OCBC TREASURY RESEARCH

Research Monitor (October)

1 October 2021

Treasury Research & Strategy
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Key Themes

1. **China's Evergrande dominated headlines and investor concerns recently.** The fear of a potential Lehman moment for China due to the expected spill overs to the property cum mortgage market, financing for other Chinese property developers and high-yield names, and even the connections to the banking system. Adding to the market angst, the power shortage in China is anticipated to impact the industrial sector and contribute to downside growth risks. The FX market sentiment index is tilting into the risk-off territory, so October may be start of a much-due correction after a fairly risk-on year. The question is if with China out for Golden Week holidays from 1-7 October, this could provide a temporary modicum of calm.

2. **Stagflationary concerns may also be the next bugbear for financial markets -** supply side disruptions, ranging from chips, natural gas, etc, appear to be more persistent and long-lasting, therefore contributing to cost push pressures that may at some point compel businesses to pass on some of the increased costs to end-consumers. Central bankers may find it challenging to continue to hold to their rhetoric that elevated inflation is transitory as time passes. The FOMC is set to begin its taper in November, while the latest dot plots point to a even 9-9 split in favour of hiking interest rates in 2022, while the 2023-2024 is distinctly more hawkish. The problem is monetary policy recalibration may not do much to resolve supply side issues, so it may be administering the wrong medicine.

3. **Despite increasing headwinds faced by the Chinese economy such as sporadic outbreak of delta variant, Evergrande debt crisis, rising raw material prices and the recent disruption from power shortage, market sentiment in China remained relatively calm in September** with China's A-share ending the month slightly higher. In addition, RMB is largely isolated from those emerging credit events. RMB index extended its gain further against the backdrop of broad dollar strength. We think the Evergrande debt crisis is unlikely to be China's Lehman moment given Evergrande debt only accounted for a small fraction of total banking assets in China. Nevertheless, the loss of appetite for land acquisition and new projects from developers may create more downside risks to China's growth. In addition, the recent supply side driven power shortage and European natural gas crisis are no coincidence. The impact on China's industrial activity could be prolonged in the last quarter of 2021 should the world face a cold winter for the second consecutive year. Against the backdrop of recent headwinds, we downgraded our 2021 GDP forecast for China this year to 8.6% from 9% previously.

4. **OCBC SME Index (SMEI) is expected to moderate to 51.2 in September from 53.3 in August** but remain expansionary above the 50 handle for the 8th consecutive month.

5. **Oil traded at $80 towards the end of September,** as a rise in natural gas prices and declining oil stockpiles globally send prices rallying. We think the current price of oil is fair and not overly exuberant; a further decline in inventory levels could send oil prices higher.

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Asset Class Views

	House View		Trading Views
FX	**G-10 FX:** We step into 4Q 2021 still very much in favour of the USD. The two legs of USD strength – the slowing pace of global recovery and hawkish Fed expectations – remains very much intact. In terms of the global recovery, while we are not outrightly staring at a new recessionary phase, the signs are now clear that the peak-recovery is past us. This is likely a normal development in any recovery path but has nonetheless led to a sustained pare down of risk sentiment since late-2Q. Recent idiosyncratic events, such as Evergrande, is a near-term trigger for this underlying softening of risk sentiment. This fundamentally supports the haven USD, especially against the cyclicals like the AUD. The Sep FOMC represented an extension of the hawkish Fed theme. The dot plot gave the market room to pull forward and/or steepen the implied rate hike trajectory over the 2022-2024 period. This should be a USD-positive against the likes of the EUR and JPY, where the respective central banks remain steadfastly dovish. This theme has also driven a secular increase in global core yields, led by the Treasuries and gilts. This has allowed the back-end US real yields recover from lows, and for the yield differentials to move more in favour of the USD – adding further USD-positives. Overall, the environment is USD-positive. Risks for the USD will be a sharp rebound in the recovery pace or an abrupt turn in Fed's stance. Neither of these look realistic at this juncture		Short AUD and EUR against the USD Short EUR against the GBP
	Asian FX and SGD: In Asia, Evergrande may lead to episodic jitters, but indications suggest that the Chinese authorities will remain on top of the matter. There are other China-negatives, such as the macro slowdown, but note that the flow-through to the RMB has been relatively limited. The resilience of the external sector, as opposed to domestic weakness, point to sustained trade and portfolio flows into China. In addition, the PBOC's easing bias, rather than driving the RMB weaker on PBOC-Fed divergence, have led to a more resilient RMB through a supported equity space and market sentiment. Thus, we remain optimistic on the RMB, and this view is best expressed through a higher CFETS RMB Index, or lower CNH-crosses. The USD-CNY may be relatively static as USD strength also offsets. In Singapore, the immediate focus is the Oct MAS meeting. Market chatter for a return to an upward-sloping SGD NEER is non-negligible. We are not in that camp. However, regardless of the MAS decision, the time-path for the SGD NEER should be firmer into the year-end and early-2022. This would be consistent with the fundamentally stronger domestic macro backdrop.		Favour a firmer RMB through the CFETS RMB Index and short CNH against the likes of EUR and KRW.
Commodities	We expect the rally in oil prices to continue, possibly peaking at $85 for Brent, especially if production is unable to keep up with consumption.	The stock situation in the US is precariously low – in fact, close to the lowest levels since the shale boom in 2015. That prices are trading at current levels do not surprise us – in 2018, when stocks are similarly low, Brent and WTI prices were trading at similar levels. A further drop in stock levels could send Brent towards $85.	Up
	With the FOMC bearing its hawkish fangs, we expect gold to begin embarking on its long-term downward trend towards the $1500 from here.	The hawkish FOMC in September may probably be the catalyst to finally push gold prices back to $1500 – a level we perceive as gold's long-term steady state. As tapering is expected to begin in the next three months, we see it difficult for gold to continue rallying.	Down

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	House View	Trading Views[1]	
Rates	Post-FOMC where Fed chair Powell reinforced the taper would materialise before the end of the year and the dots plot reflected a more hawkish interest rate trajectory out to 2024, the UST bond market was initially slow to react, but the recalibration came swiftly after the Bank of England similarly lit the fire under the government bond market by hinting that they could initiate a rate hike this year. This could have been a case of the market behind the curve, rather than the usual adage that the Fed is behind the curve. Looking ahead, as the 10-year UST bond yield has recently tested the 1.5% handle and is attempting to break out of the 1.25%-1.5% range that it had earlier inhibited, this could usher in a steepening bias across global sovereign bond curves, especially if stagflation start to rear its ugly head.	**USD rates:** The UST curve has bearish steepened since the September FOMC with the 10Y yield rising by more than 20bp cumulatively and hitting (and breaching) our end-Q3 target of 1.5%. The upward move in the 10Y nominal yield since 22 September was characterized by a (roughly balanced) combination of higher inflation expectation and higher real yield, reflecting continued confidence in the economic recovery albeit being seen as slowing. The market is also probably starting to price in the full impact of tapering, which has been hinted at finishing around mid-2022. The broad trend for yields remains an upward one, and we maintain our year-end forecast for the 10Y yield at 1.75%. Downside, on the other hand, is at 1.47% and then 1.40%.	↑
		Asian rates: Singapore's inaugural **30Y SGS (Infra)** garnered a bid/cover ratio of 1.58X with the cut-off at 1.95%. Considering the upward moves in UST yields in the sessions running to the SGS (Infra) auction, the result shall be seen as a solid one. Indeed, long-end SGS outperformed their UST counterparts in the recent upward move in yields, with the **10Y SGS-UST** yield gap narrowing to 2-4bp approaching our initial target of zero. If global yields continue to rise, and with the 30Y SGS (Infra) auction out of the way leaving only a 5Y supply for the rest of this year, long-end SGS may further outperform long-end USTs with the 10Y SGS-UST yield differential potentially going negative.	
		A favourable supply-demand matrix continues to be the underlying supportive factor for **IndoGBs**. Meanwhile, the Rupiah performance shall be considered as resilient during the latest bout of dollar strength, supported by DNDF absorption of dollar demand and Indonesia's trade surplus. Nevertheless, some upward adjustment in IndoGB yields is probably required to maintain attractiveness if global yields continue to go higher.	↑
		The **MGS** curve bearish steepened following the UST curve in recent sessions. BNM kept its key policy unchanged against our judgement that a rate cut was needed; the 3M3M rate and 1Y MYR IRS have moved away from the 3M KLIBOR. Still, investors shall be mildly cautious over the supply outlook amid the risk for an extension to the accommodative fiscal stance and as such we maintain our mild steepening bias on the MGS curve.	
		CGB yields are mildly higher on the month as the medium-term liquidity situation stays on the tight side with LGB issuances and MLF maturity. PBoC did inject liquidity via OMOs to cover holiday needs, but these reverse repos are unlikely to be rolled over after the holidays. Full roll-over of MLF and/or partial roll-over combined with an RRR cut cannot be ruled out, to provide adequate liquidity to the market. The 10Y CGB yield is likely to stay in a range of 2.80-3.0% on a multi-week horizon.	

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

	House View	Trading Views	
Credit	Hitting a new high since June 2021, UST 10Y Yields climbed last month to 1.52% by month end amidst the conclusion of September's FOMC meeting where the Fed's hawkish rhetoric signalled the likely tapering of its USD120bn bond-buyback program before the end of the calendar year. Intramonth yields traded in a range before spiking after September's FOMC meeting. In the US corporate bond market, investment grade and high-yield spreads both slightly tightened m/m. In the primary market, US investment grade issuances increased 74.0% m/m from USD91.3bn in August to USD158.9bn in September, while US high-yield issuances increased 17.8% m/m from USD35.4bn in August to USD41.7bn in September. In the Asiadollar space, USD37.2bn was priced through September, ~1.5x higher than August volumes. Issuances were relatively robust in the first three weeks of the month before significantly slowing down with uncertainty surrounding Evergrande's debt situation. While Evergrande has reached a 'resolution' on one of its onshore bonds, it is still unknown whether the real estate developer will be able to meet interest payment obligations on its other USD bonds. This has caused high-yield corporate spreads in Asia to widen significantly, while investment grade spreads remained relatively unchanged from last month, suggesting that investors are seeing the issues with Evergrande to be contained within the high yield space. The SGD space saw significant issuance volumes with a total of SGD4.14bn priced in the month of September. For comparison, the last time issuances surpassed this month's total was in May 2016 with SGD4.5bn priced then. The larger-than-usual volume was anchored by NEA's maiden SGD1.65bn dual-tranche green bond issuance to fund infrastructure, with the largest corporate issue coming from Sembcorp Industries Ltd in the company's first sustainability-linked bond. Real estate related issuers also featured heavily with new issuances from Panther Ventures Ltd (Guarantor: CK Asset Holdings Limited) in a fixed for life perpetual, Keppel Corp Ltd in the company's first perpetual, bullets from OUE Ltd, Keppel REIT and Starhill Global REIT while Oxley Holdings Ltd and Frasers Property AHL Ltd both re-tap the market on existing bonds. Looking forward to October, investors will be focusing on October's US employment numbers which will give an indication on whether the Fed will decide to announce tapering in its November or December FOMC meeting. In the SGD space, a combination of earlier strong primary market supply and financial results season is likely to lead to the market taking a breather while investors adjust their positions amidst rising risk of supply-disruption led inflation.	**GUOLSP 4.6% PERP:** Stronger Singapore residential outlook coupled with increasing interest in Singapore office properties should bolster GuocoLand Ltd's earnings and valuations going forward. We like GUOLSP 4.6% PERP for offering high yield and a short call.	↑
		CAPLSP 3.07% '27s: With the privatisation of CapitaLand Ltd ("CAPL") and the spin-off of CapitaLand Investments Ltd, we expect [CAPL's credit profile to soften](). Coupled with the significant increase in rates, we think that CAPLSP 3.07% '27s look fully valued and prefer a switch to bonds of listed issuers with shorter duration such as GUOLSP '25s which offer higher yield.	↓

Macroeconomic Views

	House View	Key Themes
US	We expect the Fed Funds Rate to rise to 0.25% to 0.5% in late 2022. At the 22 September FOMC meeting, Fed chair Powell opined that the US central bank could begin scaling back purchases in November and complete the process by mid-2022. In addition, 9 of the 18 FOMC members expect a rate hike in 2022, suggesting that the upcoming economic data releases, especially on the core PCE and labour market front would be especially important.	US data continues to show signs of a slowdown in terms of economic growth. Narratives of stagflation have started to appear as worries over an economic slowdown springing from raw material shortages and cost push inflation take hold. In August, both CPI and industrial production came in below market expectations. On the labour market front, initial jobless claims rose unexpectedly in September to 351k, in a time when Federal pandemic unemployment benefits have ended. More clarity has been given from the FOMC on its plans to announce tapering during the next meeting in 2-3 Nov as well as Fed chairman Powell stating that rates could be increased after the completion of tapering by mid-2022. The Fed has downgraded the 2021 GDP growth forecast from 7% to 5.9% but upgraded its 2022 forecast from 3.3% to 3.8%.
EU	We expect the ECB to maintain its main refinancing rate at 0% for 2021. With inflation ticking up in Europe especially from energy and food prices, the ECB opted to slow down the pace of asset purchases under the PEPP at its 9th September meeting. The ECB's own outlook anticipates an undershoot of its 2% goal over its forecast horizon, it expects inflation to be transitory and pledges to maintain rates at "present or lower levels until inflation is seen reaching 2%".	Inflation concerns arising from food and energy prices continue to be a point of concern in Europe. ECB raised its long-term inflation projections to 2.2% in 2021, 1.7% in 2022 and 1.5% in 2023 in Sep. Core inflation, is now forecast at 1.3% in 2021, 1.4% in 2022 and 1.5% in 2023. Euro zone inflation increased to a decade high of 3% in August after GDP climbed 2% in Q2. Still, the ECB has opted to maintain its dovish policy with President Lagarde reiterating her view that "the lady is not for tapering." In September, the council opted to maintain the ECB's main refinancing rate at 0% and the deposit facility at -0.5%. They also slowed the pace of bond purchases from EUR80bn in the last two quarter to EUR60-70 bn euros. This is despite conflicting signals from other parts of Europe - the BOE signalled it could raise rates by this year and the Central bank of Norway raised its key rate from 0 to 0.25% in September.
Japan	Despite the imminent leadership change from PM Suga, the BoJ is likely to continue to hold steady on its short-term interest rate target at -0.1% and 0% for 10-year Japanese government bond yields for the rest of the year. Japan's slow growth and low inflation will keep the BOJ sidelined and behind the other major central banks that are contemplating a taper or rate hike.	The Liberal Democratic party has elected the former foreign minister Fumio Kishida to succeed PM Yoshihide Suga. His key economic policy stances include a 30tn yen fiscal package and wealth distribution policies in contrast to Shinzo Abe's "Abenomics" policies which boosted corporate profits in hope of trickle-down benefits to wage earners. Japan's economic situation in the coming quarters, however, paints a less rosy picture as BOJ policymakers have warned of a delay in economic recovery amid state emergency curbs which weighed on consumption, with a bleak view on exports and industrial output as Chinese and Asian factory shutdowns have forced a slash in production.
Singapore	MAS is likely to remain static at the upcoming October monetary policy review, given the current Covid uncertainties. Even though core inflation is tipped to accelerate from 0.7% in 2021 to 1.2% in 2022, nevertheless, until there are clearer signs of wage inflation picking up, they may prefer to wait and see first.	With the tightened restrictions from 27 September to combat the rising Covid cases, sectors like aviation, hospitality-related, F&B and retail may see a more prolonged recovery. While the official 2021 GDP growth forecast of 6-7% remains intact, the risk is that business and consumer confidence may gradually wane if the Covid cases do not stabilise soon. MAS may not be in a hurry to recalibrate monetary policy settings pre-emptively in a backdrop where both external demand (particularly from the US and China) and domestic growth drivers may have peaked and are currently slowing. As such, they may view the current headline inflation bout as transitory.

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Indonesia	Indonesia's fight against the latest Covid-19 pandemic wave appears to have turned the corner for the better, with daily incremental cases standing below 2000, much lower than over 50,000 that was seen in its worst days. With the light seen at the end of the tunnel, the government has also loosened social restrictions considerably. In fact, it is now mooting the reopening of even the tourism sector in some key areas of Bali, albeit on a contained and restricted basis.	On the market front, the recent extension of the burden sharing programme between Bank Indonesia and the government until end-2023 has not elicited any marked negative response thus far, pointing to the level of policy credibility that the authorities have garnered over the years. The repeated insistence by the government that it remains keen on embarking on further fiscal consolidation, to eventually bring down the fiscal deficit to below 3% of GDP, despite the near-term challenges helps too. The Budget 2022, which would see the government trimming its deficit target to 4.85% of GDP, from what is likely to be 5.8% this year, has received the nod from the parliamentary commission, paving the way for a full approval later this year. Meanwhile, in terms of monetary policy, we continue to see BI holding its policy rate stance unchanged for the rest of the year and into 2022, with the governor signalling that it may not hike rate at all next year if inflation stays low.
China	The Chinese economy grew by 12.7% yoy in the first half of 2021. The economy is expected to slow down to 4-5% range due to waning base effect as well as increasing multiple headwinds. We downgrade China's 2021 GDP forecast to 8.6%. On monetary policy, the recent RRR cut in July may open the room for further RRR cut but we think the chance of rate cut is low.	The Chines economy is facing increasing headwinds in September such as sporadic outbreak of delta variant, Evergrande debt crisis, rising raw material prices and the recent disruption from power shortage. On positive note, China's effective containment measures has put the Covid-19 situation under control again. China's service sector rebounded in September with service PMI rebounded to 52.4 from 45.2. We think Evergrande debt crisis is unlikely to be China's Lehman moment given Evergrande debt only accounted for a small fraction of total banking assets in China. Nevertheless, the loss of appetite for land acquisition and new projects from developers may create more downside risks to China's growth. In addition, the recent supply side driven power shortage and European natural gas crisis are no coincidence. The impact on China's industrial activity could be prolonged in the last quarter of 2021 should the world face a cold winter for the second consecutive year.
Hong Kong	We upgrade our 2021 GDP growth forecast to 6%, assuming partial border reopening in 4Q21. 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 lingering pandemic uncertainty and the ongoing travel restrictions. HKD rates may stay low, but downside may be capped by seasonal factor, large IPOs, potential capital inflows or additional bills sales of HKMA.	Southbound bond connect was officially launched on 24 Sep while wealth management connect is set to be launched during mid-Oct to Nov. Though we may not see strong inflows to HK under the new connect schemes at the early stage, the schemes may become a new source of offshore RMB liquidity, support HK's bond market, banks and asset management firms, provide a new channel to digest the abundant onshore USD liquidity, and promote RMB internationalization in the longer term. On the other hand, the expansion of the Qianhai economic zone may bolster the cooperation between Hong Kong and Shenzhen in terms of education, finance, high tech, medical services, legal services etc. Elsewhere, economic recovery may sustain albeit unevenly until border reopens (vaccination rate may have to reach 80%-90%). Finally, following the rumour that China urges HK property developers to tackle the housing supply issue, all eyes will be on 2021 Policy Address which will be released on 6 Oct.

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Macau	We cut our 2021 GDP growth forecast from about 50% to 35%-40% as 1Q GDP was weaker than expected while Delta variant outbreaks in China have added downward pressure. Meanwhile, we cut our gaming revenue growth forecast from over 100% to about 70% given the virus resurgence in China.	A rebound in local Covid-19 cases ahead of the Golden Week Holiday may again hinder Macau's economic recovery. To diversify the economy, China announces new plan for Hengqin-Macau cooperation in terms of the development of technology research, high-end manufacturing, traditional Chinese medicine and other Macau's local signature businesses, culture and tourism, conventions and exhibitions, as well as modern finance. As six casino licenses will expire in Jun 2022, the government has kicked start a 45-day public consultation regarding the revision to Macau's gambling laws which may increase China's control over the gambling sector. Should gaming sector face mounting pressure as a result, Macau's economy and labour market may not easily return to the pre-pandemic level.
Malaysia	Malaysia's double crises of health and politics appear to have been on the mend. Covid cases have been meandering down, albeit at a relatively elevated level of 11k or so per day. Vaccination drive has been continuing apace with more than 60% of the total population vaccinated. The government has targeted a fuller reopening including on tourism by the end of the year, predicated on the vaccination uptick.	On the political front, the signing of an MOU between the government and opposition has offered a sense of calm after many months of saga. It remains to be seen how long such détente can last especially because an election is likely to be held mid-2022 (and due mid-2023). Assuming the rare political stability holds, it should set firmer ground for economic recovery, especially at a time when Covid-19 social restriction measures are getting lifted. While the seeming resolution of these downside risks would help growth, there are potential dark clouds on the horizon, however, especially if we consider the likely slowdown in the growth of key export markets such as China and the US in the coming quarters. Still, having left its OPR unchanged at 1.75% throughout the challenging periods so far this year, Bank Negara may continue to stay its hands.
Thailand	With Thailand now mulling easing of virus curbs, the improving economic situation is likely to result in no further changes to BoT's benchmark rate.	Thailand is looking to partially ease business lockdowns from September and will allow more vaccinated visitors from November. The easing of restrictions may prove to be a boost for the economy and reduce the need for further monetary easing from the BoT.
South Korea	We do not expect any further rate hikes from the BoK until Q1 2022, possibly in the Feb meeting, post the 25bp rate hike in Aug'21.	Despite the continued increase in cases, Prime Minister Kim has reiterated his plans for a phased recovery to normalcy. Economic data remains robust, with Q2 GDP, Aug CPI and exports all beating expectations. We maintain our view of a next rate hike in late Q1 2022.
Philippines	We expect BSP to keep its benchmark interest rate constant at 2.00% through this year and next.	Despite an unexpected climb in August inflation to 4.9% yoy (vs expectations of 4.4% yoy), the BSP has chosen to keep monetary policy loose by maintaining its policy rate at 2.00%. Inflationary pressures will likely continue presenting a conundrum for the BSP as it tries to stimulate economic growth, but we expect the central bank to prioritise recovery.

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FX/Rates Forecast

USD Interest Rates	Current	4Q21	1Q22	2Q22	2022	2023
Fed Funds TR (Upper)	0.25%	0.25%	0.25%	0.25%	0.50%	1.25%
SOFR	0.05%	0.05%	0.06%	0.08%	0.30%	0.80%
1-month LIBOR	0.09%	0.13%	0.14%	0.15%	0.40%	0.90%
2-month LIBOR	0.11%	0.18%	0.20%	0.22%	0.42%	0.98%
3-month LIBOR	0.13%	0.23%	0.28%	0.35%	0.45%	1.04%
6-month LIBOR	0.16%	0.26%	0.31%	0.36%	0.48%	1.07%
12-month LIBOR	0.24%	0.34%	0.39%	0.44%	0.50%	1.11%
1-year swap rate	0.18%	0.28%	0.33%	0.38%	0.48%	1.07%
2-year swap rate	0.38%	0.48%	0.53%	0.58%	0.70%	1.35%
3-year swap rate	0.66%	0.76%	0.81%	0.86%	0.95%	1.45%
5-year swap rate	1.07%	1.17%	1.22%	1.27%	1.45%	1.75%
10-year swap rate	1.52%	1.75%	1.87%	1.92%	2.15%	2.40%
15-year swap rate	1.70%	2.02%	2.12%	2.17%	2.27%	2.50%
20-year swap rate	1.78%	2.14%	2.20%	2.25%	2.38%	2.60%
30-year swap rate	1.79%	2.10%	2.22%	2.27%	2.50%	2.62%
SGD Interest Rates	**Current**	**4Q21**	**1Q22**	**2Q22**	**2022**	**2023**
SORA	0.09%	0.13%	0.13%	0.15%	0.16%	0.50%
1-month SIBOR	0.27%	0.29%	0.29%	0.34%	0.39%	0.88%
1-month SOR	0.19%	0.24%	0.25%	0.29%	0.34%	0.84%
3-month SIBOR	0.43%	0.44%	0.45%	0.47%	0.50%	1.00%
3-month SOR	0.22%	0.27%	0.28%	0.34%	0.40%	0.92%
6-month SIBOR	0.59%	0.59%	0.60%	0.61%	0.63%	1.15%
6-month SOR	0.23%	0.28%	0.29%	0.36%	0.43%	0.98%
1-year swap rate	0.30%	0.31%	0.32%	0.39%	0.46%	1.02%
1-year OIS	0.26%	0.24%	0.23%	0.28%	0.33%	0.86%
2-year swap rate	0.55%	0.41%	0.43%	0.52%	0.62%	1.15%
2-year OIS	0.46%	0.27%	0.28%	0.36%	0.45%	0.96%
3-year swap rate	0.85%	0.68%	0.69%	0.79%	0.90%	1.30%
5-year swap rate	1.27%	1.18%	1.20%	1.21%	1.24%	1.57%
10-year swap rate	1.70%	1.60%	1.65%	1.75%	1.90%	2.15%
15-year swap rate	1.88%	1.90%	1.94%	2.05%	2.20%	2.23%
20-year swap rate	1.93%	1.95%	2.00%	2.10%	2.25%	2.30%
30-year swap rate	1.94%	1.95%	2.00%	2.10%	2.25%	2.30%
MYR forecast	**Current**	**4Q21**	**1Q22**	**2Q22**	**2022**	**2023**
OPR	1.75%	1.75%	1.75%	1.75%	1.75%	2.00%
1-month KLIBOR	1.86%	1.86%	1.86%	1.86%	1.87%	2.05%
3-month KLIBOR	1.93%	1.94%	1.94%	1.94%	1.95%	2.20%
6-month KLIBOR	2.02%	2.03%	2.04%	2.04%	2.05%	2.25%
12-month KLIBOR	2.11%	2.13%	2.15%	2.15%	2.20%	2.40%
1-year swap rate	1.98%	2.00%	2.00%	2.05%	2.10%	2.30%
2-year swap rate	2.22%	2.23%	2.25%	2.29%	2.35%	2.50%
3-year swap rate	2.46%	2.48%	2.55%	2.59%	2.70%	2.85%
5-year swap rate	2.79%	2.80%	2.85%	2.90%	3.00%	3.15%
10-year swap rate	3.23%	3.28%	3.33%	3.37%	3.45%	3.60%
15-year swap rate	3.44%	3.55%	3.59%	3.62%	3.68%	3.80%
20-year swap rate	3.61%	3.75%	3.83%	3.84%	3.92%	4.04%

UST bond yields	Current	4Q21	1Q22	2Q22	2022	2023
2-year UST bond yield	0.30%	0.35%	0.45%	0.53%	0.70%	1.35%
5-year UST bond yield	0.99%	1.10%	1.25%	1.33%	1.55%	1.80%
10-year UST bond yield	1.49%	1.75%	1.85%	1.93%	2.10%	2.35%
30-year UST bond yield	2.04%	2.30%	2.40%	2.48%	2.65%	2.70%
SGS bond yields	**Current**	**4Q21**	**1Q22**	**2Q22**	**2022**	**2023**
2-year SGS yield	0.59%	0.60%	0.60%	0.65%	0.70%	1.20%
5-year SGS yield	0.92%	1.05%	1.20%	1.23%	1.40%	1.65%
10-year SGS yield	1.58%	1.65%	1.70%	1.78%	1.90%	2.10%
15-year SGS yield	1.88%	1.90%	2.02%	2.06%	2.22%	2.27%
20-year SGS yield	1.98%	2.00%	2.10%	2.13%	2.25%	2.30%
30-year SGS yield	1.96%	2.10%	2.15%	2.20%	2.30%	2.37%
MGS forecast	**Current**	**4Q21**	**1Q22**	**2Q22**	**2022**	**2023**
3-year MSG yield	0.59%	0.60%	0.60%	0.65%	0.70%	1.20%
5-year MGS yield	0.92%	1.05%	1.20%	1.23%	1.40%	1.65%
10-year MGS yield	1.58%	1.65%	1.70%	1.78%	1.90%	2.10%

FX	Spot	Oct-21	Dec-21	Mar-22	Jun-22	Sep-22
USD-JPY	111.16	111.78	112.1	112.63	112.93	113.22
EUR-USD	1.1576	1.1456	1.1444	1.1475	1.1692	1.1909
GBP-USD	1.3453	1.3405	1.337	1.3581	1.3845	1.4108
AUD-USD	0.7210	0.7099	0.7089	0.7112	0.7248	0.7385
NZD-USD	0.6887	0.6820	0.6833	0.6802	0.6993	0.7183
USD-CAD	1.2723	1.2817	1.2800	1.2603	1.2462	1.232
USD-CHF	0.9320	0.9391	0.9432	0.94	0.9419	0.9437
USD-SGD	1.3603	1.3662	1.3697	1.3675	1.345	1.3226
USD-CNY	6.4448	6.4327	6.4174	6.3958	6.3761	6.3565
USD-THB	33.79	33.91	34.21	33.79	33.19	32.60
USD-IDR	14,316	14,397	14,395	14,195	14,142	14,090
USD-MYR	4.1845	4.1939	4.2012	4.1574	4.1283	4.0992
USD-KRW	1188.15	1197.62	1195.88	1176.24	1154.49	1132.73
USD-TWD	27.863	27.96	28.057	27.863	27.7235	27.5839
USD-HKD	7.7864	7.7600	7.7900	7.7700	7.7625	7.7550
USD-PHP	50.90	51.11	51.27	51.17	50.61	50.04
USD-INR	74.34	74.74	74.64	73.97	73.86	73.75
EUR-JPY	128.68	128.05	128.29	129.25	132.03	134.82
EUR-GBP	0.8605	0.8546	0.856	0.8449	0.8445	0.8441
EUR-CHF	1.0789	1.0758	1.0794	1.0786	1.1012	1.1239
EUR-SGD	1.5747	1.5651	1.5676	1.5691	1.5726	1.575
GBP-SGD	1.8300	1.8314	1.8313	1.8572	1.8622	1.8659
AUD-SGD	0.9808	0.9699	0.9710	0.9725	0.9749	0.9767
NZD-SGD	0.9369	0.9318	0.9360	0.9302	0.9405	0.9501
CHF-SGD	1.4596	1.4548	1.4522	1.4548	1.4281	1.4015
JPY-SGD	1.2238	1.2222	1.2218	1.2141	1.1911	1.1682
SGD-MYR	3.0760	3.0698	3.0672	3.0402	3.0693	3.0993
SGD-CNY	4.7382	4.7085	4.6852	4.6771	4.7405	4.806

Research Monitor (October)

1 October 2021

Macroeconomic Calendar

Date Time	C	Event	Period	Surv(M)	Actual	Prior
10/01 17:00	EC	CPI MoM	Sep P	0.50%	--	0.40%
10/04 22:00	US	Durable Goods Orders	Aug F	--	--	1.80%
10/05 11:30	TH	CPI YoY	Sep	--	--	-0.02%
10/07 10/14	SI	GDP YoY	3Q A	--	--	14.70%
10/08 20:30	CA	Unemployment Rate	Sep	--	--	7.10%
10/08 20:30	US	Unemployment Rate	Sep	5.00%	--	5.20%
10/11 14:00	UK	Industrial Production MoM	Aug	--	--	1.20%
10/12 07:50	JN	PPI YoY	Sep	--	--	5.50%
10/13 20:30	US	CPI MoM	Sep	--	--	0.30%
10/13 07:00	SK	Unemployment rate SA	Sep	--	--	2.80%
10/13 14:00	GE	CPI MoM	Sep F	--	--	--
10/14 09:30	CH	CPI YoY	Sep	--	--	0.80%
10/14 09:30	CH	PPI YoY	Sep	--	--	9.50%
10/18 10:00	CH	GDP YoY	3Q	--	--	7.90%
10/18 05:45	NZ	CPI QoQ	3Q	--	--	1.30%
10/18 08:30	SI	Non-oil Domestic Exports YoY	Sep	--	--	2.70%
10/18 21:15	US	Industrial Production MoM	Sep	--	--	0.40%
10/18 10:00	CH	Industrial Production YoY	Sep	--	--	5.30%
10/20 14:00	UK	CPI YoY	Sep	--	--	3.20%
10/20 20:30	CA	CPI YoY	Sep	--	--	4.10%
10/25 13:00	SI	CPI YoY	Sep	--	--	2.40%
10/25 10/31	VN	CPI YoY	Oct	--	--	--
10/26 07:00	SK	GDP YoY	3Q P	--	--	6.00%
10/26 13:00	SI	Industrial Production YoY	Sep	--	--	11.20%
10/27 08:30	AU	CPI QoQ	3Q	--	--	0.80%
10/28 20:30	US	GDP Annualized QoQ	3Q A	--	--	--
10/31 09:00	CH	Manufacturing PMI	Oct	--	--	--

Central Bank Interest Rate Decisions

Date Time	C	Event	Period	Surv(M)	Actual	Prior
10/05 11:30	AU	RBA Cash Rate Target	Oct-05	--	--	0.10%
10/05 11:30	AU	RBA 3-Yr Yield Target	Oct-05	--	--	0.10%
10/06 09:00	NZ	RBNZ Official Cash Rate	Oct-06	--	--	0.25%
10/12 08:00	SK	BoK 7-Day Repo Rate	Oct-12	--	--	0.75%
10/14 02:00	US	FOMC Meeting Minutes	Sep-22	--	--	--
10/20 09:30	CH	1-Year Loan Prime Rate	Oct-20	--	--	3.85%
10/20 09:30	CH	5-Year Loan Prime Rate	Oct-20	--	--	4.65%
10/21 15:20	ID	Bank Indonesia 7D Reverse Repo	Oct-21	--	--	3.50%
10/27 22:00	CA	Bank of Canada Rate Decision	Oct-27	0.25%	--	0.25%
10/28 19:45	EC	ECB Main Refinancing Rate	Oct-28	--	--	0.00%
10/28 19:45	EC	ECB Marginal Lending Facility	Oct-28	--	--	0.25%
10/28 19:45	EC	ECB Deposit Facility Rate	Oct-28	--	--	-0.50%
10/28 08:00	JN	BOJ Policy Balance Rate	Oct-28	--	--	-0.10%
10/28 08:00	JN	BOJ 10-Yr Yield Target	Oct-28	--	--	0.00%
10/05 11:30	AU	RBA Cash Rate Target	Oct-05	--	--	0.10%

Source: Bloomberg

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