Research Monitor (July)

OCBC Bank

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Tuesday, July 02, 2019

Key Themes

1. **Hope and anxiety are flipsides of the same coin, but can this post-G20 bout of optimism last through summer?** The deterioration of the US-China trade situation from May was swiftly followed by the US Federal Reserve's signalling of imminent rate cuts amid heightened uncertainties and disappointing inflation prints. Last weekend, US president Trump met with Chinese leader Xi and announced another temporary truce (albeit of indefinite timeframe this time round) to restart trade negotiations and will allow US companies to supply Huawei in the interim (even though it does not represent a "general amnesty" according to White House advisor Kudlow). In addition, Trump shook hands with North Korean leader Kim and became the first sitting US president to stroll into North Korea, flagging hopes of denuclearisation talks following the epic failed Vietnam summit meeting earlier. This whirlwind diplomacy signifies to us the urgency for Trump to score some brownie points going into his 2020 re-election campaign, but it's still early days yet. We definitely have seen this roller-coaster ride before and would hesitate to call the all-clear for global risk appetite for 3Q19. This round goes to Xi and Kim in our view as there does not appear to be any apparent concessions yielded by them to get Trump to restart negotiations.

2. **Monetary policy accommodation is the flavour of the month, but will it be sufficient to surprise markets to the upside given that global bond markets have discounted much of the easing to come?** The Reserve Bank of Australia executed its second 25bp cut to a fresh record low of 1.0% on 2 July, but financial markets are already looking for 0.5% in time to come. The Fed may begin to trim rates at the 30-31 July meeting, but markets have already priced in some 50bps more for this year. The Fed Vice-chairman Clarida assured that "we will certainly act as appropriate to put in place policies that sustain the economic expansion", but Bullard opined that an "insurance cut" of 25bps is sufficient and 50bps would be "overdone". If and when the Fed pushback against over-enthusiastic rate cut market pricing comes, UST bond yields may again recalibrate.

3. **June manufacturing PMIs also continue to point to economic weakness ahead for summer.** While China's official PMI was unchanged at 49.4 in June, the Caixin PMI slipped into contraction territory from 50.2 in May to 49.4. Other regional manufacturing PMIs, apart from Vietnam and the Philippines, mostly tilted south again. This suggest that the recent news of a tariff ceasefire may only be a temporary salve barring a structural and sustainable US-China trade deal, as businesses are increasingly cautious of the trade fallout and contemplating investment diversions.

4. **Oil prices appear to have bottomed out in mid-June**, judging by the spec position on CFTC. Geopolitical tensions between US and Iran aided gold's rebound, with Brent now having bounced back to about $65/bbl. We see potential upside for crude oil, especially if oil bulls return to the fore and the G20 summit between President Trump and President Xi turns out amicable.

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Asset Class Views

	House View		Trading Views
FX	**G10 View:** Given that there was no major surprise from the Xi-Trump meeting, any positive impact on the market and risk-on sentiments may be short-lived. Expect market attention to revert quickly to the macroeconomic fundamentals and relative central bank dynamics. The soft macro outlook in the US will keep Fed policy in the minds of investors, although excessive rate cut expectations are kept temporarily under wraps on the back of a push-back by the Fed's Powell and Bullard. On balance, we think broad USD prospects may be up in the air in the interim, pending new cues on the Fed policy. Data releases in the US will bear watching. If a key data release misses expectations by a good margin, we expect Fed rate cut expectations to be swiftly re-ignited. In this context, the barrier for the return to USD weakness may be low. Beyond the immediate horizon, the July FOMC is shaping up to be a watershed. We remain cautious in imputing a deep rate cut cycle, as the US macro picture does not suggest the throes of a recession. Note that the ECB and RBA are also on their own easing trajectory, and it may be premature to extrapolate recent USD jitters too far into the horizon.		The risk-reward may favour a mixed to softer USD for now. Expect the likes of the EUR and JPY to be the likely beneficiaries if Fed rate cut expectations return to the centre-stage. On the other hand, the AUD and NZD may be disadvantaged by the softening global outlook.
FX	**USD-Asia and SGD View:** In Asia, the RMB may seek to rally on the back of the positive Xi-Trump outcome, with the North Asian currencies potentially in tow. To gauge the sustainability of any RMB rally, we keep a close watch on the CFETS RMB Index, which had been on a downtrend despite the positive developments leading into the Xi-Trump meeting. Nevertheless, with the Chinese domestic economy not out of the woods yet, any RMB appreciation may be limited by fundamentals. Thus, we expect that the USD-CNH and USD-CNY downside may be limited on any re-emergence of USD weakness. On the other hand, the pairs may see a more reactive upside move if the USD flexes the other way. The rest of the Asian currencies will continue to take cues from the RMB complex. However, strong portfolio inflow momentum may cushion any excessive downside for now. Meanwhile, the USD-SGD may be trapped between a potentially softer USD and a RMB that lacks appreciation impetus. Nevertheless, without further catalysts, the 1.3500 floor for the pair may be firm.		USD-Asia to take cues from USD and RMB for now. Prefer the KRW on the alleviation of trade uncertainty, and the THB and IDR on the back of consistent portfolio inflows.
Commodities	**Energy:** Prices rebounded in mid-June, closing the month around the $65/bbl level after dropping from a high of almost $75/bbl in April. With a lot of the spec longs exiting the market, we see more upside than downside for bulls to wager their bets than the bears. US-Iran tension is likely to fuel the rally higher.	How oil prices behave in the coming quarter is likely dependent on two main factors – the G20 summit at the end of June, and the OPEC+ meeting in early July. If an amicable US-China outcome spins out from the meeting and OPEC+ extends the current production cuts into 2H, we believe that may provide a base for Brent to rally back to the $70/bbl level.	↑
Commodities	**Gold:** Gold prices have rallied above $1,400/oz in June. Given the soft macroeconomic environment, we expect the rally to continue deep into Q3, fuelled by the Fed potentially cutting rates.	Few can deny that gold's recent rally was well warranted. With falling yields, a soft dollar, weakening macroeconomic conditions and trade/geopolitical tensions, gold's haven appeal has shone through. We believe gold may potentially reach an eventual resistance of $1,500/oz, especially if US-Iran relations heads further south.	↓

	House View	Trading Views	
Rates	Global monetary policy easing expectations have become the clarion call for 2H19, with the Fed potentially leading the way and paving bull steepener trades. With the June quarter/month-end past, short-term funding rates may begin to normalize with a few exceptions (such as Hong Kong due to upcoming IPOs). While the post-G20 prospect of US-China restarting trade talks has prompted the recent improvement in global risk sentiments, nevertheless this is unlikely to deter the Fed to delivering on their pledged July rate cut for now. While market is watching the June nonfarm payrolls and labour market data on 5 July, it is unlikely to be a deal-breaker either in our view.	**US:** With the recent rally in UST bond market, the key test of the 2% handle that we called for in last month's monitor has come to pass. While we see a little more room for the bond rally to run, this will have to wait until the Fed delivers its first 25bps and gives the green light for the next 25bps in short order.	↑
		SG: With the digestion of the 20-year new benchmark SGS bond auction (which was the last long-dated scheduled SGS issue), the steepening bias may start to fade into 3Q19. The recent offering of the 6-month T-bill issue for 2 July had fetched a cut-off yield of 1.93% and could turn up the heat on Fixed Deposits and CASA rates. The 3-month SOR has retreated some 23bps in the past month, lagging the 50bp pullback in the 3-month LIBOR which started much earlier since December 2018. The 3-month SIBOR also remains anchored around the 2% handle.	↑
Credit	The Bloomberg Barclays Asia USD HY Bond Index has tightened 33bps since the start of June while Bloomberg Barclays Asia USD IG Bond Index likewise tightened by 8bps, reversing partially the widening seen in May. We note that trade tension was relatively greater at end May/early June and a seemingly dovish comment from the Federal Reserve has prompted a rebound in risk-taking sentiment. Having said that, with the G20 summit ongoing in Osaka, we think movement in these indices would be largely dependent on what unfolds during the meeting especially between Trump and Xi even though a clean resolution on the trade war is unlikely.	**IG Pan: WINGTA 4.35% PERPc20 (4.40% YTW):** Wing Tai Properties Ltd is a Hong Kong property company which generates majority of its profits from property investment and management, with Landmark East in Hong Kong as the most important asset. While credit metrics is healthy at 7.5% as of 2018, we estimate adjusted net gearing at 40% (inclusive of contingent liabilities and accounting for the WINGTA 4.35% PERP as senior). We think WINGTA 4.35% PERP look rich trading around par as we see significant risks that the issuer may not exercise the call on the first call date.	↓
	Interestingly, issuance in the Asia ex-Japan G3 space in June more than tripled y/y to USD40.0bn over 101 issues as compared to USD12.6bn / 37 issues over the same period last year. We think this surge in issuances can be attributed to the Fed statement which pushed yields down further, making the environment more favourable for issuers. The market has been calling for two to three rate cuts for the year, starting as early as next month. While we expect increased aversion to true high yield issuers amongst investors, we think there's still ample market liquidity searching for yield. As such, investors could look to the perpetual bonds in particular the Additional Tier 1 bank papers and the medium term duration to maximize returns.	**IG Pick: BAERVX 5.75% PERPc22 (4.63% YTW):** Julius Baer Group Ltd's ("JBG") credit profile is undergoing a period of transition from expected and unexpected leadership and management changes at a time of volatile operating conditions. That said, ongoing strategic actions to address weaker FY2018 results were partially seen in a performance recovery in JBG's recent interim management statement for the 4 months ended 30 April 2019. With Switzerland contributing ~57% of FY2018 operating income and a constructive economic outlook from the Swiss National Bank, we think JBG's fundamentals should remain sound. Combined with prevailing technicals we see good value in JBG's AT1s, in particular the BAERVX 5.75% PERPc22's with the current yield to call adequately compensating for the longer duration.	↑

Macroeconomic Views

	House View	Key Themes
US	The Fed clearly indicated that prevention is better than cure when it comes to monetary policy. With the first 25bp rate cut likely to materialise at the 30-31 July FOMC, the key to watch is whether the accompanying dovish signals match, exceed or disappoint what financial markets have baked in already. With only four Fed meetings, we see the Fed as frontloading "insurance" cuts in July, Sep and either October or December.	While the Fed articulated the case for imminent policy easing at the June meeting and dropped the "patient" reference from its June statement, note that their growth and unemployment rate forecasts were not the main drivers. In fact, they are still tipping 2.1% growth for 2019 (unchanged from three months ago), 2.0% for 2020 (upgraded from 1.9%) and now see 2019-2020 unemployment at 3.6% and 3.7% respectively (both shaded down by 0.1% points). The Fed also pushed out their hope of reaching the 2% core PCE inflation target to 2021. Interestingly, while Bullard had dissented and called for 25bp cut in June, he seems reticent about a 50bp cut in July.
EU	ECB president Draghi's dovish tilt ("additional stimulus will be required") in June has prompted market to tip up to a 20bp deposit rate cut with tiering, and a potential return to quantitative easing later this year. Watch the July meeting for an explicit easing bias.	Economic prints continued to telegraph momentum softness into 2Q19. The Euro-area manufacturing PMI came in at 47.6 in June. Also watch the run up to October as market speculates who will replace Draghi as ECB president - potential candidates supposedly comprises of Jens Weidmann, Francois Villeroy de Galhau, Erkki Liikanen, Olli Rehn, Benoit Coeure, and Klaus Regling.
Japan	BOJ governor Kuroda signalled that there is no need to adopt an overly strict view but the central bank can tolerate a flexible view of the 10-year yield target. He also opined that it is appropriate to continue with persistent easing, given the significant risks associated with overseas economies which could impact business and consumer sentiment. The policy options include interest rate cuts, asset purchases and expanding the monetary base.	Japan's large manufacturer's Tankan printed at 7 in June, below market expectations of 9, down from 12 and the lowest in nearly three year. The gloomier view was attributed to the ongoing trade uncertainties and ahead of the planned sales tax in October. That said, the upcoming Olympics gave a lift to domestic-oriented firms, and industrial production also rose 2.3% mom in May (fastest in more than a year). This could dampen the BOJ's enthusiasm for further monetary policy easing in the near-term, albeit core inflation remained muted at 0.8% in May (significantly below its 2% target).
Singapore	Pending the official 2019 GDP growth forecast review, we revised our house view from 1.8% to 1.3% (range 0.5-1.5%). The path of least resistance would be to continue to taper S$NEER expectations amid a potentially softer USD and without any fresh external or domestic catalysts in sight. Given ample fiscal ammunition, there may also be manoeuvre room for fiscal policy to step up if the business climate and consumer confidence retreats further.	MAS said the official 1.5-2.5% growth forecast for 2019 will be reviewed, and that 2Q19 growth may soften from 1Q19. With the lingering US-China downside trade risks, notwithstanding the latest turn in sentiments post-G20 and factoring in the real risk of deeper and more widespread disruptions to global/regional supply chains, handicapping firms from their capex and hiring plans, and worsening business and consumer confidence, we have revised our full-year growth forecast down from 1.8% to 1.3% (range 0.5-1.5%). The October monetary policy meeting remains "live" in terms of potentially taking back some of the earlier 2018 tightening should incoming economic data continue to deteriorate.

	House View	Key Themes
Indonesia	We see 2019 growth coming out at 5.1% yoy, supported by robust government consumption, strong investment growth and strengthening private consumption. We have revised our forecast for Bank Indonesia (BI) to cut the benchmark rate by 25bps within 3Q 2019. Overall, we expect a total cut of 50bps by the end of 2019.	The constitutional court has upheld President Joko Widodo's re-election victory and rejected a petition by his challenger Prabowo Subianto. Meanwhile, Bank Indonesia (BI) gave the strongest hint of easing as Governor Perry Warjiyo said that a cut was a "matter of time". Given the firmer IDR and global easing rate cycle, we think it likely that BI would cut the benchmark rate by 25bps within 3Q 2019. BI also cut the reserve ratio requirement by 50bps, which provide a boost to banks facing liquidity pressure although it is difficult to determine if it would have any impact on loan growth. S&P also upgraded the credit rating for Indonesian sovereigns from BBB- to BBB, which brought S&P in line with the other rating agencies. Initial knee-jerk reaction saw the currency, stock market and bonds rally.
China	China reported mixed economic data for the first two months of 2019, signaling that the economy is still on the downward trend. However, hopes on the economic recovery heightened after China announced the biggest tax cut in history for 2019.	US and China agreed on a trade truce and resumption of trade talks after the G20 summit. This may allow the PBoC to keep its neutral policy to strike a balance between structural deleveraging and growth in the near term. However, due to the trade war, China's growth showed renewed signs of slowdown. To shore up growth, China may launch more fiscal stimulus such as supporting local government bond issuance while expansionary fiscal measures may eventually be accompanied by traditional monetary policy like RRR cut. Elsewhere, Baoshang Bank woes continued to linger with small banks and NBFIs facing structural liquidity constraints. Despite that, we believe China's various tools would finally help to contain the risks. Finally, RMB may remain range bound depending on the dollar factor in the near term.
Hong Kong	GDP growth may decelerate from 3.0% yoy in 2018 to 2.1% yoy in 2019 due to multiple headwinds including global economic slowdown and renewed trade tension. Both HKD and HIBORs are expected to see two-way volatility. The upside for the property market may be capped by rising supply and relatively high rates.	Exports dropped for the seventh consecutive month by 2.4% yoy in May. Trade war re-escalation and the technology war may continue to hit exports. On housing market front, secondary property prices retraced from record high due to negative wealth effect from stock rout, increasing short-term supply and elevated mortgage rates. The medium-term outlook may hinge on trade war development. Elsewhere, 1M HIBOR rose to the highest since 2008 as market players hoarded cash in anticipation of tight liquidity on seasonal factors and IPO pipeline. This together with concerns about virtual bank launches prompted commercial banks to scramble for HKD fixed deposits with higher rates. HKD and HIBOR may remain elevated in Jul amid dividend payment and large IPOs.
Macau	With a strong MOP and Asia's muted economic outlook, the growth of exports of goods and services may decelerate. The VIP-segment may also succumb to policy risks. Given sluggish private investment and a high base, we expect 2019 GDP to slow from 4.7% in 2018 to around 0%.	GDP contracted for the first time since 1Q 2016 by 3.2% yoy in 1Q 2019, mainly attributed to high base effect and weak external demand. Moving ahead, with high base effect to wane and fiscal stimulus continuing to take effect, the economy may avoid a recession. In May, holiday effect and infrastructure improvement boosted tourism and gaming growth. However, trade war re-escalation may add downward risk to tourism and gaming sectors. Policy risks may also continue looming over the VIP segment. Adding on subdued fixed investment, we expect Macau's GDP growth will soften to around 0% in 2019. Should trade war continue to escalate, Macau's growth may weaken further.

	House View	Key Themes
Malaysia	2019 growth is tipped to slow to 4.4% yoy amid a deceleration in global activity, compared to 4.7% in 2018. At this point in time, we expect Bank Negara Malaysia (BNM) to keep the benchmark rate at 3.00% for the rest of this year after cutting it by 25bps in May 2019 although we can't rule out further cuts if growth falls off significantly.	Moody's downgraded PETRONAS's credit rating from A1 to A2 as it cited the strong credit linkages between the Malaysian government and the firm. Meanwhile, May 2019 headline inflation was subdued at 0.2% yoy but it is likely to pick up sharply in June 2019 above 1.0% yoy as the effect of GST abolishment wears off. BNM Governor Nor Shamsiah was also recently quoted saying that the central bank intended to "develop the onshore market so that investors have the avenue to hedge their risk onshore instead of relying on the NDF markets". Foreign holdings of Malaysian bonds continued to fall (-RM4.2bn) in May 2019 amid rising trade tensions.
Thailand	The Bank of Thailand may cut rates in late Q4 this year, given the dovish tilt in its June press release. That said, we believe that if the global macroeconomic situation turns around, the Bank of Thailand may easily choose to leave rates unchanged.	The latest Bank of Thailand press release in June shows increasing dovishness, in our opinion. Risks to financial stability – an aspect that the BoT places higher priority on relative to other central banks – remain an emphasis, but they view risks now as existing in "pockets". The BoT also dropped the term "viewed that current accommodative monetary policy stance would remain appropriate" from its last paragraph. The last rate hike unfolded with changes to this statement, although it took another 4 more meetings (inclusive) for the rate change to happen. Based on the same cycle, any rate cut may thus happen only in December. Again, we stress that the BoT may very well keep rates on hold if economic conditions improve; a rate cut is still a step too far at this stage.
Korea	The Bank of Korea is starting to show signs of dovishness, with Governor Lee Ju-Yeol saying the central bank will act "appropriately" to evolving economic conditions.	The BoK has started to adopt a more dovish stance, evident by Governor Lee's speech at the central bank's 69th anniversary. He cited the slump in electronics demand and persistently low inflation as two of the key challenges the economy currently faces. Like the BoT, however, we think that any move from the BoK may come very late in the year – at 1.75%, South Korea's benchmark interest rates do not have a lot of policy room and we think the central bank may want to preserve its ammunition for a more severe downturn.
Philippines	The BSP surprised the markets with no rate cuts in June, but that was deemed "a prudent pause". The rate cut cycle is expected to continue in the following meetings. We expect three more rate cuts for the rest of the year.	The BSP is on an easing cycle and we expect the monetary loosening policy to continue despite the pause in June. Having hiked 175bp last year, we expect the BSP to undo 100bp this year and another 75bp in 2020. This means we may expect another three more rate cuts for the rest of the year. With global central banks now sounding more dovish compared to the beginning of the year, we think the BSP is likely to lead the regional pack in its rate cuts this year.

FX/Rates Forecast

USD Interest Rates	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	2021
Fed Funds Target Rate	1.75%-2.0%	1.50%-1.75%	1.50%-1.75%	1.50%-1.75%	1.50%-1.75%	1.50%-1.75%	1.50%-1.75%
1-month LIBOR	2.15%	1.90%	1.84%	1.78%	1.71%	1.65%	1.75%
2-month LIBOR	2.20%	1.95%	1.89%	1.83%	1.76%	1.70%	1.80%
3-month LIBOR	2.25%	2.00%	1.94%	1.88%	1.81%	1.75%	1.85%
6-month LIBOR	2.26%	2.10%	2.04%	1.98%	1.91%	1.85%	1.95%
12-month LIBOR	2.27%	2.20%	2.15%	2.10%	2.05%	2.00%	2.10%
1-year swap rate	2.00%	1.95%	1.98%	2.00%	2.03%	2.05%	2.13%
2-year swap rate	1.80%	1.75%	1.84%	1.93%	2.01%	2.10%	2.15%
3-year swap rate	1.73%	1.69%	1.81%	1.92%	2.04%	2.15%	2.25%
5-year swap rate	1.75%	1.70%	1.83%	1.95%	2.08%	2.20%	2.30%
10-year swap rate	1.95%	1.90%	2.01%	2.13%	2.24%	2.35%	2.45%
15-year swap rate	2.10%	2.00%	2.10%	2.21%	2.31%	2.41%	2.55%
20-year swap rate	2.19%	2.16%	2.24%	2.32%	2.40%	2.48%	2.60%
30-year swap rate	2.20%	2.18%	2.29%	2.39%	2.50%	2.60%	2.70%
SGD Interest Rates	**3Q19**	**4Q19**	**1Q20**	**2Q20**	**3Q20**	**2020**	**2021**
1-month SIBOR	1.85%	1.83%	1.85%	1.87%	1.88%	1.90%	1.95%
1-month SOR	1.80%	1.75%	1.81%	1.88%	1.94%	2.00%	2.05%
3-month SIBOR	2.00%	1.98%	2.00%	2.02%	2.03%	2.05%	2.10%
3-month SOR	1.83%	1.80%	1.88%	1.97%	2.05%	2.13%	2.15%
6-month SIBOR	2.06%	2.05%	2.08%	2.10%	2.13%	2.15%	2.20%
6-month SOR	1.70%	1.65%	1.78%	1.92%	2.05%	2.18%	2.25%
12-month SIBOR	2.18%	2.15%	2.17%	2.19%	2.20%	2.22%	2.28%
1-year swap rate	1.70%	1.65%	1.71%	1.78%	1.84%	1.90%	2.14%
2-year swap rate	1.63%	1.60%	1.65%	1.70%	1.75%	1.80%	1.90%
3-year swap rate	1.65%	1.63%	1.68%	1.73%	1.77%	1.82%	1.91%
5-year swap rate	1.72%	1.70%	1.74%	1.78%	1.81%	1.85%	1.93%
10-year swap rate	1.95%	1.90%	1.94%	1.98%	2.02%	2.06%	2.15%
15-year swap rate	1.98%	1.94%	2.01%	2.09%	2.17%	2.25%	2.29%
20-year swap rate	2.28%	2.26%	2.27%	2.29%	2.30%	2.31%	2.33%
30-year swap rate	2.29%	2.28%	2.29%	2.31%	2.32%	2.33%	2.38%
MYR forecast	**3Q19**	**4Q19**	**1Q20**	**2Q20**	**3Q20**	**2020**	**2021**
OPR	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
1-month KLIBOR	3.16%	3.13%	3.16%	3.18%	3.21%	3.23%	3.25%
3-month KLIBOR	3.43%	3.40%	3.43%	3.45%	3.48%	3.50%	3.52%
6-month KLIBOR	3.53%	3.50%	3.53%	3.55%	3.58%	3.60%	3.62%
12-month KLIBOR	3.63%	3.60%	3.63%	3.65%	3.68%	3.70%	3.72%
1-year swap rate	3.38%	3.25%	3.26%	3.27%	3.28%	3.29%	3.39%
2-year swap rate	3.39%	3.26%	3.27%	3.28%	3.29%	3.30%	3.40%
3-year swap rate	3.41%	3.28%	3.29%	3.30%	3.31%	3.32%	3.42%
5-year swap rate	3.44%	3.31%	3.32%	3.33%	3.34%	3.35%	3.45%
10-year swap rate	3.69%	3.56%	3.57%	3.58%	3.59%	3.60%	3.70%
15-year swap rate	3.89%	3.76%	3.77%	3.78%	3.79%	3.80%	3.90%
20-year swap rate	4.04%	3.91%	3.92%	3.93%	3.94%	3.95%	4.05%

UST bond yields	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	2021
2-year UST bond yield	1.72%	1.64%	1.67%	1.70%	1.72%	1.75%	1.92%
5-year UST bond yield	1.75%	1.70%	1.75%	1.80%	1.85%	1.90%	2.08%
10-year UST bond yield	1.95%	1.90%	1.95%	1.99%	2.04%	2.08%	2.15%
30-year UST bond yield	2.50%	2.40%	2.44%	2.48%	2.51%	2.55%	2.62%
SGS bond yields	**3Q19**	**4Q19**	**1Q20**	**2Q20**	**3Q20**	**4Q20**	**2021**
2-year SGS yield	1.30%	1.57%	1.60%	1.62%	1.65%	1.67%	1.83%
5-year SGS yield	1.75%	1.72%	1.75%	1.79%	1.82%	1.85%	2.00%
10-year SGS yield	1.96%	1.94%	1.95%	1.97%	1.98%	1.99%	2.08%
15-year SGS yield	2.23%	2.08%	2.09%	2.09%	2.10%	2.10%	2.18%
20-year SGS yield	2.32%	2.20%	2.21%	2.22%	2.23%	2.25%	2.32%
30-year SGS yield	2.49%	2.45%	2.46%	2.48%	2.49%	2.50%	2.56%
MGS forecast	**3Q19**	**4Q19**	**1Q20**	**2Q20**	**3Q20**	**2020**	**2021**
5-year MGS yield	3.39%	3.30%	3.30%	3.30%	3.30%	3.30%	3.40%
10-year MGS yield	3.58%	3.48%	3.50%	3.52%	3.53%	3.55%	3.65%

FX	Spot	2Q19	3Q19	4Q19	1Q20
USD-JPY	108.27	108.91	107.15	106.84	106.52
EUR-USD	1.1325	1.1325	1.1224	1.1352	1.1479
GBP-USD	1.264	1.264	1.2461	1.2644	1.2827
AUD-USD	0.6997	0.7028	0.6909	0.7009	0.711
NZD-USD	0.6702	0.6735	0.6597	0.6702	0.6807
USD-CAD	1.3105	1.3017	1.2914	1.2862	1.2811
USD-CHF	0.9836	0.9803	0.9739	0.9712	0.9685
USD-SGD	1.3548	1.3492	1.3548	1.3484	1.3421
USD-CNY	6.8456	6.8258	6.8849	6.8075	6.73
USD-THB	30.59	30.37	30.21	30.1	29.98
USD-IDR	14113	13,986	13,903	13,832	13,760
USD-MYR	4.1385	4.1202	4.1214	4.0944	4.0674
USD-KRW	1158.7	1146.44	1139.99	1134.07	1128.15
USD-TWD	30.995	30.832	30.745	30.581	30.417
USD-HKD	7.8085	7.8	7.795	7.785	7.775
USD-PHP	51.05	50.78	50.65	50.48	50.31
USD-INR	69.06	68.52	68.06	67.62	67.17
EUR-JPY	122.61	123.34	120.27	121.28	122.27
EUR-GBP	0.896	0.896	0.9008	0.8978	0.8949
EUR-CHF	1.114	1.1101	1.0931	1.1024	1.1117
EUR-SGD	1.5343	1.528	1.5207	1.5307	1.5405
GBP-SGD	1.7125	1.7054	1.6882	1.705	1.7215
AUD-SGD	0.948	0.9482	0.936	0.9452	0.9542
NZD-SGD	0.9081	0.9087	0.8938	0.9037	0.9135
CHF-SGD	1.3773	1.3764	1.3911	1.3885	1.3858
JPY-SGD	1.2514	1.2388	1.2644	1.2622	1.2599
SGD-MYR	3.0532	3.0538	3.042	3.0364	3.0307
SGD-CNY	5.0522	5.0592	5.0819	5.0484	5.0146

Macroeconomic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
07/01 07:50	JN	Tankan Large Mfg Index	2Q	9	--	12	--
07/01 08:00	SK	Exports YoY	Jun	-13.4%	--	-9.4%	--
07/01 08:30	TA	Markit Taiwan PMI Mfg	Jun	--	--	48.4	--
07/01 08:30	JN	Markit Japan PMI Mfg	Jun F	--	--	49.5	--
07/01 08:30	SK	Markit South Korea PMI Mfg	Jun	--	--	48.4	--
07/01 08:30	ID	Markit Indonesia PMI Mfg	Jun	--	--	51.6	--
07/01 08:30	VN	Markit Vietnam PMI Mfg	Jun	--	--	52	--
07/01 09:45	CH	Caixin China PMI Mfg	Jun	50	--	50.2	--
07/01 11:30	TH	CPI YoY	Jun	1.02%	--	1.15%	--
07/01 15:55	GE	Markit/BME Germany Manufacturing PMI	Jun F	--	--	45.4	--
07/01 16:00	EC	Markit Eurozone Manufacturing PMI	Jun F	47.8	--	47.8	--
07/01 16:30	UK	Mortgage Approvals	May	--	--	66.3k	--
07/01 16:30	UK	Markit UK PMI Manufacturing SA	Jun	49.2	--	49.4	--
07/01 21:45	US	Markit US Manufacturing PMI	Jun F	--	--	50.1	--
07/01 22:00	US	ISM Manufacturing	Jun	51.2	--	52.1	--
07/01 22:00	US	Construction Spending MoM	May	0.0%	--	0.0%	--
07/01	ID	CPI YoY	Jun	--	--	3.32%	--
07/02 06:45	NZ	Building Permits MoM	May	--	--	-7.9%	-8.0%
07/02 07:00	SK	CPI YoY	Jun	0.7%	--	0.7%	--
07/02 12:30	AU	RBA Cash Rate Target	Jul 2	1.13%	--	1.25%	--
07/02 14:00	UK	Nationwide House PX MoM	Jun	0.2%	--	-0.2%	--

Central Bank Interest Rate Decisions

Date Time		Event		Survey	Actual	Prior	Revised
06/04/2019 12:30	AU	RBA Cash Rate Target	Jun-04	1.25%	1.25%	1.50%	--
06/06/2019 14:15	IN	RBI Repurchase Rate	Jun-06	5.75%	5.75%	6.00%	--
06/06/2019 19:45	EC	ECB Main Refinancing Rate	Jun-06	0.00%	0.00%	0.00%	--
06/06/2019 19:45	EC	ECB Deposit Facility Rate	Jun-06	-0.40%	-0.40%	-0.40%	--
06/13/2019 15:30	SZ	SNB Sight Deposit Interest Rate	Jun-13	-0.75%	-0.75%	-0.75%	--
06/14/2019 18:30	RU	Key Rate	Jun-14	7.50%	7.50%	7.75%	--
06/19/2019 16:46	HK	Composite Interest Rate	May	--	0.84%	0.83%	--
06/20/2019 02:00	US	FOMC Rate Decision (Upper Bound)	Jun-19	2.50%	2.50%	2.50%	--
06/20/2019 02:00	US	FOMC Rate Decision (Lower Bound)	Jun-19	2.25%	2.25%	2.25%	--
06/20/2019 10:45	JN	BOJ Policy Balance Rate	Jun-20	-0.10%	-0.10%	-0.10%	--
06/20/2019 16:00	PH	BSP Overnight Borrowing Rate	Jun-20	4.25%	4.50%	4.50%	--
06/20/2019 16:50	TA	CBC Benchmark Interest Rate	Jun-20	1.38%	1.38%	1.38%	--
06/20/2019 19:00	UK	Bank of England Bank Rate	Jun-20	0.75%	0.75%	0.75%	--
06/26/2019 10:00	NZ	RBNZ Official Cash Rate	Jun-26	1.50%	1.50%	1.50%	--
06/26/2019 15:05	TH	BoT Benchmark Interest Rate	Jun-26	1.75%	1.75%	1.75%	--
07/02/2019 12:30	AU	RBA Cash Rate Target	Jul-02	1.13%	--	1.25%	--
07/09/2019 15:00	MA	BNM Overnight Policy Rate	Jul-09	--	--	3.00%	--
07/10/2019 22:00	CA	Bank of Canada Rate Decision	Jul-10	1.75%	--	1.75%	--
07/12/2019 10:00	SL	CBSL Standing Deposit Rate	Jul-12	--	--	7.50%	--
07/18/2019 09:00	SK	BoK 7-Day Repo Rate	Jul-18	--	--	1.75%	--
07/18/2019	HK	Composite Interest Rate	Jun	--	--	0.84%	--
07/25/2019 19:45	EC	ECB Deposit Facility Rate	Jul-25	--	--	-0.40%	--
07/26/2019 18:30	RU	Key Rate	Jul-26	--	--	7.50%	--
07/30/2019	JN	BOJ Policy Balance Rate	Jul-30	--	--	-0.10%	--

Source: Bloomberg

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