OCBC TREASURY RESEARCH

Research Monitor (March)

2 March 2021

Treasury Research & Strategy
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Key Themes

1. **Repricing of global bond markets gained traction in February, as the reflation theme takes flight.** With the accelerated global roll-out of vaccinations, rising commodity prices and some progress in advancing US president Biden's US$1.9tn fiscal stimulus plan through Congress, the global growth recovery is gaining some momentum. Adding fuel to the fire were the central banks' reticence to add to more monetary policy easing beyond verbal jawboning about the recent uptick in longer-tenor sovereign bond yields. **Expect more market volatility amid more tests on the resolve of policymakers to translate their dovish inertia (apart from verbal jawboning) into action,** apart from the RBA who has been trying to defend its yield curve control at the 3-year yield target by continuously adding to its bond purchases.

2. **Reflation rather than runaway inflation:** To put things into context, the 10-year UST bond yield has broken out of its earlier 1.0-1.3% range and has probably shifted to a new trading range of 1.3-1.6% in the near-term, but is essentially recovering the lost ground seen in the 50bps nose-dive seen in February 2020 with the onset of the Covid pandemic. Similarly, crude oil prices have reset to their February 2020 range of $60+ per barrel for WTI and Brent. This upmove is recouping the Covid-inflicted write off for the past 12 months and should be interpreted as "normalisation" rather than a genuine fear of growth overheating and bringing forward potential rate hikes. While this could contribute to the unwinding of the risk-on "let's buy everything in sight" mindset, nevertheless, this is unlikely to be the end of the risk rally even if a correction is due. This is because central bankers remain a cautious lot and is unwilling to risk a premature withdrawal of easy monetary policy in the next 3-6 months. Moreover, on the fiscal front, the recent Singapore and Hong Kong budgets reflected the need to continue to run a second year of budget deficits to support the uneven domestic recovery.

3. **China's holiday consumption remained resilient despite the significant decline of travel.** The combination of strong growth and weak credit expansion, which are likely to be distorted by base effect in the first quarter, may raise false alarm about pre-maturing tightening. Nevertheless, we think PBoC is fully aware of this "base effect illusion". We expect no U-turn of macro policy in the first half of 2021. Capital inflows into China remained strong in the beginning of 2021. However, in contrast to previous observation pre-2015 that capital inflow was the key source of base money creation in China, we think capital inflows this time may be bad for RMB liquidity given PBoC's reluctance to expand its balance sheet. Given PBoC's departure from regular intervention in the FX market, commercial banks may play a bigger role in absorbing the excessive dollar liquidity. This may lead to decline of excessive reserve should PBoC be less generous in open market operation.

4. **In the space of a month, Brent went from $55 to $65/bbl.** Prices traded as high as $66.82/bbl in late Feb, but ultimately caved as 10Y Treasury yields breached above 1.50%. A further rise in Treasury yields will likely add further selling pressure across the commodity complex, but that should not derail the broader super-cycle that most commodities are currently embarking on.

Asset Class Views

<table>
<tr><th></th><th colspan="2">House View</th><th colspan="2">Trading Views</th></tr>
<tr><td rowspan="2">FX</td><td colspan="2">G-10 FX: The gyrations in the UST yield environment compelled the market into a regime change of sorts, as the market shifted from recovery-centric drivers to focus on yield-based arguments. This transition leaves the FX space vulnerable to divergent cues. Increased volatility in the rates space has shaken out the risk-on default in terms of market sentiment, and that should spur haven demand for the USD and keep the cyclicals under pressure. More room for the broad USD to extend in the near term cannot be ruled out. Further out in the horizon, the yield environment is likely to gain traction, and this should strengthen the USD-positive arguments. For one, negative US real interest rates are now being further compressed, and the expectation is for it to turn positive eventually. Concurrently, the structural correlation between the broad USD and the yield differentials is being re-established. Taken together, a major weight on the shoulders of the USD may be lifted in time. To be clear, all is not rosy for the USD. That the US will emerge as a recovery-leader, even with the Biden stimulus, will need some convincing. The market may be more receptive of a US macro exceptionalism theme if the Fed will show more optimism on the recovery. However, its cautious approach has thus far been a dampener. Furthermore, notwithstanding the recent sharp clip into a risk-off situation, we think the structural risk-on posture may persist. This is on the back of ongoing steady vaccination progress, and the early studies that point to positive outcomes from the exercise. Thus, relative growth and risk arguments remain weighted against the USD. Overall, we think this set of structural cues give rise to divergent prospects for the USD. Europe and Japan will remain low-growth economies, and their low-yielding currencies may suffer more from a higher UST yield environment as the US recovery picks up. On the flipside, the cyclical currencies like the AUD and CAD, are more tied to the global growth recovery and the risk-on default. These should be more resilient against the USD.</td><td colspan="2">USD extension higher in the near term, but potentially divergent in the structural horizon. Likes of the AUD and CAD may still outperform.</td></tr>
<tr><td colspan="2">Asian FX and SGD: In Asia, the USD-CNH has been less reactive to the broad USD gyrations, and we put this down to the still-strong positive correlation between the DXY and CFETS RMB Indices. Going forward, expect the USD-CNH to serve as an anchor to the rest of the USD-Asia currencies in the near term. Further out, we continue to be skeptical about the ongoing underperformance of the KRW. We note that the export-led Korean recovery remains intact and the BOK may be best placed among the Asian central banks to pull back on monetary accommodation. The portfolio outflows faced by Korea is also not unique among the North Asian economies. Thus, we find the ongoing underperformance in the KRW to be perplexing, and potentially open to reversion. On the SGD front, a base may have been seen in the USD-SGD after a double-bottom at 1.3160. Nevertheless, we remain unconvinced for a structural USD-SGD upswing for now.</td><td colspan="2">Trade USD-CNH within range, with a downside bias.</td></tr>
<tr><td rowspan="2">Commodities</td><td>Energy: Oil has risen too much too fast and while we think the upward trend remains intact, the energy complex needs a breather. Rising Treasury yields would likely serve as the reason the market needs to begin going short crude oil in the near-term.</td><td colspan="2">Crack spreads remain supported despite the volatility in crude oil prices, suggesting demand for downstream crack products remain intact. Besides, US inventory levels are falling faster than expected. We think these are supportive factors for a sustained uptrend in oil.</td><td>↔</td></tr>
<tr><td>Gold: Rising Treasury bond yields have perhaps hurt gold the most and it is now difficult to ignore gold's bearishness. On the chart, it has now made a series of lower highs and lower lows. We turn bearish on gold in the short term and stay neutral on gold in the medium term.</td><td colspan="2">It is challenging to make a case for gold in the rising Treasury yield environment. Investors appear keen to capture the reflation trade with actual industrial commodities, while a risk-on environment is also dampening demand for gold. We think gold may see further downside for now.</td><td>↓</td></tr>
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	House View	Trading Views	
Rates	Bear-steepening continues to wreck havoc in global bond markets, but higher yield levels are starting to look interesting and real money may start to bargain hunt. What this means is that it is unlikely to be a straight upward trajectory for longer-tenor yields from here. Do not get too carried away by the data volatility which will be whipsawed by the low Covid base in 1Q-3Q 2020. Central banks should continue to lean on the side of caution even if macroeconomic data remains supportive of risk. Like Fed's Powell has reiterated, it is too early to taper, much less hike rates. But the market pivot is real and while nominal rates will trade in the current higher range and still try to test higher, gradually buying the dips may be the way to go.	The Fed may be pushing on a string as Powell's dovish reassurance failed to halt the ascent in the 10-year UST bond yield. There is potential upside for US growth from President Biden's $1.9tn fiscal stimulus plan if it materialises. However, the Fed is unlikely to deviate from its average inflation targeting framework and allow inflation to run hotter than usual in the near-term.	↔
		The 10-year SGS bond yield has also retraced higher from less than 90bps at the start of the year to around 1.33% currently. This slightly lags the 50bps increase seen in its UST counterpart, and remains below the average 1.5% seen back in February-March 2020. The recent $2.8b 2-year SGS bond re-opening fetched a bid-cover ratio of 2.08x with a cut-off yield of 0.41%. The 3-month SIBOR and SOR were not impervious to the bond rout and USD gyrations, and also edged up to 0.44% and 0.30% respectively, compared to 0.40% and 0.20% average year-to-date before the current run-up. The Budget 2021 announcement of SINGA bonds also contributed to the bear-steepening move, with the 15-year tenor registering a 36bp increase over the past month. Still, SGS shall be relatively resilient without much supply pressure as compared to some regional peers; upside to SOR is capped for now with adequate SGD liquidity and limited room for any SGD depreciation expectation to build up. In the IDR space, investors shall watch the correlation between USD/IDR and local yields, as IndoGB has pretty much followed USD/IDR movements of late. DNDF auction levels did not deviate too much from market levels in recent sessions, suggesting the authority has not turned uncomfortable yet. Finance Minister said that issuance plan could be pared back as there was IDR120.2trn of surplus from last year's financing. The existence of surplus was not a fresh piece of news and we doubt any support to market sentiment can last. In Malaysia, there is a high uncertainty on potential EFP withdrawals, which may render mid- to long-end MGS more volatile in the coming months. CNH points are likely to stay elevated, as rates differentials remain wide, while Southbound equity flows – albeit coming back – have been much milder providing less CNH liquidity to the market.	↔

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<tr><td rowspan="2">Credit</td><td rowspan="2">US corporate credit issuance fell m/m in February to USD162.0bn. Junk bond yields fell below 4% for the first time and average yields on BB debt dipped to a record low of 2.98% before recovering. Energy companies took advantage of cheap borrowing costs and accounted for ~25% of all high yield volume. Apple Inc issued SD14.0bn in six tranches which was about 2.4x oversubscribed. The Bloomberg Barclays US Corporate High Yield Average OAS tightened 43bps m/m to 3.19bps and spreads of IG issuances tightened 7bps m/m to 90bps.
Asiadollar issuance got off to a solid start in February, before taming down in the middle and finishing strong as investors digested rising treasury yields. February's issuance was down almost 60% m/m to USD23.0bn and was anchored by Alibaba Group Holdings Ltd's USD5.0bn four tranche offering. Ultratech Cement Ltd. priced a USD400mn 10-year sustainability linked loan which came with a step up linked to a sustainability target. Chinese issuers contributed around 54% of issuance.
The SGD space saw ~SGD487mn priced in February anchored by Surbana Jurong Pte Ltd (SGD250mn 10-year sustainability bond at 2.48%) and ESR Cayman Ltd. ("ESR") (a SGD200mn PerpNC5 at 5.65%). The former priced the first sustainability-linked bond in the SGD bond space and saw an orderbook of over SGD1.7bn. Meanwhile, ESR's offering was its first perpetual offering since its public listing. SGD swap rates see-sawed through the month, rising as much as 29bps w/w. Looking ahead, Singapore's government is looking to issue infrastructure bonds under SINGA.</td><td>SGREIT 3.85% PERPc25: We think the SGREIT 3.85% PERP looks interesting given that aggregate leverage has been reduced to 35.8% as at 31 December 2020. SGREIT has also entered into a facility agreement to refinance the debt maturing this year. With unencumbered assets at 73%, we continue to be comfortable with this name and think the yield of 4.1% is interesting</td><td>↑</td></tr>
<tr><td>STANLN 5.375% PERPc24: StanChart appears to have weathered the storm of FY2020 intact and positioned to improve together with expected improvements in operating conditions in FY2021. In our view, we remain constructive on bank capital on a fundamental and technical basis as a shelter against a rising rate environment.</td><td>↑</td></tr>
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Macroeconomic Views

	House View	Key Themes
US	With Biden's proposed USD1.9tn stimulus package headed to the Senate vote, there may be potential growth upside for the US economy in 2021. Market remains watchful for any uptick in inflation expectations which could pressure the UST bond market further, even though Fed Chair Powell has constantly reiterated his dovish stance.	Latest economic data, which largely showed an improvement in economic activity vis-à-vis the prior month, fed into the reflation and high growth narratives that have kept yields marching higher. This was despite Fed Chair Powell reassuring markets that the Fed has "the tools to deal" with inflation should it rise above the targeted 2% level. With vaccination picking up speed, and President Biden's $1.9tn fiscal stimulus plan heading to the Senate, the positive news flow may mean the bear steepening of the curve could likely continue in the near-term. Watch for the upcoming February US labour market report, with market anticipating a +180k and 6.4% respectively for nonfarm payrolls and unemployment rate.
EU	Boosting the vaccination program remains as the foremost priority given the duration of the lockdown hinges on Covid infection situation. The ECB is increasingly concerned about any undue tightening in financial conditions and the implications for growth due to rising sovereign bond yields. The market is closely watching the pace of ECB's pandemic emergency purchase program, even though ECB rhetoric has been pushing back to say they will use the program flexibility if needed.	Containment measures, which were tightened last month, are still largely in place across most European nations even as Covid infection rates have declined significantly in February. With signs of a fresh virus resurgence emerging in central Europe, led by the more virulent Covid strain, it is likely that the current cross-border restriction measures will stay in place in the near term although there may be some easing for localised measures for countries which are faring better. The upside, however, is that the vaccine rollout has picked up pace albeit it lags its US and UK counterparts. This will likely aid in lowering the virus transmission level, which may accelerate the reopening of the bloc's economy in the coming months. Separately, the ECB will likely utilise the recently enhanced flexibility of the PEPP to prevent any undue tightening in financial conditions, especially with bond yields rising of late as well.
Japan	The recent uptick in bond yields have contributed to some increased market speculation if the BOJ will widen the band around the zero target at the upcoming review. However, the timing for such a policy may be questionable, as a move to a wider band at this juncture may be mis-interpreted as a greenlight to higher yields.	The extension of the second state of emergency has weighed on domestic conditions although Japan is enjoying strong export demand. Coupled with the vaccine rollout, Japan could see a stronger revival in the coming months as restriction measures may be eased earlier than expected. The 10-year JGB yield also touched a 5-year high of 0.175% at end-February, just shy of the perceived upper limit of 0.2%. Market is awaiting the 19 March BOJ meeting. BOJ Governor Kuroda, however, has assured markets that keeping the "entire yield curve low and stable" is of foremost priority and there is no intention to "raise our target from around 0%". That said, tweaks to the policy may not be fully discounted at this point.
Singapore	Budget 2021 remained supportive with an estimated deficit of 2.2% of GDP. Given the still negative output gap and only mild reflationary pressure for 2021, MAS is unlikely to recalibrate its monetary policy accommodative stance at the April MPS just yet. 2021 GDP growth is tipped at 4-6% yoy, with headline and core CPI forecasts at 0.7 and 0.5% respectively, assuming oil prices stay around $55 per barrel. If oil prices average $60 per barrel for the rest of this year, then headline CPI could rise closer to the 1.0% yoy.	January NODX and industrial production came in stronger than expected at 12.8% yoy and 8.6% yoy respectively. Notably, electronics output grew 19.8% yoy in January, notching its third consecutive month of double-digit yoy growth. Electronics demand is likely to remain strong throughout the year, boosted by the ongoing global chip supply shortage. Petrochemicals and machinery clusters may also see stronger than expected performance as pent-up demand and low inventory levels from last year could translate into this year's purchases. Bank loans growth also contracted a milder 1.1% yoy in January, versus December's -2.0%. Headline inflation also reverted to positive territory at +0.2% yoy for the first time February 2020, while core inflation continued to fall by a smaller 0.2% yoy. There will be more upside pressure for headline CPI and core CPI should also turn modestly positive by March, amid the rise in crude oil prices and the fading of disinflationary pressures from government subsidies introduced earlier.

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Indonesia	Bank Indonesia has turned more cautious lately. Even though BI talked up global growth prospects, it has grown more concerned about the domestic economy – and has indeed cut its growth forecasts to 4.3-5.3% from 4.8-5.8% before. The weaker outlook prompted BI to buck the regional trend and cut rate on Feb 18th as we expected.	Sounding exasperated that its multiple rate cuts have not been passed on fully, BI pointed to high prime lending rates including among SOE banks recently. Moreover, BI added dollops of enticing side dishes too: Zero money down is needed for car and property loans soon – signaling its resolve to push for credit growth. Overall, the multifront policy easing speaks to the realization by BI that, even if the global growth does pick up speed, it may not automatically translate to a domestic uptick. Going forward, the space for it to cut has become more and more limited. At -2.19% yoy, the Q4 GDP disappointed BI's expectation. Consumption did not recover much, despite what was a period of relatively loose social restrictions. Investment remained abysmal, and government spending barely moved the needle. For the near-term economic outturn, the weak momentum, in consumption is not encouraging. While we do hope for a return to positive yoy growth in Q1, it will likely be another uninspiring print. Indeed, we have shaved down our expectation for Q1 growth from 1.1% yoy to 0.5%. For the year as a whole, growth is likely to come in at 4.9%, compared to above 5% that was expected.
China	The Chinese economy grew at a faster than expected pace of 2.3% yoy in 2020. We revised up our 2021 GDP forecast for China to 9.2% from previously 8.2%. We expect the USDCNY to test 6.30 in 2021.	Despite the significant decline of travel, which fell by 77% from pre-pandemic level, consumption in Lunar New Year holiday remained resilient. Chinese consumers spent total CNY821 billion in the week-long Lunar New Year holiday, 28.7% above the spending in 2020 and 4.9% above the same period in 2019. In addition, Chinese factories resumed their post-CNY production earlier than usual. Although both manufacturing PMI and non-manufacturing PMI moderated in Feb, the resilient consumption and strong industrial activity are likely to call for a strong recovery in 1Q. However, China's credit expansion growth may moderate in 1Q due to high base effect as China frontloaded the monetary easing in 1Q 2020 to fight the pandemic. Investors need to be aware of this base effect illusion in 1Q. The strong combination of strong growth and weak credit does not mean China has tightened its monetary policy.
Hong Kong	GDP may rebound 4.1% in 2021 amid low base effect, targeted relief measures and vaccine rollouts which may support border reopening 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 weak labour market and the unwinding of broad-based relief measures. HKD rates may stay low, but downside may be capped by any large IPO, equity inflows or any additional bill issue of HKMA.	FY2021 fiscal balance is pencilled at another deficit of HK$101.6bn (3.6% of GDP) after coming in at a record deficit of HK$257.6bn (9.5% of GDP) in FY2020. FY2021 Budget includes over HK$120bn counter-cyclical measures to meet the immediate needs (e-consumption vouchers, Special 100% Loan Guarantee for the unemployed, etc) and measures to build a sustainable future (support the financial sector, I&T sector, digitalization, green and sustainable projects, and infrastructure investments). Since the Budget is more expansionary than expected while vaccines have been rolled out from 26 Feb, we hold onto our view that the economy will rebound by 4.1% on assumption that border will reopen in 2H. Going forward, the government expects to run consolidated budget deficits till 2024-25. To strengthen the fiscal health in the long run, stamp duty hike on stock trades may take effect from 1 Aug 2021. This may have limited impact on equity flows given the attractiveness of HK stocks.

	House View	Key Themes
Macau	The economy is expected to contract by about 55% in 2020 and rebound by more than 60% in 2021 amid low base and hopes of international travel resumption on vaccine rollout. Gaming revenue may more than double in 2021 after plunging 79.3% in 2020. However, neither the gaming revenue nor the economy will likely return to the pre-virus levels anytime soon.	Gaming revenue dropped for the 16th consecutive month albeit at a slower pace by 63.7% yoy in Jan as inbound tourism remains sluggish (visitor arrivals dropped by 15.6% mom or 80.4% yoy in Jan) and China has tightened crackdown on gambling-related cross-border capital flow. Moving forward, as international travel may not resume normalcy until 2H, inbound tourism may remain subdued in 1H. Even if the border controls are lifted, China's tight grip on money laundering may constrain the recovery of the gaming sector. In conclusion, the gaming revenue may more than double this year but may remain far from the pre-virus level. 2020 GDP which will be out in early Mar may have contracted 55% yoy.
Malaysia	Malaysia has started to ease its restriction orders in some parts of the country, although the key economic heavyweights such as KL, Selangor and Johor remain under the strictest form of MCO. The easing of social restrictions came as Malaysia appears to have turned the corner in the fight in controlling the pandemic outbreak, with new daily cases now coming below 3000 compared to over 5000 in mid-January. All eyes will also be on the roll out of the 3-phase inoculation program that is slated to last until February next year.	Having refrained from cutting its policy rate in the January MPC meeting while telegraphing its sanguine outlook on 2021 growth prospects, we do not think that BNM is eager to shift its tone just yet. This has come despite the downside surprise in the Q4 GDP growth of -3.4%yoy. Overall, for the "Glass Half Full" upside scenario that BNM appears to be banking on to come true, a few stars have to line up. These would include a steady recovery in the exports market. On that front, while January's 6.6% exports growth remains encouraging, it marks the first time it has surprised on the low side since Aug 2020 – a reminder that we cannot take exports recovery for granted. The other necessary 'star' will be a recovery in business and consumer confidence. Here, a successful rollout of the vaccination program will be key. While some indicators such as credit card usage and car sales are showing encouraging recoveries, we have some way to go still.
Thailand	The political uncertainty is taking a turn for the worse in Thailand and we think that may result in a selloff across most Thai assets, including its bonds.	Late February saw political uncertainty in Thailand take a turn for the worse, as protestors marched to Thai PM Prayut's residence while the Thai police used rubber bullets against them. This took some shine off the commencement of the nation-wide vaccination program with Sinovac. Continued uncertainty could see fund outflows from the country, with equities, bonds and the baht all unlikely to be spared.
South Korea	Electronic goods demand, particularly for semiconductor chips, have been a boon for the South Korean economy. As long as the risk-on environment prevails, we see continued fund inflows into South Korea.	Similar to Taiwan and Singapore, South Korea has enjoyed a renaissance of its semiconductor industry of late as the global chip shortage comes increasingly into the spotlight. Covid-19 cases continue to hover around 400-500 daily, but that is unlikely to dent risk sentiment. With liquidity still ample in the short-term, we think fund inflows into South Korea may continue.
Philippines	Inflation fears are the biggest concerns for the Philippines at present. If inflation stays stubbornly above 4.0%, the BSP may be forced to dial back on its dovishness and maybe even raise interest rates.	Inflation has always been one of the Philippines' biggest bugbear. Recall in 2018 when the BSP, alongside BI, had to raise rates aggressively to tame runaway inflation on the back of rising crude oil prices. The same scenario may unfold here and we do not rule out the BSP hiking rates prematurely, especially with inflation in Jan'21 at 4.2% yoy – above the BSP's upper bound of 4.0%.

FX/Rates Forecast

USD Interest Rates	1Q21	2Q21	3Q21	4Q21	2022	2023
Fed Funds Target Rate	0-0.25%	0-0.25%	0-0.25%	0-0.25%	0-0.25%	0-0.25%
1-month LIBOR	0.12%	0.13%	0.13%	0.13%	0.16%	0.20%
2-month LIBOR	0.16%	0.17%	0.17%	0.18%	0.24%	0.30%
3-month LIBOR	0.22%	0.23%	0.27%	0.28%	0.30%	0.40%
6-month LIBOR	0.23%	0.24%	0.28%	0.30%	0.33%	0.45%
12-month LIBOR	0.31%	0.32%	0.36%	0.38%	0.42%	0.54%
1-year swap rate	0.20%	0.22%	0.24%	0.26%	0.32%	0.45%
2-year swap rate	0.24%	0.26%	0.29%	0.32%	0.43%	0.53%
3-year swap rate	0.40%	0.42%	0.44%	0.46%	0.53%	0.57%
5-year swap rate	0.84%	0.88%	0.93%	0.98%	1.17%	1.33%
10-year swap rate	1.53%	1.55%	1.57%	1.59%	1.68%	1.78%
15-year swap rate	1.80%	1.83%	1.86%	1.90%	1.98%	2.05%
20-year swap rate	1.88%	1.90%	1.93%	1.98%	2.05%	2.15%
30-year swap rate	1.94%	1.96%	1.98%	2.00%	2.06%	2.17%
SGD Interest Rates	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**2022**	**2023**
1-month SIBOR	0.28%	0.28%	0.29%	0.29%	0.3%	0.37%
1-month SOR	0.26%	0.27%	0.28%	0.28%	0.29%	0.39%
3-month SIBOR	0.44%	0.44%	0.44%	0.44%	0.47%	0.55%
3-month SOR	0.30%	0.30%	0.31%	0.31%	0.31%	0.43%
6-month SIBOR	0.59%	0.59%	0.59%	0.59%	0.63%	0.67%
6-month SOR	0.28%	0.30%	0.32%	0.33%	0.38%	0.45%
1-year swap rate	0.36%	0.36%	0.37%	0.37%	0.37%	0.45%
2-year swap rate	0.42%	0.47%	0.50%	0.51%	0.60%	0.70%
3-year swap rate	0.61%	0.63%	0.65%	0.67%	0.76%	0.86%
5-year swap rate	0.99%	1.02%	1.04%	1.06%	1.15%	1.27%
10-year swap rate	1.55%	1.59%	1.61%	1.61%	1.67%	1.70%
15-year swap rate	1.75%	1.78%	1.78%	1.79%	1.85%	1.88%
20-year swap rate	1.82%	1.85%	1.87%	1.90%	1.92%	1.95%
30-year swap rate	1.82%	1.85%	1.87%	1.91%	1.93%	1.98%
MYR forecast	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**2022**	**2023**
OPR	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
1-month KLIBOR	1.86%	1.87%	1.87%	1.87%	1.90%	2.05%
3-month KLIBOR	1.94%	1.95%	1.95%	1.95%	2.00%	2.15%
6-month KLIBOR	2.06%	2.07%	2.07%	2.07%	2.10%	2.25%
12-month KLIBOR	2.20%	2.21%	2.22%	2.23%	2.25%	2.40%
1-year swap rate	1.96%	1.98%	2.00%	2.05%	2.10%	2.25%
2-year swap rate	2.09%	2.11%	2.13%	2.15%	2.20%	2.35%
3-year swap rate	2.26%	2.28%	2.30%	2.32%	2.37%	2.46%
5-year swap rate	2.54%	2.58%	2.64%	2.69%	2.78%	2.85%
10-year swap rate	3.15%	3.18%	3.20%	3.22%	3.29%	3.35%
15-year swap rate	3.29%	3.30%	3.31%	3.31%	3.33%	3.40%
20-year swap rate	3.45%	3.47%	3.49%	3.52%	3.56%	3.61%

UST bond yields	1Q21	2Q21	3Q21	4Q21	2022	2023
2-year UST bond yield	0.14%	0.16%	0.18%	0.25%	0.40%	0.65%
5-year UST bond yield	0.75%	0.80%	0.85%	0.90%	1.20%	1.35%
10-year UST bond yield	1.45%	1.50%	1.55%	1.60%	1.68%	1.75%
30-year UST bond yield	2.18%	2.20%	2.22%	2.25%	2.30%	2.40%
SGS bond yields	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**2022**	**2023**
2-year SGS yield	0.39%	0.41%	0.43%	0.45%	0.55%	0.65%
5-year SGS yield	0.68%	0.70%	0.72%	0.77%	0.82%	0.98%
10-year SGS yield	1.33%	1.36%	1.40%	1.45%	1.54%	1.58%
15-year SGS yield	1.65%	1.67%	1.69%	1.71%	1.80%	1.90%
20-year SGS yield	1.70%	1.73%	1.76%	1.80%	1.87%	1.98%
30-year SGS yield	1.80%	1.82%	1.85%	1.87%	1.92%	2.06%
MGS forecast	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**2022**	**2023**
3-year MSG yield	1.98%	2.00%	2.01%	2.02%	2.05%	2.10%
5-year MGS yield	2.37%	2.40%	2.45%	2.48%	2.50%	2.52%
10-year MGS yield	3.08%	3.12%	3.18%	3.20%	3.25%	3.29%

FX	Spot	Mar-21	Jun-21	Sep-21	Dec-21
USD-JPY	106.54	107.32	107.65	108.00	108.58
EUR-USD	1.2087	1.2137	1.2049	1.1945	1.1862
GBP-USD	1.3984	1.4206	1.4066	1.4016	1.4112
AUD-USD	0.7755	0.7849	0.7710	0.7696	0.7923
NZD-USD	0.7275	0.7355	0.7236	0.7222	0.7412
USD-CAD	1.2699	1.2587	1.2770	1.2639	1.2460
USD-CHF	0.9084	0.9122	0.9018	0.8997	0.8981
USD-SGD	1.3294	1.3226	1.3246	1.3228	1.3031
USD-CNY	6.4633	6.4799	6.4414	6.4317	6.3369
USD-THB	30.27	30.39	30.08	30.41	29.86
USD-IDR	14,288	14,393	14,062	13,960	13,792
USD-MYR	4.0525	4.0646	4.0233	3.9988	3.9524
USD-KRW	1123.40	1128.46	1106.76	1104.36	1088.37
USD-TWD	28.091	27.993	27.911	27.868	27.677
USD-HKD	7.7575	7.7500	7.7533	7.7583	7.7533
USD-PHP	48.64	48.73	48.63	48.70	48.16
USD-INR	73.27	73.47	73.21	73.47	72.28
EUR-JPY	128.78	130.26	129.71	129.01	128.79
EUR-GBP	0.8643	0.8543	0.8566	0.8523	0.8406
EUR-CHF	1.0979	1.1071	1.0866	1.0747	1.0652
EUR-SGD	1.6068	1.6052	1.5960	1.5802	1.5457
GBP-SGD	1.8590	1.8789	1.8631	1.8541	1.8389
AUD-SGD	1.0310	1.0381	1.0213	1.0181	1.0325
NZD-SGD	0.9672	0.9728	0.9585	0.9553	0.9658
CHF-SGD	1.4636	1.4499	1.4688	1.4704	1.4510
JPY-SGD	1.2477	1.2323	1.2304	1.2248	1.2001
SGD-MYR	3.0483	3.0733	3.0375	3.0229	3.0331
SGD-CNY	4.8617	4.8994	4.8630	4.8621	4.8630

Research Monitor (March)

2 March 2021

Macroeconomic Calendar

Date Time	C	Event	Period	Surv(M)	Actual	Prior
01/03 23:30	US	ISM Manufacturing	Feb	58.8	--	58.7
02/03 08:30	JN	Jobless Rate	Jan	--	--	2.90%
03/03 16:30	HK	Retail Sales Value YoY	Jan	--	--	-13.20%
03/03 08:30	AU	GDP SA QoQ	4Q	--	--	3.30%
04/03 21:30	US	Initial Jobless Claims	Feb-27	--	--	--
05/03 21:30	US	Change in Nonfarm Payrolls	Feb	100k	--	49k
08/03 15:00	GE	Industrial Production SA MoM	Jan	--	--	0.00%
10/03 21:30	US	CPI MoM	Feb	--	--	0.30%
12/03 23:00	US	U. of Mich. Sentiment	Mar P	--	--	--
16/03 20:30	US	Retail Sales Advance MoM	Feb	--	--	5.30%
16/03 18:00	GE	ZEW Survey Expectations	Mar	--	--	71.2
17/03 08:30	SI	Non-oil Domestic Exports YoY	Feb	--	--	12.80%
17/03 18:00	EC	CPI YoY	Feb F	--	--	--
17/03 19:00	US	MBA Mortgage Applications	Mar-12	--	--	--
18/03 08:30	AU	Unemployment Rate	Feb	--	--	6.40%
19/03 08:30	AU	Retail Sales MoM	Feb P	--	--	--
23/03 13:00	SI	CPI YoY	Feb	--	--	--
24/03 15:00	UK	CPI YoY	Feb	--	--	0.70%
25/03 20:30	US	GDP Annualized QoQ	4Q T	--	--	--
26/03 17:00	GE	IFO Business Climate	Mar	--	--	--
31/03 09:00	CH	Manufacturing PMI	Mar	--	--	--
31/03 14:00	UK	GDP YoY	4Q F	--	--	-7.80%

Central Bank Interest Rate Decisions

Date Time	C	Event	Period	Surv(M)	Actual	Prior
02/03 11:30	AU	RBA Cash Rate Target	Mar-02	--	--	0.10%
04/03 15:00	MA	BNM Overnight Policy Rate	Mar-04	--	--	1.75%
10/03 23:00	CA	Bank of Canada Rate Decision	Mar-10	0.25%	--	0.25%
11/03 20:45	EC	ECB Main Refinancing Rate	Mar-11	--	--	0.00%
11/03 20:45	EC	ECB Deposit Facility Rate	Mar-11	--	--	-0.50%
11/03 20:45	EC	ECB Marginal Lending Facility	Mar-11	--	--	0.25%
17/03 16:30	HK	Composite Interest Rate	Feb	--	--	0.24%
18/03 15:05	TA	CBC Benchmark Interest Rate	Mar-18	--	--	1.13%
18/03 02:00	US	FOMC Rate Decision (Upper Bound)	Mar-17	0.25%	--	0.25%
18/03 15:20	ID	Bank Indonesia 7D Reverse Repo	Mar-18	--	--	3.50%
18/03 20:00	UK	Bank of England Bank Rate	Mar-18	--	--	0.10%
19/03 10:30	JN	BOJ Policy Balance Rate	Mar-19	--	--	-0.10%
24/03 15:05	TH	BoT Benchmark Interest Rate	Mar-24	--	--	0.50%
25/03 16:00	PH	BSP Overnight Borrowing Rate	Mar-25	--	--	2.00%

Source: Bloomberg

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