OCBC TREASURY RESEARCH

Research Monitor (May)

4 May 2021

Treasury Research & Strategy
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Key Themes

1. **Global risk sentiments were largely buffeted by a Covid resurgence particularly in India and virus mutations, notwithstanding the strong global growth recovery prospects, aided by the healthy economic data from the US especially with additional fiscal stimulus plans in the pipeline.** US President Biden had announced a further US$4 trillion of fiscal spending to help families and jobs, comprising of a US$2.25 trillion infrastructure plan and a US$1.8 trillion American Families Plan in addition to the earlier US$1.9 trillion package, all within his first 100 days in office, but is now talking about hiking taxes for the very wealthy and corporations to fund it. Meanwhile, over in the Eurozone, a second technical recession in 1Q21 flags how the vaccination drive has lagged, but hopes remain that it will be short-lived. For China, the first-in-first-out of the Covid crisis has seen a healthy bounce in 1Q GDP growth, albeit it fell slightly short of market expectations, and belies our view that no premature policy U-turn is in the near-term pipeline. For Asia, the picture is somewhat mixed with S'pore and South Korea surprising on the upside for 1Q21 GDP growth, but the deteriorating Covid situation in India, Japan and Malaysia bears watching as well.

2. **At the central bank front, a breaking of ranks may have started to emerge with the Bank of Canada being the first G10 central bank to announce a tapering of its asset purchases.** Whilst the FOMC generally remained dovish in rhetoric, underpinned by Fed Chair Powell who reiterated that the upcoming jump in inflation is transitory and would need to see a "string" of strong data to achieve the "substantial further progress" towards their goals, nevertheless, some Fed members may not feel the same dovish convictions – note that Kaplan (non-voter) had begun to start the ball rolling with his comments that it is worth considering a taper. For now, financial markets are generally in a somewhat sweet spot with the improving macroeconomic outlook, still generally accommodative policy settings and supportive US quarterly earnings season, but the key is whether the tide will turn back to slightly more risk-off (aka the "sell in May and go away" phenomenon) into May since most of the goods news have been priced in and the Covid mutations/resurgence is making a comeback.

3. **China's RMB assets outperformed in April as fears over pre-maturing tightening of monetary policy eased following the dovish comments from the PBoC and slightly weaker than expected 1Q economic data.** PBoC's rhetoric to ensure interbank liquidity remain appropriate abundant to create favorable environment for the issuance of local government bond was a relief to the market. Looking ahead, we think the room for PBoC to tighten further is limited due to three reasons. First, China's recovery remains uneven. For example, industrial profit for downstream sectors such as textile, furniture manufacturing has not returned to pre-pandemic level yet. Second, despite the signs of transmission from higher PPI to CPI, China's core CPI remained low at 0.3% in March. As such, inflation is unlikely to be a major concern in the near term. Third, as China is approaching the celebration of 100th anniversary of ruling party, the policy setting is likely to be more cautious. Market will continue to watch out for the impact of recent regulatory clampdown on tech sectors as well as possible restructuring plan of Huarong Asset Management.

4. **Commodity supercycle well and alive.** After a pause in February and March, commodities have soared back in April. Iron ore continues to set new highs while copper has broken above $10000/mt. The Bloomberg Agriculture subindex rose 12% in the past month to a four-year high. A further rally in commodity prices will add more upside risk to inflation expectations.

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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: US data prints have been firm, and mostly outperforming other major economies, throughout April. The April FOMC statement acknowledged as much. Powell's subsequent push-back on tapering is built on the argument that they are "going to act on actual data, not on a forecast", and the need to "see more data". Our baseline expectation is that US data-prints should remain strong through May, leaving this line of argument will be increasingly untenable in the run-up to the June FOMC. Thus, it may be difficult to impute further Fed-led dovishness into the USD. Thus, the balance of risks may be for rate-hike expectations to be gradually priced back in going forwards. With the 10y UST yields also appeared to have lifted off the base at 1.53%, the re-widening of UST-G10 yield differentials should be favourable for the USD. We continue expect that we may have seen, or will soon see, the bottom in the broad USD.

Elsewhere, our FX Sentiment Index (FXSI) hint at some nascent risk-on sentiment creeping back in. Overlay this with the commodity complex finding a firmer footing in mid-April, there may be scope to make cautious dips back into the commodity currencies. The CAD remains our favoured play here, with the least-dovish-of-the-pack Bank of Canada an additional positive driver. However, we stand ready to reverse our views here, given the rather flippant nature of risk dynamics in recent months, and May being a seasonally risk-negative month.</td><td colspan="2">Pick bottoms in the USD against majors, with JPY first in line. Long CAD on the crosses</td></tr>
<tr><td colspan="2">Asian FX and SGD: The weakening the positive-RMB drivers – relatively faster recovery and elevated yield differentials – have dampened enthusiasm for outright RMB appreciation in the medium term. This, however, does not imply that there will be significant depreciation pressures in the medium term. Expect a broadly range-bound action for the USD-CNY, likely between 6.4000 and 6.6000. Near term directionality will be determined by the USD cues, rather than domestic Chinese factors. Similarly, the rest of USD-Asia will take cues from the broad USD, with domestic factors second order for now (except in the case of INR). The bias is for the KRW and TWD to outperform the South Asian currencies on better macro fundamentals. The SGD may be too expensive in basket terms relative to the current state of MAS tightening expectations. Much of this elevated SGD NEER is attributable to the weak USD – thus, should the USD trajectory turn, we should see the SGD weaken on a basket basis. This translates to better upside potential for the USD-SGD.</td><td colspan="2">Trade USD-CNH in the 6.4000 to 6.6000 range. Short SGD NEER basket at levels near +1.30% to +1.50% above parity.</td></tr>
<tr><td rowspan="2">Commodities</td><td>We continue to stay bullish on oil, driven by a quickening pace of the global vaccination drive.</td><td colspan="2">Oil has been held back by the coronavirus outbreak in India. A full lockdown in the world's third largest oil consumer could knock the market back into global supply surplus. Once the situation in India stabilises, however, we expect crude oil to catch up with the rally in metals and agriculture.</td><td>↑</td></tr>
<tr><td>With Treasury yields look like they are turning higher once more, gold may see downward pressure once again.</td><td colspan="2">Gold has rallied through April, but a series of positive US economic print is likely to continue driving Treasury yields higher in the coming months. That could exert downward pressure on gold once more.</td><td>↓</td></tr>
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	House View	Trading Views[1]	
Rates	Fed Chair Powell reiterated that now is not the time to talk about tapering yet and it is likely to be some time before substantial progress is made to achieve the Fed's goals. From here, market is likely to pay more attention to the data and its own assessment on the economy and inflation. Economic prospect and inflation expectations, together with lingering supply, point to an upward bias for yields. Note Kaplan (non-voter) has hinted that it is appropriate to start talking about tapering the asset purchases as there are excesses and imbalances in the financial markets. Meanwhile, front-end liquidity is likely to stay flush, as the Fed asset purchase and the reduction in Treasury's cash balance with the Fed continue. 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 that the Fed will hold off any asset purchase taper for as long as they can, but the upside growth and inflation momentum, partly fuelled by Biden's fiscal spending push and global supply chain disruptions respectively will continue to keep market speculation alight for now. The June FOMC will be keenly watched, especially if a further breaking of Fed ranks on the issue materialises. Further out, the Fed is still unlikely to hike interest rates before 2023.	**USD rates**: Inflation expectations stay high and real yields low. We hold onto our multi-week expected range of 1.55-1.75% for the 10Y bond with an upside bias on supply risk and economic optimism. Meanwhile, the deeply negative real yields shall set a floor to nominal yields; nominal yields shall play catch-up instead. Meanwhile, the US Treasury Department has more than quadrupled its quarterly borrowing to US$463bn in 2Q21 and US$821bn in 3Q21 after incorporating the US$1.9tn pandemic-relief bill, with the cash balance at US$800bn and US$750bn respectively (assuming that there will be an increase or suspension of the debt ceiling into their outlook).	↑
		Asian rates: As USD liquidity stays flush, there is a lack of buy/sell interest at the front-end, keeping the USD/SGD forward points supported. Subsequently, front-end **USD-USD rates spreads** are unlikely to narrow meaningfully near-term. At the mid to long end, however, our view remains that **SGS** shall outperform USTs under different fiscal/supply dynamics. Recent **IndoGB** auctions garnered better demand with a higher acceptance rate by the government; that said, misalignment between market levels and "appropriate" levels as seen by the government remains. The yield curve is flat on a historical basis and we do not expect further outperformance at the long end. The **MGS** curve is biased to steepening, with the 3s10s segment being one standard deviation flatter than 6M average. Confusion over funding of some fiscal expenditure items, and duration supply may affect bond market sentiment in the coming weeks. **CGBs** have so far benefitted from the lighter-than-expected LGB (local government bond) supply; issuance is expected to pick up in coming months, exerting a mild upward pressure on CGB yields. That said, favourable yield differentials shall lead to CGB outperformance over USTs.	↑

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

	House View	Trading Views	
Credit	"Extreme Greed" sums up the sentiments of junk bond demand, which is a Fear & Greed indicator used by CNNMoney. CCC tier bonds OAS spreads compressed by 50bps m/m to ~500bps, which is the tightest since 20th Jul 2007. Strong high yield issuance trend continued into April, with more than USD47bn bonds issued, which is the highest for the month of April in 7 years. Expect high yield issuers to continue taking advantage of the benign issuance environment. The same calm cannot be said for Asiadollar IG bonds, which saw IG spreads widening 14bps m/m to 143bps. This is mainly due to bonds of China Huarong Assets Management Co Ltd ("Huarong") selling off and spilling over to other Chinese investment grade companies. The path forward will depend on the eventual outcome of Huarong, which may indicate the willingness of the government to support other state-owned firms. April spells the start of the 1Q earnings, with a number of REITs reporting results. In general, credit profiles have largely remained stable, signifying decent recovery y/y. Singapore's property market surprised on the upside with 3.3% q/q price increase in 1Q2021, which bodes well for developers with unsold inventory.	**HSBC 5.0% PERPc23s:** 1Q2021 results show some momentum from an improving operating environment and the execution of its strategic plan. Of note is that all regions were profitable on a reported and adjusted basis with strong recovery in Europe on a profit before tax basis. Fundamentals appear sound, hence we like the yield on its AT1s, in particular the longer dated which provides a solid pick up against the HSBC 4.7% PERPc22s.	↑
		ARTSP 4.205% '22s: This bond maturing in November 2022 is trading at a YTM of 1.04% which is tight in our view given the high uncertainty over the travel and hospitality sector, with international borders remaining largely restricted. Additionally, while we see Ascott Residence Trust ("ART") liquidity as sufficient in a 12-month period, ART faces looming maturities of SGD777mn in 2022 (representing 31% of total debt) as at 31 March 2021.	↓

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Macroeconomic Views

	House View	Key Themes
US	Growing optimism within the FOMC, spurred by strengthening economic conditions, could continue to spur market speculation of an earlier-than-expected tapering of asset purchases. Note Kaplan (non-voter) has hinted that it will be appropriate to start talking about tapering. The June FOMC may be key to watch for future policy direction. A tweak to the reverse repo facility or IOER also cannot be ruled out.	The latest FOMC meeting saw the Fed sticking to their script on inflation being transitory and no plans to taper or hike interest rates at this juncture. The macro-outlook assessment was more upbeat, as reinforced by the better-than-expected 1Q21 GDP growth of 6.4% yoy. President Biden has announced his USD1.8tn social spending package in addition to the USD2.2tn infrastructure bill. Given the Democrat's slim congress margin, passage of Biden's proposed spending packages will likely be challenged given the strong opposition seen from the Republicans. Treasury Secretary Yellen also opined that the spending will be phased in over 8-10 years and should not fuel inflation.
EU	Although the Eurozone economy entered a technical recession in 1Q21 (-0.6%) amid the drag from Germany, the IMF had slightly upgraded the region's 2021 GDP growth forecast to 4.5%. There are hopes that the delayed EUR750bn fiscal stimulus plan will materialise by summer, even though it will not recover to pre-Covid levels before end-2022 amid concerns about vaccine delays.	The ECB kept its monetary policy settings static as widely expected and opined that any rise in inflation in the coming months will likely be due to idiosyncratic and temporary factors in addition to higher energy prices. Lagarde also noted that the weekly pace of purchases under the PEPP will be "stepped up" in accordance with market conditions. Bond yields have eased back down in a relatively orderly manner so a significant further step up in weekly purchases is unlikely for now. Meanwhile, restriction measures have been eased given the decline in Covid infection levels amid the pick-up in Covid vaccination rate. With a strong manufacturing performance, the pick-up in the laggard services sector and higher consumer spending is likely to boost the outlook in the coming months.
Japan	BOJ tips stronger growth of 4.0% for FY21 followed by 2.4% in FY22 but cut its inflation forecast to just 0.1% for FY21 and does not see its 2.0% inflation target being reached even by March 2024. Hence, it is likely that BOJ will maintain its monetary policy accommodation even after BOJ governor Kuroda's term ends in April 2023. The general election may come in September.	The rapid Covid spread has prompted the Japanese government to renew states of emergency in Tokyo, Osaka and two other prefectures just three months before the Tokyo Olympic Games. This is the third state of emergency this year and will last until 11 May which coincides with Japan's Golden Week. While the duration is shorter, the restrictions were stricter. BOJ has cut its inflation forecast to 0.10%, but kept its benchmark rate unchanged at -0.10%. BOJ also pledged to supply up to JPY130tn in zero-interest loans to commercial banks to provide financial assistance. Meanwhile, candidates from Suga's LDP party recently lost three by-elections, suggesting that public confidence in Suga's handling of the pandemic may be faltering.
Singapore	There is upside risk to our 2021 GDP growth of 6% given the likelihood that the 1Q growth will be revised higher. However, the recent uptick in Covid cases bear watching. Our headline and core CPI forecasts are 1.2% and 0.7% respectively. Our base view is for MAS to adopt a wait-and-see approach to the October MPS, pending the 2H economic recovery story and expected 2022 inflation trajectory.	The government now expects 2021 GDP growth to exceed its 4-6% yoy forecast. This came after 1Q21 flash growth came in at 0.2% yoy and may be revised higher to around 0.8% yoy according to our estimates given the improved March industrial production data. MAS also kept its S$NEER policy settings unchanged as core inflation is expected to remain below its historical average amid a still negative output gap, but dropped the reference to keeping the policy accommodation for "some time". The business expectations surveys show a net 38% and 11% of manufacturing and services firms anticipating better market conditions for the April-September period. Private home prices also accelerated to 3.3% qoq in 1Q21. The recent Cabinet reshuffle also had little market impact.

	House View	Key Themes
Indonesia	Indonesia reported March trade numbers which came considerably better than expected. Exports grew by 30.5% yoy against expectation of just 12.2%, due to an uptick in demand from markets such as the US and China. Imports saw a sharp increase as well, to 25.7% yoy compared to expectation of 7.16%, pointing towards a recovery in domestic demand for consumer goods and capital goods. While such trade numbers paint a picture of recovery starting from March, the overall Q1 economic performance is likely to remain subpar due to the uptick in cases at the start of the year. We are likely to see Indonesia's Q1 GDP coming in at around -1.0%yoy, with data due out on May 5th.	Despite a relatively calm period of global bond market and broad market sentiment, Rupiah has weakened somewhat in recent weeks, with USDIDR breaching above the 14500 level before retracing below it. While we do not foresee a protracted period of weakness – with USDIDR still projected to remain below the 15000 level for the year, for instance – the unsettled FX environment would nonetheless feature in Bank Indonesia's rate decision. To us, it does not look like BI would be keen to take the risk of another rate cut anytime soon. It will most likely continue its push for the transmission of its existing round of rate cuts by the banks, rather than undertake fresh new easing. It has kept its policy rate unchanged in the last meeting on Apr 20th, and our base case is for the central bank to continue doing so in the next meeting on May 25th – if not the rest of the year. Elsewhere, market will be keeping an eye out on the Covid-19 situation. While the number of cases has stabilized somewhat, there remain concerns of potential resurgence given what has happened in India and neighbouring countries, even as vaccination efforts continue apace.
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.	Fears over pre-maturing tightening of monetary policy eased in April following the dovish comments from the PBoC and slightly weaker than expected 1Q economic data. PBoC's rhetoric to ensure interbank liquidity remain appropriate abundant to create favourable environment for the issuance of local government bond was a relief to the market. On economic data, despite the record 18.3% yoy growth in 1Q, China's economy only grew by 5.0% yoy on two-year average after adjusting for base effect, still below potential growth. What is worrying is the slower than expected vaccination rollout due to relatively low willingness. This may also cap PBoC's room to remove prior easing policies.
Hong Kong	We upgraded our 2021 GDP forecast from 4.1% to 5%-6% amid low base effect, external demand revival, 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, capital inflows or any additional bill issue of HKMA.	1Q GDP expanded at the fastest pace in 11 years by 7.8% yoy (or 5.3% qoq S.A.), ending six consecutive quarters of contraction and far better than expected. Apart from low base effect, the strong recovery was mainly driven by external demand revival, extension of fiscal stimulus as well as improvement of local consumption and fixed investments. However, GDP, private consumption, fixed investments and exports of services were lower than the levels of 1Q 2019, pointing to uneven economic recovery. Going ahead, stronger recovery may need further improvement in local consumption and the revival of exports of services, both of which will hinge on the pace of vaccine rollout. In a nutshell, we upgrade our 2021 GDP forecast from 4.1% yoy to 5%-6% yoy in 2021 on assumption that the border controls will be further lifted in 2H. Elsewhere, HIBOR fell to decade low amid weak HKD demand and flushed HKD liquidity but the downside may be capped by seasonal factors, potential large IPOs and potential southbound inflows under upcoming southbound bond connect.

	House View	Key Themes
Macau	The economy is expected to rebound by about 65% yoy 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.	Visitor arrivals and gaming revenue surged in Mar as China's travel activities have resumed while Macau has relaxed the restrictions on casinos. However, the number of visitor arrivals in Mar was merely 23% of the monthly average number in 2019. The upcoming five-day Labor Day holidays may buoy the tourism sector. However, given the slow vaccine rollout across Asia, border reopening looks unlikely in the near term. More notably, VIP gambling may be hit by China's tightened grip on cross-border gambling. In a nutshell, we expect both visitor arrivals and gaming revenue may not return to the pre-pandemic levels this year.
Malaysia	Malaysia may unfortunately be staring at the potential of a fourth wave of Covid-19 infections. With daily cases picking up to above 3000 recently, there are concerns that the ongoing festive period might add to the tally in the coming weeks. The potential spread of the Indian variant of the virus has dominated concerns on the ground, as well. While the government had said that it will no longer apply blanket nationwide MCO restriction orders, more districts may come under targeted restrictions together with a ban of interstate travel. If prolonged, it could deliver a dent to the nascent economic recovery.	The ongoing presence of Covid-19 spread may continue to weigh heavily on the nascent economic recovery. While the Finance Minister reiterated the 6.0-7.5% GDP growth forecast range for 2021 that Bank Negara had highlighted previously, we remain concerned that growth is likely to come in shy of that, at around 5.4% for the full year. Domestic confidence among consumers and businesses will likely remain pressured by the fear of Covid-19 resurgence, even if the absence of blanket MCO restriction orders would limit the impact. On the brighter side of things, exports have continued to power on robustly, with the latest March data coming in at a strong 31% yoy, higher than the 22.7% that market had expected. In terms of destination, the recent pattern continues to hold, with exports to China continuing to be strong, at 46.6% yoy and those going to US roaring to 67.5% yoy. Shipment of electrical and electronic products continues to dominate growth, at 47.1% yoy, signalling robust semiconductor chips demand. All in all, we keep the view that Bank Negara is likely continue its wait-and-see attitude and keep its OPR unchanged at 1.75% on May 6th.
Thailand	Thailand is facing a third wave of a coronavirus outbreak, which means the BoT is likely to stay accommodative in its monetary policy for now.	The new virus outbreak is likely to hurt consumption and delay plans in reopening Thailand's borders to tourists. This means that exports and government spending will continue to be the key growth drivers for Thailand this year. We see downside risks to the Bank of Thailand's 3% GDP growth forecast, which we think may be downgraded to as low as 2.5%.
South Korea	The BoK is likely to be one the least dovish central banks going forward on the back of strong export orders and a strong containment of the Covid-19 virus domestically.	Strong recoveries in South Korea's trade numbers suggests that demand for the country's goods remain robust. New export orders in the manufacturing PMI also continue to point to improving business sentiment. The need for fiscal and monetary support has greatly diminished, and seems likely to be only called to the fore if there is a new outbreak of the virus onshore.
Philippines	The BSP is likely to hold its rate constant for now as it attempts to balance weakening growth prospects against rising domestic inflation.	The BoP deficit has eased in March, falling to just $73mn versus $2n in February. Inflation, however, has climbed to 4.5% yoy in March, and that could limit the amount of monetary loosening the BSP can conduct further in the near future. The Philippines is still highly dependent on domestic consumption and that means the containment of the virus domestically will remain its largest driver in its economic recovery.

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FX/Rates Forecast

USD Interest Rates	1Q21	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%	0.00-0.25%	0.00-0.25%
1-month LIBOR	0.11%	0.13%	0.13%	0.13%	0.16%	0.20%
2-month LIBOR	0.15%	0.17%	0.17%	0.18%	0.24%	0.30%
3-month LIBOR	0.19%	0.23%	0.27%	0.28%	0.30%	0.40%
6-month LIBOR	0.21%	0.24%	0.28%	0.30%	0.33%	0.45%
12-month LIBOR	0.28%	0.32%	0.36%	0.38%	0.42%	0.54%
1-year swap rate	0.21%	0.22%	0.26%	0.28%	0.32%	0.45%
2-year swap rate	0.28%	0.30%	0.33%	0.38%	0.50%	0.75%
3-year swap rate	0.48%	0.50%	0.52%	0.56%	0.62%	0.90%
5-year swap rate	0.96%	1.09%	1.14%	1.22%	1.40%	1.55%
10-year swap rate	1.64%	1.82%	1.92%	2.02%	2.12%	2.22%
15-year swap rate	1.90%	2.09%	2.18%	2.27%	2.37%	2.45%
20-year swap rate	2.01%	2.20%	2.30%	2.39%	2.48%	2.55%
30-year swap rate	2.05%	2.25%	2.32%	2.41%	2.50%	2.59%
SGD Interest Rates	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**2022**	**2023**
1-month SIBOR	0.26%	0.28%	0.29%	0.29%	0.30%	0.37%
1-month SOR	0.23%	0.34%	0.34%	0.35%	0.36%	0.40%
3-month SIBOR	0.44%	0.44%	0.44%	0.44%	0.47%	0.55%
3-month SOR	0.29%	0.36%	0.36%	0.37%	0.38%	0.43%
6-month SIBOR	0.59%	0.59%	0.59%	0.59%	0.63%	0.67%
6-month SOR	0.31%	0.36%	0.37%	0.38%	0.40%	0.45%
1-year swap rate	0.37%	0.38%	0.38%	0.39%	0.41%	0.45%
2-year swap rate	0.48%	0.52%	0.53%	0.58%	0.62%	0.68%
3-year swap rate	0.67%	0.63%	0.65%	0.67%	0.76%	0.86%
5-year swap rate	1.08%	1.16%	1.19%	1.22%	1.24%	1.28%
10-year swap rate	1.66%	1.80%	1.88%	1.95%	2.05%	2.15%
15-year swap rate	1.84%	1.97%	2.07%	2.12%	2.22%	2.32%
20-year swap rate	1.85%	1.92%	1.98%	2.05%	2.18%	2.30%
30-year swap rate	1.85%	1.95%	2.05%	2.15%	2.27%	2.37%
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	2.02%	1.98%	2.00%	2.05%	2.10%	2.25%
2-year swap rate	2.24%	2.11%	2.13%	2.15%	2.20%	2.35%
3-year swap rate	2.42%	2.50%	2.55%	2.60%	2.65%	2.72%
5-year swap rate	2.70%	2.78%	2.83%	2.90%	3.00%	3.10%
10-year swap rate	3.08%	3.25%	3.32%	3.42%	3.45%	3.52%
15-year swap rate	3.34%	3.56%	3.59%	3.65%	3.68%	3.72%
20-year swap rate	3.50%	3.77%	3.82%	3.90%	3.92%	3.98%

UST bond yields	1Q21	2Q21	3Q21	4Q21	2022	2023
2-year UST bond yield	0.16%	0.18%	0.22%	0.27%	0.40%	0.65%
5-year UST bond yield	0.87%	0.97%	1.02%	1.10%	1.30%	1.45%
10-year UST bond yield	1.64%	1.80%	1.90%	2.00%	2.10%	2.20%
30-year UST bond yield	2.30%	2.50%	2.55%	2.60%	2.65%	2.70%
SGS bond yields	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**2022**	**2023**
2-year SGS yield	0.43%	0.53%	0.55%	0.59%	0.65%	0.75%
5-year SGS yield	0.79%	0.90%	0.94%	1.02%	1.18%	1.28%
10-year SGS yield	1.62%	1.78%	1.85%	1.90%	2.00%	2.08%
15-year SGS yield	1.96%	2.10%	2.12%	2.15%	2.22%	2.27%
20-year SGS yield	1.99%	2.12%	2.15%	2.22%	2.34%	2.39%
30-year SGS yield	1.96%	2.12%	2.16%	2.24%	2.36%	2.41%
MGS forecast	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**2022**	**2023**
3-year MSG yield	2.37%	2.35%	2.40%	2.45%	2.55%	2.65%
5-year MGS yield	2.58%	2.70%	2.75%	2.83%	2.95%	3.05%
10-year MGS yield	3.15%	3.30%	3.37%	3.45%	3.48%	3.52%

FX	Spot	May-21	Jun-21	Sep-21	Dec-21	Mar-22
USD-JPY	109.31	110.21	110.57	111.25	111.53	111.71
EUR-USD	1.2020	1.1927	1.1891	1.1887	1.1941	1.2000
GBP-USD	1.3822	1.3700	1.3706	1.3672	1.3778	1.3966
AUD-USD	0.7716	0.7672	0.7651	0.7688	0.7775	0.7864
NZD-USD	0.7162	0.7121	0.7106	0.7138	0.7260	0.7406
USD-CAD	1.2287	1.2189	1.2146	1.2124	1.2185	1.2261
USD-CHF	0.9131	0.9201	0.9228	0.9117	0.9034	0.9015
USD-SGD	1.3308	1.3370	1.3369	1.3397	1.3283	1.3089
USD-CNY	6.4749	6.4909	6.4674	6.4287	6.3904	6.3445
USD-THB	31.14	31.35	31.45	31.49	31.08	30.53
USD-IDR	14,445	14,515	14,564	14,501	14,343	14,190
USD-MYR	4.0880	4.0987	4.1039	4.0706	4.0320	4.0028
USD-KRW	1112.40	1120.63	1120.60	1106.10	1091.94	1081.56
USD-TWD	27.933	27.988	28.008	27.861	27.734	27.671
USD-HKD	7.7675	7.7725	7.7738	7.7717	7.7533	7.7533
USD-PHP	48.12	48.20	48.24	48.17	47.98	47.76
USD-INR	74.09	74.26	74.01	73.60	73.14	72.55
EUR-JPY	131.40	131.44	131.49	132.24	133.18	134.06
EUR-GBP	0.8701	0.8705	0.8676	0.8694	0.8667	0.8593
EUR-CHF	1.0978	1.0973	1.0974	1.0837	1.0788	1.0818
EUR-SGD	1.5997	1.5946	1.5897	1.5925	1.5862	1.5708
GBP-SGD	1.8399	1.8318	1.8323	1.8318	1.8302	1.8280
AUD-SGD	1.0266	1.0258	1.0229	1.0299	1.0328	1.0293
NZD-SGD	0.9529	0.9520	0.9499	0.9563	0.9643	0.9694
CHF-SGD	1.4574	1.4532	1.4486	1.4696	1.4704	1.4519
JPY-SGD	1.2171	1.2132	1.2090	1.2043	1.1910	1.1717
SGD-MYR	3.0850	3.0655	3.0698	3.0384	3.0354	3.0581
SGD-CNY	4.8668	4.8547	4.8378	4.7985	4.8109	4.8471

Research Monitor (May)

4 May 2021

Macroeconomic Calendar

Date Time	C	Event	Period	Surv(M)	Actual	Prior
03/05 22:00	US	ISM Manufacturing	Apr	--	--	64.7
03/05 16:30	HK	GDP YoY	1Q A	--	--	-3.00%
04/05 09:45	CH	Caixin China PMI Mfg	Apr	--	--	50.6
05/05 12:00	ID	GDP YoY	1Q	--	--	-2.19%
06/05 20:30	US	Initial Jobless Claims	May-01	--	--	--
07/05 20:30	US	Change in Nonfarm Payrolls	Apr	--	--	916k
11/05 17:00	GE	ZEW Survey Expectations	May	--	--	70.7
11/05 09:30	CH	CPI YoY	Apr	--	--	0.40%
12/05 14:00	UK	GDP QoQ	1Q P	--	--	1.30%
12/05 20:30	US	CPI MoM	Apr	--	--	0.60%
13/05 07:50	JN	BoP Current Account Balance	Mar	--	--	¥2916.9b
14/05 20:30	US	Retail Sales Advance MoM	Apr	--	--	--
17/05 08:30	SI	Non-oil Domestic Exports YoY	Apr	--	--	--
18/05 07:50	JN	GDP SA QoQ	1Q P	--	--	2.80%
18/05 17:00	EC	GDP SA YoY	1Q P	--	--	--
19/05 12:30	JN	Industrial Production MoM	Mar F	--	--	--
21/05 21:45	US	Markit US Manufacturing PMI	May P	--	--	--
24/05 13:00	SI	CPI YoY	Apr	--	--	--
25/05 16:00	GE	IFO Business Climate	May	--	--	--
26/05 19:00	US	MBA Mortgage Applications	May-21	--	--	--
27/05 20:30	US	GDP Annualized QoQ	1Q S	--	--	--
28/05 07:30	JN	Jobless Rate	Apr	--	--	--
31/05 07:50	JN	Industrial Production MoM	Apr P	--	--	--

Central Bank Interest Rate Decisions

Date Time	C	Event	Period	Surv(M)	Actual	Prior
04/05 12:30	AU	RBA Cash Rate Target	May-04	--	--	0.10%
05/05 15:05	TH	BoT Benchmark Interest Rate	May-05	--	--	0.50%
06/05 15:00	MA	BNM Overnight Policy Rate	May-06	--	--	1.75%
06/05 19:00	UK	Bank of England Bank Rate	May-06	--	--	0.10%
13/05 16:00	PH	BSP Overnight Borrowing Rate	May-13	--	--	2.00%
17/05 09:00	HK	Composite Interest Rate	Apr	--	--	--
20/05 09:30	CH	1-Year Loan Prime Rate	May-20	--	--	--
20/05 09:30	CH	5-Year Loan Prime Rate	May-20	--	--	--
20/05 10:00	SL	CBSL Standing Deposit Rate	May-20	--	--	4.50%
25/05 15:20	ID	Bank Indonesia 7D Reverse Repo	May-25	--	--	--
26/05 10:00	NZ	RBNZ Official Cash Rate	May-26	--	--	0.25%
27/05 05:00	SK	BoK 7-Day Repo Rate	May-27	--	--	--

Source: Bloomberg

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