

**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**

<b>Global</b>	Market appears to be in a wait-and-see mode as the week begins with a holiday in major economies such as US, China and the UK. Perhaps as an attempt to enliven things just a little bit, North Korea reportedly fired another missile early this morning, as a reminder of geopolitical risks that never quite go away from the background. Meanwhile, oil price staged a rebound after the slump late last week. While market is still wondering what happens once the 9-month extension of OPEC production cut finishes, data showing that US rig count has risen by the least this year (+2) gives rise to a thinking that US oil production may be slowing. For the week ahead, market will be on the lookout for US nonfarm payrolls number on Friday. Market has penciled in 185k for the May figure, against 211k of the previous month.
<b>US</b>	Relatively subdued trading on Friday saw equities move within a narrow range as investors marked time ahead of the long weekend. Major indices were effectively unchanged, with the S&P 500 and Nasdaq nudging marginally ahead, but the Dow a shade lower. More significant moves were seen mainly on stocks with earnings reports, with consumer-focused companies outperforming. VIX ended lower at 9.81. US Treasuries were also largely static, with 2- and 10-year benchmark yields at 1.29% and 2.25%. US markets to be closed on Monday, 29 May for Memorial Day.
<b>CH</b>	China announced to fine tune its daily fixing mechanism again, the second tweak in 2017. A new “countercyclical factor” will be added into the calculation of new fixing mechanism. The new mechanism explained the breakdown of our fixing model in the past few weeks, however, it is likely to make RMB fixing less predictable as compared to before.
<b>ID</b>	Bank Indonesia’s Senior Deputy Governor Mirza Adityaswara reportedly said that expectation of growth of 5.4% this year is “a bit too aggressive”. He added that 5.1-5.2% is still achievable this year and that Indonesia has to use the credit rating upgrade as a way to challenge itself to get further improvement.
<b>MA</b>	Bank Negara has issued licenses to 4 fintech companies to operate within its “regulatory sandbox”, to help boost the growth of the nascent industry in the country. The central bank has also created a unit called the Financial Technology Enabler Group (FTEG) to oversee the adoption of technological innovations in the industry.
<b>TH</b>	Thailand is reportedly seeking to inject \$5.7 billion in funds to develop its aircraft maintenance, repair and overhaul capabilities. This expenditure is reportedly part of the THB 1.4 trillion (US\$44 billion) of planned expenditure between 2017 and 2021 to develop Thailand’s eastern seaboard.
<b>Commodities</b>	Some short-covering was seen in the crude oil space, with WTI retracing higher back to its \$50/bbl handle in the early hours today. Brent rose 1.3% to close \$52.2/bbl on Friday. With the OPEC come and gone, oil-watchers would likely take trading cues from geopolitical happenings and potential upside risk in US oil production levels into the months ahead. That said, with summer around the corner, do expect higher gasoline consumption (translated from stronger demand for crude oil refinery utilisation) to further soak up excess supplies. In a nutshell, crude oil is expected to revisit range-trading behaviour once again.

## Major Markets

- **Singapore:** The STI index closed 0.46% lower at 3219.42. The index saw 19 of its members posting losses while only 4 registering gains. The losses were led by CapitalLand Commercial Trust (-2.97%), Hutchison Port Holdings Trust (-2.41%), and Sembcorp Industries Ltd (-1.25%) while gains from Hongkong Land Holdings Ltd (+1.08%) and City Developments Ltd (+1.05%) helped to cushion the fall of the index.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards last Friday, with swap rates falling 1-4bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in RHTSP 4.5%'18s, LBBW 3.75%'27s. In the broader dollar space, the spread on JACI IG corporates changed little at 199bps, while the yield on JACI HY corporates fell 1bp to 6.82%. 10y UST yields fell 1bp last Friday to 2.25%, supported by European Government Bonds (EGBs) fuelled by month-end demand for bunds and positioning.
- **New Issues:** RCS Trust priced a SGD300mn 6-year bond at 2.6%. The expected issue ratings are 'NR/A-/NR'. Samudera Indonesia Tbk PT plans to issue up to USD70mn of USD denominated bonds.
- **Rating Changes:** S&P upgraded CLP Holdings Ltd.'s (CLP) corporate credit ratings to 'A/A-1' from 'A-/A-2'. The outlook on the rating is stable. The rating action reflects S&P's expectations for the company's financial performance to improve following its new investments in Yangjiang and the improved capital structure of its subsidiary Castle Peak Power Co. Ltd. (CAPCO). S&P also upgraded C&P's subsidiary, CLP Power Hong Kong Ltd.'s (CLP Power) corporate credit rating to 'A+' from 'A'. The rating outlook is stable. S&P also upgraded the issue ratings on the USD4.5bn medium-term notes (MTN) program and all the outstanding notes that CLP Power has issued or guarantees to 'A+' from 'A'. S&P affirmed Agile Group Holdings Ltd.'s (Agile) 'BB-' long-term corporate credit rating and 'B+' issue rating on Agile's outstanding senior unsecured notes. In addition, S&P revised Agile's outlook to positive from stable. The rating action reflects S&P's expectation for the company to gradually improve its leverage in 2017, given a recovery in margins and robust growth in sales. Moody's has affirmed the senior unsecured debt rating on the sukuk issued by Sime Darby Global Berhad (Sime Darby) at 'Baa1'. In addition, Moody's affirmed the '(P)Baa1' rating on the USD1.5bn senior unsecured medium-term note programme of Sime Darby. The rating outlook is stable. The rating action reflects that the debt allocation on the US dollar sukuk and the drawdown of bridge financing remains in line with Moody's expectations, such that the company is on track to achieve improvement in its financial metrics over the next 12-18 months.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	97.442	0.20%	<b>USD-SGD</b>	1.3819	-0.34%
<b>USD-JPY</b>	111.330	-0.46%	<b>EUR-SGD</b>	1.5451	-0.60%
<b>EUR-USD</b>	1.1183	-0.24%	<b>JPY-SGD</b>	1.2411	0.10%
<b>AUD-USD</b>	0.7448	-0.08%	<b>GBP-SGD</b>	1.7693	-1.41%
<b>GBP-USD</b>	1.2804	-1.07%	<b>AUD-SGD</b>	1.0290	-0.45%
<b>USD-MYR</b>	4.2688	-0.24%	<b>NZD-SGD</b>	0.9761	0.24%
<b>USD-CNY</b>	6.8555	-0.19%	<b>CHF-SGD</b>	1.4186	-0.46%
<b>USD-IDR</b>	13294	0.09%	<b>SGD-MYR</b>	3.0858	-0.13%
<b>USD-VND</b>	22728	0.17%	<b>SGD-CNY</b>	4.9608	--

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3710	0.0030	<b>O/N</b>	0.9300	--
<b>2M</b>	-0.3410	--	<b>1M</b>	1.0447	0.0008
<b>3M</b>	-0.3290	--	<b>2M</b>	1.1208	0.0006
<b>6M</b>	-0.2540	-0.0030	<b>3M</b>	1.2018	0.0014
<b>9M</b>	-0.1810	-0.0010	<b>6M</b>	1.4138	-0.0042
<b>12M</b>	-0.1300	-0.0010	<b>12M</b>	1.7212	-0.0017

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
<b>2Y</b>	1.20 (-)	1.29 (-)	-0.69 (-0.01)	-0.49 (-0.01)	-0.20 (-)
<b>5Y</b>	1.55 (-0.01)	1.79 (-)	-0.40 (-0.02)	-0.17 (-0.02)	0.84 (-)
<b>10Y</b>	2.07 (-0.01)	2.25 (-0.01)	0.33 (-0.03)	0.75 (-0.04)	2.09 (-0.02)
<b>15Y</b>	2.24 (-)	--	0.57 (-0.03)	1.12 (-0.04)	2.59 (-0.02)
<b>20Y</b>	2.35 (+0.01)	--	0.86 (-0.04)	1.44 (-0.04)	2.72 (-)
<b>30Y</b>	2.46 (+0.01)	2.91 (-0.01)	1.15 (-0.04)	1.72 (-0.04)	3.19 (-)

### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
14/06/2017	95.3%	0.0%	90.5%	4.8%	0.0%
26/07/2017	96.7%	0.0%	64.8%	30.5%	1.4%
20/09/2017	96.7%	0.0%	63.5%	31.2%	2.0%
13/12/2017	97.6%	0.0%	48.2%	39.1%	9.6%
31/01/2018	98.1%	0.0%	38.1%	41.1%	16.1%

### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	49.80	1.84%	Copper (per mt)	5,642.7	-1.25%
Brent (per barrel)	52.15	1.34%	Nickel (per mt)	9,043.0	0.44%
Heating Oil (per gallon)	1.5633	0.80%	Aluminium (per mt)	1,944.3	-0.50%
Gasoline (per gallon)	1.6426	2.07%			
Natural Gas (per MMBtu)	3.2360	1.63%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,840.0	-1.25%
			Rubber (JPY/KG)	275.0	-5.17%
			Precious Metals	Futures	% chg
			Gold (per oz)	1,268.1	0.93%
			Silver (per oz)	17.283	0.76%

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

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	21,080.28	-2.67
<b>S&amp;P</b>	2,415.82	0.75
<b>Nasdaq</b>	6,210.19	4.94
<b>Nikkei 225</b>	19,686.84	-126.29
<b>STI</b>	3,219.42	-14.95
<b>KLCI</b>	1,772.30	-1.66
<b>JCI</b>	5,716.82	13.38
<b>Baltic Dry</b>	912.00	-6.00
<b>VIX</b>	9.81	-0.18

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	12.14	0.17
<b>EURIBOR-OIS</b>	3.30	0.12
<b>TED</b>	27.58	-2.25

### Government CDS (USD)

	5Y	% Change
Germany	14.890	-1.70%
France	28.082	3.43%
Italy	159.142	-0.50%

### CFTC Commodities Futures and Options

For the week ended: 23 May 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Gold	159,610	120,256	39,354	Soybean	-50,511	-21,841	-28,670
Sugar	57,352	34,904	22,448	Cotton	112,001	120,615	-8,614
Corn	-111,154	-131,826	20,672	Natural Gas	53,365	57,455	-4,090
Nymex Crude	400,402	381,437	18,965	Coffee	-7,825	-5,038	-2,787
Lean Hogs	57,006	41,421	15,585	Palladium	17,505	19,897	-2,392
Wheat	-90,978	-102,951	11,973	Heating Oil	15,302	13,135	2,167
Silver	50,784	43,075	7,709	RBOB Gasoline	35,506	32,340	3,166
Cocoa	-23,176	-29,777	6,601	Platinum	16,022	11,719	4,303
Live Cattle	161,475	156,532	4,943	Copper	13,130	8,775	4,355

Date	Time	Event		Survey	Actual	Prior	Revised
05/26/2017	05:00	SK Consumer Confidence	May	--	108	101.2	--
05/26/2017	07:30	JN Natl CPI YoY	Apr	0.40%	0.40%	0.20%	--
05/26/2017	07:30	JN Natl CPI Ex Fresh Food YoY	Apr	0.40%	0.30%	0.20%	--
05/26/2017	07:30	JN Tokyo CPI YoY	May	0.00%	0.20%	-0.10%	--
05/26/2017	07:30	JN Tokyo CPI Ex-Fresh Food YoY	May	0.00%	0.10%	-0.10%	--
05/26/2017	07:50	JN PPI Services YoY	Apr	0.90%	0.70%	0.80%	--
05/26/2017	13:00	SI Industrial Production YoY	Apr	6.00%	6.70%	10.20%	11.00%
05/26/2017	13:00	SI Industrial Production SA MoM	Apr	-1.30%	0.10%	5.00%	5.70%
05/26/2017	14:28	PH Budget Balance PHP	Apr	--	52.8b	-61.5b	--
05/26/2017	15:30	TH Foreign Reserves	May-19	--	\$185.3b	\$183.6b	--
05/26/2017	15:30	TH Forward Contracts	May-19	--	\$27.7b	\$27.9b	--
05/26/2017	16:00	TA GDP YoY	1Q F	2.60%	2.60%	2.56%	--
05/26/2017	16:00	IT Economic Sentiment	May	--	106.2	107.4	106.8
05/26/2017	16:00	IT Manufacturing Confidence	May	108	106.9	107.9	107.7
05/26/2017	16:00	IT Consumer Confidence Index	May	107.3	105.4	107.5	107.4
05/26/2017	17:30	TA Monitoring Indicator	Apr	--	21	24	--
05/26/2017	17:35	MU Unemployment Rate	Apr	--	2.00%	2.00%	--
05/26/2017	20:30	US GDP Annualized QoQ	1Q S	0.90%	1.20%	0.70%	--
05/26/2017	20:30	US Personal Consumption	1Q S	0.40%	0.60%	0.30%	--
05/26/2017	20:30	US GDP Price Index	1Q S	2.30%	2.20%	2.30%	--
05/26/2017	20:30	US Core PCE QoQ	1Q S	2.00%	2.10%	2.00%	--
05/26/2017	20:30	US Durable Goods Orders	Apr P	-1.50%	-0.70%	0.90%	2.30%
05/26/2017	20:30	US Durables Ex Transportation	Apr P	0.40%	-0.40%	0.00%	0.80%
05/26/2017	20:30	US Cap Goods Orders Nondef Ex Air	Apr P	0.50%	0.00%	0.50%	0.00%
05/26/2017	20:30	US Cap Goods Ship Nondef Ex Air	Apr P	0.50%	-0.10%	0.50%	0.20%
05/26/2017	22:00	US U. of Mich. Sentiment	May F	97.5	97.1	97.7	--
05/26/2017	22:00	US U. of Mich. Current Conditions	May F	--	111.7	112.7	--
05/26/2017	22:00	US U. of Mich. Expectations	May F	--	87.7	88.1	--
05/26/2017	22:00	US U. of Mich. 1 Yr Inflation	May F	--	2.60%	2.60%	--
05/26/2017	22:00	US U. of Mich. 5-10 Yr Inflation	May F	--	2.40%	2.30%	--
05/27/2017	09:30	CH Industrial Profits YoY	Apr	--	14.00%	23.80%	--
05/29/2017	16:00	EC M3 Money Supply YoY	Apr	5.20%	--	5.30%	--
05/29/2017	22:00	CA Bloomberg Nanos Confidence	May-26	--	--	57.9	--
05/29/2017		MU GDP YoY	1Q	--	--	7.00%	--
05/29/2017	05/31	VN CPI YoY	May	4.08%	--	4.30%	--
05/29/2017	05/31	VN Trade Balance	May	--	--	-\$800m	--
05/29/2017	05/31	VN Retail Sales YTD YoY	May	--	--	9.60%	--
05/29/2017	05/31	VN Imports YTD YoY	May	24.10%	--	24.90%	--
05/29/2017	05/31	VN Exports YTD YoY	May	17.00%	--	15.40%	--
05/29/2017	05/31	VN Industrial Production YoY	May	--	--	7.40%	--

Source: Bloomberg

<b><u>OCBC Treasury Research</u></b>	
<b><u>Macro Research</u></b> <b>Selena Ling</b> LingSSSelena@ocbc.com <b>Emmanuel Ng</b> NgCYEmmanuel@ocbc.com <b>Wellian Wiranto</b> WellianWiranto@ocbc.com <b>Tommy Xie Dongming</b> XieD@ocbc.com <b>Barnabas Gan</b> BarnabasGan@ocbc.com <b>Terence Wu</b> TerenceWu@ocbc.com	<b><u>Credit Research</u></b> <b>Andrew Wong</b> WongVKAM@ocbc.com <b>Wong Liang Mian (Nick)</b> NickWong@ocbc.com <b>Ezien Hoo</b> EzienHoo@ocbc.com <b>Wong Hong Wei</b> 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