# OCBC TREASURY RESEARCH

## Research Monitor (November)

3 November 2021

**Treasury Research & Strategy**
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# Key Themes

1. **Withdrawal of global monetary policy gathers momentum.** The Bank of Canada surprised markets by ending its asset purchases and hinting at an earlier rate lift-off. For the start of November, the FOMC is widely tipped to proceed with its taper announcement while the RBA and BOE will also be closely watched, specifically whether the former will drop its 3-year yield target and the latter will actually hike rates. Note the recent Purchasing Managers Indices, pointing to a growth moderation underway, partly due to the power crunch in China, supply chain shortages driving up factory gate prices, as well as rising commodity prices. Over in Asia, MAS is also on track to tighten its monetary policy tightening come April 2022 amid rising core inflation pressure.

2. **Up, up and away for inflation?** With buoyant inflation readings from US and many other parts of the world, concerns about the longevity of the corporate profit cycle and when the pass-through to end-consumers would exacerbate the growth slowdown story are pertinent. So far, the earnings reporting season has been relatively robust, but the forward guidance points to pointing to a profit margin squeeze amid higher labour and other business costs. For instance, US' September core PCE inflation was up 3.6%, the fastest in 3 decades! While China is unveiling more aggressive measures to curb surging coal prices, others will be awaiting the next move by OPEC+ on the crude oil front. The combination of a more hawkish global central bank tilt, supply chain disruptions and a China growth slowdown lends to a more challenging 4Q risk outlook.

3. **China's government bonds sold off in October due to higher global yields and reduced expectation of RRR cut.** Despite the growth moderation, PBoC became more patient and shifted its focus to other measures such as relending and capital market tools to support smaller companies. The decline of the average borrowing costs for smaller companies by 19bps in the first three quarters of 2021 may also give room to take a wait-and-see approach. Meanwhile, the State Council also turned to fiscal policy to support SMEs in the manufacturing sectors via a delay of tax payments. Hence, we think the chance of an imminent RRR cut is much lower in 4Q. The disappointing September economic data failed to stop RMB from strengthening further. The clean break of 6.4 was driven by four factors including strong FX fundamentals, persistent portfolio inflows, flushed dollar liquidity and rising expectations on a partial removal of US tariffs. We expect RMB to remain supported in the near term. China also reacted swiftly to contain the spill-over from two event risks - First, China gave reassurance to meet the reasonable funding demand from property developers and first-time home buyers, and second, China's thermal coal futures tumbled by more than 40% from its mid-October peak after swift measures being rolled out by both the central and local governments. This may remove one of the potential event risks disrupting China's industrial production.

4. **OCBC SME Index (SMEI) is expected to inch down to 52.9 in October** from 53.2 in September but remain expansionary (>50) for the 9th consecutive month.

5. **Natural gas prices rose to record highs,** especially LNG cargoes in Asia. Asian spot LNG cargoes traded around $6/mmbtu about half a year ago – it has now risen to more than $30/mmbtu. European LNG prices have since taken a breather since Russia said it would pipe more gas into Europe, but LNG-dependent Asia will likely continue to face sky-high gas prices until Q1 2022.

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3 November 2021

## Asset Class Views

| | House View | | Trading Views |
|---|---|---|---|
| FX | **G-10 FX:** In October, we experienced one of the fastest pricing in of central bank rate hike expectations in recent memory. There appears to be a concerted bet to push the dovish-leaning central banks, such as the ECB and RBA, to tilt more hawkish. This is coupled with a paradoxical unease that those same newly expected rate hikes would then lead to a sharply negative growth outcome. The net impact was a flattening of yield curves, and the subsequent flow-through to the FX space is the attempted rebound in the EUR and AUD. A shift in dynamics between the FX space and the central banks is underway, and November will be about whether a new equilibrium can be achieved and how it will look like. After the volatility has settled, we see two distinctions potentially opening up. Firstly, the higher inflation / slower growth nexus should imply a sharper divergence between the central banks which are in the position to hike versus those which are not. Secondly, as more and more central banks will move to the hawkish end of the spectrum, there is a need to differentiate within this hawkish group. Which of the central banks are most positioned to hike without a clear detrimental impact on growth? The USD is likely to still come up on top on between counts, with the EUR and JPY on the other end of the spectrum. Thus, the central thesis of being long USD against the lower-yielding reserve currencies is effectively unchanged. The antipodeans, especially the AUD, is where there may be a more fundamental change. We may now see an acknowledgement that the RBA can afford to lean away from the dovish end of the spectrum, and yet withstand growth hits through the supportive commodity complex. This stance provides us with some arguments to start backing the AUD going forward. | | Stay long USD against EUR and JPY<br><br>Reassessing AUD view – potential to turn net long on AUD. |
| | **Asian FX and SGD:** In Asia, the Chinese domestic macro backdrop continues to see no improvement. However, that that does not impinge on the RMB, so long as trade and portfolio inflows remain supportive. Against that anchor, the USD-Asia pairs could diverge on their exposure to the elevated commodity complex. Continue to prefer the MYR and IDR, against the likes of the INR and KRW. On the Singapore front, the MAS was surprisingly optimistic in the October MPS meeting, leaving us to believe that it may steepen the SGD NEER slope again in April 2022 should the economy progress as expected. The SGD NEER is anchored at the +1.00% above parity mark for now. While it may not immediately shift higher, do not rule out an upward trajectory on a multi-month horizon, with +1.50% as the first target. Thus, there is room for the SGD to appreciate on a basket basis | | Structural long SGD on a basket basis<br><br>Long CNY against North Asian counterparts |
| Commodities | We maintain our view that Brent is likely to peak at \$85-\$90, unless demand for crude oil increases by more than 10% from current levels on a sustained basis. | US demand for gasoline remains slightly below pre-Covid levels and is not supportive of the \$100-oil theory just yet. There have been tighter supply years in 2017 and 2018, and prices traded around current levels back then. By that theory, we do not see the justification for oil to trade higher than those years. | Sideways |
| | Gold may receive a boost from inflation-hedging demand as concerns of stagflation begin to manifest in markets. Gains, however, are expected to be limited. | More than fears of inflation, the market's real concern is a suffocation of growth from the current supply bottlenecks and elevated price pressures. This has resulted in a bond rally, driving yields lower and keeping gold prices in check. | Sideways |

## Research Monitor (November)

3 November 2021

| | House View | Trading Views[1] | |
|---|---|---|---|
| Rates | Amid the risk of "transitory" inflation staying for longer, rates market has aggressively increased pricing of monetary tightening. Powell now see elevated inflation to last well into next year, and Yellen also expects inflation to stay high through the first half of 2022. Meanwhile, the flatter yield curves in a number of core markets reflect market worries about tighter financial conditions denting the growth prospects.<br><br>The latest FOMC minutes revealed an "illustrative path" of taper, where asset purchase will be reduced by USD15bn per month and taper is expected to end around mid-2022. This timeline is in line with our view, but nevertheless represents a rapid pace.<br><br>Fed fund futures is pricing in two rate hikes by end 2022; Eurodollar futures are more hawkish pricing between two to three rate hikes. These are against our core scenario for one rate hike by end-2022.<br><br>In UK, while it looks like the BoE will deliver a Bank Rate hike at either the November or the December MPC meeting, market pricing of two back-to-back rate hikes by year-end looks overly hawkish to us.<br><br>In Australia, after the RBA "let go" the yield on the April 2024 bond, market watchers whether the central bank will abandon its 3Y yield target. | **USD rates:** The UST curve flattened over the past month on hawkish re-pricing of monetary tightening at the front end. While market pricing is more hawkish than our core scenario, we suspect some dovish triggers are needed for the market to scale back its expectations. As such, front-end yields are likely to consolidate around current levels. At the long end, the upward move in the 10Y nominal yield in October was primarily driven by inflation expectation, while real yield stayed deeply negative which is at odds with the economic prospect. Our expected multi-week range for the 10Y yield is 1.55-1.75%; the resistance appears strong for the 10Y bond to rally below 1.55% sustainably. | ↑ |
| | | **Asian rates:** SORA OIS were paid up across the curve mainly on the back of higher USD rates, while domestic liquidity was also on the tight side as reflected by the higher FX swap points and MAS bill yields. The underperformance of SGD SORA OIS versus USD SOFR OIS shall not last, and we look for **SGD-USD OIS spreads** to narrow. Likewise, the widening in **SGS-UST yield spreads** was not justified by fundamentals; investors might have chosen to stay cautious ahead of the 2022 SGS supply schedule which will include both SGS (MD) and SGS (Infra).<br><br>As for **IndoGBs**, the domestic conditions including light supply and flush liquidity amid a subdued LDR have stayed favourable. Global yields movement remains as the swing factor. Foreign investors have yet to make a comeback, who may demand higher domestic yields upon any further upside to global yield. Between these opposing forces, the 10Y yield (FR91) is likely to hover around and above the 6% handle for now.<br><br>**MGS** have mostly followed the direction in USTs. The MYR IRS market is also pricing in the start of the domestic tightening cycle in late 2022, with 1Y MYR IRS at 26bp higher than 3M KLIBOR. In the near term, we expect 3Y and 5Y MGS to consolidate at or below the current yield levels, given still a lack of hawkishness from BNM itself.<br><br>**CGB** yields are higher on the month as the medium-term liquidity situation stays on the tight side while the PBoC chose to provide short-term liquidity instead. OMO injections and focusing on fiscal policy to support SMEs have reduced hope for an RRR cut near term. Any downward adjustment in CNY rates cannot be big arising from short-term liquidity provision only. The 10Y CGB yield is likely to trade in a slightly higher range of 2.9-3.1% on a multi-week horizon. | ↑ |

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

<table>
<tr><th></th><th>House View</th><th colspan="2">Trading Views</th></tr>
<tr><td rowspan="2">Credit</td><td rowspan="2">UST 10Y Yields climbed 10bps m/m to 1.56% amidst the release of a weaker-than-expected September jobs report, various inflation indicators, and comments from key US officials that high inflation will likely persist for longer. While it is clear that the US central bank will taper by the end of the year, the timeline for rate hikes is still relatively hazy. Consequently, this has led to relatively high intramonth yield volatility. In the US bond market, investment grade and high-yield spreads initially widened on concerns about the debt ceiling, but eventually tightened after 14 October as President Biden signed a temporary extension bill to raise the debt limit by USD480 billion. In the primary market, both US investment grade and high-yield issuances fell from September's high, falling 24.9% m/m to USD120.7bn in October and 33.0% to USD34.5bn in October respectively.<br><br>In the Asiadollar space, USD31.7bn was priced through October, falling 18.4% m/m. All eyes are still focused on China Evergrande Group ("EVERRE") as investors continue to speculate whether EVERRE will collapse or if the Chinese government will intervene. As of month's end, EVERRE had made coupon payment on two of its offshore bonds just before the end of its grace period. However, this only gives the company two more weeks to deal with its liquidity issues as the grace periods on other offshore bonds edge closer. This increasing tension caused high-yield corporate spreads in Asia to significantly widen m/m. On the other hand, Asiadollar investment grade spreads remained relatively unchanged m/m, mirroring US bond spreads that initially widened due to debt ceiling concerns and persisting regulatory risk in China but eventually tightened to end the month.<br><br>The SGD space saw lower issuance with SGD3.1bn priced, ~26.1% below September. The largest deal of the month came from the Housing and Development Board which priced SGD900mn 7-year bonds at 1.54%. An interesting issuance was Nanyang Technology University's SGD650mn sustainability-linked bond, which included a 50bps payment based on its outstanding principal amount if the university failed to meet its sustainability performance targets. Other notable deals included Tuan Sing Holding Ltd's SGD200mn 3NC2 senior bond, AIA Group Ltd's SGD105mn 40-year subordinated bond, and GuocoLand Ltd's SGD300mn 5-year senior unsecured bond.<br><br>Looking ahead, November could be a volatile month as the US central bank might decide to begin the tapering of its USD120 billion asset purchase program and Evergrande could potentially default on one of its USD offshore bonds if it is unable to meet its short-term liquidity needs.</td><td>FPLSP 4.98% PERP: The rise in rates have weighed on prices which fell by ~2 pts over 2 months. With Frasers Property Ltd's ("FPL") REITs posting decent results (Frasers Centrepoint Trust) and expected to remain resilient (Frasers Logistics & Commercial Trust), we believe these should provide an anchor to FPL's portfolio. We also expect FPL's hospitality segment to gradually recover with more vaccinated travel lanes. We like FPLSP 4.98% PERP trading at ~4.5% YTC.</td><td>↑</td></tr>
<tr><td>HSBC 4.7% PERP: Underlying trends for HSBC's businesses and its strategic execution look supportive for its fundamentals. This has given management a constructive view on 2022 despite a cautious outlook on the operating environment. We think the current spread to call looks attractive with the shorter call date.</td><td>↓</td></tr>
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3 November 2021

## Macroeconomic Views

| | House View | Key Themes |
|---|---|---|
| US | The upcoming 4th November FOMC meeting would likely announce the taper to kick off with US$10b UST and US$5b MBS monthly to complete by mid-2022. With CPI consistently hovering at the 5% level, it is not likely that inflationary pressures will subside in the short term due to stickiness in supply related shortages and some signs of labour market tightening. We expect the Feds Funds Rate may start to rise from 0.25% to 0.50% in late 2022. | Inflation worries remain dominant. US' CPI rose 5.4% yoy in September, marking the 5th straight month that CPI was above the 5% handle. Fed Chair Powell opined inflation is "likely to last longer than previously expected, likely well into next year" due to supply chain bottlenecks and energy costs pushing up prices across the board. Nonetheless, Powell remains reticent about rate hikes, stating that it would risk an economic slowdown. Short term UST bonds came under selling pressure this month as markets are now pricing in a 70% chance of a first-rate hike by mid-2022. While the 10-year UST bond yield hovers below 1.6% amid growth headwinds, the yield curve has flattened. The upcoming October nonfarm payrolls and unemployment report due 5 November is likely to see +450k and 4.7% respectively, which should meet the Fed's improvement criteria. |
| EU | Although the ECB maintains it will keep its main refinancing rate at 0% for 2021 for the foreseeable future, nevertheless, with inflation ticking higher due to energy and food prices, market is already pricing in a more hawkish rate trajectory,. Market players are also waiting for the December MPC where a successor to the PEPP may be unveiled. There is an incentive for the central bank to maintain the kind of flexibility across asset classes and jurisdictions that the PEPP features. | While the ECB reiterated its dovish stance at its October meeting and president Lagarde insisted that current inflationary pressures are transitory and should remain below the 2% medium-term target, financial markets have begun to pricing in a 20 basis point hike for December 2022. The 1-month Euro Overnight Rate is also now pricing in the main refinancing rate being shifting from -0.5% to 0% in three-years' time. ECB's long-term inflation forecasts are 2.2% in 2021, 1.7% in 2022 and 1.5% in 2023, even though the Euro zone inflation hit a decade high of 3.4% in September. Elsewhere in Europe. Norway raised its key rate from 0 to 0.25% in September, Poland increased its borrowing cost from 0.1% to 0.5% and the Czech National Bank raised its main interest rate from 0.75% to 1.5% in October. Lagarde also mentioned that the 1.85 trillion-euro Pandemic Emergency Purchase programme (PEPP) will likely end as scheduled by next March, so the question is what program will succeed. |
| Japan | The BOJ has maintained its ultra-loose monetary policy, defying the trend of moving away from accommodative policies by its peers. While the downward revision in FY2021 CPI forecast was expected, the margin of the revision is on the wide side. Japan's unique situation of slower growth and low inflation will keep the BOJ 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. The LDP also easily kept its majority in the recent elections. Fumio's government is expected to launch an economic plan aimed at maintaining 3 pillars of "aggressive monetary easing, flexible fiscal spending and a growth strategy". His "new Japanese-style capitalism" would be unveiled in November and is aimed at wealth redistribution and reducing income disparity. Still, BOJ policymakers continue to be bearish and has trimmed the growth forecast from 3.8% to 3.4% as well as pared its core inflation forecast from 0.6% to 0%. While raw material prices have pushed Japan's wholesale inflation to a 13-year high, consumer inflation is soft as weak domestic spending prevents firms from passing on higher costs to households. |
| Singapore | 2021 growth is on track for 6.7% (our house forecast, which is in line with the official 6-7% forecast) before moderating to around 3-5% for 2022. 2022 headline and core CPI is tipped to come in at 1.5-2.5% and 1-2% yoy respectively, which paves the way for another monetary policy tightening in April 2022. However, FY22 Budget may herald changes to the GST and carbon tax, and potentially more wealth taxes. | MAS slightly steepened the S$NEER slope at the October policy review and flagged higher inflation to persist into 2022 amid above-trend growth in the next few quarters. Meanwhile, the overall, resident and citizen unemployment rates fell to 2.6%, 3.5% and 3.7% respectively in September after a brief uptick in July, with retrenchments also staying low at 2k for 3Q21. Business sentiments for the manufacturing sector retreated to a net weighted 16% for the next 6 months, led by the electronics and transport engineering, while that for the services sector continued to improve to 19% as all services industries including the F&B, retail and real estate are anticipating improved conditions with the year-end festive season and the return of overseas visitors with the extra VTLs. |

| | House View | Key Themes |
|---|---|---|
| Indonesia | Indonesia's parliament has approved a tax reform bill. Overall, it shows a focus on further fiscal consolidation, with a walk-back of an earlier plan to cut the corporate income tax rate further to 20% in 2022. Instead, it will stay at the current rate of 22%, with little said about whether further cuts will come later. There had been anticipation that bringing it to 20% would put Indonesia on par with regional FDI competitors such as Vietnam. We see the limited supply risk to government bonds aiding Indonesia's performance. | Indonesia's exports continue to be helped by an uptick in global commodity prices and demand. The print for September rose 47.6% yoy vs. expectation of 51.3%. However, the degree of miss is not big, and it came after last month's handy exports beat of 64.1% yoy growth. Imports rose by 40.31% yoy overall, while those of consumer goods grew 59.7%yoy, portending a recovery in consumer sentiment. Altogether, the trade balance came in at USD4.37bn, better than the 3.87bn that market had in mind and marking a healthy trade outturn that should continue to offer support to market sentiment. The broadly strong exports print is helped by still-strong performance from mining and oil-related exports. Mining sector exports grew by a whopping 183.6% yoy during the period, for instance, likely reflecting the help presented by upticks in both volumes and prices. Overall, it helps the ongoing economic recovery momentum that has built up given the improvement in the pandemic situation. This is in line with the uptick in October manufacturing PMI which surged to an all-time high of 57.2 from 52.2 before. This should help pave the way for Bank Indonesia to keep its policy rate unchanged into next year. |
| 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. Despite the ongoing deceleration, we see a lower chance of further monetary easing as China may turn to fiscal policy to support growth. | The Chinese economy decelerated further to 4.9% yoy in 3Q21, from 7.9% yoy in 2Q21, largely due to the base effect as China was the first major economy to recovering from the pandemic in 2H20. On two-year average after adjusting for the pandemic effect, the Chinese economy grew by 4.9% yoy, down from 5.5% in the second quarter. This 0.6% deceleration was mainly attributable to looming event risks including regulatory tightening, Evergrande debt crisis and recent power shortage. Looking ahead, we expect China's growth to slow down further to 2-3% in 4Q. China is expected to grow by about 8-8.5% in 2021. China's top leaders and regulators reassured of support for reasonable funding demand in property space. However, this does not mean the rollback of property tightening measures. The endorsement by the Standing Committee of the National People's Congress on 23 Oct to pilot a new round of property tax is likely to weigh down the fragile sentiment further in the near term. |
| Hong Kong | We maintain our 2021 GDP growth forecast to 6%, assuming a partial border reopening in 4Q21. Local consumption and investments should be supported by e-consumption vouchers and a well-contained epidemic may underpin consumer and business sentiments. Still, the economic recovery may remain uneven. | Trade data in September and retail sales in August both recorded double-digit year-on-year growth, suggesting that both the strong external demand and the rebound of local consumption may have supported the economic recovery in 3Q 2021. However, we remain wary of some downside risks facing the trade sector, which include raw material shortage, elevated shipping costs, China's power crunch and the diminishing demand after the reopening- and stimulus-induced surge. All in all, we expect exports and imports may grow by about 20% this year. On the policy front, Hong Kong Chief Executive Carrie Lam announced the latest 2021 Policy Address on Oct 6. The key notes of its plan would be shifting from combating the virus to supporting long-term development in four key areas, including promote the integration among the Greater Bay Area, tackle the persistent housing supply issue, supportive measures for various industries as well as supporting sustainable development. |

| | House View | Key Themes |
|---|---|---|
| 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. | The city cancelled its plan to reopen the border with Zhuhai and announced a third round of mass Covid-19 testing as a series of new local Covid-19 confirmed case, causing a sharp drop of visitor arrivals during golden week holiday. According to the Macau Tourism Office, there were only 8,159 visitors during the period of October 1-7. Comparing to the same "Golden Week" in 2019 and 2020, the total visitor arrivals was down by 99% and 94% respectively. We expect this sluggish China's golden week data set may translate into a poor retail sales growth, employment data and gross gaming revenue in October. |
| Malaysia | Malaysia's government has tabled its Budget 2022 on Oct 29th. Coming on the back of a grand 5-year spending plan under the 12MP, the new budget has stayed expansionary, in part due to the political considerations ahead of a potential general election next year. We see deficit coming in at 5.0-5.5% of GDP. This should allow for a narrative of fiscal consolidation from what is likely to be a shortfall of 7.0% of GDP this year. If recent years are any guide, it will also allow room for some stimulus should the economy face unforeseen headwinds once again. | Focus has been on an expansion of development expenditure, given the 12MP thrust. At MYR75.6bn, the projected amount for 2022 does mark a significant uptick from MYR62bn in 2021 but came short of the MYR80bn that we thought would have showcased the government's seriousness about the 12MP medium-term plan. Overall, the MYR332.1 spending package is easily its largest on record. Without a requisite marked uptick in revenue – still no mention of GST, for one – the deficit is left wide. The government is essentially calculating that a rapid uptick in 2022 growth, projected to be 5.5-6.5%, would help make its numbers work. That was the strategy that it depended on for 2021, only to be upended by the pandemic. Hopefully, the same scenario would not recur.<br><br>On the growth front, the downtick in virus cases has resulted in an improvement in consumer and business sentiment. For one, the October manufacturing PMI came in at a supportive 52.2 compared to 48.1 before.<br><br>Having kept its policy rate unchanged throughout this year despite the pandemic challenges, we see BNM staying the course even though it might flag global concerns a little more concretely. |
| Thailand | Thailand's economic situation is improving but the BoT's benchmark rate is likely to remain unchanged through 2022. | Economic data has started to look increasingly robust for Thailand, with CPI in September rising to 1.7% yoy (exp: 0.5% yoy) and exports growing 17.1% yoy in the same month (exp: 11.8%). With travel restrictions set to further loosen, economic growth should start to pick up momentum. |
| 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. | CPI in South Korea has exceeded 2.0% yoy for six consecutive months, with September's 2.5% yoy print particularly glaring because of the relatively high base from a year ago. China's expected industrial slowdown is expected to negatively impact South Korea's electronics output, but we think the BoK would be casting a more wary eye on rising inflationary pressures at this point. |
| Philippines | We expect BSP to keep its benchmark interest rate constant at 2.00% through this year and next. | 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 via reopening of the economy over extension of fiscal aid. |

## FX/Rates Forecast

| USD Interest Rates | Current | 4Q21 | 1Q22 | 2Q22 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| Fed Funds target (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% |
| 1M LIBOR | 0.09% | 0.13% | 0.14% | 0.15% | 0.40% | 0.90% |
| 2M LIBOR | 0.10% | 0.18% | 0.20% | 0.22% | 0.42% | 0.98% |
| 3M LIBOR | 0.13% | 0.23% | 0.28% | 0.35% | 0.45% | 1.04% |
| 6M LIBOR | 0.20% | 0.26% | 0.31% | 0.36% | 0.48% | 1.07% |
| 12M LIBOR | 0.36% | 0.38% | 0.43% | 0.48% | 0.60% | 1.11% |
| 1Y USD IRS | 0.33% | 0.33% | 0.38% | 0.43% | 0.55% | 1.07% |
| 1Y SOFR OIS | 0.19% | 0.23% | 0.26% | 0.28% | 0.35% | 0.77% |
| 2Y IRS | 0.72% | 0.70% | 0.75% | 0.85% | 1.10% | 1.80% |
| 2Y SOFR OIS | 0.54% | 0.52% | 0.55% | 0.62% | 0.82% | 1.50% |
| 5Y USD IRS | 1.26% | 1.34% | 1.40% | 1.45% | 1.65% | 2.00% |
| 5Y SOFR OIS | 1.02% | 1.11% | 1.15% | 1.20% | 1.35% | 1.65% |
| 10Y IRS | 1.58% | 1.75% | 1.87% | 1.92% | 2.15% | 2.40% |
| 10Y SOFR OIS | 1.32% | 1.61% | 1.71% | 1.74% | 1.93% | 2.10% |
| 15Y IRS | 1.70% | 1.95% | 2.12% | 2.17% | 2.27% | 2.50% |
| 20Y IRS | 1.75% | 2.00% | 2.20% | 2.25% | 2.38% | 2.60% |
| 30Y IRS | 1.73% | 2.12% | 2.22% | 2.27% | 2.50% | 2.62% |
| **SGD Interest Rates** | **Current** | **4Q21** | **1Q22** | **2Q22** | **2022** | **2023** |
| SORA | 0.22% | 0.15% | 0.15% | 0.16% | 0.16% | 0.50% |
| 1M SIBOR | 0.30% | 0.29% | 0.29% | 0.34% | 0.39% | 0.88% |
| 1M SOR | 0.27% | 0.24% | 0.25% | 0.29% | 0.34% | 0.84% |
| 3M SIBOR | 0.44% | 0.44% | 0.45% | 0.47% | 0.50% | 1.00% |
| 3M SOR | 0.28% | 0.27% | 0.28% | 0.34% | 0.40% | 0.92% |
| 6M SIBOR | 0.59% | 0.59% | 0.60% | 0.61% | 0.63% | 1.15% |
| 6M SOR | 0.32% | 0.30% | 0.32% | 0.37% | 0.43% | 0.98% |
| 1Y IRS | 0.49% | 0.40% | 0.42% | 0.43% | 0.50% | 1.02% |
| 1Y SORA OIS | 0.50% | 0.35% | 0.35% | 0.36% | 0.37% | 0.83% |
| 2Y IRS | 0.91% | 0.75% | 0.75% | 0.78% | 0.90% | 1.50% |
| 2Y SORA OIS | 0.89% | 0.70% | 0.70% | 0.71% | 0.72% | 1.28% |
| 5Y IRS | 1.58% | 1.47% | 1.47% | 1.55% | 1.65% | 1.85% |
| 5Y SORA OIS | 1.38% | 1.27% | 1.27% | 1.33% | 1.41% | 1.59% |
| 10Y IRS | 1.90% | 1.87% | 1.87% | 1.95% | 1.98% | 2.20% |
| 10Y SORA OIS | 1.68% | 1.62% | 1.62% | 1.70% | 1.73% | 1.92% |
| 15Y IRS | 2.06% | 2.05% | 2.10% | 2.15% | 2.20% | 2.23% |
| 20Y IRS | 2.09% | 2.06% | 2.10% | 2.15% | 2.25% | 2.30% |
| 30Y IRS | 2.10% | 2.06% | 2.10% | 2.15% | 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% |
| 1M KLIBOR | 1.86% | 1.86% | 1.86% | 1.86% | 1.87% | 2.05% |
| 3M KLIBOR | 1.94% | 1.94% | 1.94% | 1.94% | 1.95% | 2.20% |
| 6M KLIBOR | 2.02% | 2.03% | 2.04% | 2.04% | 2.05% | 2.25% |
| 12M KLIBOR | 2.11% | 2.13% | 2.15% | 2.15% | 2.20% | 2.40% |
| 1Y IRS | 2.21% | 2.10% | 2.10% | 2.20% | 2.20% | 2.40% |
| 2Y IRS | 2.61% | 2.50% | 2.50% | 2.52% | 2.58% | 2.50% |
| 3Y IRS | 2.86% | 2.75% | 2.75% | 2.77% | 2.85% | 3.10% |
| 5Y IRS | 3.06% | 3.05% | 3.15% | 3.20% | 3.30% | 3.45% |
| 10Y IRS | 3.50% | 3.50% | 3.55% | 3.65% | 3.70% | 3.60% |
| 15Y IRS | 3.66% | 3.70% | 3.70% | 3.72% | 3.78% | 3.80% |
| 20Y IRS | 3.83% | 3.90% | 3.90% | 3.91% | 3.92% | 4.04% |

# Research Monitor (November)

3 November 2021

| UST bond yields | Current | 4Q21 | 1Q22 | 2Q22 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| 2Y UST yield | 0.52% | 0.50% | 0.60% | 0.70% | 0.95% | 1.65% |
| 5Y UST yield | 1.21% | 1.25% | 1.30% | 1.35% | 1.55% | 1.85% |
| 10Y UST yield | 1.58% | 1.75% | 1.85% | 1.93% | 2.10% | 2.35% |
| 30Y UST yield | 1.95% | 2.25% | 2.35% | 2.45% | 2.65% | 2.70% |
| **SGS bond yields** | **Current** | **4Q21** | **1Q22** | **2Q22** | **2022** | **2023** |
| 2Y SGS yield | 0.89% | 0.70% | 0.75% | 0.83% | 0.95% | 1.20% |
| 5Y SGS yield | 1.46% | 1.35% | 1.35% | 1.38% | 1.40% | 1.70% |
| 10Y SGS yield | 1.84% | 1.75% | 1.75% | 1.83% | 1.90% | 2.10% |
| 15Y SGS yield | 2.14% | 2.08% | 2.10% | 2.15% | 2.22% | 2.27% |
| 20Y SGS yield | 2.18% | 2.15% | 2.15% | 2.20% | 2.25% | 2.30% |
| 30Y SGS yield | 2.12% | 2.10% | 2.15% | 2.20% | 2.30% | 2.37% |
| **MGS forecast** | **Current** | **4Q21** | **1Q22** | **2Q22** | **2022** | **2023** |
| 3Y MGS yield | 2.69% | 2.60% | 2.63% | 2.65% | 2.70% | 2.95% |
| 5Y MGS yield | 3.19% | 3.10% | 3.10% | 3.15% | 3.20% | 3.35% |
| 10Y MGS yield | 3.59% | 3.60% | 3.62% | 3.65% | 3.75% | 3.85% |

| FX | Spot | Nov-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 |
|---|---|---|---|---|---|---|
| USD-JPY | 114.40 | 115.42 | 115.69 | 115.42 | 114.04 | 113.49 |
| EUR-USD | 1.1568 | 1.1492 | 1.1466 | 1.1588 | 1.1738 | 1.1852 |
| GBP-USD | 1.3662 | 1.3710 | 1.3647 | 1.3718 | 1.3887 | 1.4040 |
| AUD-USD | 0.7494 | 0.7532 | 0.7453 | 0.7392 | 0.7489 | 0.7620 |
| NZD-USD | 0.7168 | 0.7238 | 0.7148 | 0.7078 | 0.7163 | 0.7275 |
| USD-CAD | 1.2396 | 1.2347 | 1.2448 | 1.2524 | 1.2407 | 1.2251 |
| USD-CHF | 0.9160 | 0.9090 | 0.9180 | 0.9246 | 0.9172 | 0.9079 |
| USD-SGD | 1.3506 | 1.3477 | 1.3514 | 1.3431 | 1.3296 | 1.3183 |
| USD-CNY | 6.4028 | 6.3909 | 6.3843 | 6.3640 | 6.3434 | 6.3227 |
| USD-THB | 33.46 | 33.69 | 33.79 | 33.60 | 33.04 | 32.42 |
| USD-IDR | 14,248 | 14,290 | 14,230 | 14,149 | 14,106 | 14,058 |
| USD-MYR | 4.1508 | 4.1417 | 4.1543 | 4.1392 | 4.1061 | 4.0774 |
| USD-KRW | 1176.55 | 1171.85 | 1181.95 | 1181.72 | 1157.92 | 1129.97 |
| USD-TWD | 27.847 | 27.891 | 27.776 | 27.785 | 27.6647 | 27.3912 |
| USD-HKD | 7.7807 | 7.7900 | 7.8050 | 7.7933 | 7.7533 | 7.7592 |
| USD-PHP | 50.42 | 50.63 | 50.71 | 50.73 | 50.32 | 49.74 |
| USD-INR | 74.93 | 75.34 | 75.28 | 74.79 | 74.51 | 74.41 |
| EUR-JPY | 132.33 | 132.65 | 132.65 | 133.75 | 133.85 | 134.51 |
| EUR-GBP | 0.8467 | 0.8383 | 0.8402 | 0.8447 | 0.8452 | 0.8441 |
| EUR-CHF | 1.0596 | 1.0446 | 1.0526 | 1.0714 | 1.0766 | 1.0760 |
| EUR-SGD | 1.5624 | 1.5488 | 1.5496 | 1.5564 | 1.5606 | 1.5624 |
| GBP-SGD | 1.8453 | 1.8477 | 1.8443 | 1.8424 | 1.8464 | 1.8510 |
| AUD-SGD | 1.0122 | 1.0151 | 1.0072 | 0.9928 | 0.9957 | 1.0045 |
| NZD-SGD | 0.9682 | 0.9755 | 0.9660 | 0.9507 | 0.9524 | 0.9590 |
| CHF-SGD | 1.4744 | 1.4827 | 1.4722 | 1.4527 | 1.4496 | 1.4521 |
| JPY-SGD | 1.1807 | 1.1677 | 1.1682 | 1.1636 | 1.1659 | 1.1616 |
| SGD-MYR | 3.0733 | 3.0731 | 3.0740 | 3.0818 | 3.0883 | 3.0929 |
| SGD-CNY | 4.7406 | 4.7420 | 4.7240 | 4.7383 | 4.7710 | 4.7960 |

# Research Monitor (November)

3 November 2021

## Macroeconomic Calendar

| Date Time | C | Event | Period | Surv(M) | Actual | Prior |
|---|---|---|---|---|---|---|
| 01/11 16:30 | HK | GDP YoY | 3Q A | -- | -- | 7.60% |
| 02/11 21:00 | SI | Electronics Sector Index | Oct | -- | -- | 51.2 |
| 02/11 21:00 | SI | Purchasing Managers Index | Oct | -- | -- | 50.8 |
| 02/11 07:00 | SK | CPI YoY | Oct | -- | -- | 2.50% |
| 03/11 05:45 | NZ | Unemployment Rate | 3Q | -- | -- | 4.00% |
| 04/11 18:00 | EC | PPI YoY | Sep | -- | -- | 13.40% |
| 05/11 12:00 | ID | GDP YoY | 3Q | -- | -- | 7.07% |
| 05/11 11:30 | TH | CPI YoY | Oct | -- | -- | 1.68% |
| 09/11 10:00 | PH | GDP YoY | 3Q | -- | -- | 11.80% |
| 10/11 21:30 | US | CPI MoM | Oct | -- | -- | 0.40% |
| 10/11 09:30 | CH | CPI YoY | Oct | -- | -- | 0.70% |
| 11/11 15:00 | UK | GDP QoQ | 3Q P | -- | -- | 5.50% |
| 12/11 12:00 | MA | GDP YoY | 3Q | -- | -- | 16.10% |
| 15/11 07:50 | JN | GDP SA QoQ | 3Q P | -- | -- | 0.50% |
| 16/11 18:00 | EC | GDP SA QoQ | 3Q P | -- | -- | -- |
| 17/11 15:00 | UK | CPI YoY | Oct | -- | -- | 3.10% |
| 17/11 21:30 | CA | CPI YoY | Oct | -- | -- | 4.40% |
| 17/11 18:00 | EC | CPI YoY | Oct F | -- | -- | 3.40% |
| 17/11 08:30 | SI | Non-oil Domestic Exports YoY | Oct | -- | -- | 12.30% |
| 18/11 00:00 | SI | GDP YoY | 3Q F | -- | -- | 6.50% |
| 22/11 16:30 | HK | CPI Composite YoY | Oct | -- | -- | 1.40% |
| 23/11 13:00 | SI | CPI YoY | Oct | -- | -- | 2.50% |
| 24/11 21:30 | US | GDP Annualized QoQ | 3Q S | -- | -- | -- |
| 24/11 21:30 | VN | CPI YoY | Nov | -- | -- | -- |
| 26/11 13:00 | SI | Industrial Production YoY | Oct | -- | -- | -- |
| 29/11 21:00 | GE | CPI YoY | Nov P | -- | -- | -- |
| 30/11 07:50 | JN | Industrial Production MoM | Oct P | -- | -- | -- |

## Central Bank Interest Rate Decisions

| Date Time | C | Event | Period | Surv(M) | Actual | Prior |
|---|---|---|---|---|---|---|
| 02/11 11:30 | AU | RBA Cash Rate Target | Nov-02 | -- | -- | 0.10% |
| 02/11 11:30 | AU | RBA 3-Yr Yield Target | Nov-02 | -- | -- | 0.10% |
| 03/11 15:00 | MA | BNM Overnight Policy Rate | Nov-03 | -- | -- | 1.75% |
| 04/11 02:00 | US | FOMC Rate Decision (Lower Bound) | Nov-03 | 0.00% | -- | 0.00% |
| 04/11 02:00 | US | FOMC Rate Decision (Upper Bound) | Nov-03 | 0.25% | -- | 0.25% |
| 04/11 20:00 | UK | Bank of England Bank Rate | Nov-04 | -- | -- | 0.10% |
| 10/11 15:05 | TH | BoT Benchmark Interest Rate | Nov-10 | -- | -- | 0.50% |
| 18/11 08:30 | AU | RBA FX Transactions Government | Oct | -- | -- | A$1505m |
| 18/11 15:20 | ID | Bank Indonesia 7D Reverse Repo | Nov-18 | -- | -- | 3.50% |
| 18/11 16:00 | PH | BSP Standing Overnight Deposit Facility Rate | Nov-11 | -- | -- | 1.50% |
| 18/11 16:00 | PH | BSP Overnight Borrowing Rate | Nov-18 | -- | -- | 2.00% |
| 24/11 09:00 | NZ | RBNZ Monetary Policy Statement | | | | |
| 24/11 09:00 | NZ | RBNZ Official Cash Rate | Nov-24 | -- | -- | 0.50% |
| 25/11 03:00 | US | FOMC Meeting Minutes | Nov-03 | -- | -- | -- |
| 25/11 09:00 | SK | BoK 7-Day Repo Rate | Nov-25 | -- | -- | 0.75% |

*Source: Bloomberg*

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