.
- **Singapore:** Price changes in the core components of the CPI basket were broadly steady in Mar. Private road transport inflation eased from 7.1% yoy in Feb to 6.9% yoy in Mar, as the pace of petrol price increases slowed and offset higher car and motorcycle prices (due to rising COE premiums). Meanwhile, services inflation accelerated marginally from 1.5% yoy in Feb to 1.6% yoy in March, lifted by higher airfares even though telecommunications services fees dipped. Food inflation was steady at 1.3% yoy in March, as cheaper non-cooked food items offset higher hawker and restaurant meal prices, whilst accommodation costs declined 4.0% (same as February) due to soft housing rentals. 1Q17 headline CPI inflation averaged +0.6% yoy, with core inflation at +1.3% yoy. This is within the official headline and core CPI inflation forecasts of 0.5-1.5% and 1-2% respectively as well. Looking ahead, MTI-MAS tip a temporary increase in inflation this year on the back of “administrative price adjustments”, notably the upcoming hikes in water prices and S&CC. They noted that “overall, domestic sources of inflation remain relatively subdued” and “conditions in the labour market has slackened, and this is expected to dampen underlying wage pressures, even as commercial and retail rents have eased” and businesses are likely to limit the extent to which they “pass on higher import and administrative costs to consumers”.
- STI added 0.13% to close at 3144.03 yesterday, as most Asian bourses weathered the deleveraging concerns that took the China stock market lower. Given the optimistic tone pervading Wall Street overnight and morning gains in Nikkei and Kospi, the STI may trade firmer with resistance tipped at 3160 today. With UST bonds extending losses yesterday as investors turned more risk-on, SGS bond yields could climb further today after rising some 2-4bps yesterday, and ahead of the \$800m 20-year SGS bond re-opening auction which closes at noon tomorrow.
- **Macau:** The number of visitor arrivals rebounded by 5.7% yoy in March. Notably, visitors from Mainland China, Taiwan, South Korea and Japan increased by 11.5%, 7.5%, 56.9% and 19.2% respectively, despite the different timing of the Easter Holidays between this year and last year. This is partially attributed to political issues which have distracted Mainland visitors from South Korea and Taiwan to Macau. A slew of hotels opened over the past two years also continued to attract tourists from various sources. On the contrary, tourists from Hong Kong (20% of total) decreased for the second consecutive month. The effect of the different timing of Easter Holiday may continue to distort the number for April. Nonetheless, after seasonality abates, we are concerned that tourist re-visitation will be constrained by limited choice of cheap accommodation and a stronger MOP. Only one new hotel scheduled to be opened this year also means that the attractiveness of Macau based on existing projects could wane to some extent. Still, more data would be needed to see whether the upside on the tourism sector is limited.
- **Indonesia:** Energy Minister Ignasius Jonan said that oil price between USD50-60 per barrel will be a good balance for both consumers and producers. In an interview with Bloomberg, he added that there is no plan for Indonesia re-join OPEC anytime soon.
- **Malaysia:** 1MDB has reportedly agreed on a settlement with Abu Dhabi’s International Petroleum Investment Company (IPIC) as part of the arbitration proceedings. The two parties have been in

dispute regarding payments from 1MDB to IPIC that have allegedly gone missing.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, with swap rates trading 3-5bps higher across all tenors. Flows in SGD corporates were heavy, with better buying seen in HRAM 3.2%'21s, SOCGEN 4.3%'26s, GUOLSP 3.62%'21s. In the broader dollar space, the spread on JACI IG corporates fell 2bps to 201bps, while the yield on JACI HY remained flattish at 6.57%. 10y UST yields rose 2bps yesterday to 2.27%, trailing European sovereign debt after the French elections. Results from the first round of elections went in favour of pro-growth centrist Emmanuel Macron and quenched demand for safe havens.
- **New Issues:** HPCL-Mittal Energy Ltd. priced a USD375mn 10-year bond at 5.25%, tightening from initial guidance of 5.625%. The expected issue ratings are 'NR/Ba2/BB-'. SOCAM Development Ltd scheduled investor meetings from 25 April for potential USD bond issuance. SGSP Australia Assets Pty Ltd scheduled investor meetings from 1 May for potential USD bond issuance. Mahindra & Mahindra Financial Services Ltd. scheduled bond investor meetings from 27 April – 2 May for non-deal roadshows. United Company Rusal Plc scheduled investor roadshows on 24 April for USD bond issuance, with the bond offering possible as early as 25 April.
- **Rating Changes:** Moody's affirmed ORIX Corporation's (ORIX) 'Baa1' issuer rating and changed the outlook to positive from stable. The rating action reflects ORIX's continuing improvements in the liquidity profile, improving trends in profitability, asset quality and capital adequacy.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	99.092	-0.89%	USD-SGD	1.3927	-0.33%
USD-JPY	109.770	0.62%	EUR-SGD	1.5136	1.04%
EUR-USD	1.0868	1.30%	JPY-SGD	1.2688	-0.91%
AUD-USD	0.7571	0.40%	GBP-SGD	1.7821	-0.42%
GBP-USD	1.2796	-0.16%	AUD-SGD	1.0544	0.10%
USD-MYR	4.3993	--	NZD-SGD	0.9773	-0.39%
USD-CNY	6.8847	-0.02%	CHF-SGD	1.3987	-0.28%
USD-IDR	13310	-0.09%	SGD-MYR	3.1567	0.31%
USD-VND	22720	0.01%	SGD-CNY	4.9434	0.31%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.9294	--
2M	-0.3390	--	1M	0.9906	--
3M	-0.3310	--	2M	1.0400	--
6M	-0.2490	--	3M	1.1562	--
9M	-0.1800	--	6M	1.4021	--
12M	-0.1240	--	12M	1.7446	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.38	-5.00	3.56
Italy	-0.05	-4.90	2.18
Ireland	-0.38	-1.00	0.87
Greece	6.57	-45.10	6.45
Spain	-0.22	-3.90	1.61
Russia	2.04	0.20	4.04

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	49.23	-0.79%	Coffee (per lb)	1.295	-0.27%
Brent (per barrel)	51.60	-0.69%	Cotton (per lb)	0.8009	1.39%
Heating Oil (per gallon)	1.5427	-0.68%	Sugar (per lb)	0.1624	-1.04%
Gasoline (per gallon)	1.6214	-1.40%	Orange Juice (per lb)	1.5740	-1.63%
Natural Gas (per MMBtu)	3.0660	-1.13%	Cocoa (per mt)	1,825	-1.83%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,627.3	0.59%	Wheat (per bushel)	4.0250	-0.62%
Nickel (per mt)	9,215.5	-0.94%	Soybean (per bushel)	9.613	1.08%
Aluminium (per mt)	1,937.3	0.62%	Corn (per bushel)	3.5925	0.63%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,275.8	-0.90%	Crude Palm Oil (MYR/MT)	2,669.0	--
Silver (per oz)	17.858	0.01%	Rubber (JPY/KG)	269.5	5.69%

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

Equity and Commodity

Index	Value	Net change
DJIA	20,763.89	216.13
S&P	2,374.15	25.46
Nasdaq	5,983.82	73.30
Nikkei 225	18,875.88	255.13
STI	3,144.03	4.20
KLCI	1,756.05	--
JCI	5,664.48	--
Baltic Dry	1,170.00	-25.00
VIX	10.84	-3.79

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.24 (+0.01)	1.23 (+0.05)
5Y	1.65 (+0.03)	1.80 (+0.03)
10Y	2.14 (+0.03)	2.27 (+0.02)
15Y	2.29 (+0.03)	--
20Y	2.36 (+0.04)	--
30Y	2.40 (+0.04)	2.93 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	20.02	0.45
EURIBOR-OIS	2.55	-0.45
TED	38.12	--

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised	
04/24/2017	07:01	UK	Rightmove House Prices MoM	Apr	--	1.10%	1.30%	--
04/24/2017	07:01	UK	Rightmove House Prices YoY	Apr	--	2.20%	2.30%	--
04/24/2017	08:30	TA	Unemployment Rate	Mar	3.80%	3.84%	3.83%	--
04/24/2017	11:30	TH	Customs Exports YoY	Mar	1.70%	9.22%	-2.80%	-2.76%
04/24/2017	11:30	TH	Customs Imports YoY	Mar	9.55%	19.26%	20.40%	20.36%
04/24/2017	11:30	TH	Customs Trade Balance	Mar	\$1715m	\$1617m	\$1610m	--
04/24/2017	12:09	MU	Visitor Arrivals	Mar	--	2501t	2495t	--
04/24/2017	13:00	SI	CPI YoY	Mar	0.70%	0.70%	0.70%	--
04/24/2017	13:00	SI	CPI NSA MoM	Mar	0.00%	0.00%	0.00%	--
04/24/2017	13:00	JN	Leading Index CI	Feb F	--	104.8	104.4	--
04/24/2017	16:00	TA	Industrial Production YoY	Mar	6.00%	3.22%	10.64%	10.71%
04/24/2017	16:00	GE	IFO Business Climate	Apr	112.4	112.9	112.3	112.4
04/24/2017	16:00	GE	IFO Expectations	Apr	105.9	105.2	105.7	--
04/24/2017	16:00	GE	IFO Current Assessment	Apr	119.2	121.1	119.3	119.5
04/24/2017	20:30	CA	Wholesale Trade Sales MoM	Feb	-1.00%	-0.20%	3.30%	3.00%
04/24/2017	20:30	US	Chicago Fed Nat Activity Index	Mar	0.5	0.08	0.34	0.27
04/24/2017	22:30	US	Dallas Fed Manf. Activity	Apr	17	16.8	16.9	--
04/25/2017	05:00	SK	Consumer Confidence	Apr	--	101.2	96.7	--
04/25/2017	07:50	JN	PPI Services YoY	Mar	0.70%	--	0.80%	--
04/25/2017	14:45	FR	Manufacturing Confidence	Apr	105	--	104	--
04/25/2017	16:30	HK	Exports YoY	Mar	10.00%	--	18.20%	--
04/25/2017	16:30	HK	Imports YoY	Mar	11.00%	--	25.40%	--
04/25/2017	16:30	HK	Trade Balance HKD	Mar	-53.0b	--	-56.3b	--
04/25/2017	16:30	UK	Public Finances (PSNCR)	Mar	--	--	12.9b	--
04/25/2017	16:30	UK	Public Sector Net Borrowing	Mar	1.5b	--	1.1b	--
04/25/2017	16:30	UK	PSNB ex Banking Groups	Mar	3.1b	--	1.8b	--
04/25/2017	21:00	US	FHFA House Price Index MoM	Feb	0.40%	--	0.00%	--
04/25/2017	21:00	US	S&P CL CS 20-City YoY NSA	Feb	5.77%	--	5.73%	--
04/25/2017	21:00	US	S&P CL CS 20-City NSA Index	Feb	--	--	192.81	--
04/25/2017	21:00	US	S&P CL CS US HPI YoY NSA	Feb	--	--	5.87%	--
04/25/2017	21:00	US	S&P CL CS US HPI NSA Index	Feb	--	--	185.51	--
04/25/2017	22:00	US	New Home Sales	Mar	584k	--	592k	--
04/25/2017	22:00	US	New Home Sales MoM	Mar	-1.40%	--	6.10%	--
04/25/2017	22:00	US	Conf. Board ConsConfidence	Apr	122.5	--	125.6	--
04/25/2017	22:00	US	Richmond Fed Manufact. Index	Apr	16	--	22	--
04/25/2017	04/28	TH	Car Sales	Mar	--	--	68435	--
04/25/2017	04/30	VN	Exports YTD YoY	Apr	--	--	12.80%	--
04/25/2017	04/30	VN	Imports YTD YoY	Apr	--	--	22.40%	--

Source: Bloomberg

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