Research Monitor (May)

5 May 2022

Treasury Research & Strategy
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Key Themes

1. **How long will the post-FOMC euphoria last**? Despite the latest 50bps rate hike coupled with the start of Quantitative Tightening in June by US$47.5b (of which US$30b from UST and US$17.5b from MBS), Fed chair Powell managed to pull off a hat-trick to soothe market anxiety that that 75bps hikes was not something the committee was actively considering and the end-game was just to neutral rate of 2-3% as inflation flattens out. This allowed the shorter-dated bonds to rally and the 10-year bond which lagged gains to stay below the 3% handle. Still, the global tide is for more monetary policy tightening as inflation has yet to peak amid elevated energy prices, the ongoing Russia-Ukraine war and China's Covid-related lockdowns. RBI surprised markets by pre-empting the FOMC hike, while other EM central banks may also be under pressure to follow suit amid narrowing yields differentials with the US, except for the PBoC and the BoJ.

2. **Stagflation risks are also rising**. The IMF and World Bank are among those who have recently pared global growth forecasts. With global supply chains still snarled, inflation forecasts also carry upside risk. More global companies across auto, tech (especially for chips and smartphone makers), pharmaceuticals and retailers, including Apple, SK Hynix and Microsoft, have warned that China's lockdowns will hurt their earnings prospects for the current quarter. This was evident in China's weaker official and Caixin manufacturing PMIs. PMI readings for S'pore, S. Korea, Japan, Indonesia and Thailand saw some improvements in April, but Vietnam was static while China and Taiwan were weaker.

3. **Despite the stronger than expected 1Q GDP in China and PBoC's 25bps RRR cut**, market sentiment deteriorated sharply in April due to Shanghai's extended lockdown which exposed the implementation risks of its zero-Covid strategy. RMB also returned to the spotlight after the USDCNH broke above 6.6. The unusually high correlation between RMB and Chinese equity in the past few weeks showed growing policy efficacy concerns. The room for a disorderly RMB weakness is limited due to flush dollar liquidity in the onshore market and a still resilient goods trade surplus. The politburo meeting on 29 April chaired by President Xi reassured the market that China will step up policy stimulus to meet its ambitious growth target. The decision to complete inspections of the platform economy companies also signalled a return to a more friendly regulatory and capital market environment. For May, watch out for details about China's regulatory shift and plans to increase policy support.

4. **Flash estimates* indicate that the OCBC SME Index (SMEI) is expected to rise to 51.4 in April from 50.9 in March**, continuing its expansion for the second straight month. The return to DORSCON yellow on 22 April and re-opening also presents opportunities for upside in the final reading.

5. **Oil prices consolidated in a large trading range in April.** Brent hovered between $100-$120/bbl for most of last month, with lower Russian oil flow concerns negated by falling Chinese demand. We expect volatility to remain high in the oil market in the near term.

**Using data until 21st April*

Asset Class Views

	House View	Trading Views
FX	**G-10 FX:** The central bank dynamics theme has remained in play, but investors appear to have put more weight on the uncertainty regarding the growth outlook. The dollar has benefitted and may continue to benefit from a combination of a hawkish monetary policy outlook and growth concerns mostly outside the US. ECB rhetoric has become more hawkish over the past couple of weeks, while market pricing of rate hikes has also increased. Room for the ECB to further step up its policy normalization will give some support to the EUR; however, such support from a potential stabilization or even mild improvement in the yield differentials favouring the EUR is likely to be short-lived, as after all the bar is high for one to out-hawk the Fed with the underlying factor being the growth-inflation matrix. While the Yen once garnered some mild support from safe-haven flows, structurally the Fed-BoJ divergence is still pretty much in play, which has been reinforced by BoJ's continued unlimited bond purchases and its commitment to its YCC as shown at the latest MPC meeting. The BoE, being among the first to act, may also be the first to blink; recent economic data printed on the soft side. On balance, we maintain our strong dollar view against the JPY, EUR and GBP. Commodity currencies have not been able to sustain their gains, as some commodity prices retraced lower amid growth concerns including that on China. While lockdowns in China may extend supply-chain disruptions, energy price inflation is likely to give way to growth concerns in investors' calculation near-term. Among commodity currencies, the CAD may outperform as the BoC remains one of the most hawkish central banks, before the RBA catches up. The RBA started its policy normalisation delivering a 25bps hike while deciding to stop re-investment. AUDUSD may be able to consolidate near-term, but there are still a few key levels to clear on the topside.	Dollar strength against EUR and GBP Re-enter USD/JPY longs on dip
	Asian FX and SGD: The RMB weakened by almost 4% over the past month as sentiment turned for the worse amid the domestic COVID situation. A disorderly depreciation in the RMB is unlikely as China's trade balance stays supportive while onshore USD liquidity is flush thanks to accumulated unsold foreign currency receipts. The recent high of 6.6980 becomes the next resistance for USD/CNH. The SGD NEER has edged higher to trade around 1.0% above mid-point, as the SGD outperformed the MYR, the RMB and the Yen of late, which more than offset the impact of the strong dollar. Short-term fluctuations aside, we expect the SGD NEER to be able to stay around 1% above mid-point for most of the time in the coming weeks, with the potential to break higher. USD/SGD shall face resistance at 1.3905, while downside is at 1.3635.	USD/SGD in range of 1.3635-1.3905 USD/CNH in range of 6.5500-6.7200

	House View		Trading Views
Commodities	Volatility is expected to remain high in the near term, even if oil prices continue to drift in a broad sideway consolidation for now. We still remain structurally bullish on oil prices in the medium to long term.	Global oil stocks remain low while spare capacity among OPEC producers have shown little improvement in April. Coupled with the ongoing uncertainty, we expect oil price volatility to stay elevated in the near term.	↑
	The Fed's increasing hawkishness appears to have outweighed demand for gold stemming from the Russian-Ukraine conflict. We remain structurally bearish on gold in the medium to long term, given the Fed's stance to continue tightening monetary policy.	The Fed now appears to be one of the most hawkish central banks and is set to tighten its monetary policy aggressively. This is expected to cap gold's upside.	↓

OCBC TREASURY RESEARCH

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<table>
<tr><th></th><th>House View</th><th>Trading Views[1]</th><th></th></tr>
<tr><td rowspan="5">Rates</td><td rowspan="5">Global yields have continued to rise over the past month as rate hike expectations geared up further across major markets, with central banks having sounded increasingly hawkish.

In addition to the 50bps hike we have expected at the June FOMC meeting, we now expect another 50bps hike (instead of 25bps hike) at the July meeting as well; thereafter, we keep our profile of 25bps hike each at the September, November and December meetings. These expected hikes will bring the Fed funds target range to 2.50-2.75% at year-end, a tad higher than the Fed’s perceived neutral level.

The policy normalization timeline at the ECB has become clearer, with Lagarde flagging July for an end to asset purchase, at a time that the central bank will “look at interest rates and an increase in interest rates”. As a decision on the asset purchase is said to be taken in June, the July meeting has become live for a policy rate hike. There is room for the ECB to further gear up its hawkish rhetoric. EUR OIS almost fully priced in a 25bps hike at the July meeting.

The RBA started its policy normalisation, by delivering a bigger-than-expected 25bps hike at its May MPC meeting; it also decided to stop re-investment in line with expectation. The 2Y AGB yield has risen by more than 100bps over the past month. The RBA may still be behind the curve compared to the Fed vis-à-vis the respective market pricing.

BoJ has continued to carry out fixed-rate operation offering to buy unlimited amount of 10Y JGB, and has gone further to announce a plan to offer fixed-rate purchases every business day. UST-BoJ yield spreads will not narrow materially unless there is bigger retracement lower in US yields which looks unlikely.</td><td>USD rates: UST yields rose across the curve in a mild steepening manner, with the increase in the 10Y yield being led by higher real yield. We remain of the view that the spread between the 2Y UST yield and the Fed funds target rate shall narrow as more rate hikes materialise. There is upside to the 2Y yield level itself; given the terminal rate is likely to be higher than that in the previous cycle, the first target for the 2Y yield is at 2.90%.</td><td>↑</td></tr>
<tr><td>Asian rates: Short-end SGD rates have outperformed USD rates over the past month, benefiting from the suppressed USD/SGD forward points resulting from MAS tightening. Front-end SORA has also moved towards levels that are more in line with implied rates from the USD SOFR curve. SGD NEER still trading some way from the top end of the policy band together with the steeper slope shall point to room for further compression in the forward points. Pass-through from expectedly higher USD rates shall continue to be partial only; the least passthrough is likely on SIBOR, followed by 1-2Y SGD OIS.</td><td>↑</td></tr>
<tr><td>2-5Y IndoGBs underperformed markedly on the curve, as domestic support appears to have faded. The liquidity withdrawal from the effective RRR hike might have started to have an impact; risk is that Bank Indonesia may become more hawkish. As such, short-end bonds are not favoured. Demand at recent auctions was not strong, although the lower supply acts as a buffer for now. We now expect the 10Y IndoGB yield to trade in a higher range of 6.95%-7.10% in the coming weeks.</td><td>↑</td></tr>
<tr><td>On the MGS curve, we prefer the shorter tenors. The 3Y yield is running well ahead of the policy rate, appearing to price in a terminal rate of 3% for the OPR already. Meanwhile, implied MYR rates are relatively low compared to yield levels, which shall provide investors with affordable FX hedges at times of higher volatility.</td><td>→</td></tr>
<tr><td>CGBs were rangy in the past month and may continue to stay so, with the domestic bonds being stuck between a less optimistic growth outlook and fiscal stimulus pledge which post upside risk to bond supply. The MLF rate and LPR have been kept unchanged, although the RRR has been lowered. On balance, yields are unlikely to fall materially because of the mild easing stance. We maintain our expectation for the 10Y CGB yield to trade in a range of 2.70-2.90% on a multi-week horizon.</td><td>→</td></tr>
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[1] Arrows point to direction of interest rates and bond yields

	House View	Trading Views	
Credit	UST 10Y yields extended further upwards in April, peaking at 2.94% in the second last week of the month. This was primarily driven by investor expectations of more aggressive Federal Reserve monetary policy tightening, with hawkish comments from numerous Fed officials. While UST 10Y yields mostly increased consistently over April, the second last week saw significant volatility – with yields rising notably in the first two days, before moving down the next day to reverse much of these and back up again. The last week also saw a consecutive fall in yields as risk-off sentiments picked up amidst the worsening COVID-19 situation in China and concerns on an economic growth slowdown driving safe-haven asset flows. On a MoM basis, UST 10Y yields traded 60bps higher to end April at 2.93%. In the US market, both investment grade and high yield spreads widened. US investment grade issuances fell to USD113.5bn for the month, which is a ~52% MoM and ~13% YoY decrease. While issuances of USD11.8bn in the US high yield market increased by ~16% MoM (March 2022: USD10.2bn), this was ~79% lower on a YoY basis (April 2021: USD55.1bn). In the Asiadollar space, the market recorded USD19.4bn of new issuances in April, which is ~37% lower MoM and ~28% lower YoY. On a MoM basis, this decrease in new issuances could have been driven by an increase in rates volatility and similar risk aversion sentiments, particularly with China's worsening COVID-19 situation. The largest deal of the month came from Taiwan Semiconductor Manufacturing Co ("TSMC"), which priced a USD3.5bn bond. It was issued in 4 tranches: (1) a USD1bn 5Y senior unsecured bond at 3.875%, (2) a USD500mn 7Y senior unsecured bond at 4.125%, (3) a USD1bn 10Y senior unsecured bond at 4.25% and (4) a USD1bn senior unsecured bond at 4.5% maturing 2052. Net proceeds are to be used for financing TSMC's plant in Arizona, United States.	**SLHSP 4.5% '25s:** The SLHSP 4.5% '25s provides a decent in yield versus other hospitality issues for a short dated bond maturing in 3.5 years time. Consolidated revenue for 2021 increased 20.1% YoY driven by some recovery in the hotel sector although remains around half that of 2019's (before COVID-19). 2H2021 saw particularly strong revenue growth from businesses outside of Mainland China, growing by 63.5% YoY (60.0% h/h) which the company attributed to pent-up demand following lifting of travel restrictions. While China is in the midst of battling COVID in certain cities including Beijing and Shanghai, Shangri-la Hotel LTD (SHANG) presence in China is diversified across the country. As at 31 December 2021, short term debt coming due was USD1.1bn (representing ~17.9% of total debt). Per company, ~80% of 2022 refinancing requirements have been completed.	↑
	In contrast, the SGD space recorded higher issuances, with SGD3.0bn priced in April. This is ~67% higher MoM and ~150% higher YoY. The largest deal of the month was issued by PSA Treasury Pte Ltd (Guarantor: PSA International Pte Ltd), which priced a SGD650mn 5Y unsecured bond at 2.9%, tightening from an IPT of 3.2%. Net proceeds are to be used for general corporate purposes. Interestingly, there was notable activity in the SGD Green, Social, Sustainability, Sustainability-linked ("GSSSL") bonds space, with the pricing of Ascendas REIT's SGD208mn 7Y green bond at 3.468%, Ascott Residence Trust's SGD200mn 5Y sustainability-linked bond 3.63% and Sembcorp Industries Ltd's SGD200mn 7Y sustainability-linked bond at 3.735%. These issuances also mark the first GSSSL issuances in the SGD space YTD. While we do not observe significant greenium yet, we do expect such GSSSL bonds to become a mainstream part of the SGD corporate credit market in the future. Higher interest rates cloud the outlook ahead with the Federal Reserve's announcement of a 50bps rate hike and Powell's communication of the likelihood of additional 50bps hikes at the next meetings. Alongside the worsening COVID-19 situation in China and higher energy prices, volatility in the macroeconomic backdrop may continue to present challenges for issuers as well as investors looking for adequate compensation for elevated risk going forward. *(All figures for April 2022 are as of 4 May 2022)*	**NAB 4.15% '28c23s**: NAB's recently announced 1HFY2022 results were solid with ongoing strength in its core Business Banking franchise and strong balance sheet quality driving a 8.2% h/h and 4.1% YoY improvement in cash earnings to AUD3.48bn. Business and Private Banking performance was the largest contributor to the YoY improvement on the strongest growth in business lending since 2008 and remains the largest contributor to overall cash earnings (41%). The bank is positively exposed to rising interest rates, passing on the recent RBA rate rise and expects further business growth in FY 2022.	↑

Macroeconomic Views

	House View	Key Themes
US	The FOMC unanimously hiked 50bps for the first time since 2000 to 0.75-1.0% and announced it will start to roll off its balance sheet in June by US$30b for UST and US$17.5b for MBS for a cumulative monthly amount of US$47.5b before increasing to US$95b over three months. The US economy unexpectedly contracted 1.4% QoQ annualised and the IMF had cut its 2022 growth forecast by 0.3% points to 3.7%.	Fed chair Powell opined that there is a "broad sense on the committee that additional 50bps increases should be on the table for the next couple of meetings" and that 75bps is "not something that the committee is actively considering". He also noted that neutral Fed Funds rate is around 2-3%, which is in sync with market expectations, and tips that inflation will flatten out. The swap market pricing for the June, July and September FOMC meetings have been pared back to less than 150bps, indicating some scepticism that the Fed will hike by 50bps each. The US Treasury also cut its quarterly sale of longer-dated debt for the third straight time amid strong tax revenues.
EU	The EU has yet to see inflation peak, as energy prices continue to trend upwards. With inflation rate in the region set to remain above the target rate of 2.0% until 2024, the ECB may commence to hike rates as early as July after it ends its asset purchases. That said, we do not expect aggressive ECB rate hikes due to flagging growth from the Russian-Ukraine war threat and supply chain disruptions.	The EU's headline inflation hit a record 7.4% YoY in March and may track energy prices higher from here. Russia had cut its gas supplies to Poland and Bulgaria, while the EU plans to ban Russian oil (whether seaborne or pipeline, crude or refined) over the next six months. ECB president Lagarde suggested net asset purchases may end in early 3Q22, with rate hikes to follow. However, she has also opined that raising interest rates will not bring energy prices down, as the cause of inflation stems from the supply side, hence the ECB should gradually hike rates to ease the negative impact on demand.
Japan	We expect the BoJ to continue to maintain its accommodative monetary policy given its strong defence of its interest rates and yield target. Even though Japan may meet its inflation targets of 2.0% in the coming months, it may not be sustainable and more fiscal spending and monetary easing will be required. The IMF had pared its 2022 growth forecast for Japan by 0.8% points to 2.4%. Any potential for a recalibration of the 10-year JGB yield target cap of 0.25% will be closely watched.	Japan's inflation reached 1.2% YoY in March, but still falls short of the central bank's target and prompted BoJ governor Kuroda to reiterate that the BoJ should "persistently continue with the current aggressive money easing". He insisted that there is "still a long way to go to achieve the 2% target in a stable manner", especially since the main price driver stems from the surging commodity prices while demand is still lagging below pre-pandemic levels. With a dovish BoJ, the JPY fell to a 20-year low of 130 against the USD. Japan has ramped up fiscal spending through a JPY 13.2tn relief package to cushion rising prices and encourage consumer spending ahead of the elections in summer.
Singapore	The recent relaxation of most Covid-related restrictions and border controls open the door to a faster recovery in many services industries. As such, the anticipated slowing of manufacturing growth should not endanger the 3-5% growth prospects in 2022. MAS re-centered the S$NEER higher and steepened the slope at the April MPS and warned that core inflation could hit around 4% in 3Q before moderating towards the year-end. This likely means the October MPS is still an open verdict.	MAS tips that domestic demand, particularly private consumption and public infrastructure investment, would drive growth this year, but S'pore is vulnerable to a fall in final demand in China, US and Eurozone, especially if there are adverse confidence effects from a larger demand pullback if the Ukraine conflict escalates or becomes prolonged. The manufacturing and electronics PMIs rebounded to 50.3 and 50.7 respectively, after some softening in March. However, the recent business expectations survey for the manufacturing sector showed that only 2% of firms are optimistic about the April-September period ahead, down from 8% a quarter ago, whereas 15% of the services firms are upbeat (+1% point from a quarter ago, likely attributable to the recent relaxation of Covid-related curbs).

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Indonesia	Bank Indonesia's officials said that the central bank can further increase the reserve requirement ratio to battle any uptick in inflation if liquidity remains ample. To us, however, the risk of having to start hiking rate to battle the incipient inflation pressures may be under-appreciated by the market. While inflation prints have stayed within the central bank's target range, the risk of further upticks is considerable, especially if the government starts to remove fuel subsidies. We see the risk of BI hiking rate as early as May, rather than in H2, for a total of 100bps this year.	Indonesia's palm oil export policy has become a focal point for the market. The biggest takeaway for investors may be that, as much as the decision to ban exports of palm oil is understandable because of extraordinary domestic need, the way in which the scope of the ban – on whether it includes CPO in particular – has shifted back and forth in a matter of days might have left a bitter taste in the mouth, unfortunately. In the coming weeks, hopefully, the market can get a better sense of what the government's ultimate gameplan is and how long it will take before exports can resume to get some clarity. Overall, however, it might not move the needle all that much when it comes to investment decisions into Indonesia, given how the potential for policy shifts remains one of the challenges that investors have somewhat become accustomed to, even if Indonesia's broader policy platform remains very much supportive of garnering FDI into the country.
China	China set its 2022 growth target at around 5.5% YoY, close to the upper band of the market forecasts. Against the backdrop of rising global uncertainty and domestic Covid-19 situation, China will need to work harder to achieve its target. Therefore, we think China will step up all its macro policies including monetary policy, credit policy and fiscal policy while allowing the marginal relaxation of property policies on the local level.	Despite stronger than expected 1Q GDP in China and PBoC's 25bps RRR cut, market sentiment deteriorated sharply in April due to extended lockdown in Shanghai, which exposed the implementation risks of top own zero Covid strategy. RMB also returned to the spotlight after the USDCNH broke above 6.6. The unusual high correlation between RMB and Chinese equity in the past few weeks showed the growing concern about policy efficiency. Nevertheless, we think the room for a disorderly RMB weakness is still limited due to flush dollar liquidity in the onshore market and still resilient goods trade surplus. After months of jittery, the politburo meeting on 29 Apr chaired by President Xi reassured the market that China will step up its policy stimulus to meet its ambitious growth target. In addition, Politburo meeting's decision to complete inspections of the platform economy companies sent a strong signal that China may return to more friendly regulatory and capital market environment. This sent the Chinese tech companies higher in the last trading day of April. Going into May, market will watch out for details about China's regulatory shift as well as plans to increase policy support.
Hong Kong	The reopening measures are expected to put growth back on track for the second quarter, after the outbreak led economic downturn in the first quarter. On Hong Kong dollar front, the USDHKD is grinding towards 7.8500 and is likely to test the weak-side convertibility undertaking in a matter of days/weeks. Under the mechanism of linked exchange rate system, the monetary authority will likely step in and buy Hong Kong dollars, hence draining the HKD liquidity and pushing up the local interest rates.	John Lee, the former Chief Secretary, is set to win the upcoming Chief Executive election as the sole candidate securing over half of the nominations from the Election Committee. Meanwhile, as daily Covid-19 caseload continued to fall, Hong Kong began the first phase of easing social distancing measures and planned to reopen border to non-residents starting from May. Recent economic indicators showed further signs of weakness. Hong Kong's labour market continued to be affected by the fifth wave of Covid outbreak, with unemployment rate rising further by 0.5 percentage point, to 5.0% in January 2022 – March 2022. Meanwhile, inflation in Hong Kong was largely tamed with headline composite CPI rising by 1.7% YoY, on the back of falling rent.

	House View	Key Themes
Macau	Since both of the keystone sectors in Macau, tourism and gaming, are underperforming, our in-house forecast for Macau's year-on-year GDP growth is revised down to 12%. Overall speaking, we expect the exports of service to remain weak until mid-2022. On top of that, the uncertainties surrounding the proposed changes in gaming law will further cloud the outlook of gaming sector. Diversifying the economy and expanding non-gaming tourism sector should be the top priority and major challenges for the Macau government in the future.	Amidst the ongoing border control and lockdown measures in many major China cities, we expect both the gaming and tourism sectors to remain sluggish in the first half this year. The timeline for full normalisation of mainland tourism and easing of border restrictions remains highly uncertain and depends on the further development of the pandemic and antivirus policies. If the pandemic is contained in the first half, we expect to see "more normal" visitor flows (around 800,000-1,500,000 monthly visitor arrivals) to Macau in second half, following the relaxation of travel restrictions. In March, Macau's visitor arrivals and gross gaming revenue plummeted by 30.2% YoY and 55.8% YoY respectively. Labour market remained weak with elevated unemployment rate.
Malaysia	Bank Negara Malaysia's Governor Nor Shamsiah Yunus said that tightening monetary policy when inflation is caused by supply shocks will have limited effectiveness. She expressed confidence that price stability will be maintained in Malaysia even though there may be more upside risks to inflation due to ongoing supply-chain issues. Overall, it does not look like they'll hike in May. Our view is for them to hike in July by one 25bps move.	In an interview with Bernama, the Governor added that BNM will continue to ensure that movements in the ringgit exchange rate are orderly, even though it does not target any level of exchange rate. The extensive public engagement came at a time when the ringgit has ranked as among the weaker currencies in the region of late. As noted by her, the exchange rate should benefit Malaysia's exports sector, which employs more than a third of the workforce. The country's exports should continue to be supported by the twin pillars of commodities and semiconductor demand. To some extent, Malaysia should benefit from the recent palm oil exports ban by Indonesia too, although domestic production issues due to labour shortage would limit the degree of gains in the near term.
Thailand	Despite inflation exceeding 5% for two consecutive months in February and March, we expect the BoT to hold its benchmark rate constant at 0.50% and possibly beginning to raise its key rate from Q1 2023.	Thailand's tourism industry is on the mend, especially with the recent relaxation of border controls. The economy, however, is just starting to mend after two years of Covid restrictions and we see it unlikely that the BoT may want to raise its key rate within this year. We see two possible 25bps rate hikes in 2023, which may bring the benchmark rate to 1.00% by end 2023.
South Korea	With the benchmark rate now at 1.50%, we now expect the BoK to continue raising its key rate to an eventual 2.00% by Q1 2023.	The BoK raised its benchmark rate again in April to 1.50%. This base rate is now a full percentage point higher since the BoK slashed the base rate to a low of 0.50% during the pandemic. We now expect the BoK to target a "terminal" rate of 2.00% from the original 1.50%, with a 25bps rate hike possibly in Q3 2022 and another 25bps rate hike in Q1 2023.
Philippines	We maintain our expectations of two 25bps rate hikes from the BSP this year – one in Q3 and the other in Q4.	The consumer inflation rate unexpectedly rose to 4.0% YoY in March, higher than expectations of 3.7% YoY and February's print of 3.0% YoY. We expect the BSP to begin gradually raising its key rate to mitigate the possibility of swift capital outflows, especially if the inflation rate continues to rise.

FX/Rates Forecast

USD Interest Rates	Current	2Q22	3Q22	4Q22	1Q23	2023
FFTR upper	1.00%	1.50%	2.25%	2.75%	3.00%	3.00%
SOFR	0.30%	1.28%	1.98%	2.46%	2.71%	2.71%
1M USD LIBOR	0.83%	1.36%	2.13%	2.65%	2.90%	2.90%
3M USD LIBOR	1.36%	2.00%	2.65%	3.05%	3.10%	3.10%
6M USD LIBOR	1.98%	2.25%	2.85%	3.15%	3.20%	3.20%
12M USD LIBOR	2.69%	2.69%	3.10%	3.35%	3.40%	3.40%
1Y USD IRS	2.51%	2.59%	2.95%	3.17%	3.22%	3.22%
1Y SOFR OIS	2.23%	2.33%	2.69%	2.91%	2.96%	3.00%
2Y USD IRS	3.01%	3.19%	3.30%	3.42%	3.47%	3.47%
2Y SOFR OIS	2.71%	2.89%	3.02%	3.16%	3.25%	3.25%
5Y USD IRS	3.03%	3.16%	3.25%	3.42%	3.49%	3.49%
5Y SOFR OIS	2.74%	2.91%	3.00%	3.17%	3.24%	3.26%
10Y USD IRS	3.03%	3.18%	3.27%	3.44%	3.51%	3.54%
10Y SOFR OIS	2.75%	2.90%	2.99%	3.16%	3.26%	3.29%
15Y USD IRS	3.04%	3.23%	3.32%	3.49%	3.56%	3.59%
20Y USD IRS	3.01%	3.28%	3.37%	3.54%	3.61%	3.64%
30Y USD IRS	2.80%	3.13%	3.27%	3.44%	3.56%	3.64%
SGD Interest Rates	**Current**	**2Q22**	**3Q22**	**4Q22**	**1Q23**	**2023**
SORA	0.47%	1.03%	1.53%	1.91%	2.06%	2.06%
1M SIBOR	0.79%	1.01%	1.48%	1.80%	2.05%	2.05%
1M SOR	0.89%	1.28%	1.63%	1.79%	2.00%	2.02%
3M SIBOR	1.11%	1.45%	1.80%	2.05%	2.10%	2.10%
3M SOR	1.27%	1.53%	1.83%	1.99%	2.10%	2.12%
6M SOR	1.48%	1.60%	1.90%	2.06%	2.15%	2.17%
1Y SGD IRS	1.85%	1.87%	2.07%	2.15%	2.20%	2.22%
1Y SGD OIS	1.55%	1.62%	1.87%	2.05%	2.10%	2.15%
2Y SGD IRS	2.29%	2.35%	2.51%	2.60%	2.66%	2.66%
2Y SGD OIS	2.03%	2.07%	2.14%	2.24%	2.35%	2.40%
5Y SGD IRS	2.66%	2.68%	2.73%	2.88%	3.00%	3.02%
5Y SGD OIS	2.39%	2.45%	2.53%	2.70%	2.82%	2.84%
10Y SGD IRS	2.72%	2.71%	2.75%	2.88%	3.02%	3.05%
10Y SGD OIS	2.44%	2.48%	2.55%	2.70%	2.84%	2.87%
15Y SGD IRS	2.79%	2.80%	2.90%	3.02%	3.04%	3.15%
20Y SGD IRS	2.84%	2.85%	2.93%	3.05%	3.06%	3.16%
30Y SGD IRS	2.89%	2.87%	2.95%	3.07%	3.08%	3.18%
MYR Interest Rates	**Current**	**2Q22**	**3Q22**	**4Q22**	**1Q23**	**2023**
OPR	1.75%	1.75%	2.00%	2.00%	2.25%	2.50%
1M MYR KLIBOR	1.88%	1.89%	2.14%	2.15%	2.40%	2.65%
3M MYR KLIBOR	1.99%	1.97%	2.25%	2.30%	2.55%	2.85%
6M MYR KLIBOR	2.11%	2.15%	2.40%	2.45%	2.70%	2.95%
12M MYR KLIBOR	2.20%	2.20%	2.50%	2.50%	2.75%	3.00%
1Y MYR IRS	2.61%	2.55%	2.75%	2.90%	3.20%	3.25%
2Y MYR IRS	3.28%	3.20%	3.25%	3.30%	3.35%	3.40%
3Y MYR IRS	3.58%	3.50%	3.55%	3.60%	3.65%	3.65%
5Y MYR IRS	3.98%	3.85%	3.90%	3.90%	3.95%	3.95%
10Y MYR IRS	4.37%	4.30%	4.35%	4.40%	4.45%	4.45%
15Y MYR IRS	4.65%	4.65%	4.70%	4.70%	4.75%	4.75%
20Y MYR IRS	4.80%	4.80%	4.85%	4.90%	4.92%	4.92%

HKD Interest Rates	Current	2Q22	3Q22	4Q22	1Q23	2023
1M HKD HIBOR	0.19%	0.78%	1.55%	2.00%	2.23%	2.23%
3M HKD HIBOR	0.74%	1.36%	2.00%	2.33%	2.38%	2.38%
2Y HKD IRS	2.78%	2.94%	3.00%	3.07%	3.09%	3.09%
5Y HKD IRS	2.97%	3.11%	3.20%	3.27%	3.29%	3.29%
10Y HKD IRS	3.04%	3.20%	3.27%	3.34%	3.36%	3.39%

UST bond yields	Current	2Q22	3Q22	4Q22	1Q23	2023
2Y UST yield	2.64%	2.80%	2.90%	3.00%	3.05%	3.05%
5Y UST yield	2.91%	2.90%	2.90%	2.95%	3.00%	3.00%
10Y UST yield	2.93%	2.95%	3.00%	3.05%	3.15%	3.20%
30Y UST yield	3.03%	3.00%	3.10%	3.20%	3.30%	3.35%
SGS bond yields	**Current**	**2Q22**	**3Q22**	**4Q22**	**1Q23**	**2023**
2Y SGS yield	2.03%	2.00%	2.05%	2.08%	2.15%	2.25%
5Y SGS yield	2.42%	2.40%	2.42%	2.46%	2.50%	2.55%
10Y SGS yield	2.57%	2.55%	2.60%	2.60%	2.60%	2.65%
15Y SGS yield	2.72%	2.72%	2.75%	2.80%	2.80%	2.85%
20Y SGS yield	2.83%	2.82%	2.85%	2.90%	2.90%	2.95%
30Y SGS yield	2.69%	2.70%	2.75%	2.80%	2.80%	2.85%
MGS forecast	**Current**	**2Q22**	**3Q22**	**4Q22**	**1Q23**	**2023**
3Y MGS yield	3.56%	3.50%	3.55%	3.60%	3.65%	3.70%
5Y MGS yield	3.91%	3.90%	4.00%	4.05%	4.10%	4.15%
10Y MGS yield	4.38%	4.40%	4.45%	4.45%	4.50%	4.50%
IndoGB forecast	**Current**	**2Q22**	**3Q22**	**4Q22**	**1Q23**	**2023**
2Y IndoGB	5.11%	5.30%	5.50%	5.70%	5.70%	5.80%
5Y IndoGB	6.28%	6.30%	6.40%	6.50%	6.60%	6.70%
10Y IndoGB	6.95%	7.05%	7.10%	7.15%	7.15%	7.20%

FX	Spot	Jun-22	Sep-22	Dec-22	Mar-23
USD-JPY	129.15	130.44	130.70	130.31	129.79
EUR-USD	1.0614	1.0561	1.0614	1.0720	1.0827
GBP-USD	1.2570	1.2487	1.2550	1.2700	1.2853
AUD-USD	0.7243	0.7229	0.7279	0.7330	0.7381
NZD-USD	0.6541	0.6567	0.6593	0.6633	0.6673
USD-CAD	1.2717	1.2653	1.2628	1.2603	1.2578
USD-CHF	0.9731	0.9750	0.9770	0.9790	0.9809
USD-SGD	1.3737	1.3696	1.3614	1.3532	1.3478
USD-CNY	6.6085	6.6283	6.6446	6.6180	6.5849
USD-THB	34.507	34.542	33.980	33.651	33.321
USD-IDR	14497	14569	14517	14408	14299
USD-MYR	4.3538	4.3625	4.3285	4.2901	4.2518
USD-KRW	1265.95	1273.55	1267.68	1250.64	1233.60
USD-TWD	29.478	29.532	29.265	29.109	28.953
USD-HKD	7.8488	7.8500	7.8400	7.8300	7.8200
USD-PHP	52.33	52.84	53.23	53.37	53.52
USD-INR	76.145	76.38	76.42	76.49	76.56
EUR-JPY	137.07	137.76	138.72	139.69	140.52
EUR-GBP	0.8444	0.8457	0.8457	0.8441	0.8424
EUR-CHF	1.0328	1.0297	1.0370	1.0494	1.0620
EUR-SGD	1.4580	1.4464	1.4449	1.4506	1.4593
GBP-SGD	1.7267	1.7102	1.7085	1.7186	1.7323
AUD-SGD	0.9950	0.9900	0.9910	0.9919	0.9949
NZD-SGD	0.8986	0.8994	0.8976	0.8976	0.8994
CHF-SGD	1.4116	1.4046	1.3934	1.3823	1.3741
JPY-SGD	1.0637	1.0500	1.0416	1.0384	1.0385
SGD-MYR	3.1565	3.1853	3.1796	3.1704	3.1545
SGD-CNY	4.8084	4.8397	4.8809	4.8907	4.8856

Research Monitor (May)

5 May 2022

Macroeconomic Calendar

Date Time	C	Event	Period	Surv(M)	Actual	Prior
03/05 16:30	HK	GDP YoY	1Q A	-1.30%	-4.00%	4.80%
03/05 07:00	SK	CPI YoY	Apr	4.40%	4.80%	4.10%
05/05 09:00	PH	CPI YoY 2018=100	Apr	4.60%	--	4.00%
05/05 11:30	TH	CPI YoY	Apr	4.81%	--	5.73%
06/05 07:30	JN	Tokyo CPI YoY	May	--	--	--
06/05 16:00	TA	CPI YoY	Apr	3.25%	--	3.27%
06/05 20:30	US	Change in Nonfarm Payrolls	Apr	385k	--	431k
09/05 10:00	ID	GDP YoY	1Q	5.00%	--	5.02%
09/05 10:00	ID	CPI YoY	Apr	3.39%	--	2.64%
11/05 09:30	CH	CPI YoY	Apr	1.80%	--	1.50%
11/05 14:00	GE	CPI YoY	May P	--	--	--
11/05 20:30	US	CPI YoY	Apr	--	--	8.50%
12/05 20:30	US	Initial Jobless Claims	May-07	--	--	--
12/05 14:00	UK	GDP QoQ	1Q P	--	--	1.30%
12/05 10:00	PH	GDP YoY	1Q	--	--	7.70%
12/05 20:00	IN	CPI YoY	Apr	--	--	6.95%
13/05 16:30	HK	GDP YoY	1Q F	--	--	-4.00%
13/05 12:00	MA	GDP YoY	1Q	--	--	3.60%
17/05 08:30	SI	Non-oil Domestic Exports YoY	Apr	--	--	7.70%
17/05 10:30	TH	GDP YoY	1Q	--	--	1.90%
17/05 17:00	EC	GDP SA QoQ	1Q P	--	--	0.20%
18/05 07:50	JN	GDP SA QoQ	1Q P	-0.40%	--	1.10%
18/05 14:00	UK	CPI YoY	Apr	--	--	7.00%
18/05 17:00	EC	CPI YoY	Apr F	--	--	7.40%
18/05 20:30	CA	CPI YoY	Apr	--	--	6.70%
23/05 13:00	SI	CPI YoY	Apr	--	--	5.40%
31/05 07:30	JN	Jobless Rate	Apr	--	--	2.60%

Central Bank Interest Rate Decisions

Date Time	C	Event	Period	Surv(M)	Actual	Prior
03/05 12:30	AU	RBA Cash Rate Target	May-03	--	--	0.10%
05/05 19:00	UK	Bank of England Bank Rate	May-05	--	--	0.75%
05/05 02:00	US	FOMC Rate Decision (Upper Bound)	May-04	1.00%	--	0.50%
05/05 02:00	US	FOMC Rate Decision (Lower Bound)	May-04	0.75%	--	0.25%
11/05 15:00	MA	BNM Overnight Policy Rate	May-11	--	--	1.75%
19/05 15:00	PH	BSP Overnight Borrowing Rate	May-19	--	--	2.00%
20/05 09:15	CH	1-Year Loan Prime Rate	May-20	--	--	3.70%
20/05 09:15	CH	5-Year Loan Prime Rate	May-20	--	--	4.60%
25/05 10:00	NZ	RBNZ Official Cash Rate	May-25	--	--	1.50%
26/05 08:00	SK	BoK 7-Day Repo Rate	May-26	--	--	1.50%

Source: Bloomberg

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