Quarterly Market Outlook 3Q2021

Global Markets

July 2021

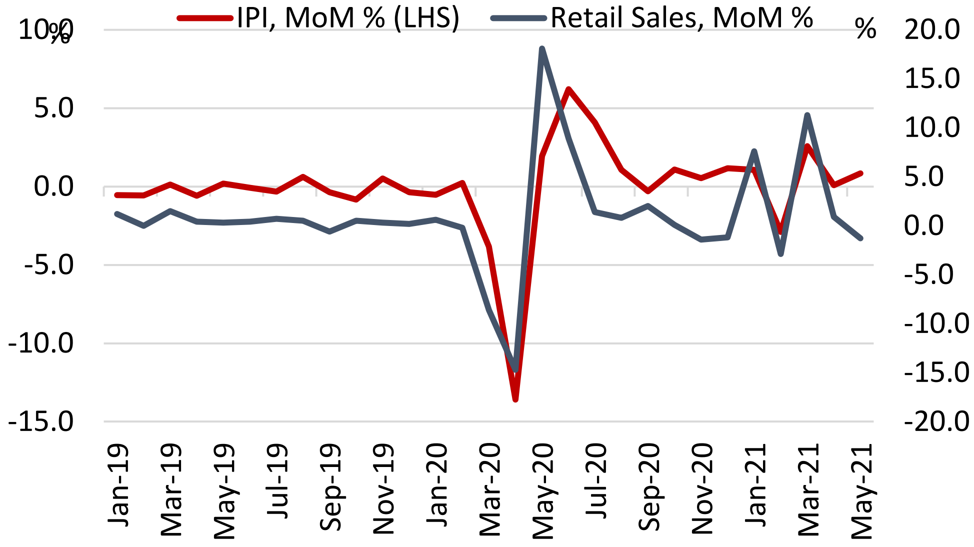
Content

Global Central Banks Policy Rates Outlook

	Current	3Q21	4Q21	1Q22	2Q22	Remarks
United States Federal Reserve *Fed Funds Rate*	**0-0.25**	0-0.25	0-0.25	0-0.25	0-0.25	**No change in 2021**
Eurozone European Central Bank *Deposit Rate*	**-0.50**	-0.50	-0.50	-0.50	-0.50	**No change in 2021**
United Kingdom Bank of England *Bank Rate*	**0.10**	0.10	0.10	0.10	0.10	**No change in 2021**
Japan Bank of Japan *Policy Balance Rate*	**-0.10**	-0.10	-0.10	-0.10	-0.10	**No change in 2021**
Australia Reserve Bank of Australia *Cash Rate*	**0.10**	0.25	0.25	0.25	0.25	**No change in 2021**
New Zealand Reserve Bank of New Zealand *Official Cash Rate*	**0.25**	0.25	0.25	0.25	0.25	**No change in 2021**
Malaysia Bank Negara Malaysia *Overnight Policy Rate*	**1.75**	1.50	1.50	1.50	1.50	**25bps cut in 2021**
Thailand The Bank of Thailand *1-Day Repurchase Rate*	**0.50**	0.50	0.50	0.50	0.50	**No change in 2021**
Indonesia Bank Indonesia *7-day Reverse Repo Rate*	**3.50**	3.50	3.50	3.50	3.50	**No change in 2021**

Source: Bloomberg, Global Markets Research

US – Still on track for strong economic rebound



Forecasts	2020	2021f
GDP (%)	-3.5	7.0*
Inflation (%)	1.2	3.4*
Fed Funds Rate (%)	0-0.25	0-0.25
Dollar Index (End of period)	89.9	89.5

**Federal Reserve's Forecast*
Source: Bloomberg, HLBB Global Markets Research

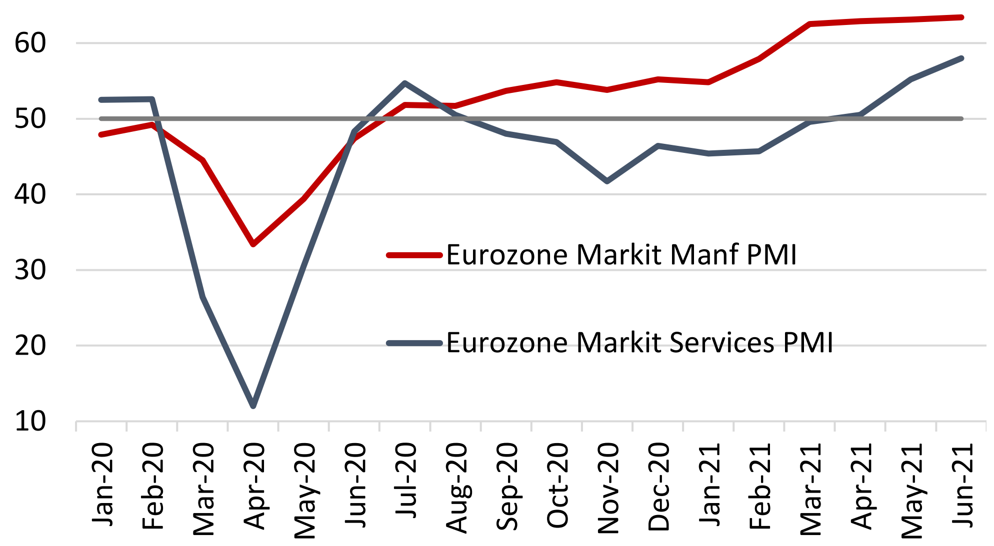
- The economic **recovery in the US extends to the third quarter**, as Covid-19 cases dropped and vaccination rates rose further. Labour market to recover further as layoffs recede.

- The pandemic **housing boom moderated** (falling sales) amid lean inventory and high prices.

- **The Fed brought forward tightening expectations to 2023** but likely sticks to this latest stance for some time premised on (1) elevated unemployment, (2)transitory inflation view (3) still-loose financial conditions.

- **Downside risks**: Delta variants spurring new waves and a return to tighter restrictions; supply chain constraints impeding manufacturing and construction sectors. Polarized congressional politics serves as hurdle for major legislation efforts.

Eurozone – Services sector catching up with the robust manufacturing growth

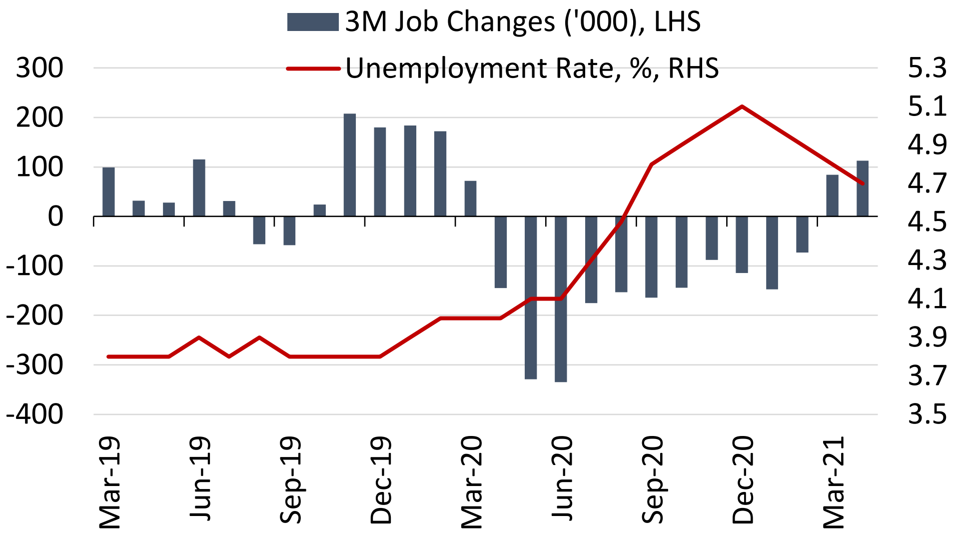


Forecasts	2020	2021
GDP (%)	-6.5	4.6*
Inflation (%)	0.3	1.9*
Deposit Facility Rate (%)	-0.5	-0.5
EUR/USD (End of period)	1.22	1.22

**ECB's Forecast*
Source: Bloomberg, HLBB Global Markets Research

- Vaccinations picked up in 2Q, allowing governments to lift services sector restrictions.
- **Rising economic sentiment, and some pent-up demand** may support spending in the services sector in summer.
- **Manufacturing sector continued to recover**, benefiting from strong external trade, but supply chains delay may cap growth.
- **Unemployment rate may continue to fall** in coming quarters, though may be disrupted by the expansion of labour force (a positive) or end of furlough program.
- **ECB** toes the line between economic/pandemic uncertainties and rising inflation, **sees risk of premature tightening.** Likely to maintain key rates and PEPP envelope of €1850b through 2021.

UK – Setback in pandemic may jeopardise recovery

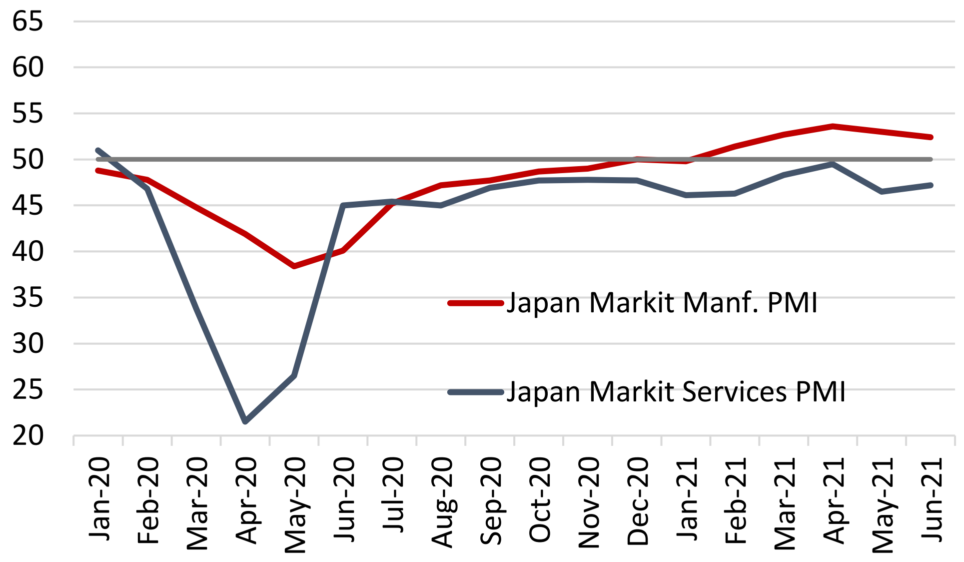


Forecasts	2020	2021
GDP (%)	-10.0	7.3*
Inflation (%)	0.9	2.5*
Bank Rate (%)	0.1	0.10
GBP/USD (End of Period)	1.367	1.42

**BOE's Forecast*
Source: Bloomberg, HLBB Global Markets Research

- After having contained the virus for three months, the UK is battling its fourth outbreak, making a **full reopening in mid-July looks less likely.**
- Pandemic's impact on job market remained masked by the coronavirus job protection scheme (expires in Sep). **Employment situation continues to improve** but the tightening of restrictions could undo some recent gains.
- **BOE** gave no hints of policy tightening and the warning of premature tightening suggest it is **not keen to taper QE or raise rates.**
- **Exports to be supported by stronger global demand**. Exports to EU are recovering but still below the pre-Brexit levels.

Japan – Divergence in manufacturing and services continued



Forecasts	2020	2021
GDP (%)	-4.7	4.0*
Core Inflation (%)	-0.4	0.1*
Policy Balance Rate	-0.1	-0.1
USD/JPY	103.25	109.0

**BOJ's Forecast*
Source: Bloomberg, HLBB Global Markets Research

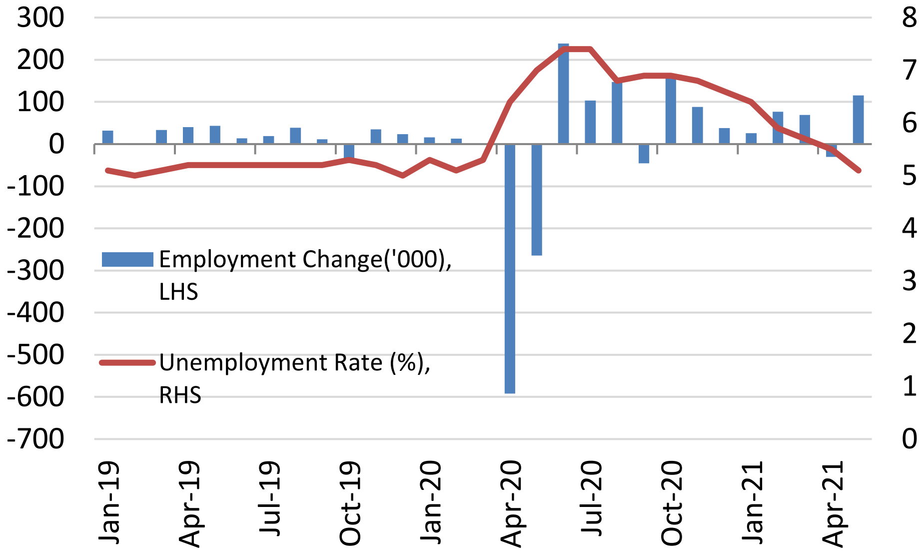
- The retreat of fourth Covid outbreak came just in time ahead of the Summer Olympics, but **rising infections in the greater Tokyo** may lead the government to impose quasi state of emergency measures.

- **Divergence remains** between manufacturing (alongside international trade) and domestic services industry. Manufacturing growth eased as supply chain delays weighed.

- **Sluggish wage growth and continued weakness in household** may drag on services growth, though it may enjoy some Olympics-related boost.

- **BOJ to maintain ultra-loose policy** and firm commitment to its price mandate.

Australia – Delta variant a bump on the road to recovery



Forecasts	2020	2021
GDP (%)	-2.4	5.3*
Inflation (%)	0.9	1.8*
Cash Rate (%)	0.1	0.1
AUD/USD	0.7694	0.78

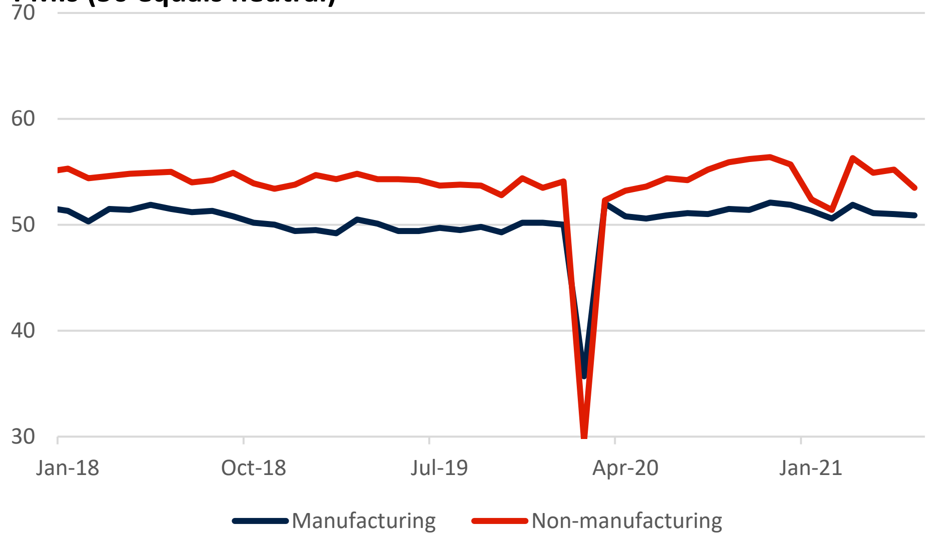
RBA's Forecast

Source: Bloomberg, HLBB Global Markets Research

- While overall economic recovery remained quite solid, **Australia is facing another setback** in the attempt to return to normality, following the delta variant outbreak in Sydney.
- A relatively effective containment is likely given Australia's government track record for swift and strict pandemic actions.
- Australia had **more than recovered jobs lost** from the pandemic last year, while higher household wealth from the housing boom could support spending.
- External trade sector remained supported by **strong demand from China and other key trading partners.**
- **RBA remained cautiously optimistic**, did not offer an absolute shift towards hawkishness despite the reduction in weekly asset purchase.

China – Steady but Not Spectacular

PMIs (50 equals neutral)



Forecasts	2020	2021	2022
GDP (%)	2.3	9.2	5.7
Inflation (%)	2.5	1.3	2.5
5Y LPR (%)	4.65	4.65	4.65
USD/CNY	6.53	6.40	NA

Source: Bloomberg, HLBB Global Markets Research

- **China's growth will likely moderate in the coming quarters.** PMIs suggest steady, but unspectacular, domestic demand. Growth is likely to be more broadly supported by various sectors. Underlying retail sales growth has been improving lately, helped by normalizing labour market conditions.
- **Elevated producer prices** remains a large threat for downstream companies, potentially reducing profit margins.
- **Authorities continue to manage risks** from high leverage levels, input prices and market volatility. However, we do not anticipate the People's Bank of China to do more broad-based monetary policy tightening.
- **Monetary conditions have been tightening**, as M2 growth is slowing. Inflation is trending up slightly from a low base. At the same time, the CNY has strengthened in recent months.

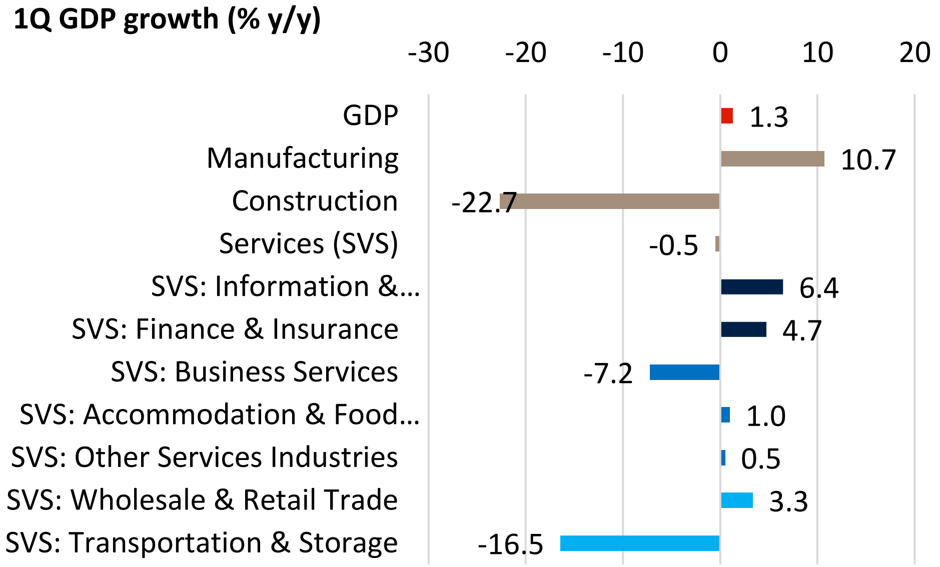
Hong Kong – Virtually Covid-free

Forecasts	2020	2021
GDP (%)	-6.1	4.5*
Inflation (%)	0.3	1.6*
Base Rate	0.86	0.86
USD/HKD	7.7531	7.77**

**HK Government's Forecast*
*** Bloomberg's Consensus Forecast*
Source: Bloomberg, HLBB Global Markets Research

- Hong Kong remained virtually Covid-free. **Economy is recovering from longer streak of downturn** (related to pandemic and the previous unrests).
- Services sector and retail sector in particular may continue to bear the brunt from the absence of international tourists. **Retail sales still below pre-2019 levels.**
- Expect the pandemic to be well contained given its stringent Covid restriction but still expect some setbacks i.e. small Covid waves along the way .
- **House prices extended climb** into 2Q and may persist in 2021 amid low interest rates and recovering economy.
- Exports to benefit from continuously **solid demand from Mainland China** as well as the general gain in global demand.

Singapore - Outlook Brightens with Vaccination

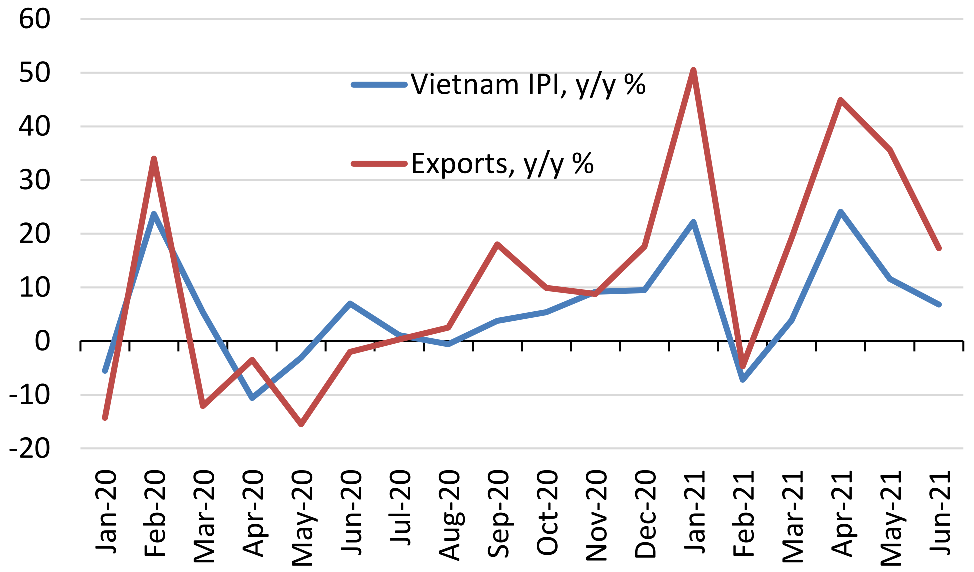


Forecasts	2020	2021	2022
GDP (%)	-5.4	6.3	3.5
Headline (Core) Inflation (%)	-0.2 (-0.2)	1.7 (0.8)	0.9 (1.0)
3m SIBOR (%)	0.41	0.45	0.50
USD/SGD	1.32	1.33	NA

Source: Bloomberg, HLBB Global Markets Research

- **With rising vaccination rates, Singapore is better able to normalize economic activity in 2H-2021.** The government has recently relaxed restrictions after Phase 2 (Heightened Alert) in May. Increased activity levels will likely benefit domestic-oriented sectors (e.g. construction & business services.
- The next economic drivers to watch are **medium-term initiatives**, to improve workers' skillsets, and business digitization, among others (climate change, Green Plan).
- **Inflation has surprised on the upside** (we revise up forecasts) from energy, but we expect some normalization by 2H-2021.
- **Unless the inflation outlook intensifies over the next three months, we expect the MAS to maintain its monetary policy stance in October.** MAS may move to an appreciation of the Singapore dollar in 2022, as inflationary pressures build up.

Vietnam – Latest wave to have deeper economic impact



Forecasts	2020	2021
GDP (%)	2.9	6.7*
Inflation (%)	3.2	3.3*
SBV Refinancing Rate (%)	4.0	4.0
USD/VND*	23,098	22.930*

** Bloomberg's Consensus Forecast*
Source: Bloomberg, HLBB Global Markets Research

- Vietnam is facing its **worst Covid outbreak since the pandemic started,** which may have substantially deeper impact on the economy compared to the previous waves.

- This is evident in the manufacturing PMI which has plunged below 50. Services sector, long suffering from the absence of tourist may suffer another setback.

- This put the government **6% growth target for 2021 at a downside risk.**

- **Moderate credit growth** (still below pre-Covid levels) and lack of tourism-related spending may keep inflation in check. Expect the SBV to maintain its refinancing rate at 4%.

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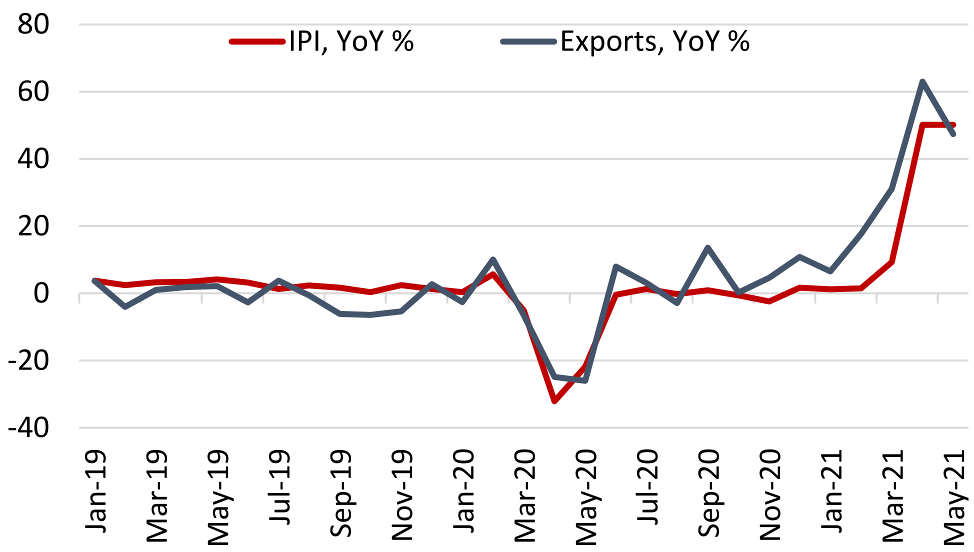
Malaysia – Recovery hindered by extended lockdown



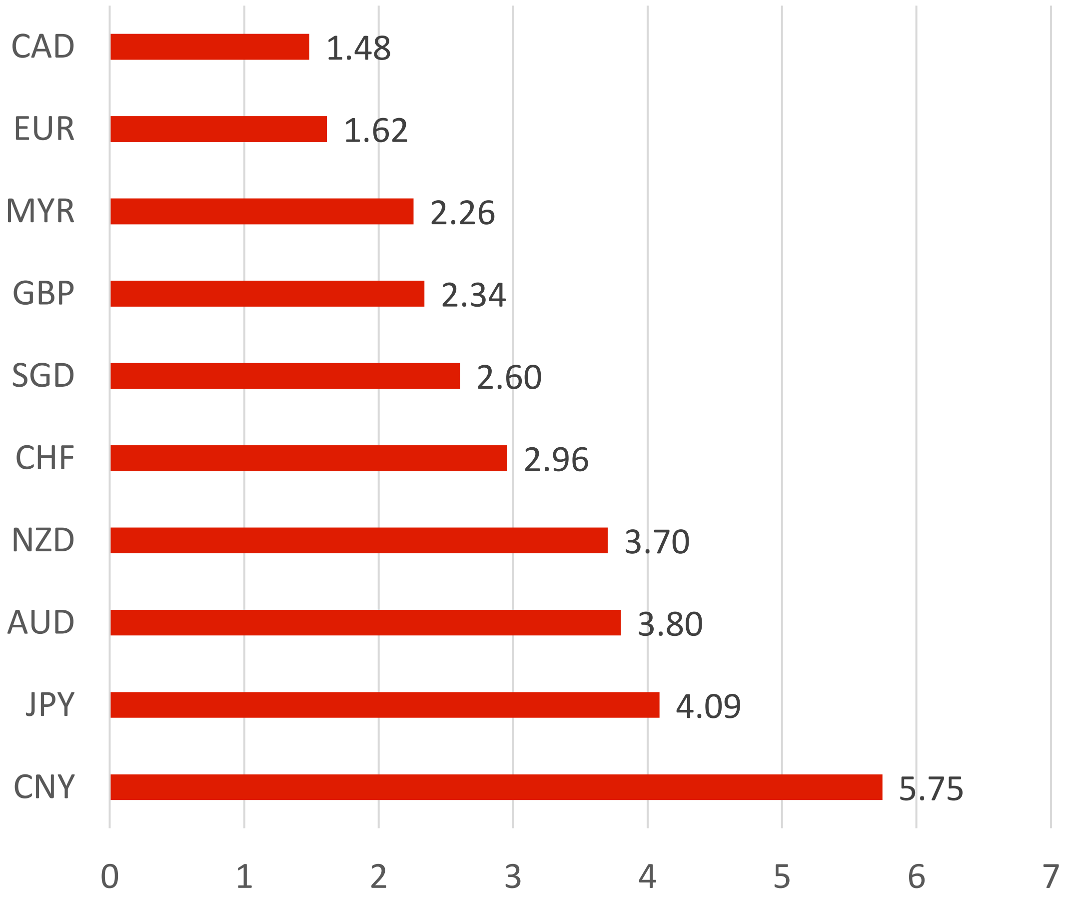
Forecasts	2020	2021
GDP (%)	-5.6	3.7
Inflation (%)	-1.1	2.6
OPR (%)	1.75	1.50
USD/MYR	4.0205	4.10

Source: Bloomberg, HLBB Global Markets Research

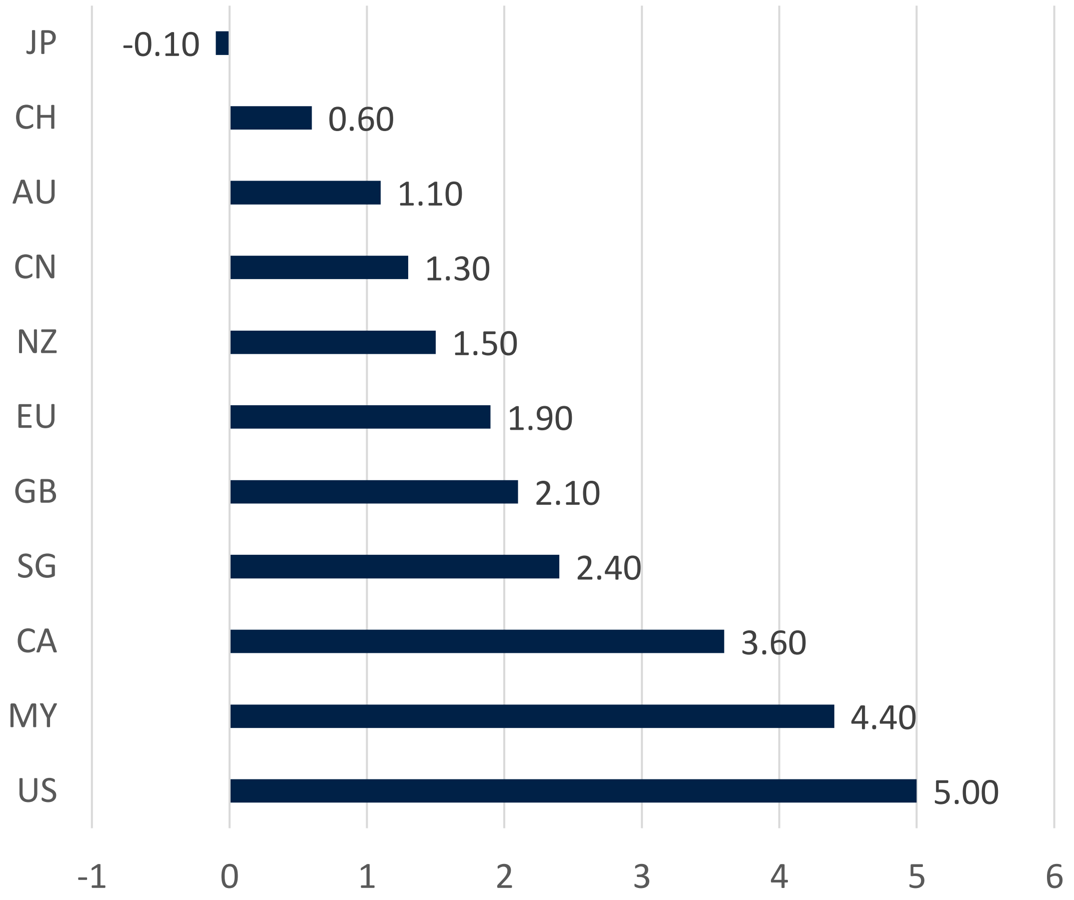
- The re-imposition of **tighter movement restrictions** (National Recovery Plan Phase 1) and Enhanced MCO in parts of Klang Valley are expected **to dampen recovery prospects.**
- **Retail sector to suffer further** loss of income while **manufacturing was disrupted by the tighter restrictions** that allow only certain factories to operate.
- **Downgraded our full year 2021 growth to 3.7%** (prior: +5.0%), amid extended lockdown and high infectivity rates.
- Further expansion in fiscal policy has reduced the urgency of further easing on the monetary policy front in our view. This should allow BNM to adopt a wait-and-see approach. Materialization of "significant" downside risks stemming from **prolonged containment measures could pave the way for further easing as early as September.**

Markets Outlook – Story of Yield Differentials

Differences in real interest rates (using 5Y, %)



Latest inflation rates, % y/y



Source: Bloomberg, HLBB Global Markets Research

Markets Outlook – FX

FX – USD Consolidation before Next Upmove

	3-month Outlook	12-month Outlook
+	**Other G10 and Asian currencies**: Correction after some overreaction in USD movements	**USD**: Market expectations towards US Fed tapering is favourable for the USD. Yield differentials to set currency performance. **MYR**: Recovery story
=	**MYR**: Some near-term consolidation	**GBP**: BOE stance **SGD; CNY**: MAS to move in April 2022; China's currency stability policy
−	**USD**: Correction after rising to elevated levels	**EUR; JPY**: Dovish central bank stance, Japan's lagging economy
?		**AUD, NZD, CAD**: Supported by high raw materials and commodity prices and positive market sentiments. Vulnerable to any reversal.

FX Forecasts

	Q2-21A	Q3-21	Q4-21	Q1-22	Q2-22
DXY	92.44	88.00	89.50	90.50	91.50
USD/CAD	1.2398	1.18	1.20	1.22	1.24
EUR/USD	1.1858	1.24	1.22	1.21	1.20
GBP/USD	1.3831	1.44	1.42	1.40	1.38
USD/CHF	0.925	0.88	0.89	0.90	0.91
AUD/USD	0.7498	0.80	0.78	0.77	0.76
NZD/USD	0.6983	0.74	0.73	0.72	0.71
USD/JPY	111.11	107.50	109.00	110.00	111.00
USD/MYR	4.149	4.15	4.10	4.10	4.08
USD/SGD	1.3454	1.31	1.33	1.33	1.32
USD/CNY	6.4683	6.30	6.40	6.50	6.55

Source: Bloomberg, HLBB Global Market Research

Markets Outlook – Fixed Income

Fixed Income – Focus on Yield Differentials

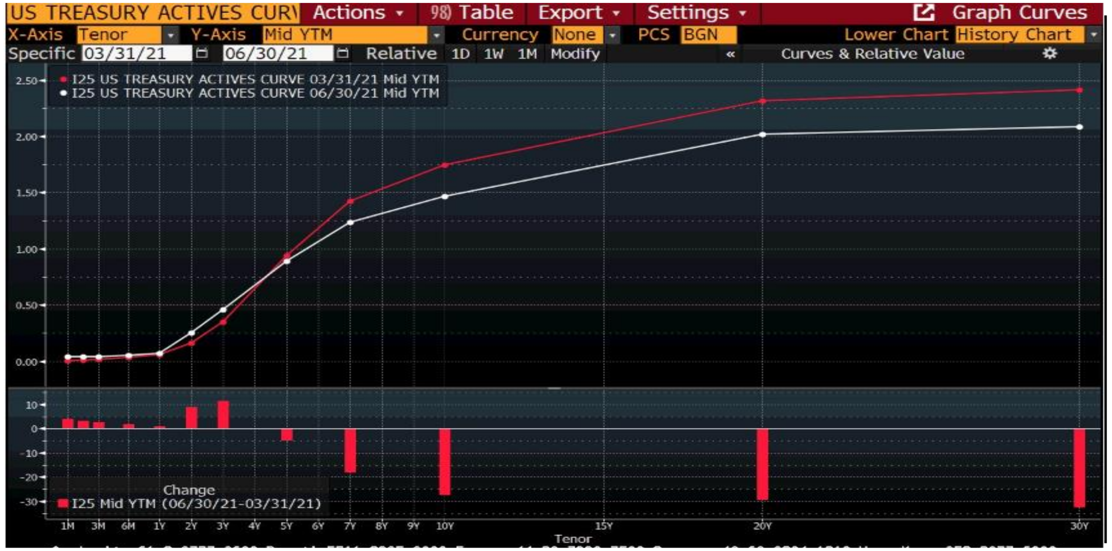
–	**Sovereigns**: Yields (in the US some and other major economies) are looking to move higher, meaning downside risks for bond prices.
=	**Asia credit**: Some modest opportunities with equity recover, but weighed down by rising interest rate environment
=	**Investment grade**: Expect slight reversion in yield compression with emerging support on yield-carry requirements.
=	**High yield**: Selective opportunities available when risk appetites improves

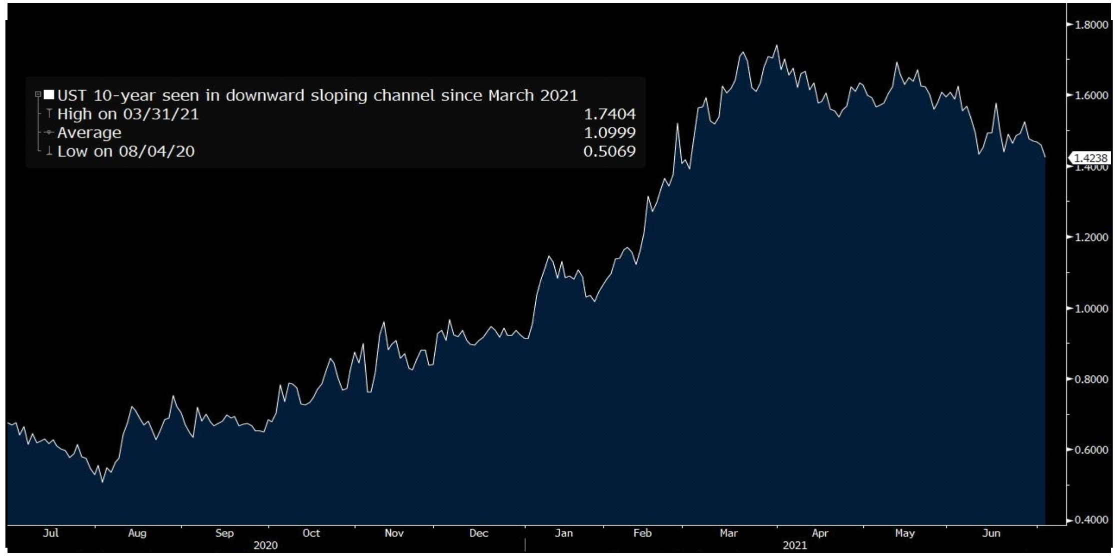
Central Bank Forecasts (%)

	Q2-21A	Q3-21	Q4-21	Q1-22	Q2-22
Fed	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50
BOC	0.25	0.25	0.25	0.25	0.25
ECB	-0.50	-0.50	-0.50	-0.50	-0.50
BOE	0.10	0.10	0.10	0.10	0.10
SNB	-0.75	-0.75	-0.75	-0.75	-0.75
RBA	0.10	0.10	0.10	0.10	0.10
RBNZ	0.25	0.25	0.25	0.25	0.25
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
BNM	1.75	1.50	1.50	1.50	1.50
MAS	Hold	-	Hold	-	Tighten
PBOC	Hold	Hold	Hold	Hold	Hold

Source: Bloomberg, HLBB Global Market Research

US Fixed Income – Hawkish shift and inflationary pressures to weigh on the curve





- **UST** -- UST's rallied q/q extending out from 5Y onwards with overall benchmark yields declining between 1-28bps across. The UST 2Y yield however spiked to its steepest gain of 10bps at 0.25% whilst the much-watched UST 10Y ended 23bps lower at 1.47% as at end-2Q2021.The curve reversed and flattened, with both the 2s10s and 5s30s spreads between 118-120bps (1Q2021:145-155bps). Expect a confluence of factors to cause gyration in the fixed income space as rising yields due to growing consumer demand amid supply bottle-necks which ignite inflation; are neutralized by doubts over the strength of economic rebound from COVID-19 pandemic recovery. The revised Fed dot projections shows a median of two (2) rate increases by end-2023 with 13 Fed officials expecting a hike by end-2023 while 7 officials expecting one by end-2022; vs 4 in the March meeting. Expect UST10Y to range between 1.40-1.60% for 3Q2021 as we foresee support by foreign investors hunting for richer yields to be influenced also by the Fed's intention to taper its monthly asset purchases of ~ $120b .

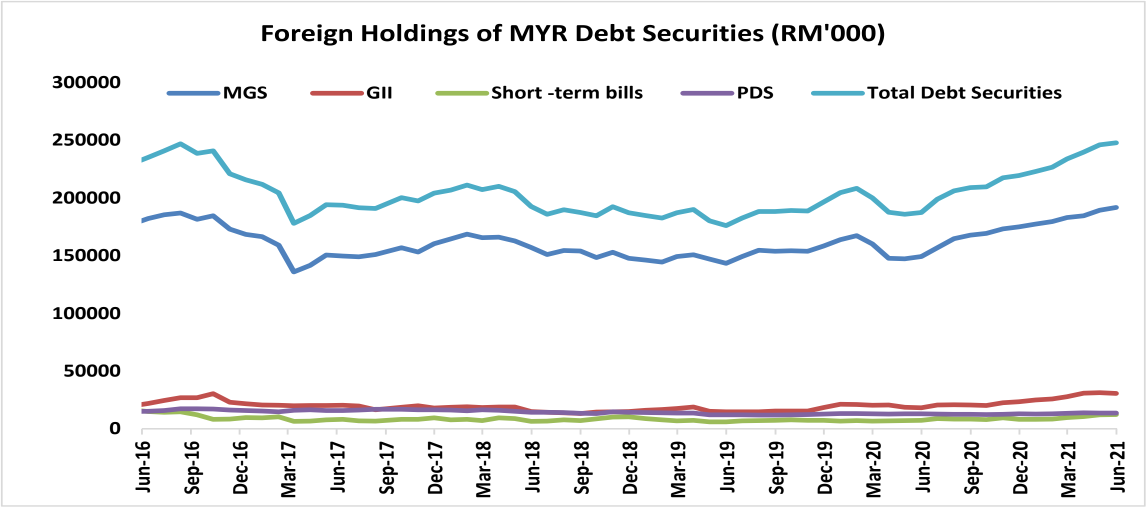
- **Corporates** – Investment-grade corporate bonds are seemingly rich following 2Q2021 advance. However current spreads of about 80bps look rich and may widen instead due to the Fed's intention to taper asset purchases. The Bloomberg Barclays US Corporate Bond Index's saw a ~3.7% rise (2Q2021: -5.0%) whilst spreads have tightened from the high of ~90bps in March to ~80bps currently as vaccine rollouts gather momentum and allows for the lifting of movement restriction. Issuances are expected (figures not available yet) to drop by 20% q/q to $330b in 3Q2021 (1H: $860m, 1H2020: $1.3 trillion). We are mildly positive on IG issuances with interest in the 5Y sector for roll-down purposes and also 7Y consumer cyclicals, followed by energy and financials for relative outperformace and resilience.

Source: HLBB Global Markets Research

Malaysia Fixed Income – Slowing economy due to lockdown restrictions to benefit bonds

MGS/GII issuance pipeline in 2021

No	Stock	Tenure (yrs)	Tender Month	Quarter	Tender Date	Projected Issuance Size (RM mil)	Actual Auction Issuance (RM mil)	Actual Private Placement	Total Issuance YTD	BTC (times)	Low	Average	High	Cut-off
1	7-yr reopening of MGS (Mat on 06/28)	7	Jan	Q1	6/1/2021	3,500	3,500		3,500	2.026	2.406	2.449	2.463	50.0%
2	15.5-yr new Issuance of GII (Mat on 7/36)	15	Jan	Q1	14/1/2021	4,500	3,000	1,500	8,000	2.917	3.385	3.447	3.475	95.5%
3	10-yr Reopening of MGS (Mat on 04/31)	10	Jan	Q1	21/1/2021	4,000	4,000		12,000	1.992	2.684	2.714	2.730	91.7%
4	5-yr Reopening of GII (Mat on 03/26)	5	Feb	Q1	3/2/2021	4,500	4,500		16,500	2.067	2.230	2.252	2.260	63.2%
5	20-yr Reopening of MGS (Mat on 05/40)	20	Feb	Q1	17/2/2021	4,500	2,000	2,000	20,500	2.224	3.901	3.969	4.010	90.0%
6	7-yr Reopening of GII (Mat on 09/27)	7	Feb	Q1	24/2/2021	3,500	3,500		24,000	2.196	2.792	2.806	2.824	82.5%
7	30-yr Reopening of MGS (Mat on 06/50)	30	Mar	Q1	5/3/2021	4,000	2,000	2,000	28,000	2.023	4.443	4.486	4.549	20.0%
8	10-yr Reopening of GII (Mat on 10/30)	10	Mar	Q1	11/3/2021	4,000	4,000		32,000	1.799	3.500	3.561	3.589	15.0%
9	5-yr Reopening of MGS (Mat on 09/25)	5	Mar	Q1	22/3/2021	4,500	4,500		36,500	1.789	2.751	2.764	2.783	30.0%
10	20.5-yr New Issue of GII (Mat on 09/41)	20	Mar	Q1	30/3/2021	4,500	2,000	2,000	40,500	2.575	4.390	4.417	4.435	85.7%
11	7-yr Reopening of MGS (Mat on 06/28)	7	Apr	Q2	7/4/2021	4,000	4,500		45,000	1.590	2.933	2.963	2.981	30.0%
12	15-yr Reopening of GII (Mat on 7/36)	15	Apr	Q2	14/4/2021	4,000	2,500	2,000	49,500	2.545	3.975	4.010	4.034	96.0%
13	3-yr Reopening of MGS (Mat on 06/24)	3	Apr	Q2	21/4/2021	4,000	4,500		54,000	2.086	2.346	2.363	2.373	62.4%
14	30-yr Reopening of GII (Mat on 11/49)	30	May	Q2	7/5/2021	4,000	2,000	2,000	58,000	2.433	4.540	4.568	4.581	30.0%
15	15-yr Reopening of MGS (Mat on 05/35)	15	May	Q2	19/5/2021	4,500	2,500	2,000	62,500	2.445	3.930	3.956	3.970	21.4%
16	5-yr Reopening of GII (Mat on 03/26)	5	May	Q2	28/5/2021	4,000	4,500		67,000	2.003	2.700	2.728	2.739	100.0%
17	10-yr Reopening of MGS (Mat on 04/31)	10	Jun	Q2	8/6/2021	4,500	4,500	500	72,000	1.966	3.287	3.313	3.333	87.0%
18	3-yr Reopening of GII (Mat on 10/24)	3	Jun	Q2	22/6/2021	4,500	4,500		76,500	2.001	2.330	2.341	2.350	58.2%
19	20-yr Reopening MGS (Mat on 05/40)	20	Jun	Q2	29/6/2021	4,000	2,000	2,000	80,500	2.651	4.223	4.254	4.268	86.0%
20	15-yr Reopening of GII (Mat on 07/36)	15	Jul	Q3		4,500								
21	5-yr Reopening of MGS (Mat on 11/26)	5	Jul	Q3		4,000								
22	10-yr Reopening of GII (Mat on 10/30)	10	Jul	Q3		4,000								
23	30-yr Reopening of MGS (Mat on 06/50)	30	Aug	Q3		4,500								
24	7-yr Reopening of GII (Mat on 08/28)	7	Aug	Q3		4,500								
25	3-yr Reopening of MGS (Mat on 06/24)	3	Aug	Q3		4,000								
26	20-yr Reopening of GII (Mat on 09/41)	20	Sep	Q3		4,500								
27	10-yr Reopening of MGS (Mat on 04/31)	10	Sep	Q3		4,500								
28	5-yr Reopening of GII (Mat on 03/26)	5	Sep	Q3		4,000								
29	7-yr Reopening of MGS (Mat on 06/28)	7	Oct	Q4		4,000								
30	30-yr Reopening of GII (Mat on 11/49)	30	Oct	Q4		4,000								
31	5-yr Reopening of MGS (Mat on 11/26)	5	Oct	Q4		4,000								
32	10-yr Reopening of GII (Mat on 10/30)	10	Oct	Q4		4,000								
33	15-yr Reopening of MGS (Mat on 05/35)	15	Nov	Q4		4,500								
34	3-yr Reopening of GII (Mat on 10/24)	3	Nov	Q4		4,000								
35	20-yr Reopening of MGS (Mat on 05/40)	20	Nov	Q4		4,000								
36	7-yr Reopening of GII (Mat on 08/28)	7	Dec	Q4		3,500								
37	3-yr Reopening of MGS (Mat on 06/24)	3	Dec	Q4		3,000								
	Gross MGS/GII supply in 2021					152,500	64,500	16,000	80,500	PROJECTED TOTAL ISSUANCE SIZE = 152,500				

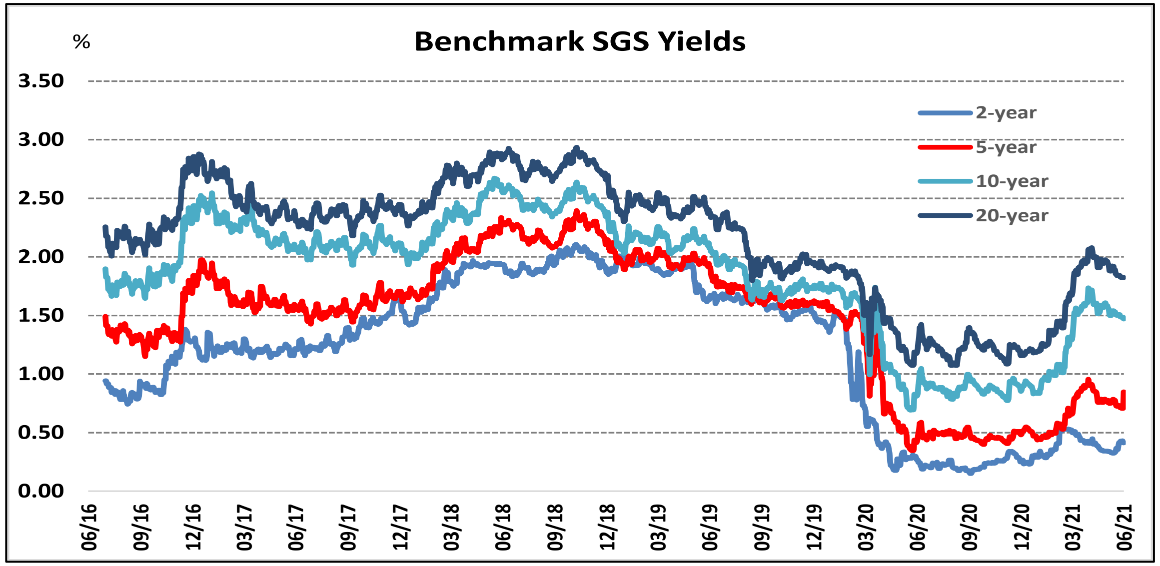


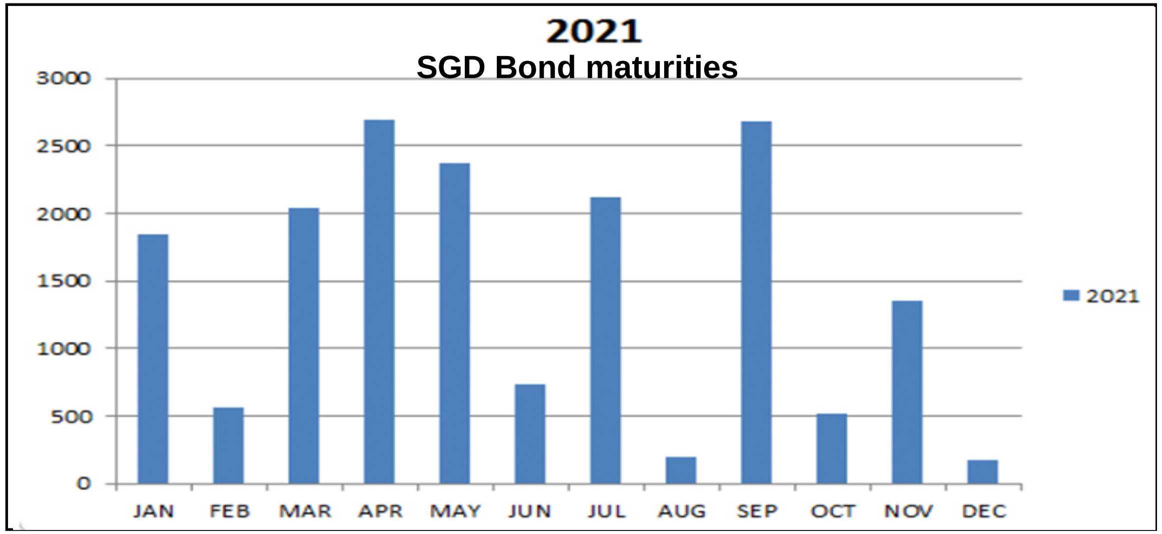
- **Government Bonds** –Overall, benchmark yields ended mostly mixed-to-lower between -18 to +5bps save for the short-ends whose yields spiked between 14-16bps. This was in anticipation of weaker economy going forward due to the reimposition of MCO 3.0/ full lockdown amid muted inflationary conditions. Expect govvies to find support whilst foreign holdings maintain new highs. Lower withdrawals from EPF's i-Lestari of RM21b (projection RM40b) and i-Sinar program of RM58b (projection RM90b) as at end-June would improve its market-making activities for 3Q2021 despite another fresh announcement of i-Citra withdrawal scheme projected at RM30b. The recent negative outlook for Malaysia by S&P Global Ratings and potential supply concerns arising from the additional fiscal injection of RM15b via PERKASA+ and PEMULIH stimulus is expected to be absorbed.. Our 10Y MGS yield target is maintained @ 3.15-3.35% levels.

- **Corporate Bonds/Sukuk** --The decrease in Corporate bonds/sukuk issuances (including GG-bonds) to RM27.4b (1Q2021: RM30.9b) is still on track to meet our earlier projected gross issuances of between RM90-110b for 2021. Demand was robust as yields ended mostly mixed-to-lower q/q. Expect strong demand in 3Q2021 by well-capitalized buy-side institutions and investors that favour yield-carry as credit metrics are expected to improve due to eventual upliftment of restriction movements arising from ramp-up in vaccination rollouts. We still favour conglomerates, utilities involved in water, electricity, telecommunications and also logistics sector. Despite spread compression, we are still positive on GG (current spreads: 23-38bps) and also AAA-space (current spreads ~49-62bps)

Source: HLBB Global Markets Research

Singapore Fixed Income – Neutral-to-negative as correlation to USTs remain prominent





- **SGS** – SGS caught strong bids q/q as the earlier flare-up in COVID-19 infections and subdued inflation saw the curve bull-flatten as overall benchmark yields declined between 11-20bps. The Bloomberg Barclay Global Singapore Bond Index returned a modest 1.8% for 2Q2021 (1Q2021: -5.7%); Meanwhile lack of price pressures is seen as a boon to bonds as the republic offers the highest real yields among AAA-rated economies. MAS may be expected to maintain tighter policy in October which may benefit SGD whilst potentially impinging on SGD yields. The republic's proposed issuance of SGS infrastructure cum green bonds (i.e. SINGA) is expected to be issued beginning 4Q2021 with the first projected issuance size of S$3.0b. These initiatives are also seen to develop the yield curve rather than to plug budget deficit. Nevertheless, we are neutral-to-slightly negative bias for 3Q2021 as the correlation to USTs remain significant; especially pertaining to inflationary pressures.

- **Corporate** – As Singapore moves to a "new normal" with the eventual lifting of movement restriction and efficient vaccine rollouts (almost 60% with one dose), corporate earnings are expected to get a boost. Expect bond pipeline supply in 2021 to be matched by sizeable corporate bond maturities of SGD3.1b in 3Q2021 (2Q2021:S$5.8b, referenced to chart on the left) The usual strong demand for credits by affluent Singapore investors may take a breather as the Fed mulls a hike in interest rates. However this may be brushed aside on save-haven bids if a resurgence of the infectious Delta variant of COVID-19 virus happens. We are still positive on Conglomerates/semi quasis like Temasek, LTA, HDB and also Financials like OCBC, DBS and UOB-related bonds.

Source: HLBB Global Markets Research

HongLeong Bank

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