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Highlights

Global	Global risk sentiments remained fragile overnight. Fed's Yellen suggested "we are coming close to our assigned congressional goal of maximum employment", albeit other broader measures of underemployment are "higher than one would expect" and "it's also the case that 2 percent is our goal, and it's not a ceiling". She reiterated that "we do look very carefully and try to minimize adverse spillovers where possible of our policies" and "one thing we can do to minimize volatility around policy changes is to communicate as clearly as we can how we're framing policy to attempt to avoid surprises". This suggests that April FOMC signalling will be important if the Fed were intending to hike in June. Expect Asian markets to tread cautiously today. Today's economic data calendar is populated by US' wholesale inventory, Canada's housing starts and unemployment rate, UK's trade balance and industrial production, and Japan's Eco Watchers survey. Speakers include Fed's Dudley and ECB's Nowotny.
US	Initial jobless claims fell 9k to 267k in Apr, with the 4-week average at 266.75k and below the 300k for the 57th straight week, while the continuing claims came in at 2191k. Consumer credit also surged from an upwardly revised \$14.897b in Jan to \$17.217b in Feb, lifted by non-revolving credit namely financing for automobiles and college education.
Singapore	MTI minister Iswaran said manufacturing remains a key pillar for the S'pore economy and a \$1b increase in manufacturing VA will generate about \$300m of VA and 2400 jobs in the rest of the economy, according to MTI estimates. Jurong Innovation District will be able to nurture new manufacturing growth areas such as advanced manufacturing, robotics, urban solutions, cleantech and smart technologies.
China	China's FX reserve rebounded in March by US\$10.3 billion to US\$3.21 trillion, ending a four-month declining trend. This was as a result of improving sentiment thanks to government intervention and broad dollar weakness. As the market seems to have been adaptable to the concept of RMB index, we may have passed the worst and the probability of disorderly RMB depreciation has diminished. The outlook of capital flows will depend on the dollar movement. Meanwhile, PBoC also released the FX reserve denominated in SDR for the first time. In SDR terms, China's FX reserve fell to SDR2.28tn in Mar from SDR2.32tn in Feb due to broad dollar weakness. The move is in line with China's emphasis on reducing reliance on dollar.
Indonesia	Finance Minister Bambang Brodjonegoro said that Indonesia's 2016 budget deficit may widen to 2.5% of GDP, from the current 2.15%. To close the wider deficit, the government is reportedly planning to issue IDR21tn of additional debt. The minister added that the government may reduce ministerial spending by IDR50.6tn this year, with cuts in travel costs, services and new buildings in proposed revision to the budget.
Commodities	Crude prices remained flat (-1%) as market-watchers likely remained uneasy over the outlook of the Apr 17 Doha Talks and the production freeze outcome that may not materialise. On the same topic, Iran remained aloof over any decision to freeze production, and targets production to 4mbpd through March 2017, according Iran Oil Minister Zanganeh.

Major Market

- **US:** Optimism from Wednesday gave way to a steep selloff across US equity markets on Thursday. Led mainly by financials, S&P 500 -1.20%, Dow -0.98% and Nasdaq -1.47%. Meanwhile, markets saw a sharp spike in volatility, with VIX +14.69. Continued risk-off trade and demand for safe haven assets send US Treasury yields lower. 2-year and 10-year US Treasury yields 0.69% and 1.68% respectively.
- **Singapore:** The STI closed flat (+0.08%) at 2813.59 yesterday, and may continue to slide and test the 2800 support today given weak overnight leads from Wall Street and morning slippage by Nikkei. The STI could see support and resistance at 2780 and 2820. Meanwhile, SGS bond yields may benefit from the US bond market rally amid Yellen's cautious remarks and the slight risk-off environment.
- **Malaysia:** A parliamentary committee issued a report yesterday, identifying at least USD4.2bn of unauthorized or unverified transactions at 1MDB. The report further said that former CEO Shahrol Halmi and other managers should be investigated and that its advisory board – which includes PM Najib Razak and MOF's Secretary General Irwan Serigar Abdullah – be disbanded.

Bond Market Updates

- **Market Commentary:** The SGP swap curve was range bounded yesterday, with the short-end rates trading 2bps lower, while the belly-to-long-end rates traded 1bp-2bps higher. 10y UST decreased by 6bps to 1.69% as shares in the US and Europe fell in yesterday's trading. CDS prices also widened on on-going concerns about the global growth environment. The Itraxx Asia ex-Japan IG index opened at 148bps this morning, up 1bps from yesterday's close and continuing its widening trend for the week.
- **New Issues:** Standard Chartered PLC priced a USD1.25bn 10-year bond at CT10+240bps, tightening from an initial guidance of CT10+250bps. The expected ratings for the issue is "BBB+/A1/A+". Japan Tobacco priced a two-part deal, with the USD750mn 5-year bond priced at CT5+82.5bps, and the USD500mn 10y-year bond priced at CT10+107.5bps. The initial guidance for the deals were CT5+105bps and CT10+130bps respectively. The expected ratings for the issue is "AA-/Aa3/NR".
- **Rating Changes:** Moody's downgraded SOHO China Ltd's corporate family rating to "Ba3" from "Ba2", concluding the rating review initiated on 14 Mar 2016. The downgrade reflects Moody's expectation that SOHO China's credit metrics will remain weak for the next 12 – 18 months. Outlook is negative. Moody's has downgraded the insurance financial strength rating of China United SME Guarantee Corporation ("Sinoguarantee") to "Ba1" from "Baa3", at the same time downgrading to "Ba1" from "Baa3" the backed senior unsecured ratings of Golden Bauhinia Investment Holdings Co Ltd and BL Capital Holdings Ltd. This is due to the unconditional and irrevocable guarantee provided by Sinoguarantee. The rating action reflects an upcoming shareholding change, where China EXIM's stake will reduce to 7% from 9.75%, thereby being less involved in Sinoguarantee's business and operations compared to initial assumptions.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.482	0.06%	USD-SGD	1.3527	0.40%
USD-JPY	108.210	-1.44%	EUR-SGD	1.5391	0.23%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2501	1.87%
AUD-USD	0.7505	-1.24%	GBP-SGD	1.9015	-0.07%
GBP-USD	1.4056	-0.47%	AUD-SGD	1.0152	-0.85%
USD-MYR	3.9158	-0.08%	NZD-SGD	0.9168	-0.30%
USD-CNY	6.4625	-0.28%	CHF-SGD	1.4152	0.38%
USD-IDR	13163	-0.57%	SGD-MYR	2.9028	0.46%
USD-VND	22295	-0.02%	SGD-CNY	4.7795	-0.32%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3390	--	O/N	0.3782	--
2M	-0.2860	--	1M	0.4390	--
3M	-0.2480	--	2M	0.5225	--
6M	-0.1320	--	3M	0.6306	--
9M	-0.0690	--	6M	0.8972	--
12M	-0.0050	--	12M	1.2116	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)		10Y Bond Ylds (bpschg)		10Y Bund Spread %
Portugal	0.75	12.80	3.42	23.50	3.33
Italy	0.04	4.20	1.39	10.40	1.30
Ireland	-0.33	-2.00	0.82	5.30	0.74
Greece*	10.79	-79.00	9.09	0.30	9.00
Spain	0.07	5.10	1.60	9.00	1.52
Russia^	3.21	-1.90	5.21	-3.40	5.12

* Greece's bond yields data reflect 3-year (instead of 2-year) tenor

^ Russia's bond yields data reflects 3-year and 15-year tenors instead

Equity and Commodity

Index	Value	Net change
DJIA	17,541.96	-174.10
S&P	2,041.91	-24.70
Nasdaq	4,848.37	-72.30
Nikkei 225	15,749.84	34.50
STI	2,813.59	2.30
KLCI	1,724.29	7.30
JCI	4,867.29	-0.90
Baltic Dry	517.00	17.00
VIX	16.16	2.10

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.89 (--)	0.69 (-0.04)
5Y	1.50 (--)	1.14 (-0.06)
10Y	1.90 (+0.02)	1.69 (-0.07)
15Y	2.27 (+0.01)	--
20Y	2.36 (+0.01)	--
30Y	2.54 (--)	2.51 (-0.07)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	25.36	0.60
EURIBOR-OIS	9.90	0.25
TED	39.99	-0.18

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	37.26	-1.30%	Coffee (per lb)	1.198	-1.40%
Brent (per barrel)	39.43	-1.03%	Cotton (per lb)	0.5903	0.48%
Heating Oil (per gallon)	1.126	-1.28%	Sugar (per lb)	0.1443	-1.30%
Gasoline (per gallon)	1.38	-0.97%	Orange Juice (per lb)	1.4365	-0.86%
Natural Gas (per MMBtu)	2.018	5.60%	Cocoa (per mt)	2,850	-1.72%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,650.5	-2.83%	Wheat (per bushel)	4.5700	-1.30%
Nickel (per mt)	8,355	-2.35%	Soybean (per bushel)	9.045	-0.39%
Aluminium (per mt)	1,488.0	-0.75%	Corn (per bushel)	3.6150	0.98%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,236.2	1.12%	Crude Palm Oil (MYR/MT)	2,679.0	-0.07%
Silver (per oz)	15.158	0.69%	Rubber (JPY/KG)	177.0	0.91%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time		Event		Survey	Actual	Prior	Revised
04/07/2016 08:30	TA	CPI YoY	Mar	1.40%	2.00%	2.40%	2.41%
04/07/2016 11:00	PH	Budget Balance PHP	Jan	--	-3.5b	-75.1b	--
04/07/2016 14:45	FR	Trade Balance	Feb	-3700m	-5177m	-3712m	-3909m
04/07/2016 15:30	UK	Halifax House Prices MoM	Mar	0.90%	2.60%	-1.40%	-1.50%
04/07/2016 16:04	CH	Foreign Reserves	Mar	\$3196.0b	\$3212.6b	\$3202.3b	--
04/07/2016 16:29	HK	Foreign Reserves	Mar	--	\$361.9b	\$359.9b	--
04/07/2016 17:04	ID	Foreign Reserves	Mar	--	\$107.50b	\$104.54b	--
04/07/2016 18:00	MA	Foreign Reserves	Mar-31	--	\$97.0b	\$96.1b	--
04/07/2016 20:30	CA	Building Permits MoM	Feb	4.00%	15.50%	-9.80%	-9.50%
04/07/2016 20:30	US	Initial Jobless Claims	Apr-02	270k	267k	276k	--
04/07/2016 20:30	US	Continuing Claims	Mar-26	2170k	2191k	2173k	2172k
04/08/2016 07:50	JN	BoP Current Account Balance	Feb	¥2032.3b	--	¥520.8b	--
04/08/2016 07:50	JN	Trade Balance BoP Basis	Feb	¥429.7b	--	¥411.0b	--
04/08/2016 14:00	GE	Trade Balance	Feb	18.0b	--	13.6b	13.4b
04/08/2016 14:00	GE	Current Account Balance	Feb	16.5b	--	13.2b	--
04/08/2016 14:00	GE	Exports SA MoM	Feb	0.50%	--	-0.50%	-0.60%
04/08/2016 14:00	GE	Imports SA MoM	Feb	-0.30%	--	1.20%	1.30%
04/08/2016 14:00	IN	Local Car Sales	Mar	--	--	164469	--
04/08/2016 14:00	JN	Eco Watchers Survey Current	Mar	45.5	--	44.6	--
04/08/2016 14:00	JN	Eco Watchers Survey Outlook	Mar	48.3	--	48.2	--
04/08/2016 14:45	FR	Industrial Production MoM	Feb	-0.40%	--	1.30%	--
04/08/2016 14:45	FR	Industrial Production YoY	Feb	1.70%	--	2.00%	--
04/08/2016 15:30	TH	Foreign Reserves	Apr-01	--	--	\$173.1b	--
04/08/2016 16:30	UK	Industrial Production MoM	Feb	0.10%	--	0.30%	--
04/08/2016 16:30	UK	Industrial Production YoY	Feb	0.00%	--	0.20%	--
04/08/2016 16:30	UK	Manufacturing Pdtm MoM	Feb	-0.20%	--	0.70%	--
04/08/2016 16:30	UK	Trade Balance Non EU GBP	Feb	-2500mn	--	-2199mn	--
04/08/2016 16:30	UK	Trade Balance	Feb	-£3,400	--	-£3,459	--
04/08/2016 20:15	CA	Housing Starts	Mar	190.0k	--	212.6k	--
04/08/2016 20:30	CA	Unemployment Rate	Mar	7.30%	--	7.30%	--
04/08/2016 20:30	CA	Net Change in Employment	Mar	10.0k	--	-2.3k	--
04/08/2016 22:00	US	Wholesale Inventories MoM	Feb	-0.20%	--	0.30%	0.20%
04/07/2016 04/13	VN	Domestic Vehicle Sales YoY	Mar	--	--	16.30%	--

Source: Bloomberg

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