

Highlights

Global	<p>Global risk sentiments recovered overnight, with a rally seen in financials, energy and material companies, even as today will mark UK's triggering of Article 50 for Brexit and approaching the quarter-end. Fed's Fischer opined that another two more rate hikes this year "seems about right" and "that's my forecast as well". Separately, Powell also noted "it's appropriate if we stay on this path for us to gradually raise interest rates", whilst George noted that "monetary policy is at a point where the economy is able to sustain growth" and it is important to remove accommodation "in a gradual but deliberate fashion".</p> <p>For today, Bank of Thailand is likely to keep its policy rate steady at 1.5% in the longest unchanged duration since at least 2000. The only notable economic data release is US' pending home sales. Speakers include Fed's Evans and Rosengren.</p>
US	<p>More green shoots bolstering optimism for the US economy – the Conference Board consumer confidence surged from 116.1 to 125.6 which is the highest since Dec 2000, with the present conditions and future expectations gauges both rising to 143.1 (highest since Aug 2001) and 113.8 (highest since Sep 2000). Meanwhile wholesale inventories also rose 0.4% in Feb (double expectations) following a 0.3% decline, and S&P 20-city house prices climbed 5.7% mom (biggest increase since Jul14) and 5.9% yoy (most since Jun14).</p>
UK	<p>The Scottish Parliament voted 69-59 to allow First Minister Sturgeon to request legal means to pursue a second independence referendum.</p>
SG	<p>As we published in our report "Thoughts on the 5-year SGS bond auction" yesterday, our view is that given historical bond swap spreads and the 6-month extension in duration for the new 5-year SGS bond, fair value should be closer to 1.65-1.7% region. The last two 5-year SGS bond auctions that fetched cut-off yields of around 1.6% were back in Feb and Oct 2014 which saw relatively modest bid-cover ratios of 1.69x and 1.77x respectively with auction sizes of \$1.8b and \$2.9b. That said, the most recent 5-year SGS bond auction in Oct last year saw a relatively low cut-off yield of 1.32% but still fetched a bid-cover ratio of 2.09x and a short tail with an issue size of \$2.2b. COE premium tender results are also due later today.</p>
ID	<p>Finance Minister Sri Mulyani said that her department will be enforcing a new standard operating procedure from April 1st, after the expiry of the tax amnesty program whereby Finance Ministry staff will not be allowed to meet with taxpayers outside the ministry's premises. The aim of the procedure is to reduce potential abuse of power by the staff members and to prevent corruption.</p>
MA	<p>Government is reportedly issuing tenders for a MYR55bn East Coast Rail Line project. The Star reports that the early specifications and breakdown of tenders could be announced as early as next month.</p>

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Major Markets

- **US:** Wall Street broke its 8-day losing streak led by financials rebounding from a six-week low. The Dow and S&P 500 led the gains with a rise of 0.73% while Nasdaq trailed closely behind with a 0.6% increase. Heads turned away from the failure of the American Health Care Act (AHCA) as investors focused on US consumer confidence printing a 16-year record high, likely lifting risk appetite. VIX shaded lower by 7.76% to 11.53. Meanwhile, 2-year treasury yields rose 5bps to 1.30% while 10-year yields added 4bps to 2.42%.
- **Singapore:** STI gained another 0.99% to close up at 3157.82 yesterday and the stabilisation in investor appetites may stretch across today given positive cues from Wall Street overnight and Kosp's stronger opening this morning. However, watch for any Brexit-related noise in the interim. STI's support and resistance are tipped at 3140 and 3180 respectively. With UST bond yields backing up overnight, we can expect that SGS bonds will also follow suit this morning. Moreover, with the \$2.6b new 5-year SGS bond auction closing at noon today, positioning will likely be more cautious in the belly of the curve to make way for the new SGS bond.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, with swap rates trading 1-3bps higher across all tenors. In the broader dollar space, the spread on JACI IG corporates held steady at 196bps while the yield on JACI HY fell 1bps to 6.63%. 10y UST yields rose 4bps to 2.42%, after U.S Federal Reserve Vice Chairman Stanley Fischer said on CNBC that he agreed with the median estimate of two more interest-rate increases this year.
- **New Issues:** Yango (Cayman) Investment Ltd. priced a USD300mn 3Put2 bond (guaranteed by Fujian Yango Group Co.) at 6.85%, tightening from initial guidance of 7.25%. Korea Resources Corp hired banks for a potential USD bond issuance.
- **Rating Changes:** S&P upgraded PT Japfa Comfeed Indonesia Tbk's (Japfa) corporate credit rating and issue rating on the guaranteed senior unsecured debt to 'BB-' from 'B+'. The rating outlook is stable. In addition, S&P affirmed Japfa's foreign currency corporate credit rating for the new USD bonds. The rating action reflects Japfa's lengthened debt maturity profile and reduced refinancing risk following its recent fund-raising transaction. Fitch also assigned Japfa's senior unsecured notes a final rating of 'BB-'. S&P took various rating actions on four German banks in relation to a retroactive change in German law which improves the loss absorbing capacity buffers for the bank and its senior creditors. The rating actions include: (1) Raising the long-term rating on Commerzbank AG to 'A-' from 'BBB+' with a negative outlook as well as raising to 'A-' from 'BBB+' the issue ratings on numerous senior unsecured issues and lowering the ratings to 'BBB' from 'BBB+' on issues reclassified as senior subordinated; (2) Raised the long-term rating on Deutsche Bank AG to 'A-' from 'BBB+' with a negative outlook as well as raising to 'A-' from 'BBB+' the issue ratings on several senior unsecured issues, and lowering the ratings to 'BBB-' from 'BBB+' on numerous other issues reclassified as senior subordinated; (3) Raising the long-term rating on Deutsche Pfandbriefbank AG (PBB) to 'A-' from 'BBB' with a negative outlook as well as raising to 'A-' from 'BBB' the issue ratings on several senior unsecured issues and lowering ratings to 'BBB-' from 'BBB' on other issues reclassified as senior subordinated; and (4) affirming the 'BBB' long-term ratings on UniCredit Bank AG with a developing outlook as well as affirming the 'BBB' issue ratings on some of UniCredit Bank's senior unsecured issues and lowering the ratings to 'BBB-' on numerous other issues reclassified as senior subordinated. Moody's affirmed Toshiba Corporation's 'Caa1' corporate family rating, senior unsecured debt rating, and 'Ca' subordinated debt rating. The rating outlook is negative. The rating confirmation reflects Toshiba's very poor capital structure and significant risks regarding potential cash outflows associated with the restructuring of its overseas nuclear power

business, which could materially pressure the company's financial profile and liquidity. Moody's affirmed Quintis Limited's (Quintis) corporate family and senior secured debt rating at 'B2'. In addition, Moody's revised Quintis' rating outlook to negative from stable. The rating action reflects the uncertainty in the strategic direction of the company, given the resignation of the Managing Director, who was also a founder of the company. Fitch downgraded China-based Red Star Macalline Group Corporation Ltd.'s (RSM) foreign-currency issuer default rating (IDR) and senior unsecured rating, to 'BBB' from 'BBB+'. The outlook for the IDR is stable. The rating action reflects Fitch's expectation that the mall operator's leverage will increase in 2017 instead of decreasing as previously expected. According to Fitch, the sustained increase in its leverage, as measured by net debt/recurring EBITDA, to above 4.0x, is likely to result from its slower-than-expected recurring EBITDA growth and higher capex and dividends payout. Fitch assigned United Overseas Bank Limited's (UOB) AUD300mn senior unsecured notes a rating of 'AA-'. The notes are rated at the same level as UOB's 'AA-' Long-Term Issuer Default Rating (IDR), as they constitute direct, unsecured and unsubordinated obligations of the bank, and will rank equally with all its other unsecured, unsubordinated obligations.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	99.712	0.55%	USD-SGD	1.3980	0.33%
USD-JPY	111.150	0.44%	EUR-SGD	1.5117	-0.15%
EUR-USD	1.0814	-0.46%	JPY-SGD	1.2579	-0.10%
AUD-USD	0.7633	0.20%	GBP-SGD	1.7407	-0.54%
GBP-USD	1.2450	-0.87%	AUD-SGD	1.0671	0.54%
USD-MYR	4.4135	--	NZD-SGD	0.9805	-0.11%
USD-CNY	6.8795	0.10%	CHF-SGD	1.4087	-0.36%
USD-IDR	13318	0.06%	SGD-MYR	3.1676	0.12%
USD-VND	22775	0.00%	SGD-CNY	4.9409	0.13%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3740	--	O/N	0.9244	--
2M	-0.3390	--	1M	0.9822	--
3M	-0.3300	--	2M	1.0228	--
6M	-0.2420	--	3M	1.1519	--
9M	-0.1720	--	6M	1.4243	--
12M	-0.1090	--	12M	1.7971	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.63	4.07	-0.60
Italy	-0.06	2.16	-3.60
Ireland	-0.37	1.02	-2.30
Greece	8.00	7.11	-14.90
Spain	-0.20	1.68	-0.80
Russia	2.02	4.17	-1.10

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	48.37	1.34%	Coffee (per lb)	1.389	-0.25%
Brent (per barrel)	51.33	1.14%	Cotton (per lb)	0.7688	-0.08%
Heating Oil (per gallon)	1.5167	0.95%	Sugar (per lb)	0.1756	-0.79%
Gasoline (per gallon)	1.6349	0.99%	Orange Juice (per lb)	1.7050	-2.57%
Natural Gas (per MMBtu)	3.0960	1.44%	Cocoa (per mt)	2,129	-0.98%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,884.1	1.68%	Wheat (per bushel)	4.2450	0.89%
Nickel (per mt)	9,949.0	2.30%	Soybean (per bushel)	9.720	0.05%
Aluminium (per mt)	1,938.5	0.71%	Corn (per bushel)	3.5775	0.56%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,255.6	-0.01%	Crude Palm Oil (MYR/MT)	2,859.0	0.56%
Silver (per oz)	18.225	0.80%	Rubber (JPY/KG)	260.9	-0.23%

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

Equity and Commodity

Index	Value	Net change
DJIA	20,701.50	150.52
S&P	2,358.57	16.98
Nasdaq	5,875.14	34.77
Nikkei 225	19,202.87	217.28
STI	3,157.82	30.94
KLCI	1,754.42	9.47
JCI	5,541.20	--
Baltic Dry	1,333.00	51.00
VIX	11.53	-0.97

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.25 (+0.05)	1.30 (+0.05)
5Y	1.61 (+0.04)	1.96 (+0.05)
10Y	2.21 (+0.02)	2.42 (+0.04)
15Y	2.35 (+0.01)	--
20Y	2.41 (+0.01)	--
30Y	2.43 (--)	3.02 (+0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.19	-0.01
EURIBOR-OIS	1.85	-0.01
TED	41.04	--

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
03/28/2017	06:30	AU ANZ Roy Morgan Weekly	Mar-26	--	113.8	112	--
03/28/2017	07:00	SK GDP SA QoQ	4Q F	0.40%	0.50%	0.40%	--
03/28/2017	07:00	SK GDP YoY	4Q F	2.30%	2.40%	2.30%	--
03/28/2017	16:00	IT Industrial Orders MoM	Jan	-2.60%	-2.90%	2.80%	3.00%
03/28/2017	16:00	IT Industrial Orders NSA YoY	Jan	--	8.60%	-0.90%	--
03/28/2017	16:00	IT Industrial Sales MoM	Jan	--	-3.50%	2.60%	2.50%
03/28/2017	16:00	IT Industrial Sales WDA YoY	Jan	--	1.50%	9.40%	--
03/28/2017	20:30	US Advance Goods Trade Balance	Feb	-\$66.4b	-\$64.8b	-\$69.2b	-\$68.8b
03/28/2017	20:30	US Wholesale Inventories MoM	Feb P	0.20%	0.40%	-0.20%	-0.30%
03/28/2017	20:30	US Retail Inventories MoM	Feb	--	0.40%	0.80%	0.90%
03/28/2017	21:00	US S&P CL CS 20-City MoM SA	Jan	0.70%	0.86%	0.93%	--
03/28/2017	21:00	US S&P CL CS 20-City YoY NSA	Jan	5.60%	5.73%	5.58%	5.47%
03/28/2017	21:00	US S&P CL CS 20-City NSA Index	Jan	--	192.81	192.61	192.41
03/28/2017	21:00	US S&P CL CS US HPI YoY NSA	Jan	--	5.87%	5.85%	5.66%
03/28/2017	21:00	US S&P CL CS US HPI NSA Index	Jan	--	185.51	185.54	185.21
03/28/2017	22:00	US Conf. Board Consumer	Mar	114	125.6	114.8	116.1
03/28/2017	22:00	US Conf. Board Present Situation	Mar	--	143.1	133.4	134.4
03/28/2017	22:00	US Conf. Board Expectations	Mar	--	113.8	102.4	103.9
03/28/2017	22:00	US Richmond Fed Manufact. Index	Mar	15	22	17	--
03/29/2017	05:00	SK Business Survey Manufacturing	Apr	--	82	81	--
03/29/2017	05:00	SK Business Survey Non-Mfg	Apr	--	80	77	--
03/29/2017	07:50	JN Retail Trade YoY	Feb	0.70%	--	1.00%	--
03/29/2017	07:50	JN Retail Sales MoM	Feb	0.30%	--	0.50%	0.20%
03/29/2017	07:50	JN Dept. Store, Supermarket Sales	Feb	-1.80%	--	-1.10%	--
03/29/2017	10:00	VN GDP YTD YoY	1Q	6.25%	--	6.21%	--
03/29/2017	10:00	VN CPI YoY	Mar	4.80%	--	5.02%	--
03/29/2017	10:00	VN Trade Balance	Mar	-\$769m	--	-\$1200m	--
03/29/2017	10:00	VN Exports YTD YoY	Mar	13.30%	--	15.40%	--
03/29/2017	10:00	VN Imports YTD YoY	Mar	22.00%	--	19.60%	--
03/29/2017	10:00	VN Industrial Production YoY	Mar	--	--	15.20%	--
03/29/2017	10:00	VN Retail Sales YTD YoY	Mar	--	--	8.70%	--
03/29/2017	13:00	JN Small Business Confidence	Mar	--	--	47.7	--
03/29/2017	14:00	GE Import Price Index MoM	Feb	0.40%	--	0.90%	--
03/29/2017	14:00	GE Import Price Index YoY	Feb	7.00%	--	6.00%	--
03/29/2017	14:45	FR Consumer Confidence	Mar	100	--	100	--
03/29/2017	15:00	TH BoT Benchmark Interest Rate	Mar-29	1.50%	--	1.50%	--
03/29/2017	16:00	IT Economic Sentiment	Mar	--	--	104	--
03/29/2017	16:00	IT Manufacturing Confidence	Mar	106	--	106.3	--
03/29/2017	16:00	IT Consumer Confidence Index	Mar	106.6	--	106.6	--
03/29/2017	16:00	SI Automobile COE Open Bid Cat A	Mar-29	--	--	50789	--
03/29/2017	16:00	SI Automobile COE Open Bid Cat B	Mar-29	--	--	53300	--
03/29/2017	16:00	SI Automobile COE Open Bid Cat E	Mar-29	--	--	53001	--
03/29/2017	16:30	UK Net Consumer Credit	Feb	1.3b	--	1.4b	--
03/29/2017	16:30	UK Net Lending Sec. on Dwellings	Feb	3.5b	--	3.4b	--
03/29/2017	16:30	UK Mortgage Approvals	Feb	69.1k	--	69.9k	--
03/29/2017	16:30	UK Money Supply M4 MoM	Feb	--	--	0.90%	--
03/29/2017	16:30	UK M4 Money Supply YoY	Feb	--	--	7.00%	--
03/29/2017	16:30	UK M4 Ex IOFCs 3M Annualised	Feb	1.60%	--	1.80%	--
03/29/2017	19:00	US MBA Mortgage Applications	Mar-24	--	--	-2.70%	--
03/29/2017	22:00	US Pending Home Sales MoM	Feb	2.50%	--	-2.80%	--
03/29/2017	22:00	US Pending Home Sales NSA YoY	Feb	--	--	2.70%	--

Source: Bloomberg

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