Economics & Strategy Research

DBS Monthly

Slowing growth; buoyant markets

Group Research

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Taimur Baig
Chief Economist
taimurbaig@dbs.com

Irvin Seah
Economist
irvinseah@dbs.com

Please direct distribution queries to
Violet Lee +65 68785281
violetleeyh@dbs.com

- ***Economics:*** *Our Nowcasting models indicate further slowing of growth momentum in China, India, and Singapore in 1H19. Markets are however discounting the stream of weak data on consumption, investment, and trade, and rallying on expectations of easing geo-political risks and trade tensions, and dovish monetary policy. The positive sentiment is likely to last a few months, but then volatility could spike if commodities rebound, markets heat up, and the durability of dovish policy is questioned.*

- ***FX****: We expect USD strength to last through 3Q as data and rates differentials would likely favour the US over Europe and Japan.*

- ***Rates:*** *Monetary policy in Asia has firmly shifted towards neutral/dovish. Investors have picked up the cue, driving a surge of inflows into EM sovereign debt.*

- ***Credit****: With Asian credit spreads continuing to grind tighter, we believe valuations are turning gradually to the expensive side.*

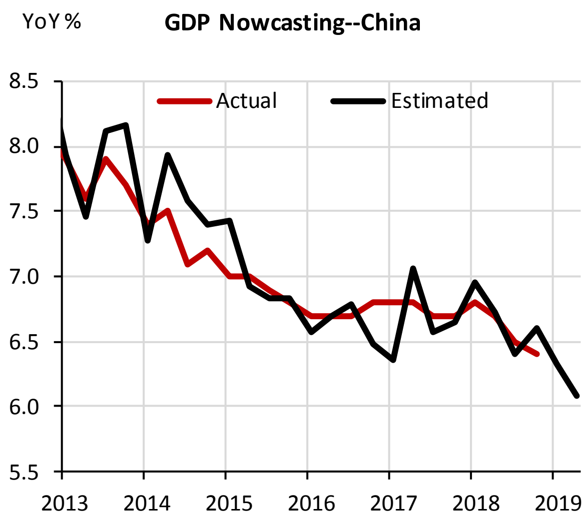
- ***Equities****: ASEAN markets have gained 5% YTD in local currency terms and 7% in USD terms. We believe there is still upside potential while pausing, until certain concerns are alleviated.*

Economics: Weak data, strong markets

We have updated our GDP Nowcasting models for China, India, and Singapore with high frequency data available through the middle of February.[1] As designed, the models now are making calls on 1Q2019 and generating forecasts for 2Q2019. Key observations:

China

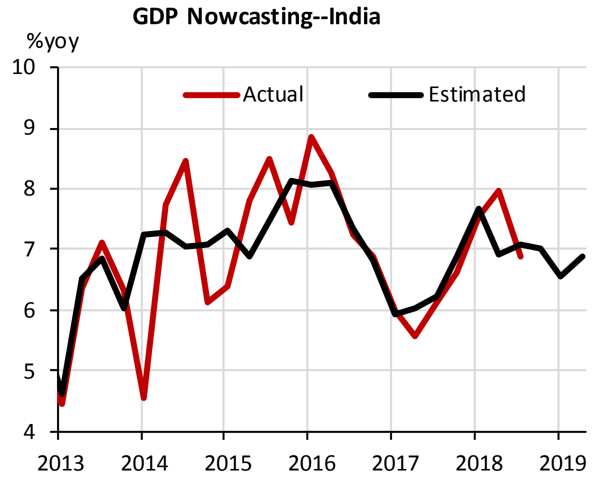
With real GDP growth slowing in each successive quarter in 2018, and the 2019 data available so far offering little evidence of the slowdown being arrested despite some stimulus measures in place, our model is estimating sustained slowdown in 1H2019. While loans are bottoming out, industrial production, domestic sales, and trade show no sign of a turnaround yet. We see 1Q growth at 6.3% and 2Q at 6.1%. If further fiscal stimulus and liquidity injection take place, and sentiments improve around a resolution in trade wars, then there is a modest chance that growth could surprise on the upside. For the time being though, the hard data remain a source of consideration concern.



Source: CEIC, DBS Group Research.

India

India's growth momentum has also slowed lately, although it is still better than the particularly weak patch experienced in 2017. Like China, auto and retail sales have been poor lately, along with trade. Tourism is strong, and credit growth has picked up, which may help growth stabilize going forward. The impact of increased government spending ahead of the general elections in 2Q may help as well.



Source: CEIC, DBS Group Research

Singapore

Singapore's production has not been as weak as China or India, but credit, tourism, and sales have been disappointing. Our Nowcast points to around 2% growth in 1H2019.

Taken together, these estimates are consistent with the global data narrative of further slowing of growth momentum in 1H19. Data out of EM and DM alike are showing similar trend. Markets are however discounting the stream of weak data on consumption, investment, and trade, and rallying on expectations of easing geo-political risks and trade tensions, and dovish monetary policy. The positive sentiment is likely to last a few months, but then volatility could spike if commodities rebound, markets heat up, and the durability of dovish policy is questioned. Already, oil has marketed a decisive bottom, with the WTI up by 25% this year (albeit at a still-reasonable level of USD56). Our strategists see recently-cheap assets already close to being fully valued. The market swoon of late 2018 seem rather distant already.

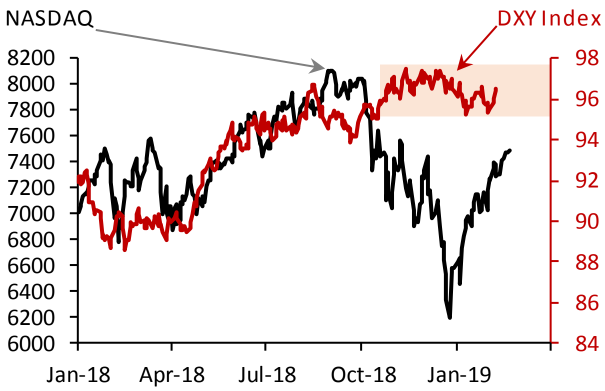
Taimur Baig

[1] For details on the methodology and data used in the Nowcasting exercise, see here

FX: USD is holding firm in a volatile landscape

We are now forecasting the US dollar to peak in 3Q19 instead of 2Q19. Barring further shocks to the global economy, the Fed will not turn dovish and stay patient on rate hikes which we expect will resume with two increases in 2H19. **The greenback has been notably resilient to the sharp falls in US stocks and bond yields.** For example, the Nasdaq plunged 23% in October-December while the 10Y treasury yield fell to 2.55% from above 3% in November-January. This did not hammer the USD Index (DXY) below the tight 95-97.7 range it has locked in since mid-October.

USD has held up well despite NASDAQ's plunge



Sources: DBS Research, Bloomberg data

Unlike 2017, there are no alternative currencies with the capacity and fundamentals (relatively stronger to the US) to absorb any flight from the USD today. Growth rates in the three largest Eurozone economies – Germany, France and Italy – have fallen below 1% YoY in 4Q18. Japan posted no growth (0%) for the same quarter with this year's outlook clouded by the scheduled sales tax increase to 10% from 8% in October and a labour data scandal questioning Abenomics. Eurozone and Japan are also worried that US President Trump may impose import tariffs on automobiles and auto parts headed to America.

Against this dismal outlook, central banks in the EU and Japan will not be looking to hike rates this year, keeping their 10Y bond yields depressed near 0% in nominal terms and negative in real terms. This compares poorly with US bonds that not only offer yields above the 2% inflation target, but are also underpinned by the Fed's intention to wind down or roll back its balance sheet reduction later this year. **It was probably no coincidence that the Japanese yen weakened past 110 soon after 10Y JGB yields turned negative this month.**

Looking into March, we remain wary of risks associated with two deadlines approaching on 1st March for the US and China to reach a deal to ease trade tensions, and on 29th March for Britain to avert a disorderly no-deal Brexit. Given the recent disappointing data, it is not unreasonable to associate the return of risk appetite in February with hopes for positive outcomes here.

Between the two issues, the odds are higher for a partial US-China trade deal to avert, on 1st March, an increase in US tariffs to 25% from 10% on USD200bn of Chinese goods. US Trade Representative Lighthizer, at his testimony to US lawmakers on 27th February, is **unlikey to call this a deal to end the trade war**, but an outline to extend the trade truce and allow for **more negotiations to find middle ground on the other contentious issues**.

Looking ahead, there were **two lessons from Trump's trade truce with Europe** last July. First, it not stop the Eurozone economy from slowing and China is expected to announce, on 5th March, a lower 6-6.5% growth target for 2019. Second, the US-EU trade deficit has hit another record-wide with Trump contemplating tariffs on automobiles and auto parts entering the US. Hence, **any US-China trade deal could well be a "buy-the-rumour, sell the fact" event to take profit on the yuan's appreciation** during this 90-day truce that started last December.

The real threat to speculators who brought the British pound above 1.30 this week is their false optimism for UK to avoid a no-deal Brexit. The resignations of UK lawmakers have spread from the ruling Conservative Party to the main opposition Labour Party. Without political unity, a majority in the British House of Commons will be hard to come by to formalize a Brexit deal that agrees with the EU, a precondition for the EU to accede to any UK request for an extension of the 29th March Brexit deadline. Prime Minister Theresa May is, nonetheless, considering a Brexit delay if her deal is defeated at the Commons on 27th February. Labour Party Jeremy Corbyn is, however, leaning closer towards calling for a second referendum. Given the difficult landscape, the desire to avoid a no-deal Brexit by UK/EU does not mean that it could be avoided.

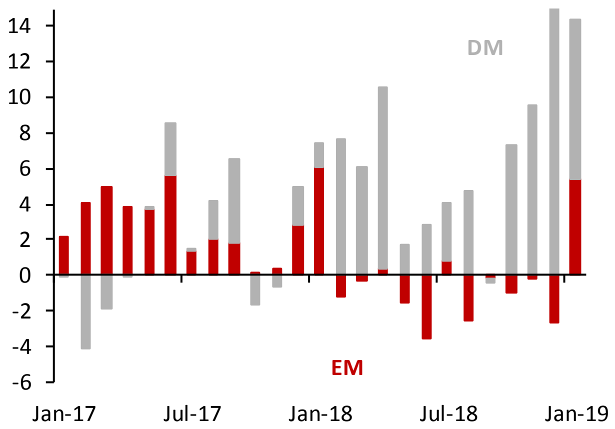
Philip Wee

Rates: EM flows return

Fears of slowing global growth point to muted impetus from the G3 central banks to continue normalising policy. We now expect just two hikes from the Fed (likely in 2H19), taking the terminal Fed funds rate ceiling to 3.00%. Meanwhile, the European Central Bank (ECB) is likely to be on pause but we suspect that a dovish tilt may be in the offing. Lastly, the Bank of Japan (BOJ) is set to continue asset purchases but is unlikely to tinker with policy rates.

Against this backdrop, monetary policy in Asia has firmly shifted towards neutral/dovish. In February, Thailand, Indonesia, and the Philippines kept policy rates constant. Korea will most likely follow suit next week (cuts are unlikely just yet given the recent hike late last year). The Reserve Bank of India (RBI) was the most aggressive of the lot, cutting policy rates by 25bps. Aside from easing rate differential pressures (vis a vis the US), economic conditions suggest that more cuts are needed given where growth (still low) and inflation (drifting lower) are. Notably, headline CPI has been falling over the past few months allowing real rates to drift higher.

DM vs EM Sovereign flows
USD bn



Source: EPFR Global

Investors have also picked up the cue, driving a surge of inflows into EM sovereign debt. According to EPFR data, investors finally moved USD 5.5bn into EM sovereigns, marking the largest inflow since January 2018. This could just be the beginning if economic conditions and risk appetite stabilise. Through multiple bouts of volatility in 2018, interest in EM debt has been lacklustre and we suspect that investors may still be underweight.

Comparatively, interest in DM bonds (probably the US) has been strong since 4Q18. At that point, UST yields were very attractive with 10Y yields hovering above 3%. Subsequently, the deterioration in sentiment in December prompted a flight to safety that sent 10Y yields briefly below 2.60%. Despite 10Y US yields being down by some 50bps compared to the recent high, persistent growth worries provided support for USTs. **There has already been sizable accumulation of DM sovereigns since early 2018**. If US data stays firm as we expect, investor demand for DM govvies should wane.

With the government re-opened, narrative across the ongoing China-US trade talks, the upcoming debt ceiling reinstatement (1st March) and the Brexit deadline will drive sentiment. USD rates are probably rangebound with a modest upward bias. This should provide **a reasonably conducive environment for EM sovereigns to perform well.**

Running ideas:
-long 3Y Indo govvie (7th Jan)
-short Dec-2019 Fed funds futures (7th Jan)

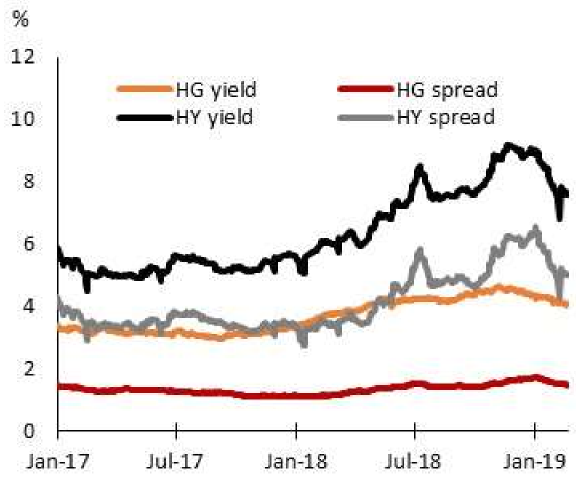
Eugene Leow

Credit: Mature valuations, selective opportunities

Valuations turning rich: With Asian credit spreads continuing to grind tighter, we believe valuations are turning gradually to the expensive side. This reflects a shift in market sentiment from pessimism at the end of last year to a high level of optimism, driven by central bank policy and easing of geopolitical concerns. At an index level, the Bloomberg Barclays indices show that spreads are still wider than that seen during most of the past two years (HG spread of about 150bp currently versus 110-130bp in 2017-18 and about 500bp versus 300-400bp in the case of HY).

We believe higher spreads are justified given a greater degree of policy uncertainty today and concerns over global growth. In the case of high yield, the current higher spreads are also affected by the increasing proportion of shorter duration but higher yielding bonds from lower rated issuers (e.g. 2Y bonds at 10% yield). Anecdotally, for stronger credits within HY (especially Indian and Indonesian BBs), spreads are as tight as in the past. Even in the subordinated debt space, we note Asian bank AT1s trade much tighter than comparable European banks, although supported by better technicals (lower supply, PB bid, etc).

Asian high grade and high yield valuations



Note: Bloomberg Barclays Asia HG and HY indices
Source: Bloomberg, DBS

Policy uncertainty adds to risk: That said, given changed market expectations around interest rates and optimism around easing of trade tensions, we see no major catalyst for a meaningful sell off in the near term. Hence, high quality bonds should remain well supported, but at current levels are more for coupon carry than meaningful price appreciation. Nevertheless, we believe valuations are getting to a stage where some caution and selectiveness is warranted. Taking the new issue market as a guide, while there are selective deals offering value, several issues are also priced to perfection (at the tight end of the range), leaving little room for error. Large order books (20x in a deal last week) and zero allocation for several investors is another sign that the market is getting heated.

A key question is whether markets have over-interpreted Fed moves and the risk that sentiment could take a sharp turn should Fed policy change. The latest Fed minutes left the possibility for this open with the statement "Several other participants indicated that, if the economy evolved as they expected, they would view it as appropriate to raise the target range for the federal funds rate later this year" (DBS economists expect two rate hikes from the Fed in the second half). Hence, US macro data, especially inflation, and Fed communication will be the key to how long the current optimism in market sentiment can be sustained.

Opportunities: We see selective pockets of value. We still maintain our preference for BBB bonds, which was one of our top trades at the start of the year. While yields are less compelling, we still see them as suitable for coupon carry, especially with BBB Asian fundamentals remaining largely stable. There are also selective opportunities in the BB space. In both segments, Chinese credits offer better value / yield pick-up (mainly due to greater supply of Chinese bonds). Subordinated debt is another area of value. While valuations are again on the tighter side (e.g. European AT1s trade much wider than Asian AT1s on a comparable rating basis), these are again suitable for coupon carry (Asian AT1s and corporate perps of high-grade issuers have good technical support (less supply, PB bid)). We remain cautious on single B and lower rated credits, given rising incidents of credit stress, which is partly reflected in Chinese single B bond spreads.

Neel Gopalakrishnan

Equities: ASEAN opportunities

ASEAN markets have gained 5% YTD in local currency terms and 7% in USD terms. **We believe there is still upside potential while pausing, until certain concerns are alleviated**. On the global side, markets continue to closely monitor the progress of trade negotiations between the US and China, Brexit uncertainties, Fed's QT tapering and interest rate movements, and Eurozone's political risk. Despite the challenging global environment, ASEAN continues with its domestic reflation policies, in their own ways.

Trump meets Kim in Hanoi on February 27-28

The second Trump-Kim meeting after the first in Singapore will take place in Vietnam. Reportedly, Singapore tourism picked up better than expected as the country was placed in the global spotlight after the Trump-Kim summit. We expect the same to happen to Vietnam. The case for investing in Vietnam had already been strong – itself being a manufacturing and processing destination for electronics and textiles as a low-cost alternative to China. The ongoing China-US trade war will drive exporters to have a diversification strategy and Vietnam should be one of the main beneficiaries from this production shift. Meanwhile, the country remains in the MSCI frontier markets list but has yet to join the Asean5 and Pakistan in MSCI emerging markets. **We think it is only a matter of time before it gets promoted, as long as market reforms continue accordingly**, especially with regard to foreign ownership limits and transparency.

Vietnam Ho Chi Minh Stock Index

Source: Bloomberg

Elections in Thailand on March 24

We see the upcoming elections in Thailand as being positive for the market as it will mark the country's return to democracy after almost five years of military rule. We expect a smooth transition of power to the new government, which is likely to be a multi-party coalition. This should be positive in terms of policy continuity, FDI, and international relations.

Thailand's Consumer Confidence Index has improved for the first time in five months, from 79.4 in December 2018 to 80.7 in January 2019. Consumers perceive the upcoming elections to be positive for the economy. In addition, the easing of the trade war between the US and China and the return of Chinese tourists have helped boost consumer confidence in the past month.

We still like the Commerce and Finance sectors, which should benefit from domestic private consumption recovery. We also like the Food sector, which should see a strong turnaround in earnings this year.

SET Index's pre- and post-election movements — History suggests positive returns after the election

Election	SET Index Change						
	-3m	-2m	-1m	Index	+1m	+2m	+3m
24-Jul-88	15%	8%	0%	457.00	4%	4%	5%
22-Mar-92	19%	4%	2%	814.39	1%	20%	8%
13-Sep-92	8%	9%	6%	801.90	-8%	-12%	-6%
02-Jul-95	15%	15%	-1%	1,394.77	1%	6%	8%
17-Nov-96	-8%	-5%	9%	1,000.73	15%	22%	40%
06-Jan-01	7%	-2%	5%	286.76	-11%	-4%	2%
06-Feb-05	13%	8%	4%	719.10	-1%	5%	4%
02-Apr-06	3%	-2%	-3%	733.25	-5%	1%	8%
03-Jul-11	-2%	-3%	-2%	1,041.48	-8%	-2%	20%

Source: Election Commission, DBSVTH

Elections in Indonesia an overhang, but not enough to derail

The JCI (Jakarta Composite Index) has gained 3.6% in local currency terms and 5.6% in USD terms year to date. **We believe the market is taking a breather after the recent strong gains, but we expect more upside after the pullback**. The upcoming presidential election may not be a big risk factor but perhaps there could be more risks if the incumbent does not win and thus present an overhang for the market. At current valuations, we think investors may want to wait for this overhang to be removed before further positioning instead of chasing at current levels. Consensus earnings growth forecast still show a lot of resilience and 2019 earnings growth still hover around 11-12%.

Admittedly, compared to end of last year, we think the associated currency gains (dollar perspective) from investing in JCI could be limited now that the rupiah has recovered about 7% from last year's low. Our view that the USD may not be ready to turn weaker, and that the current account deficit is still a sore point for Indonesia, are valid considerations.

Singapore Budget's limited impact on the STI

Budget 2019 has little/no impact on the Straits Times Index (STI) component stocks overall. Looking ahead, the Committee of Supply by the various ministries would be of interest, where we look forward to more details such as the URA Master Plan 2019 on potential plans for Greater Southern Waterfront region, Zero Waste Masterplan on food waste, e-waste and packaging waste (including plastics) and the new Home Team Science & Technology Agency to develop science and technology capabilities.

The 2019 version of Urban Redevelopment Authority (URA) will guide the planning parameters of Singapore's urban development over the next 10-15 years. While there might be potential tweaks to plot ratios or land uses to support the ongoing transformation of the city landscape, we believe that the most interesting piece of development will come from the potential plans for the Greater Southern Waterfront region, with the Tanjong Pagar container ports moving out in the coming decade. Plans to redevelop the Greater Southern Waterfront, together with Pulau Brani into a new vibrant waterfront precinct, will be an anchor to the planned rejuvenation of the area.

In addition, the Urban Redevelopment Authority (URA) is also widely expected to unveil a "first" Underground Master Plan in a comprehensive look at subterranean spaces to support potential uses and needs. In previous media releases, some of the potential uses may be expanded to include data centres, utility plants, bus depots, a deep tunnel sewerage system, warehouses or even water reservoirs.

Singapore REIT investors will also cheer on the extension of tax concessions for S-REITs to 31 December 2025 (from 31 December 2020). The sunset clause for the tax exemption on S-REITs' distributions will be removed for individuals while there are no changes to income tax concessions. Look out for more details from MAS in May 2019.

Malaysia benefits from laggard rotation amid economic resilience

The KLCI (Kuala Lumpur Composite Index) has gained 2.4% year to date, underperforming the region but has gained 2.5% this week alone. For full-year 2018, real GDP growth came in at 4.7% y-o-y, in line with our expectations. Malaysia had demonstrated high resilience in its economy amid global weakness and domestic woes. Private investment y-o-y growth remained resilient while public investment remained weak for the fifth consecutive quarter. This is in line with the government's aim to adopt fiscal prudence and reduce public spending in the upcoming quarters to meet fiscal obligations and pare down its high level of debt. Private consumption remains the main growth driver.

We believe Malaysia's domestic strength could be underestimated. An economic recession is unlikely for Malaysia, given its relatively healthy economic growth and strong liquidity. We believe that additional selling pressure by foreigners would be subdued given the country's relatively low foreign shareholdings (estimated at 23%). There is also ample liquidity as its equity market/M2 has reached a compelling level last seen only in 2009, implying limited downside. In a short two months which saw all the other ASEAN markets performing well, there is a strong case for Malaysia to catch up.

Malaysia — M2 money supply as a ratio of equity market capitalisation

Source: Bloomberg

Joanne Goh

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Top-10 investment strategies for 2019

#1 Bet on more rate hikes by the Fed
#2 Looking for USDSGD to hit 1.40
#3 Long Indonesian equities
#4 Support for high grade credit, especially BBB
#5 Bullish 10Y China govvies
#6 Short AUD
#7 We like short-dated Chinese BBs for carry
#8 India govvies curve to steepen
#9 Short CNY
#10 Long S-REITS as a defensive play

Growth, Inflation, Policy Rates & FX forecasts

	GDP growth, % YoY				CPI inflation, % YoY, ave			
	2017	2018e	2019f	2020f	2017	2018e	2019f	2020f
China	6.9	6.6	6.2	6.0	1.6	2.1	2.3	2.3
Hong Kong	3.8	3.3	2.5	2.0	1.5	2.5	2.7	2.5
India*	7.1	6.7	7.1	7.4	4.5	3.6	4.0	4.2
Indonesia	5.1	5.2	5.2	5.1	3.8	3.2	3.6	3.6
Malaysia	5.9	4.7	4.5	4.2	3.8	1.0	2.5	1.6
Philippines**	6.7	6.3	6.5	6.4	2.9	5.2	3.9	3.8
Singapore	3.6	3.4	3.0	2.8	0.6	0.4	1.8	1.5
South Korea	3.1	2.7	2.6	2.4	1.9	1.5	1.7	1.6
Taiwan	3.1	2.6	1.9	1.8	0.6	1.4	1.0	1.0
Thailand	3.3	4.1	3.8	4.0	0.7	1.1	1.4	1.5
Vietnam	6.8	7.1	6.6	6.3	3.5	3.5	3.8	3.4
Eurozone	2.5	1.9	1.2	1.5	1.5	1.8	1.2	1.3
Japan	1.9	0.7	0.7	0.5	0.5	1.0	1.1	1.6
United States***	2.3	3.0	2.5	1.5	2.1	2.6	2.5	2.5

* refers to year ending March ** new CPI series *** eop for CPI inflation

Policy interest rates, eop

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
China*	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
India	6.25	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Indonesia	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Malaysia	3.25	3.25	3.25	3.25	3.25	3.25	3.00	3.00
Philippines	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Singapore**	1.80	2.05	2.30	2.30	2.30	2.30	2.30	2.30
South Korea	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Taiwan	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Thailand	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Vietnam***	6.25	6.25	6.25	6.25	6.00	5.75	5.75	5.75
Eurozone	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25
Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	0.00	0.00
United States	2.50	2.50	2.75	3.00	3.00	3.00	3.00	3.00

* 1-yr lending rate; ** 3M SOR ; *** prime rate

Exchange rates, eop

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
China	6.90	7.00	7.10	7.05	7.00	6.95	6.90	6.85
Hong Kong	7.85	7.85	7.85	7.84	7.83	7.82	7.81	7.80
India	72.0	73.0	74.0	73.5	73.0	72.5	72.0	71.5
Indonesia	14200	14600	14800	14700	14600	14500	14400	14300
Malaysia	4.10	4.20	4.30	4.25	4.20	4.15	4.10	4.05
Philippines	53.0	54.0	55.0	54.5	54.0	53.5	53.0	52.5
Singapore	1.38	1.40	1.42	1.41	1.40	1.39	1.38	1.37
South Korea	1140	1160	1180	1170	1160	1150	1140	1130
Thailand	32.0	33.0	34.0	33.5	33.0	32.5	32.0	31.5
Vietnam	23200	23300	23400	23350	23300	23250	23200	23150
Australia	0.70	0.68	0.66	0.67	0.68	0.69	0.70	0.71
Eurozone	1.10	1.08	1.06	1.07	1.08	1.09	1.10	1.11
Japan	111	113	115	114	113	112	111	110
United Kingdom	1.26	1.24	1.22	1.23	1.24	1.25	1.26	1.27

Australia, Eurozone and United Kingdom are direct quotes

Rates forecasts

		2019				2020			
		Q1	Q2	Q3	**Q4**	Q1	Q2	Q3	**Q4**
US	3m Libor	2.70	2.70	2.95	**3.20**	3.20	3.20	3.20	**3.20**
	2Y	2.60	2.70	2.85	**3.00**	3.00	3.00	3.00	**2.90**
	10Y	2.70	2.80	2.90	**3.00**	3.00	3.00	3.00	**2.90**
	10Y-2Y	10	10	5	**0**	0	0	0	**0**
Japan	3m Tibor	0.05	0.05	0.05	**0.05**	0.05	0.05	0.10	**0.10**
	2Y	-0.08	-0.05	-0.03	**0.00**	0.02	0.04	0.05	**0.05**
	10Y	0.14	0.16	0.18	**0.20**	0.20	0.20	0.22	**0.22**
	10Y-2Y	22	21	21	**20**	18	16	17	**17**
Eurozone	3m Euribor	-0.30	-0.30	-0.30	**-0.30**	-0.30	-0.30	-0.05	**-0.05**
	2Y	-0.55	-0.50	-0.45	**-0.40**	-0.25	-0.10	0.05	**0.15**
	10Y	0.10	0.15	0.20	**0.25**	0.35	0.40	0.40	**0.40**
	10Y-2Y	65	65	65	**65**	60	50	35	**25**
Indonesia	3m Jibor	7.50	7.50	7.50	**7.50**	7.50	7.50	7.50	**7.50**
	2Y	7.50	7.50	7.50	**7.50**	7.50	7.50	7.50	**7.50**
	10Y	8.10	8.20	8.20	**8.20**	8.20	8.20	8.20	**8.00**
	10Y-2Y	60	70	70	**70**	70	70	70	**50**
Malaysia	3m Klibor	3.65	3.65	3.65	**3.65**	3.65	3.65	3.40	**3.40**
	3Y	3.75	3.75	3.75	**3.75**	3.75	3.75	3.60	**3.60**
	10Y	4.15	4.20	4.25	**4.30**	4.35	4.35	4.30	**4.25**
	10Y-3Y	40	45	50	**55**	60	60	70	**65**
Philippines	3m PHP ref rate	5.55	5.55	5.55	**5.55**	5.55	5.55	5.55	**5.55**
	2Y	6.75	6.75	6.75	**6.75**	6.75	6.75	6.75	**6.75**
	10Y	7.00	7.00	7.00	**7.00**	7.00	7.00	7.00	**6.90**
	10Y-2Y	25	25	25	**25**	25	25	25	**15**
Singapore	3m Sibor	1.95	1.95	2.05	**2.30**	2.30	2.30	2.30	**2.30**
	2Y	1.90	1.95	2.05	**2.20**	2.20	2.20	2.20	**2.10**
	10Y	2.10	2.15	2.25	**2.35**	2.35	2.35	2.35	**2.25**
	10Y-2Y	20	20	20	**15**	15	15	15	**15**
Thailand	3m Bibor	1.85	1.85	1.85	**1.85**	1.85	1.85	1.85	**1.85**
	2Y	1.80	1.80	1.80	**1.80**	1.80	1.80	1.80	**1.80**
	10Y	2.40	2.40	2.50	**2.60**	2.60	2.60	2.60	**2.50**
	10Y-2Y	60	60	70	**80**	80	80	80	**70**
China	1 yr Lending rate	4.35	4.35	4.35	**4.35**	4.35	4.35	4.35	**4.35**
	3Y	2.90	2.80	2.80	**2.80**	2.80	2.80	2.80	**2.80**
	10Y	3.20	3.15	3.10	**3.15**	3.20	3.25	3.25	**3.25**
	10Y-3Y	30	35	30	**35**	40	45	45	**45**
Hong Kong	3m Hibor	2.20	2.20	2.45	**2.70**	2.70	2.70	2.70	**2.70**
	2Y	1.70	1.70	2.05	**2.40**	2.40	2.40	2.40	**2.30**
	10Y	2.15	2.25	2.35	**2.45**	2.45	2.45	2.45	**2.35**
	10Y-2Y	45	55	30	**5**	5	5	5	**5**
Korea	3m CD	1.90	1.90	1.90	**1.90**	1.90	1.90	1.90	**1.90**
	3Y	2.10	2.15	2.20	**2.20**	2.20	2.20	2.15	**2.10**
	10Y	2.30	2.40	2.50	**2.50**	2.50	2.50	2.40	**2.30**
	10Y-3Y	20	25	30	**30**	30	30	25	**20**
India	3m Mibor	7.35	7.00	6.90	**6.80**	6.70	6.70	6.70	**6.70**
	2Y	6.80	6.65	6.50	**6.50**	6.50	6.50	6.50	**6.50**
	10Y	7.30	7.40	7.50	**7.50**	7.50	7.50	7.50	**7.50**
	10Y-2Y	50	75	100	**100**	100	100	100	**100**

%, eop, govt bond yield for 2Y and 10Y, spread bps

Group Research

Economics & Strategy

Taimur Baig, Ph.D.
Chief Economist – G3 & Asia
+65 6878-9548 taimurbaig@dbs.com

Nathan Chow
Strategist – China & Hong Kong
+852 3668-5693 nathanchow@dbs.com

Masyita Crystallin, Ph.D.
Economist – Indonesia & Philippines
+62 21 2988-4003 masyita@dbs.com

Joanne Goh
Regional equity strategist
+65 6878-5233 joannegohsc@dbs.com

Neel Gopalakrishnan
Credit Strategist
+65 68782072 neelg@dbs.com

Eugene Leow
Rates Strategist – G3 & Asia
+65 6878-2842 eugeneleow@dbs.com

Chris Leung
Economist – China & Hong Kong
+852 3668-5694 chrisleung@dbs.com

Ma Tieying, CFA
Economist – Japan, South Korea, & Taiwan
+65 6878-2408 matieying@dbs.com

Radhika Rao
Economist – Eurozone, India, & Thailand
+65 6878-5282 radhikarao@dbs.com

Irvin Seah
Economist – Singapore, Malaysia, & Vietnam
+65 6878-6727 irvinseah@dbs.com

Samuel Tse
Economist – China & Hong Kong
+852 3668-5694 samueltse@dbs.com

Duncan Tan
FX and Rates Strategist – Asean
+65 6878-2140 duncantan@dbs.com

Philip Wee
FX Strategist – G3 & Asia
+65 6878-4033 philipwee@dbs.com

Sources: Data for all charts and tables are from CEIC, Bloomberg and DBS Group Research (forecasts and transformations)