OCBC TREASURY RESEARCH

Research Monitor (June)

2 June 2021

Treasury Research & Strategy
+65 6530 8384

Key Themes

1. **The "sell in May and go away" seasonal effect did not really assert this year despite the Covid variants such as the B16.17 and the tightening of restriction measures in many countries combating the uptick in Covid cases**. Global equity and bond markets still saw monthly inflows of US$73.7bn and US$33.0bn respectively up to 26 May, bringing the year-to-date cumulative flows to a whopping US$507bn and US$224.7bn (or 2.7x and 0.6x of 2020 full-year flows), according to EPFR data. That said, volatility was more significant for cryptocurrency (due to the official warnings about usage and speculation) and the RMB complex (where PBOC followed up the verbal jawboning with a 2.0% point hike to its foreign currency reserve requirement ratio to 7.0% from 15 June, in its first such move since 2007 to dampen the appreciation bias). Holding up risk sentiments were the ample front-end liquidity and easing inflationary concerns. For now, the Fed's downplaying of inflation as a temporary overshoot appears to have calmed markets despite the latest acceleration in its core PCE deflator to 3.1% (highest since 1992). On the growth front, the OECD also revised up its 2021 global growth forecast from 5.6% to 5.8%, with US and China leading the rebound, but warned of gapping differences between countries.

2. **As we flagged last month, the breaking of ranks among central banks have begun, starting with the Bank of Canada and followed by the Reserve Bank of New Zealand who hinted it may hike rates from late 2022.** Even FOMC members are starting to consider discussing the possibility of taper in coming meetings. As such, the June FOMC and also Fed chair Powell's speech at the Jackson Hole conference may be two milestones to watch. In addition, the Bank of England may be the other key one to watch for 2022 intentions. This contrasts with many Asian central banks where the domestic economies are currently battling the Covid resurgence and tightening lockdown measures that will dampen growth in the near-term. On the fiscal front, the difference is also quite stark - the Biden administration is also proposing a US$6 trillion budget proposal to "reimagine" the US economy that may drive record debt in the coming decade, but may get Congressional approval first. Singapore and Malaysia have also recently announced an additional S$800mn and MYR40bn stimulus package respectively to support affected businesses and workers.

3. **Our proprietary OCBC Singapore SME Index (SMEI) rose to 62.0 in May** (preliminary) from 61.8 and 54.2 in April and March respectively, and should continue in expansion territory in June, barring another Covid deterioration.

4. **China's clampdown on cryptocurrencies, RMB's outperformance and China's warning against commodity prices rally in May have been key drivers for the global financial markets.** The recent RMB strength was not a function of broad dollar weakness but also the result of improving domestic sentiments arising from a positive tone from US-China trade talks and the accelerated vaccine rollout. This sent the RMB index to above 98, for the first time in more than five years. In order to curb expectations of one-way movement, PBoC issued two statements regarding RMB within a week in late May. PBoC also announced to hike its reserve requirement ratio for foreign currency deposit for the first time in 14 years, signaling that there are sufficient options in its toolbox even though it has exited from direct intervention. The recent rebound in manufacturing investment will also give China more confidence to move away from infrastructure investment, which would help cool down the hype in the commodity space.

Research Monitor (June)

2 June 2021

Asset Class Views

	House View	Trading Views	
FX	**G-10 FX:** The broad USD remains at the cross-roads, with the DXY Index pressing against year-to-date lows, and the major pairs stuck within recently established ranges. Fed tapering / rate hike expectations will still be the main determinant of USD directionality into June, and any material shift on this front is likely to lead to the next leg of broad USD directionality. In that context, key event risks will be around US data releases and in the run-up to the June FOMC. There is potential that tapering expectations may finally be priced in around the June FOMC, where more tapering discussions are expected to take place. Keep a nimble approach for now, gauging Fed expectations at every opportunity. Aside from the Fed, relative central bank dynamics should also drive the G7-crosses in the near term. In particular, focus on the relative RBA/RBNZ and RBA/BOC dynamics, and its consequent impact on AUD-NZD and AUD-CAD. Attempts to impute near-term AUD strength was frustrated as the RBA failed to turn in a materially less dovish stance in its June meeting. Similar expectations may build into the July RBA meeting. Regardless, we view the RBA as a laggard compared to the RBNZ and the BOC into 2022-2023. This leaves potential downside for the likes of AUD-NZD and AUD-CAD on a structural basis.	Pick bottoms in the USD against majors, with JPY first in line. Short AUD on the crosses	
	Asian FX and SGD: The focus will be on the USD-China's dip below 6.4000. There are limited hints from the USD-CNY morning fixes, which have mostly come in in-line with market expectations. PBOC rhetoric against RMB appreciation, however, has sharpened considerably. The hike in the reserve ratio requirement may also be seen as a form of policy signaling for a more controlled pace of appreciation. This leaves the risk-reward perhaps unfavourable for chasing excessive downside for the USD-China pairs. Our immediate view sees a consolidation phase between 6.3500 and 6.4000 for now. That should keep the downside of the other USD-Asia pairs contained. On the local front, the market seems confident of the government's management of the Phase 2(HA) situation. MTI/MAS rhetoric on how the restrictions may only have sectorial impacts, rather than triggering a broad-based decline in economic activity, seemed to be well-heeded by market. The SGD NEER marched higher back above +1.00% above parity from near-parity levels, leaving the USD-SGD heavy in response. A move towards the year-to-date lows in the USD-SGD cannot be ruled out at this juncture.	Trade USD-CNH in the 6.350 to 6.4000 range.	
Commodities	Oil has broken above $70 on the first trading day of June and may continue its bullish run as the supply balance continues to tilt deeper into deficit.	Oil has shrugged off the outbreak of virus in India as well as the potential return of Iranian oil barrels in international trade. Having now broken above $70, it signals that demand is well outpacing supply and that may continue to push oil prices higher.	↑
	Gold broke above the psychologically important $1900 resistance at end-May and may begin a new bullish wave higher on the back of rising inflation fears.	Gold is receiving inflows on the back of inflationary fears, although it showing divergent behaviours compared to other asset markets. US Treasury yields have remained constant while breakeven yields have actually trended lower. We see gold as overvalued but think near term momentum should continue to drive gold up.	↑

Research Monitor (June)

2 June 2021

	House View	Trading Views[1]	
Rates	Market is adjusting to FOMC hints that they may consider discussing a taper to its asset purchase program in coming meeting, yet taking comfort that the central bank will look past any temporary inflation overshoot and give lots of advance warning to any policy recalibrations. Meanwhile, front-end liquidity has stayed flush. Liquidity from Fed purchases and bill reduction is parked at the zero-interest paying reverse repo, which shall not be an ideal situation from the policy perspective. This may add to the prospects for a reassessment of the asset purchase program. As and when a resolution on the debt ceiling is agreed on, the pressure on the reduction in Treasury's cash balance may be alleviated. Our base case remains a taper may only come towards the end of 2021 or early 2022 and any rate hikes will be later, likely 2023. But the BOC, RBNZ and potentially even the BOE may pave the way to unwinding some of their respective monetary policy accommodation.	**USD rates**: The 10-year UST bond yield was unable to break the 1.55% barrier recently after retracing from its year-to-date high of 1.77% at end-March. While economic exceptionalism may have faded with the April labour market report, nevertheless, the US$6 trillion budget spending proposal coupled with market hopes for a robust May NFP report due on 4 June may still underpin growth optimism. For now, traders are not pricing in a significant increase in inflation rates over the medium term. Market players are still piling cash at the overnight Fed reverse repurchase facility, so speculation persists that the FOMC may need to react sooner rather than later.	↑
		Asian rates: Despite MAS' monetary policy stance staying static during the April MPS, headline and core CPI have ticked higher in recent months amid rising commodity prices and a low base last year during the Circuit Breaker period. Still with upside external and domestic inflation pressures likely limited due to spare capacity slack in major trading partners and OPEC+, as well as muted local wage growth respectively, MAS is likely to remain cautious at the next MPS policy review in October as well. SGD SOR and front-end SGD IRS eased amid supportive domestic liquidity. However, as USD liquidity stays flush, the momentum for **SGD-USD rates spreads** to narrow is only mild. **10Y SGS** yield has dipped below 10Y UST yield as expected; this situation shall be sustained with a prudent fiscal position. Recent auctions were well received reflecting decent demand.	
		IndoGB have found a firmer footing in the past couple of weeks, with muted movement in USD/IDR largely supporting sentiment. Recent auctions suggest a comeback of demand. The 10Y yield is likely to trade in a range of 6.37-6.55% on a multi-week horizon.	↑
		The **MGS** curve has steepened in the past month in line with our view. The steepening move does not appear to have run its course yet. Front-end rates shall be better anchored upon the accommodative policy stance, while investors may be cautious towards duration amid risk of higher fiscal spending.	
		CGBs have fared well in the past month, as supply came in on the light side again, while real yield differentials have stayed favourable. Still, going long CGBs shall be a strategy going for coupon rather than capital gain in a rising rates environment. **USD/CNY swap points** softened as CNY liquidity was supportive, while the latest hike in the reserve ratio on foreign currency deposit mitigate the flush USD liquidity situation. Still, a strong external balance, absence of PBoC sterilization, and the recent relaxation on offshore borrowing may bring in further inflows. We do not chase the swap points lower.	

	House View	Trading Views	
Credit	A seemingly perfect confluence of drivers drove US Credit last month with high grade bond spreads grinding tighter throughout May on lower long-lasting inflation concerns and positive developments on vaccinations and the US economy. US high grade bond spreads fell to their lowest in 14 years according to Bloomberg prompting ~USD140bn in sales. US high yield saw a widening in yields, with the busiest May on record and CCC rated debt outperforming BB and B rated issuers. The Asiadollar space was driven mostly by idiosyncratic fundamental developments. Despite meeting its maturities, issues surrounding China Huarong Asset Management Co, Ltd ("Huarong") remain unresolved while challenging pandemic developments hit bonds from Indian issuers. Only one Indian issuer by location of risk has priced bonds in the past 2 months with JSW Hydro Energy Ltd's USD707mn 4.125% green 10NC5 deal. India extended its emergency loan-guarantee program for SMEs until 30 September or until total guarantees worth INR3tr are offered. Asiadollar HY could be likely unchanged m/m with China Evergrande Group bonds under pressure after news that Chinese regulators are looking into its dealings with Shengjing Bank that owns its bonds. Asiadollar high grade is finishing firmer on the flow from global credit sentiments as well as news that Huarong has wired USD978mn for bond repayment. Activity in the SGD space in May was the highest for the year with SGD3.3bn priced. Key deals included National University of Singapore's SGD300mn 10-year senior unsecured green bond at 1.62%, Changi Airport Group (Singapore) Pte. Ltd. debut SGD500mn 10-year senior unsecured bond at 1.88% and maiden perpetual issuances by Mapletree Industrial Trust (SGD300mn PerpNC5 at 3.15%), Lendlease Global Commercial REIT (SGD200mn PerpNC5 at 4.2%) and Mapletree North Asia Commercial Trust (SGD250mn PerpNC5 at 3.5%). May continued to be constructive in credit markets however a chorus is developing that is raising concerns that current trends are poised to unwind. Credit could be approaching a tipping point as valuations get stretched further while the direction of inflation expectations and pandemic developments have somewhat less conviction. Although market liquidity remains flush, we think investors should remain defensive as this uncertainty persists.	**GUOLSP 4.6% PERP:** With the Singapore residential property market firmer, this should help GuocoLand Ltd move the rest of the unsold units. Despite the pandemic, GUOL remains profitable. Cash of SGD998.3mn exceeds short-term borrowings of SGD777.2mn. We like GUOLSP 4.6% PERP for providing a decent yield and a short call date.	↑
		STSP 3.3% PERP: Singapore Telecommunications Ltd ("SingTel")'s results remain lackluster with reported EBITDA falling 15.6% y/y. While credit metrics still looks healthy despite the fall in profitability, SingTel is looking into recycling more assets and is looking into unlocking value from its portfolio. We are cautious if SingTel spins off or disposes key assets as a result as this would be a negative for bondholders. At 3.01% YTC, we prefer other perpetuals yielding higher for a shorter call date.	↓

[1] Arrows point to direction of interest rates and bond yields

Macroeconomic Views

	House View	Key Themes
US	Increased taper talks among Fed officials were noted in the April FOMC meeting minutes, signalling an increased hawkish tone in the inflation narrative. The June FOMC meeting will key to watch as further clues on the Fed's policy direction may be revealed. We see the possibility of two 25bps rate hikes to the Fed fund rate by end 2023, although we expect no change across this year and next.	Latest economic data continued to reflect strength in the recovery of the US economy and labour market, fanning speculations of an earlier shift in the Fed's policy stance. Vaccine progress coupled with falling Covid infection levels has accelerated the reopening of the US economy which had been driving consumer demand as well as the resumption in business activity. Consequently, manufacturing PMI accelerated to a new record high of 61.5 as new orders and output orders recorded its fastest growth. Inflation also reported a sharp uptick with CPI printing a solid 4.2% yoy in April, the highest since September 2008, underpinned by higher energy prices and supply chain strains. The Fed has continued to maintain the present inflationary pressures as "transitory", but we expect them to turn increasingly hawkish if the strong data print continues.
EU	Despite strengthening economic conditions, tapering is not yet on the table, after ECB Chief Lagarde and other officials announced their intentions to continue the current pace of PEPP assets. Attention will turn towards the June meeting for a stronger affirmation on the ECB's stand towards its asset purchases and monetary policy. We expect the ECB to stand pat on their monetary policy for now.	European nations continued to gradually relax Covid containment measures which was tightened earlier this year as infection levels declined further amid vaccine progress. Underlying economic conditions have improved and this has boosted business confidence which was reflected by the solid April economic sentiment print at 110.3, dwarfing market expectations for 102.2. The rebound was also evident in manufacturing activity where PMI accelerated to 56.9 in May, the highest reading since February 2018 and marked the third straight month of expansion. All these bodes well for the Eurozone's labour market recovery and manufacturing growth, which should add further steam to the bloc's recovery momentum in the coming months.
Japan	Japan could see a slower pace of growth in Q2 due to the virus resurgence and the resulting extended restrictions imposed. Underlying conditions may weaken further which may prompt the Japanese government to rollout additional support measures. We expect the BOJ to remain accommodative.	The Japanese government has extended the state of emergency in nine prefectures including Tokyo until June 20 as Covid infections remain elevated amid slow vaccine rollouts. This has weighed on the nation's growth with Q1 GDP contracting 5.1% yoy (-1.3% qoq), underpinned by declines in private consumption, government spending and public investments. Consequently, unemployment rate rose to 2.8% in April from 2.6% in March as limited business operating capacity puts a cap on hiring. Weakening economic fundamentals mean we expect the BoJ to remain accommodative in its monetary policy stance.
Singapore	As we expected, 1Q21 GDP growth was revised up to 1.3% yoy. Despite the dampening effect on 2Q momentum due to the Phase 2 (Heightened Alert) period, a gradual relaxation of restriction measures from 13 June may bode well for the 2H recovery trajectory. Our headline and core CPI forecasts of 1.2% and 0.7% respectively remain intact. Our base view is for MAS to stay pat at the October MPS.	The government retained its 2021 GDP growth forecast of 4-6% yoy forecast despite the upward revision of 1Q growth estimates. This was because of the dampening effects of the return to P2(HA) conditions. 1Q21. Still, because of the very low base in 2Q20 due to the Circuit Breaker period, growth in 2Q21 would likely still be in double-digit region. Moreover, there may be light at the end of the tunnel with PM Lee saying that restrictions may be gradually lifted from 13 June with wider and faster testing, tracing and vaccination. The official 2021 growth forecast will also be reviewed in August when the 2Q data is available. It is still plausible that full year growth will exceed 6%. So far manufacturing and trade have been relatively buoyant this year, but will have to continue to hold up in 2H.

	House View	Key Themes
Indonesia	Indonesia reported its Q1 GDP print which came in at -0.74% yoy, marking another quarter of sub-par growth. Still, there is hope that Indonesia may start to see outright growth as soon as Q2, however, helped by base effect, paving the way for a more substantial recovery in the second half of 2021. While private consumption remains broadly tepid, the momentum is heading in the right direction, with upticks in consumer confidence readings and a relative pick-up in consumer loans disbursement.	Despite signs of a relative pick-up in growth momentum, there continues to be a big tail risk of another pick up in virus cases. With many of its neighbours dealing with yet more episodes of virus resurgence, the odds that Indonesia can escape unscathed are not high. If cases do pick up more markedly, confidence would be hit once more. While Bank Indonesia's most likely course of action is to stand pat for the rest of the year, any marked slowdown might prompt it to cut once again. Overall, however, BI continues to see pockets of strength including in consumer expectation, retail sales, PMI reading as well as trade data. It has kept its 2021 GDP projection of 4.1-5.1%. The relative confidence that growth is recovering alright is but one reason for the decision to hold its rate unchanged. So have the circumstances surrounding the current account. To be sure, at USD1bn or 0.4% of GDP, the current account deficit is not a big concern in and of its own, but it does signal that the central bank would have to pay even more attention than before now in the exchange rate effect of any further rate cut.
China	The Chinese economy grew at the record 18.3% yoy in the first quarter of 2021. Our call for a 9.2% growth in 2021 remains unchanged. On monetary policy, our house view remains for no interest rate hike in the next two quarters.	China's total trade hit the second highest level in record in April. China continues to enjoy its prolonged first in first out benefit as China has largely been isolated from recent waves of new variant. In addition, the acceleration of vaccine rollout in China also showed that China is well on track to achieve its vaccine induced herd immunity. Domestically, the weaker than expected credit data in April reinforced our view that China's policy setting has entered a new era of combination of still accommodative money but tighter credit. We expect aggregate social financing growth to slow down further in the coming months due to tighter credit policy.
Hong Kong	We tip a 5%-6% GDP growth in 2021 on assumption that the border controls will be further lifted in 2H. As compared to the resilient financial sector and the reviving trade sector, the sectors hit hard by Covid-19 may take longer to recover amid a subdued labour market and the unwinding of broad-based relief measures. HKD rates may stay low, but downside may be capped by seasonal factor, large IPOs, potential capital inflows or any additional bill issue of HKMA.	Local epidemic has been well contained lately. Airport Authority Hong Kong and some private companies have provided incentives to encourage inoculation. As of 28 May, 17.6% of HK population have received at least one dose of Covid-19 vaccine. Until local vaccination picks up pace and the virus resurgence in some parts of Asia subsides, border reopening looks unlikely. Since the road to recovery may remain bumpy for the hardest-hit sectors, jobless rate which fell more than expected to 6.4% during Feb-Apr may only edge down moderately towards 5% in 2H. Due to the lingering pandemic uncertainty and the still uneven economic recovery, the government kept 2021 GDP growth forecast unchanged at 3.5% to 5.5%. Elsewhere, HKD spot and rates both hovered in tight range with a slight upward bias going ahead given potential inflows under upcoming wealth management connect and southbound bond connect, seasonal factors, potential large IPOs and the upcoming eighth batch of iBond.

	House View	Key Themes
Macau	We cut our 2021 GDP growth forecast from about 65% to about 50% as 1Q GDP was weaker than expected while further border reopening looks unlikely in the near term. Gaming revenue may more than double in 2021. However, neither the gaming revenue nor the economy could return to the pre-virus levels this year.	1Q GDP shrank for the 9th consecutive quarter by 0.9% yoy despite low base effect while jobless rose to the highest since 2010 of 3% during Feb to Apr. With China's travel activities regaining traction post Lunar New Year holiday, visitor arrivals surged by 7098.8% yoy in April and increased further during Labor Day Holiday. The rebound of inbound tourism coupled with fresh relief measures may support economic recovery. However, given the weaker-than-expected 1Q GDP and the ongoing travel restrictions, we cut our 2021 GDP growth forecast from around 65% yoy to around 50% yoy, which is about 34% lower than 2019's level.
Malaysia	Just as we thought Malaysia was doing a decent clip in its recovery from the Covid-19 slump, the virus resurgence hit with its full force once again. With cases hitting record-highs seemingly on a daily basis, much would depend on whether the re-institution of full-scale MCO will be enough to curb the uptick. While the fact that non-essential businesses will be shut for two weeks starting June 1 will hurt the economy, there is hope that some business operations can resume thereafter, to help limit the overall damage.	Assuming that the ongoing planned measures can start to flatten the pandemic curve, such that the Malaysian economy can start to open up, however gingerly, starting from mid-June, the damage would be relatively curtailed. Going by that scenario, a growth of around 4% for the year looks increasingly likely. Even if it marks a sizable downtick from our earlier expectation of 6.0%, which happens to be the bottom-end of BNM's forecast of 6.0-7.5%, it is nonetheless far better than the outturn of last year. Here, the continuing operations of major export sectors such as the electrical and electronics plants help. In terms of policy reaction, the government has announced a new Pemerkasa Plus package, worth MYR40bn to help tide things over. But as the PM himself acknowledged, the room for fiscal support is limited. Hence, the bulk of support could come from BNM, which has relatively more wiggle room to ease and help, including in the next meeting in early July.
Thailand	The Bank of Thailand has signalled its preference for using targeted measures rather than rate cuts or unconventional monetary policy. We expect the benchmark rate to remain at 0.50% through this year and next.	Thailand is in the midst of its third and most severe virus outbreak, with about 3,600 cases a day. Daily vaccination rate is about 100,000 – nowhere near enough to achieve its holy grail of 100 million administered doses by end-2021. We see growth faltering, possibly coming in at 1.8% yoy this year as Thai borders continue to face setback in reopening to tourists.
South Korea	Unsurprisingly, the BoK is the one of the first Asian central bank to contemplate exiting its ultra-loose monetary policy stance. We see a first rate hike by end 2021.	Driven by strong demand for chips and China's continued economic rebound, South Korea's economy is likely to grow 4.0% this year. As of Q1 2021, South Korea's economy has already returned to pre-pandemic levels while inflation has crept above 2.0%. The BoK's prudence is well warranted.
Philippines	We see no change to BSP benchmark rate as the need to cut rates to boost growth is offset by inflation creeping above the upper band of 4.0%.	The Philippines is slowly emerging from its lockdown but the on-off restrictions have severely hampered the flow of private consumption. We estimate consumer inflation to continue trending above 4.0% yoy until at least June, if not September, which will limit further easing policies from the BSP. Without extremities on either end (low growth vs high inflation), the BSP's most likely action will be to leave its benchmark rate unchanged at 2.00%.

FX/Rates Forecast

USD Interest Rates	2Q21	3Q21	4Q21	2022	2023
Fed Funds Target Rate	0.00-0.25%	0.00-0.25%	0.00-0.25%	0.00-0.25%	0.50-0.75%
1-month LIBOR	0.10%	0.13%	0.13%	0.16%	0.20%
2-month LIBOR	0.13%	0.16%	0.18%	0.24%	0.30%
3-month LIBOR	0.19%	0.24%	0.28%	0.30%	0.40%
6-month LIBOR	0.24%	0.28%	0.30%	0.33%	0.45%
12-month LIBOR	0.30%	0.36%	0.38%	0.42%	0.54%
1-year swap rate	0.22%	0.26%	0.28%	0.32%	0.45%
2-year swap rate	0.30%	0.33%	0.38%	0.50%	0.75%
3-year swap rate	0.42%	0.44%	0.46%	0.53%	0.57%
5-year swap rate	1.09%	1.14%	1.22%	1.40%	1.55%
10-year swap rate	1.77%	1.92%	2.02%	2.12%	2.22%
15-year swap rate	2.09%	2.18%	2.27%	2.37%	2.45%
20-year swap rate	2.20%	2.30%	2.39%	2.48%	2.55%
30-year swap rate	2.25%	2.32%	2.41%	2.50%	2.59%
SGD Interest Rates	**2Q21**	**3Q21**	**4Q21**	**2022**	**2023**
1-month SIBOR	0.28%	0.29%	0.29%	0.30%	0.37%
1-month SOR	0.22%	0.30%	0.35%	0.36%	0.40%
3-month SIBOR	0.44%	0.44%	0.44%	0.47%	0.55%
3-month SOR	0.26%	0.34%	0.37%	0.38%	0.43%
6-month SIBOR	0.59%	0.59%	0.59%	0.63%	0.67%
6-month SOR	0.30%	0.34%	0.38%	0.40%	0.45%
1-year swap rate	0.33%	0.38%	0.39%	0.41%	0.45%
2-year swap rate	0.45%	0.53%	0.58%	0.62%	0.68%
3-year swap rate	0.63%	0.65%	0.67%	0.76%	0.86%
5-year swap rate	1.10%	1.19%	1.22%	1.24%	1.28%
10-year swap rate	1.67%	1.82%	1.95%	2.05%	2.15%
15-year swap rate	1.85%	1.99%	2.12%	2.22%	2.32%
20-year swap rate	1.86%	2.00%	2.13%	2.23%	2.32%
30-year swap rate	1.95%	2.05%	2.15%	2.27%	2.37%
MYR forecast	**2Q21**	**3Q21**	**4Q21**	**2022**	**2023**
OPR	1.75%	1.75%	1.75%	1.75%	1.75%
1-month KLIBOR	1.87%	1.87%	1.87%	1.90%	2.05%
3-month KLIBOR	1.95%	1.95%	1.95%	2.00%	2.15%
6-month KLIBOR	2.07%	2.07%	2.07%	2.10%	2.25%
12-month KLIBOR	2.21%	2.22%	2.23%	2.25%	2.40%
1-year swap rate	1.98%	2.00%	2.05%	2.10%	2.25%
2-year swap rate	2.11%	2.13%	2.15%	2.20%	2.35%
3-year swap rate	2.43%	2.55%	2.60%	2.65%	2.72%
5-year swap rate	2.75%	2.83%	2.90%	3.00%	3.10%
10-year swap rate	3.25%	3.32%	3.42%	3.45%	3.52%
15-year swap rate	3.56%	3.59%	3.65%	3.68%	3.72%
20-year swap rate	3.77%	3.82%	3.90%	3.92%	3.98%

Research Monitor (June)

2 June 2021

UST bond yields	2Q21	3Q21	4Q21	2022	2023
2-year UST bond yield	0.18%	0.22%	0.27%	0.40%	0.65%
5-year UST bond yield	0.97%	1.02%	1.10%	1.30%	1.45%
10-year UST bond yield	1.75%	1.85%	2.00%	2.10%	2.20%
30-year UST bond yield	2.45%	2.55%	2.60%	2.65%	2.70%
SGS bond yields	**2Q21**	**3Q21**	**4Q21**	**2022**	**2023**
2-year SGS yield	0.43%	0.52%	0.59%	0.65%	0.75%
5-year SGS yield	0.90%	0.94%	1.02%	1.18%	1.28%
10-year SGS yield	1.57%	1.67%	1.80%	1.95%	2.08%
15-year SGS yield	1.93%	2.03%	2.15%	2.22%	2.27%
20-year SGS yield	1.96%	2.06%	2.18%	2.32%	2.37%
30-year SGS yield	2.00%	2.10%	2.20%	2.34%	2.39%
MGS forecast	**2Q21**	**3Q21**	**4Q21**	**2022**	**2023**
3-year MSG yield	2.35%	2.40%	2.45%	2.55%	2.65%
5-year MGS yield	2.70%	2.75%	2.83%	2.95%	3.05%
10-year MGS yield	3.30%	3.37%	3.45%	3.48%	3.52%

FX	Spot	Jun-21	Sep-21	Dec-21	Mar-22
USD-JPY	109.45	110.03	110.60	111.10	111.63
EUR-USD	1.2228	1.2324	1.2322	1.2354	1.2380
GBP-USD	1.4229	1.4356	1.4351	1.4400	1.4425
AUD-USD	0.7742	0.7699	0.7837	0.7880	0.7905
NZD-USD	0.7276	0.7360	0.7402	0.7393	0.7412
USD-CAD	1.2053	1.2004	1.1948	1.1932	1.2005
USD-CHF	0.8988	0.8916	0.8917	0.8896	0.8876
USD-SGD	1.3196	1.3165	1.3128	1.3070	1.2976
USD-CNY	6.3712	6.3549	6.3328	6.3137	6.3012
USD-THB	31.17	31.37	31.53	31.35	31.01
USD-IDR	14,280	14,219	14,191	14,329	14,474
USD-MYR	4.1255	4.1358	4.1018	4.0814	4.0512
USD-KRW	1106.0	1101.8	1091.5	1092.2	1089.8
USD-TWD	27.624	27.570	27.505	27.446	27.381
USD-HKD	7.7592	7.7600	7.7617	7.7542	7.7517
USD-PHP	47.73	47.58	47.55	47.45	47.35
USD-INR	72.75	72.39	72.39	72.06	71.49
EUR-JPY	133.85	135.60	136.28	137.09	137.50
EUR-GBP	0.8594	0.8584	0.8586	0.8579	0.8582
EUR-CHF	1.0992	1.0988	1.0987	1.0990	1.0989
EUR-SGD	1.6137	1.6224	1.6176	1.6147	1.6064
GBP-SGD	1.8777	1.8899	1.8840	1.8821	1.8718
AUD-SGD	1.0216	1.0135	1.0288	1.0299	1.0257
NZD-SGD	0.9601	0.9689	0.9718	0.9662	0.9618
CHF-SGD	1.4681	1.4765	1.4723	1.4692	1.4619
JPY-SGD	1.2055	1.1964	1.1870	1.1779	1.1683
SGD-MYR	3.1263	3.1416	3.1244	3.1228	3.1220
SGD-CNY	4.8281	4.8272	4.8238	4.8308	4.8560

Research Monitor (June)

2 June 2021

Macroeconomic Calendar

Date Time	C	Event	Period	Surv(M)	Actual	Prior
06/01 16:30	HK	Retail Sales Value YoY	Apr	--	--	20.10%
06/01 20:30	CA	Quarterly GDP Annualized	1Q	--	--	9.60%
06/01 22:00	US	ISM Manufacturing	May	--	--	60.7
06/02 09:30	AU	GDP SA QoQ	1Q	--	--	3.10%
06/03 09:30	AU	Retail Sales MoM	Apr F	--	--	--
06/04 20:30	US	Change in Nonfarm Payrolls	May	--	--	266k
06/08 17:00	GE	ZEW Survey Expectations	Jun	--	--	84.4
06/09 09:30	CH	CPI YoY	May	--	--	0.90%
06/10 20:30	US	Initial Jobless Claims	Jun-05	--	--	--
06/10 20:30	US	CPI MoM	May	--	--	0.80%
06/11 22:00	US	U. of Mich. Sentiment	Jun P	--	--	--
06/14 12:30	JN	Industrial Production MoM	Apr F	--	--	--
06/15 20:30	US	Retail Sales Advance MoM	May	--	--	0.00%
06/15 21:15	US	Industrial Production MoM	May	--	--	0.70%
06/16 14:00	UK	CPI YoY	May	--	--	--
06/17 08:30	SI	Non-oil Domestic Exports YoY	May	--	--	6.00%
06/23 13:00	SI	CPI YoY	May	--	--	--
06/23 19:00	US	MBA Mortgage Applications	Jun-18	--	--	--
06/24 16:00	GE	IFO Business Climate	Jun	--	--	--
06/25 07:30	JN	Tokyo CPI Ex-Fresh Food YoY	Jun	--	--	--
06/29 07:30	JN	Jobless Rate	May	--	--	--
06/30 07:50	JN	Industrial Production MoM	May P	--	--	--
06/30 09:00	CH	Manufacturing PMI	Jun	--	--	--

Central Bank Interest Rate Decisions

Date Time	C	Event	Period	Surv(M)	Actual	Prior
06/01 12:30	AU	RBA Cash Rate Target	Jun-01	--	--	0.10%
06/02 11:30	IN	RBI Repurchase Rate	Jun-02	--	--	4.00%
06/09 22:00	CA	Bank of Canada Rate Decision	Jun-09	0.25%	--	0.25%
06/10 19:45	EC	ECB Main Refinancing Rate	Jun-10	--	--	0.00%
06/10 19:45	EC	ECB Deposit Facility Rate	Jun-10	--	--	-0.50%
06/10 19:45	EC	ECB Marginal Lending Facility	Jun-10	--	--	0.25%
06/17 09:00	TA	CBC Benchmark Interest Rate	Jun-17	--	--	1.13%
06/17 02:00	US	FOMC Rate Decision (Upper Bound)	Jun-16	0.25%	--	0.25%
06/17 15:20	ID	Bank Indonesia 7D Reverse Repo	Jun-17	--	--	--
06/18 08:00	JN	BOJ Policy Balance Rate	Jun-18	--	--	-0.10%
06/21 09:30	CH	1-Year Loan Prime Rate	Jun-21	--	--	--
06/21 09:30	CH	5-Year Loan Prime Rate	Jun-21	--	--	--
06/23 15:05	TH	BoT Benchmark Interest Rate	Jun-23	--	--	0.50%
06/23 16:00	PH	BSP Overnight Borrowing Rate	Jun-23	--	--	2.00%
06/24 19:00	UK	Bank of England Bank Rate	Jun-24	--	--	0.10%

Source: Bloomberg

Treasury Research & Strategy

Macro Research

Selena Ling
Head of Research & Strategy
LingSSSelena@ocbc.com

Tommy Xie Dongming
Head of Greater China Research
XieD@ocbc.com

Wellian Wiranto
Malaysia & Indonesia
WellianWiranto@ocbc.com

Howie Lee
Thailand & Commodities
HowieLee@ocbc.com

Carie Li
Hong Kong & Macau
carierli@ocbcwh.com

Herbert Wong
Hong Kong & Macau
herberthtwong@ocbcwh.com

FX/Rates Strategy

Frances Cheung
Rates Strategist
FrancesCheung@ocbc.com

Terence Wu
FX Strategist
TerenceWu@ocbc.com

Credit Research

Andrew Wong
Credit Research Analyst
WongVKAM@ocbc.com

Ezien Hoo
Credit Research Analyst
EzienHoo@ocbc.com

Wong Hong Wei
Credit Research Analyst
WongHongWei@ocbc.com

Seow Zhi Qi
Credit Research Analyst
ZhiQiSeow@ocbc.com