OCBC TREASURY RESEARCH

Research Monitor (January)

10 January 2022

Treasury Research & Strategy
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Key Themes

1. **After Omicron, here comes IHU?** The Covid pandemic appears to be a never-ending story, but the market focus has already moved on to inflation and need for monetary policy tightening ahead. Notably, with buoyant crude oil prices and food prices amid the global demand recovery, the question remains if rate hikes can address supply chain bottlenecks or would instead dampen business and consumer sentiments to drag on growth. If the latter materialises, this could potentially cause the growth recovery theme to warp into stagflation, even though this is not our baseline scenario at this juncture Hopefully central banks would not be overly zealous in their hawkish intentions, especially the FOMC who should have second thoughts about pushing beyond three rate hikes this year even if they believe maximum employment has been achieved. Meanwhile, Asian economies are headed back to more normalised trend growth after the 3Q21 growth hiccup due to Delta. Recent manufacturing PMIs point to firmer momentum in China, Taiwan, Malaysia, South Korea, Singapore, Philippines, and even Myanmar.

2. **The other area of interest is where financial markets are headed in 2022 after a spectacular year in 2021.** US equity markets have had a good run, whereas the Treasury bond market is suffering from some indigestion due to the prospect of a more hawkish FOMC with the taper likely to conclude by March. Market is also speculating which other central banks would also turn more hawkish. For now, China appears to be in the minority camp of still being fairly cautious and pro-growth. Should interest differentials widen further with the US, it may again precipitate capital outflows from the more vulnerable EM economies. Therefore, 2022 may prove to be a more challenging year for financial markets if the withdrawal of liquidity proves faster than anticipated.

3. **China's policy showed a big U-turn in December after China's top leadership reckoned three downside risks including weaker demand, supply disruption and rising negative sentiment.** China cut its reserve requirement ratio for the second time in 2022. In addition, the 1-year LPR was also lowered by 5bps despite the MLF rate being kept unchanged. The rare disconnect between LPR and MLF showed its reluctance to ease its monetary policy aggressively. However, that is unlikely to change market expectations for further monetary easing in 1Q22. The latest 4Q PBoC monetary policy committee meeting also reassured of a step up in support to the real economy. On the policy front, PBoC said it will strengthen cross cyclical policy adjustment combining with counter cyclical policy adjustment. This suggests more proactive monetary policy and the use of both broad and targeted measures to support growth. This may set the tone for policy divergence between China and the US.

4. **Flash estimates indicate that the OCBC SME Index (SMEI) is expected to moderate to 51.0 in December from 53.8 in November** but remain expansionary above the 50 handle for the 11th consecutive month.

5. **Oil rebounds.** Since the price meltdown in late November, oil prices have staged a comeback, with Brent trading close to $80/bbl. Given the current supply/demand fundamentals, we see stocks increasingly tight, especially in the US. We expect oil prices to continue rallying through 2022, especially once Omicron fears ebb.

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Asset Class Views

	House View		Trading Views
FX	**G-10 FX:** Hawkish Fed remains the central assumption for now. As a baseline scenario, this continues to feed into a strong-USD theme within the G-10 space. This is perhaps best expressed through the EUR and JPY, given the structurally dovish nature of the ECB and BOJ. Between the two, prefer the EUR as it is less hampered by risk dynamics and stretched positioning. However, the risks to this baseline scenario is non-negligible. For now, the potential policy mistakes at the Fed is biased towards too steep a rate hike trajectory. The FX flow-through would then be a steeper and more compressed USD gain/loss cycle. In this scenario, expect accelerated USD gains in the near term before a sharper decline. On the flipside, there is a growing sense of reassessment as the actual Fed lift-off nears. Given the recent hawkish tilts, the lift-off may now appears to be primed for April 2022. From a historical perspective, USD gains tend to taper off as the actual lift-off nears and actualizes. Thus, USD weakness cannot be completely ruled out. Overall, we retain an overall USD-positive view despite the potential risks for now. On the risk front, episodic risk-off events could be opportunities to enter structural long USD-JPY trades on Fed-BOJ divergence and (to a lesser extent) long AUD-USD trades on a RBA that is moving away from the dovish extreme. Near-term, the market leans risk positive on the back of a recovery from the Omicron concerns. These have attendant impact on the risk-sensitive pairs like the USD-JPY and AUD-USD.		Buy USD-JPY on dips; Sell EUR-USD on rallies.
	Asian FX and SGD: In 2021, the positive BOP dynamics as a result of the pandemic spurred the Asian currencies to outperform G10 currencies in the midst of USD-strengthening environment. However, these dynamics may start to fade into 2022, and the prospects of the Asian currencies will depend on the speed and extent of the shift in the following: (1) The export boom may have peaked, and the ongoing normalization in domestic economic activities could see imports pick up. (2) The benign risk and DM yield environment may start to reverse with monetary policy tightening and an uptick in real yields. This could impact the attractiveness of EM Asian assets. (3) Elevated commodity complex disadvantages the net importers. (4) Other idiosyncratic factors within each economy, such as tourism in Thailand. Do not be overly sanguine over Asian currencies. The RMB complex is still expected to stay supported early-2022. This will primarily be reflected through upside in the CFETS RMB Index. Meanwhile, the USD-China pairs are likely to grind lower only in a very contained fashion. On the SGD front, the SGD NEER towards +1.50% to +1.60% above the perceived parity would be considered elevated – not advisable to chase SGD strength near those levels. Prefer to enter USD-SGD shorts only if the NEER returns to levels below +1.00%. Overall, slight bias for USD-SGD upside for now.		Expect RMB strength against the USD and KRW; Long USD-SGD on any dip towards 1.3500.
Commodities	We see a rising possibility of oil testing $100/bbl if demand continues to improve while supply remains constricted by OPEC+ and reduced fracking in the US.	The market has been clamouring for OPEC+ to turn on the taps but it seems the oil bloc is contented to continue hiking output at 400kbpd each month. At this pace, OPEC+ is likely to return to its production "baseline" only in 2023. This tight supply situation is likely to drive oil prices higher.	Up
	Gold may face renewed downward pressure as risk appetite returns and near-term inflationary pressures ebb on declining natural gas prices.	Gold's rally above $1800/oz in December might prove short-lived if Omicron fears ebb. As central banks continue to look to tighten their monetary policies, expect selling pressure on gold to resume in 2022.	Down

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<table>
<tr><th></th><th>House View</th><th colspan="2">Trading Views[1]</th></tr>
<tr><td rowspan="2">Rates</td><td rowspan="2">The UST curve moved up over the past month on faster taper and the hawkish Fed dot-plot. The movement in the 10Y nominal yield during December was characterised by higher inflation expectation, while real yield was little changed.

The latest median dot on the Fed's dot-plot reflects three hikes in the Fed Funds target rate during 2022, with two FOMC members even expecting four hikes. The median dot reflects additional three expected hikes during 2023. Against these hawkish dots, the market is now trading a tad less hawkish than Fed's projections, with Fed Funds futures pricing in a total of around five hikes by end-2023.

The Fed' hawkishness appears primarily premised on higher inflation expectations, while its GDP projection has been upped for 2022 but lowered for 2023. How inflation evolves has a strong bearing on any potential re-calibration of the dot plot.

In UK, the BoE hiked its Bank Rate by 15bp in line with our expectation – our conviction had not been particularly high though. Despite the recent hike, market pricing of the terminal rate of 1% looks overly aggressive to us.

The ECB will end PEPP by end-March as planned; the central bank plans to double the size of APP during Q2-22, making up for part of PEPP, but to gradually revert to the EUR20bn pace. Even for Q2, total net purchases will be more than halved compared to the recent month. Nevertheless, ECB is relatively dovish compared to other major CBs, leaving room for Bunds to outperform.</td><td>USD rates: We remain of the view that a more decisive upward move in the 10Y UST nominal yield needs to be engineered through a higher real yield, while the bias is for inflation expectation to either stay stable or to edge up mildly. Some 10-15bp upside to the 10Y real yield is likely attainable on a multi-week horizon, barring drastic downside surprises from data. We look for the 10Y yield to trade in a range of 1.52%-1.70% over the coming weeks. Meanwhile, the 2Y yield has mostly caught up with futures pricing of Fed hikes, which shall exhibit a smaller room for further upside near-term.</td><td>↑</td></tr>
<tr><td>Asian rates: SORA OIS were paid up over the past month along with USD rates. 6M and 1Y SORA OIS have stayed very near the implied SGD rates from the USD LIBOR curve and being elevated compared to the implied SGD rates from the USD SOFR OIS curve. We expect front-end SORA to gradually revert to what is implied by USD SOFR OIS over the medium-term. As USD liquidity gradually normalises – with US Treasury rebuilding cash balance and Fed's asset purchase tapering continuing, and upon MAS tightening expectations, there is also room for SGD rates to outperform their USD counterparts. On the bond side, the 10Y SGS outperformed 10Y UST during December, before some widening back in the yield spread of late. We expect further outperformance, based on a more prudent fiscal position in Singapore and in the absence of direct QE withdrawal impact in the SGD market; the relatively light long-end supply is an additional support factor.

For IndoGBs, although supply resumes going into the new year, domestic demand shall stay supportive. The government may want to take advantage of demand and upsize auctions whenever possible, leaving more flexibility for a reduction in issuances in the latter part of the year if support to the market is needed when the Fed is expected to kick off its rate hiking cycle.

3Y MGS underperformed while front-end MYR rates have increased pricing of monetary tightening somewhat upon a hawkish Fed and the pick-up in Malaysia CPI, despite a lack of hawkishness coming from BNM itself. Our core scenario remains for no hike this year, which shall anchor front-end yields from here.

The 10Y CGB yield shall settle at a lower range of 2.70-2.95% as the policy stance has turned more supportive. Liquidity needs are relatively heavy in the month which means there is likely to be liquidity provision probably from mid-January onwards.</td><td>↑</td></tr>
</table>

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

	House View	Trading Views	
Credit	10Y UST yields concluded the year at 1.51%. Y/y, 10Y UST yields have increased 60bps in 2021, This was registered amidst the Fed's hawkish pivot, with the commencement of asset purchase tapering and forecasts for rate hikes by as soon as 2022. In December, the US investment grade bond market registered a record supply of new issuances at USD61bn according to Bloomberg. Meanwhile, the primary market for high yield issuances saw a decrease of 66% m/m with a total of USD12.4bn. Average spread for investment grade and high yield tightened towards the close of the year. In the Asiadollar space, the market recorded a low volume of new issuance with USD5.74bn priced in December. The lacklustre issuance may be due to the ongoing debt defaults with Chinese high-yield developers and year-end holiday season. Both Kaisa Group and China Evergrande Group failed to repay bond coupons due as the year closed. In a bid to calm bond markets, China's National Development and Reform Commission ("NDRC") will start annual checks on corporate bond repayment risks. Of note, India-based Greenko Power II Ltd, which generates renewable energy, issued a USD1bn self-reported green private placement maturing in 2028. 2021 was a stand-out year for the Singapore corporate bond market, with total issuances of SGD25.3bn hitting a nine-year high and only eclipsed by 2012's record-high issuances of SGD31.3bn. December was a quiet month for the SGD bond space though. Only Cagamas Global PLC came to market in December with a SGD200mn 2-year senior unsecured bond at 1.25%. Going into 1H2022, we expect a broader potential range of outcomes versus the start of 2021 and for 1H2022, we hone our focus on preserving capital. Within the bond portfolio, we continue to prefer taking some credit risk and subordination risk over interest rate risk to generate returns. This is in line with our call for 2H2021.	**SOCGEN 6.125%-PERP:** We remain overweight the SOCGEN 6.125% 'PERP c24s as it represents better value on a fundamental and technical basis. Management is preparing a new strategic plan covering 2022-2025. For now, SocGen's FY2021 performance to date speaks to its diversified business segments that historically have contributed equally to overall performance.	↑
		GUOLSP 4.6%-PERP: GUOLSP PERP offers a decent 3.83% yield for a short duration to call. With the firm property market, GUOL has been moving significant amount of units which has resulted in improvements in its credit profile.	↑

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Macroeconomic Views

	House View	Key Themes
US	Although there are significant risks stemming from an outbreak of Omicron infections, the economy remains on the recovery track with 1Q22 growth tipped at 5.7% yoy. However, with the Fed intending to tackle inflation in 2022, the anticipated three interest rate hikes by end 2022 could slow the growth trajectory. On top of that, the supply chain bottlenecks could become more prevalent as Omicron exacerbates the supply chain crisis. COVID-induced port closures result in increased bottlenecks at ports globally. As such, we have adjusted GDP to 3.8% for 2022 after factoring these considerations.	While the US has experienced a 2.3% yoy growth in Q3 2021 due to strong consumer demand, a surge in Omicron cases threatens to derail previous quarters of positive economic growth, as lockdowns across the globe are re-implemented, and air travel postponed. The residual effect of Omicron could see additional disruptions to supply chains, which would further impact growth and inflationary pressures. While initial jobless claims hold near 52-year lows at 184k, labour shortages persist in the US. With the CPI marking a historic 40-year high of 6.8% in November, the Fed has taken a hawkish stance, with rate hikes being priced in soon after the taper concludes in March. All these factors culminate into a possible slowing of the US economy. Moreover, with President Biden's infrastructure bill still up in the air, it remains to be seen how the economy will handle the fallout from the Omicron outbreak.
EU	Even though the ECB further cut its bond purchases, it has left its benchmark refinancing rate at 0%. We project inflation rates for 2021 to remain at 1.90%, which is in line with the ECB's expectations of 1.85% yoy. Even with the looming growth impact arising from the Omicron variant, we expect GDP for 2021 to remain strong at 5.0%. GDP growth will slow in 1Q before picking up in the remaining quarters. As such, we foresee GDP growth to hover around 4.6% in 2022.	With the Eurozone's headline inflation rate at 4.9% yoy for November, the focus is shifting towards controlling inflation which has hit a 25-year high. Moreover, the Omicron variant may further stymie growth as additional travel curbs have been implemented across the region. With the ECB reaffirming plans to end bond purchases by March, there is uncertainty about what lies ahead for policy. Additionally, the inflation rate is set to exceed the ECB's 2% target, which has fuelled speculation of rate hikes before 2023. That said, the ECB has usually lagged beyond the hawkish camp, especially if the recent virus resurgence prompts governments to tighten COVID measures.
Japan	The BOJ has affirmed its low borrowing costs by keeping policy-rate balance at -0.1%. The BOJ Governor has also vowed to maintain its loose monetary policy. Even in a sustained low interest rate environment and fiscal stimulus, we foresee that inflation will not see any substantial upticks in 2022 as a possible tightening of current restrictions to curb further community transmission of Omicron could stymie consumer demand.	Although the Japanese economy experienced a three-month streak of positive inflation prints, it still falls below the BOJ's 2% target. Although PPI hit a high of 9.0% yoy in November, CPI only recorded a 0.6% yoy increase. Moreover, 3Q21 GDP contracted 3.6%, mainly driven by a fall in consumer spending due to the virus resurgence. The government has also dialled down its growth estimates to 2.6% for 2021. To boost growth, it has extended its funding support for smaller firms for six months, and will also implement additional stimulus which was approved in parliament in mid-December and is expected to boost consumer spending. Japanese officials are hoping 2022 would usher in a record 3.2% growth.

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	House View	Key Themes
Singapore	After a blockbuster 7.2% yoy growth in 2021, the S'pore economy should return to around trend growth of 3-5% in 2022 The downside risks going ahead lise in external headwinds such as the global monetary policy tightening, China's growth slowdown and potential new Covid variants emerging, which could upend hopes for a smoother growth trajectory. Any heightened market volatility due to a faster pace of FOMC tightening could contribute to destabilizing capital outflows. Conversely, higher vaccination rates and a less severe Omicron wave could imply a faster re-opening of regional borders, assuming no policy mis-steps.	Despite the Omicron variant, the S'pore economy staged a robust full-year growth performance of 7.2% yoy, the fastest since 2010 (14.5% yoy), even though 4Q21 growth moderated from 7.1% yoy to 5.9% yoy (2.6% qoq sa). Manufacturing remained the star performer whereas construction was dragged down by labour shortages. So far the Omicron impact appears limited. 2022 should see a return to near-trend growth levels of 3-5% yoy for the S'pore economy. The manufacturing sector is likely to pullback in 2022 to around 4-5% yoy, from its hectic 12.8% yoy pace in 2021. The key to services growth sustaining in 1H22 would also be dependent on border re-openings and additional VTLs adding more life to the hospitality sector. The construction sector also needs the foreign manpower inflow when borders reopen to play catch-up in 2022. Nevertheless, a more fiscally prudent 2022 Budget and a further tightening of monetary policy settings in February and April respectively to reflect growth normalization and elevated inflation.
Indonesia	Bank Indonesia kept its policy rate unchanged at 3.5% as expected in its Dec MPC meeting. Coming off the hawkish turn by its counterparts at the Fed, the big question is obviously how BI would respond in 2022. Even as it has left the door a bit open to potential rate hike in 2022 by saying how its policy rate stance will be "pro-stability" rather than "pro-growth", BI appears to still be holding out the view that it can escape hiking its policy rate in tandem. Indeed, the governor noted categorically that market should not equate any rate hike by the Fed automatically with rate hike by BI in the new year. He added that BI will opt to keep its policy rate at the record-low level of 3.5% until it sees early signs of inflation. We ascribe a good chance that BI can indeed hold rate this year, although any overt currency pressure will change the calculation.	Indonesia's Finance Minister, Sri Mulyani, said that even though the country's inflation remained controlled in 2021, there is a need to be vigilant with the risk in 2022, especially due to rising prices of food and commodities. Her warning came after Indonesia posted a headline inflation print of 1.87% yoy, still relatively mild even though the highest in 18 months, driven by uptick in food prices. Overall, we see inflation risk remaining relatively muted this year for Indonesia. While consumption has started to show signs of recovery, the pace is likely to remain broadly tepid and helped to keep a cap on price pressure this year, in our view.

	House View	Key Themes
China	The Chinese economy grew by 9.8% yoy in the first three quarters of 2021. The economy is expected to slow down further to sub 3% in 4Q due to base effect and looming event risks such as property tightening, sporadic outbreak of covid-19 and power shortage. Given China has refocused on its growth, we expect more frontloading supports in the first quarter of 2022, which will support China to grow above 5% in 2022.	China has turned more "pro-growth" in December after China's top leadership reckoned three downside risks faced by the Chinese economy including weaker demand, supply disruption and rising negative sentiment. China cut its reserve requirement ratio for the second time in 2022. In addition, the 1-year LPR was also lowered by 5bps despite China kept its MLF rate unchanged. The rare disconnection between LPR and MLF showed that China's reluctance to ease its monetary policy aggressively. However, that is unlikely to change market's high expectation on further monetary easing in the first quarter. The latest 4Q PBoC monetary policy committee meeting reassured that China will step up its support to the real economy into 2022. On policy stance, PBoC said it will strengthen cross cyclical policy adjustment combining with counter cyclical policy adjustment. The combination of cross cyclical policy adjustment and counter cyclical policy framework showed that monetary policy will be more proactive and China will be likely to use both broad and targeted measures to support growth in 2022. This may set the tone for policy divergence in 2022 between China and the US.
Hong Kong	We expect the economy to expand by 3% yoy in 2022. For external fronts, we forecast a high single digit year-on-year growth in exports in 2022, on back of continued global recovery. Meanwhile, further domestic recovery hinges on local epidemic situation, border reopening and fiscal stimulus. Whereas labour market will likely remain resilient, with jobless rate staying below 4% in 2022.	Hong Kong confirmed its first Omicron cluster, bringing the city's months-long virus free streak to an end. Shortly after the first community case of Omicron variants was detected, the government rolled out more tightening measures to prepare for the impending fifth wave. To adhere to the "Covid zero" policy, we have reasons to believe that more tightening measures may be on the table. Separately, Hong Kong's economic situation continued to improve, with external sector staying buoyant and domestic demand largely firm. On trade, values of merchandise exports and imports recorded faster expansion, by 25.0% yoy and 20.0% yoy respectively in November. On domestic demand, retail sales in November expanded by a slower 7.1% yoy in value terms, as the effect of the consumption vouchers waned. Labour market firmed up further, with the seasonally adjusted unemployment rate falling by 0.2 percentage point to 4.1% in the three months ending November.
Macau	We expect Macau's economy to grow by 20% in 2022, benefiting from the border reopening. Yet the two pillar industries, namely the tourism and gaming sectors, are unlikely to return to pre-pandemic levels this year.	More clarity on the gaming concession relicensing emerged. The Macau government published the Gaming Law Public Consultation Final Report ahead of its March 2022 deadline, signalling a clear intention to complete the relicensing process before the current concessions expire in June 2022. While the visitor arrivals and gaming revenue figures released in December beat market estimates, the recovery of Macau's economy is unlikely to gain traction in periods ahead amid the Omicron threat. In November, visitor arrivals surged 64.4% yoy to 801,000 in November, as mega-sized events, Grand Prix and Food Festival, drew more visitors to Macau. Meanwhile, gaming revenue rose by 1.8% yoy to MOP8.0 billion in December. Looking forward, as the high-roller rooms were shut, the demand for mass market gaming holds the key to the recovery of gaming sector.

	House View	Key Themes
Malaysia	Malaysia reported exports growth of 32.4% yoy, slightly better than market expectation of 30% in Nov, and prior month's 25.5% yoy. It was boosted by performance in the electrical and electronics sector (+17.4% yoy), helped by continuing semiconductor chip demand. Exports of commodities have been strong, as well, with petroleum products up by 111.6% yoy, continuing prior month's strong uplift of 126% yoy. Palm oil export saw a big uptick at 97.4%yoy, after last month's 34.6% yoy. Overall, imports held its recent steady growth. Trade balance remained decidedly in the surplus territory, but softer at MYR18.9bn. Similarly, the uptick in Malaysia's manufacturing PMI – which gained for the third month to 52.8 in Dec – signalled a potential for further sentiment improvement.	Despite the improvement in recent data prints, however, Malaysia may remain susceptible to some near-term softness due to ongoing flood disasters in the last few weeks. While heavy rainfall is not unexpected at this time of the year, the flood which is usually concentrated in the north-eastern states such as Terengganu, has hit economic centres such as Selangor and now Johor instead. In particular, heavy floods in the Port Klang and Shah Alam areas may reverberate in terms of supply chain disruption and may affect production in the coming months. With rainfall still expected to be heavy – amid reports of dangerously high river levels – the risk factor of a more protracted damage cannot be discounted.
Thailand	Thailand's economic situation is improving but the BoT's benchmark rate is likely to remain unchanged through 2022.	The Omicron outbreak has once again put the brakes on Thailand's economic recovery, with quarantine-free entry temporarily put on hold. Thailand will need the tourism revenue if it is to build on its economic recovery from late 2021. We expect Thailand to grow 4% yoy in 2022, but that might be derailed if Omicron fears persist beyond the near term.
South Korea	We expect BoK to remain hawkish and to perform two more rate hikes this year. The timing of these rate hikes should roughly come in during Q1 2022 and Q3 2022, sending the BoK benchmark rate to 1.50%.	South Korea's central bank governor iterated plans to tighten monetary policy as economic recovery gathers momentum in 2022. This is despite the BoK having already hiked its key rate twice in 2021. The Korean finance ministry estimates consumer inflation at 2.2% yoy in 2022, slightly higher than the BoK's forecast of 2.0% yoy – both of which are higher, if not on par, with the central bank's inflation target of 2.0%.
Philippines	The BSP should allow for inflation to moderately increase above their upper bound inflation target of 4.0% as oil prices continue to fluctuate in the short term. GDP growth in 2022 may face headwinds from the rising costs of imports and production due to increasing oil prices.	The Philippines government upgraded its growth outlook from 7.0% yoy to 9.0% yoy for 2022 due to higher vaccination rates and improved Covid-19 case management. A fiscal consolidation strategy is expected this year as the government attempts to rein in spending from the pandemic, with projected fiscal deficits estimated at 7.7%, 6.1% and 5.1% of GDP over the next three years. Growth is hence likely to come from domestic consumption in the post Covid era, which makes up more than 70% of GDP in the country.

FX/Rates Forecast

USD Interest Rates	Current	1Q22	2Q22	3Q22	4Q22	2023
Fed Funds target (Upper)	0.25%	0.25%	0.25%	0.50%	0.75%	1.50%
SOFR	0.05%	0.06%	0.08%	0.30%	0.55%	1.05%
1M LIBOR	0.10%	0.14%	0.17%	0.41%	0.65%	1.15%
2M LIBOR	0.15%	0.20%	0.24%	0.47%	0.70%	1.30%
3M LIBOR	0.21%	0.28%	0.37%	0.59%	0.80%	1.40%
6M LIBOR	0.34%	0.31%	0.38%	0.62%	0.85%	1.50%
12M LIBOR	0.58%	0.59%	0.62%	0.81%	1.00%	1.65%
1Y USD IRS	0.53%	0.55%	0.58%	0.77%	0.95%	1.60%
1Y SOFR OIS	0.39%	0.43%	0.43%	0.62%	0.80%	1.45%
2Y IRS	0.94%	1.00%	1.05%	1.25%	1.50%	1.95%
2Y SOFR OIS	0.75%	0.80%	0.82%	1.02%	1.22%	1.63%
5Y USD IRS	1.44%	1.48%	1.52%	1.70%	1.85%	2.05%
5Y SOFR OIS	1.20%	1.23%	1.27%	1.45%	1.55%	1.70%
10Y IRS	1.69%	1.80%	1.90%	2.00%	2.15%	2.40%
10Y SOFR OIS	1.43%	1.55%	1.65%	1.75%	1.90%	2.10%
15Y IRS	1.81%	1.92%	2.05%	2.15%	2.30%	2.50%
20Y IRS	1.87%	1.95%	2.10%	2.20%	2.35%	2.55%
30Y IRS	1.84%	1.90%	2.05%	2.15%	2.30%	2.50%
SGD Interest Rates	**Current**	**1Q22**	**2Q22**	**3Q22**	**4Q22**	**2023**
SORA	0.15%	0.16%	0.18%	0.28%	0.50%	0.90%
1M SIBOR	0.30%	0.31%	0.38%	0.46%	0.56%	1.00%
1M SOR	0.32%	0.34%	0.36%	0.46%	0.58%	1.02%
3M SIBOR	0.44%	0.45%	0.53%	0.59%	0.69%	1.18%
3M SOR	0.36%	0.38%	0.40%	0.50%	0.65%	1.13%
6M SIBOR	0.59%	0.60%	0.68%	0.74%	0.83%	1.35%
6M SOR	0.43%	0.43%	0.45%	0.55%	0.71%	1.24%
1Y IRS	0.58%	0.62%	0.67%	0.73%	0.89%	1.42%
1Y SORA OIS	0.55%	0.58%	0.60%	0.66%	0.80%	1.33%
2Y IRS	1.03%	1.07%	1.07%	1.25%	1.37%	1.73%
2Y SORA OIS	0.94%	1.02%	1.02%	1.20%	1.32%	1.68%
5Y IRS	1.61%	1.65%	1.68%	1.84%	1.88%	1.98%
5Y SORA OIS	1.39%	1.42%	1.45%	1.61%	1.65%	1.75%
10Y IRS	1.83%	1.97%	2.07%	2.17%	2.32%	2.52%
10Y SORA OIS	1.59%	1.72%	1.82%	1.92%	2.07%	2.27%
15Y IRS	1.94%	2.10%	2.15%	2.25%	2.40%	2.60%
20Y IRS	1.97%	2.10%	2.15%	2.25%	2.40%	2.60%
30Y IRS	1.95%	2.10%	2.15%	2.25%	2.40%	2.60%
MYR forecast	**Current**	**1Q22**	**2Q22**	**3Q22**	**4Q22**	**2023**
OPR	1.75%	1.75%	1.75%	1.75%	1.75%	2.25%
1M KLIBOR	1.89%	1.89%	1.89%	1.89%	1.89%	2.39%
3M KLIBOR	2.03%	2.05%	2.05%	2.05%	2.05%	2.55%
6M KLIBOR	2.13%	2.15%	2.15%	2.15%	2.15%	2.65%
12M KLIBOR	2.19%	2.20%	2.20%	2.20%	2.20%	2.65%
1Y IRS	2.18%	2.22%	2.25%	2.30%	2.35%	2.75%
2Y IRS	2.62%	2.62%	2.65%	2.70%	2.72%	3.10%
3Y IRS	2.80%	2.84%	2.87%	2.90%	2.95%	3.35%
5Y IRS	3.01%	3.15%	3.20%	3.28%	3.35%	3.60%
10Y IRS	3.45%	3.55%	3.65%	3.67%	3.70%	3.70%
15Y IRS	3.61%	3.70%	3.72%	3.75%	3.78%	3.80%
20Y IRS	3.90%	3.90%	3.90%	3.91%	3.92%	4.04%

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UST bond yields	Current	1Q22	2Q22	3Q22	4Q22	2023
2Y UST yield	0.76%	0.80%	0.90%	1.00%	1.25%	1.70%
5Y UST yield	1.36%	1.40%	1.45%	1.50%	1.75%	1.90%
10Y UST yield	1.64%	1.70%	1.85%	1.95%	2.10%	2.35%
30Y UST yield	2.05%	2.05%	2.15%	2.25%	2.40%	2.55%
SGS bond yields	**Current**	**1Q22**	**2Q22**	**3Q22**	**4Q22**	**2023**
2Y SGS yield	0.92%	0.90%	0.90%	1.00%	1.15%	1.25%
5Y SGS yield	1.44%	1.42%	1.48%	1.50%	1.60%	1.70%
10Y SGS yield	1.75%	1.75%	1.83%	1.88%	1.90%	2.10%
15Y SGS yield	2.00%	2.10%	2.14%	2.18%	2.22%	2.27%
20Y SGS yield	2.12%	2.15%	2.18%	2.21%	2.25%	2.30%
30Y SGS yield	2.14%	2.15%	2.19%	2.23%	2.30%	2.37%
MGS forecast	**Current**	**1Q22**	**2Q22**	**3Q22**	**4Q22**	**2023**
3Y MGS yield	2.82%	2.80%	2.90%	2.95%	3.00%	3.20%
5Y MGS yield	3.23%	3.15%	3.20%	3.25%	3.30%	3.55%
10Y MGS yield	3.64%	3.62%	3.65%	3.70%	3.75%	3.85%

FX	Spot	Jan-22	Mar-22	Jun-22	Sep-22	Dec-22
USD-JPY	115.93	116.63	117.08	116.75	116.34	115.93
EUR-USD	1.1294	1.1221	1.1156	1.1206	1.1325	1.1445
GBP-USD	1.3530	1.3579	1.3608	1.3645	1.3689	1.3733
AUD-USD	0.7229	0.7268	0.7168	0.7141	0.7342	0.7544
NZD-USD	0.6801	0.6767	0.6691	0.6875	0.7036	0.7197
USD-CAD	1.2717	1.2618	1.2875	1.2826	1.2495	1.2164
USD-CHF	0.9160	0.9094	0.9268	0.9225	0.9142	0.9059
USD-SGD	1.3558	1.3528	1.3603	1.3498	1.3366	1.3233
USD-CNY	6.3721	6.3528	6.3327	6.4077	6.4295	6.4512
USD-THB	33.18	33.06	33.61	33.18	32.72	32.26
USD-IDR	14,364	14,401	14,237	14,267	14,232	14,198
USD-MYR	4.1912	4.1721	4.2073	4.1686	4.1412	4.1137
USD-KRW	1198.40	1202.61	1210.97	1198.40	1170.84	1143.27
USD-TWD	27.614	27.576	27.454	27.614	27.3637	27.1134
USD-HKD	7.7929	7.8050	7.8100	7.7900	7.7850	7.7800
USD-PHP	51.17	51.40	51.57	50.89	50.59	50.29
USD-INR	74.56	74.15	75.18	74.22	74.15	74.09
EUR-JPY	130.93	130.88	130.62	130.83	131.76	132.68
EUR-GBP	0.8348	0.8264	0.8198	0.8213	0.8273	0.8334
EUR-CHF	1.0346	1.0204	1.0339	1.0337	1.0354	1.0368
EUR-SGD	1.5312	1.5180	1.5175	1.5126	1.5137	1.5145
GBP-SGD	1.8343	1.8369	1.8510	1.8418	1.8296	1.8173
AUD-SGD	0.9801	0.9832	0.9750	0.9639	0.9814	0.9983
NZD-SGD	0.9220	0.9154	0.9101	0.9280	0.9404	0.9524
CHF-SGD	1.4801	1.4876	1.4678	1.4633	1.4620	1.4607
JPY-SGD	1.1695	1.1599	1.1618	1.1561	1.1488	1.1415
SGD-MYR	3.0912	3.0841	3.0930	3.0882	3.0984	3.1087
SGD-CNY	4.6999	4.6961	4.6555	4.7470	4.8104	4.8751

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Macroeconomic Calendar

Date Time	C	Event	Period	Surv(M)	Actual	Prior
03/01 09:00	PH	CPI YoY 2012=100	Dec	--	--	4.20%
06/01 16:00	TA	CPI YoY	Dec	2.80%	--	2.84%
07/01 09:00	SI	GDP YoY	4Q A	5.00%	--	7.10%
07/01 18:00	EC	CPI MoM	Dec P	0.20%	--	0.40%
07/01 21:30	US	Unemployment Rate	Dec	4.10%	--	4.20%
12/01 21:30	US	CPI YoY	Dec	--	--	6.80%
12/01 21:30	US	CPI MoM	Dec	--	--	0.80%
19/01 15:00	GE	CPI YoY	Dec F	--	--	--
19/01 15:00	GE	CPI MoM	Dec F	--	--	--
19/01 15:00	UK	CPI YoY	Dec	--	--	5.10%
19/01 15:00	UK	CPI MoM	Dec	--	--	0.70%
19/01 21:30	CA	CPI YoY	Dec	--	--	4.70%
20/01 08:30	AU	Unemployment Rate	Dec	--	--	4.60%
20/01 18:00	EC	CPI YoY	Dec F	--	--	4.90%
20/01 18:00	EC	CPI MoM	Dec F	--	--	--
20/01 18:00	EC	CPI Core YoY	Dec F	--	--	--
20/01 21:30	US	Initial Jobless Claims	Jan-15	--	--	--
21/01 12:00	MA	CPI YoY	Dec	--	--	3.30%
22/01 16:00	TA	Unemployment Rate	Dec	--	--	3.71%
24/01 09:00	PH	GDP Annual YoY	2021	--	--	-9.50%
24/01 13:00	SI	CPI Core YoY	Dec	--	--	1.60%
24/01 13:00	SI	CPI YoY	Dec	--	--	3.80%
25/01 07:00	SK	GDP YoY	4Q P	--	--	4.00%
25/01 10:00	VN	CPI YoY	Jan	--	--	--
25/01 08:30	AU	CPI YoY	4Q	--	--	3.00%
27/01 21:30	US	Initial Jobless Claims	Jan-22	--	--	--
27/01 21:30	US	GDP Annualized QoQ	4Q A	--	--	2.30%
27/01 16:00	GE	GDP SA QoQ	4Q P	--	--	1.70%
27/01 05:45	NZ	CPI YoY	4Q	--	--	4.90%
28/01 16:30	HK	GDP YoY	4Q A	--	--	5.40%
28/01 16:00	TA	GDP YoY	4Q A	--	--	3.70%
28/01 16:30	HK	GDP Annual YoY	2021	--	--	-6.10%
31/01 18:00	EC	GDP SA YoY	4Q A	--	--	3.90%

Central Bank Interest Rate Decisions

Date Time	C	Event	Period	Surv(M)	Actual	Prior
14/01 08:00	SK	BoK 7-Day Repo Rate	Jan-14	--	--	1.00%
18/01 08:00	JN	BOJ Policy Balance Rate	Jan-18	--	--	-0.10%
18/01 08:00	JN	BOJ 10-Yr Yield Target	Jan-18	--	--	0.00%
20/01 15:00	MA	BNM Overnight Policy Rate	Jan-20	--	--	1.75%
20/01 09:30	CH	1-Year Loan Prime Rate	Jan-20	--	--	3.80%
20/01 09:30	CH	5-Year Loan Prime Rate	Jan-20	--	--	4.65%
26/01 23:00	CA	Bank of Canada Rate Decision	Jan-26	0.25%	--	0.25%
27/01 03:00	US	FOMC Rate Decision (Upper Bound)	Jan-26	0.25%	--	0.25%
27/01 03:00	US	FOMC Rate Decision (Lower Bound)	Jan-26	0.00%	--	0.00%

Source: Bloomberg

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