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Highlights

Global	Recovering energy prices, on the back of a larger than expected decline in US EIA gasoline inventories, continued to buoy Wall Street modestly overnight, even as investors await the ECB policy decision due later today. The morning surprise was RBNZ which cut its OCR by 25bps to 2.25%, citing that the “outlook for global growth has deteriorated since the December monetary policy statement, due to weaker growth in China and other emerging markets, and slower growth in Europe. RBNZ’s tone was clearly dovish, indicating that many downside risks remain to the outlook, including domestic concerns over dairy sector weakness, decline in inflation expectations, the possibility of continued high net immigration, and pressures in the housing market” and in particular “there has been a material decline in a range of inflation expectations measures” which could become “self-fulfilling and subdues further inflation outcomes”, hence “further policy easing may be required to ensure that future average inflation settles near the middle of the target range”. Market is now eyeing the April or June meeting for a further 25bp rate cut to 2%. Separately, BOC and BNM were static on rates as expected. Expect Asian markets to trade with a slightly upbeat but cautious tone today ahead of ECB. Today’s data focus will be US’ initial jobless claims, China’s CPI/PPI, but taking centerstage will be the ECB’s highly anticipated policy meeting (where another 10bp cut to the negative deposit rate, with a tiered system, and a EUR10b expansion to the QE monthly purchases has been largely priced in, with more TLTROs and/or expansion of the QE program to corporate bonds or even equities as potential icing on the cake, so the bar for disappointment is relatively high in our view) and the BOK (likely unchanged at 1.5%).
US	Wholesale inventories unexpectedly rose 0.3% mom in Jan, with wholesale trade sales plunging more than anticipated by 1.3% mom, pushing the inventory to sales ratio up to 1.35x.
China	Policies related to the RMB’s internationalization and the liberalization of China’s capital account were not found in the latest Annual Work Report delivered by Chinese Premier Li Keqiang, reiterating the government’s stance of controlled capital outflows so as to play down expectations of further depreciation of the RMB. Elsewhere, Shenzhen’s local government announced its intention to crackdown on loans for home down-payments that have led to the recent overheating of property markets in tier-one cities.
Malaysia	Bank Negara kept its overnight policy rate unchanged at 3.25% yesterday, as expected by the market. It has also kept its statutory reserve requirement unchanged at 3.5%, following January’s 50bps cut. Incidentally, yesterday also marked the last MPC meeting chaired by the outgoing Governor Zeti. No news yet on who is set to replace her when she retires on April 30th.
Commodities	It seems that investors are more than willing to push crude oil prices higher on favourable news, and the recent US oil inventories gave them that very reason. Though overall crude inventories gained by another 3.9 million barrels for the week ended 4 March, the climb was below the previous week’s climb of 10.4 million barrels. More starkly perhaps, was the huge drawdown in gasoline (-4.5 million barrels) and distillates (-1.1 million barrels) even in the face of higher refinery utilisation (+0.8%). All these put together, suggest that energy demand in the US was extremely robust in the past week.

Major Market

- **US:** Wall Street gained modestly yesterday, with the Dow +0.21%, S&P500 +0.51% and Nasdaq +0.55%. VIX -1.77% to 18.34. The UST bond market retreated as de-risking interest unwound a little, with the 2- and 10-year bond yields up at 0.88% and 1.88% respectively. The US\$20b 10-year note auction fetched a tepid bid-cover ratio of 2.49x (2.62x) and indirect bidding of 56.5% (average 61.7%). There is a US\$12b 30-year bond sale today.
- **Singapore:** The STI rebounded 1.14% to close at 2810.43 yesterday, and may attempt higher amid the brightening energy sector prospects. Meanwhile, SGS bonds rallied strongly yesterday, with longer-dated bonds the key beneficiaries of up to 5bps, but given the modest overnight improvement in risk appetite ahead of ECB's potential bazooka, there may be some giveback today. Elsewhere, COE premium tender results saw modest increases across all categories A-E.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with the short-end rates trading 3bps-4bps lower while the long-end rates traded 18bps lower. In the broader dollar space, JACI IG corporates spread tightened by 1bp to 240bps, while the yield on the JACI HY corporates increased by 4bps to 8.02%. 10y UST yield increased by 5bps to 1.88%.
- **New Issues:** National Australian Bank priced a AUD1.4bn 5-year bond at MS+97bps, tightening from an initial guidance of MS+100bps. The issue has an expected rating of "NR/Aaa/AAA". UOB priced a USD500mn 10.5NC5.5 bond at CT10+220bps, tightening from an initial guidance of CT10+235bps. The issue is a Tier 2 subordinated note, with an expected rating of "NR/A2/A+". ANZ launched an offer for a two-tranche deal; a NZ100mn 3-year floating rate bond with an indicative margin of 1%p.a. and a NZ100mn 5-year fixed rate bond with an indicative margin of 1.4% p.a. ANZ also scheduled investor meetings starting today for a possible USD bond issue. Ausnet Services issued a final price guidance for a USD 60NC5.5 hybrid securities of 5.75%-5.875%. The structure is similar to the recent issue in SGD, and has an expected rating of "BBB/Baa2/NR". OCBC Bank's Sydney branch intends to launch a 4Y Senior Unsecured AUD bond with an initial price guidance of 3MBBSW+123bps.
- **Rating Changes:** Moody's withdrew its corporate family rating for Cache Logistics Trust ("Cache"), citing it was an internal business decision by Moody's. Cache was previously rated "Baa3" by Moody's.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.173	-0.04%	USD-SGD	1.3825	-0.17%
USD-JPY	113.350	0.65%	EUR-SGD	1.5207	-0.27%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2199	-0.78%
AUD-USD	0.7486	0.63%	GBP-SGD	1.9656	-0.15%
GBP-USD	1.4217	0.01%	AUD-SGD	1.0350	0.47%
USD-MYR	4.1263	0.22%	NZD-SGD	0.9200	-1.51%
USD-CNY	6.5130	0.13%	CHF-SGD	1.3862	-0.33%
USD-IDR	13157	-0.02%	SGD-MYR	2.9829	0.32%
USD-VND	22292	-0.04%	SGD-CNY	4.7154	0.49%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2870	--	O/N	0.3720	--
2M	-0.2510	--	1M	0.4419	--
3M	-0.2210	--	2M	0.5230	--
6M	-0.1380	--	3M	0.6352	--
9M	-0.0800	--	6M	0.8977	--
12M	-0.0250	--	12M	1.2070	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.76	3.60	3.16
Italy	-0.07	0.40	1.41
Ireland	-0.34	0.80	0.90
Greece*	9.80	45.30	9.40
Spain	-0.01	0.90	1.57
Russia^	3.44	3.70	5.67

* 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	17,000.36	36.30
S&P	1,989.26	10.00
Nasdaq	4,674.38	25.60
Nikkei 225	16,642.20	-141.00
STI	2,810.43	31.70
KLCI	1,686.35	-1.50
JCI	4,811.04	--
Baltic Dry	376.00	10.00
VIX	18.34	-0.30

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.01 (-0.01)	0.89 (+0.02)
5Y	1.74 (-0.02)	1.38 (+0.04)
10Y	2.08 (-0.03)	1.88 (+0.05)
15Y	2.46 (-0.04)	--
20Y	2.53 (-0.04)	--
30Y	2.68 (-0.05)	2.66 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.17	0.36
EURIBOR-OIS	13.60	-0.20
TED	33.45	-0.06

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	38.29	4.90%	Coffee (per lb)	1.209	0.54%
Brent (per barrel)	41.07	3.58%	Cotton (per lb)	0.5659	-2.78%
Heating Oil (per gallon)	1.233	2.73%	Sugar (per lb)	0.1463	-1.55%
Gasoline (per gallon)	1.47	5.96%	Orange Juice (per lb)	1.2285	3.80%
Natural Gas (per MMBtu)	1.752	2.34%	Cocoa (per mt)	3,006	1.76%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,935.0	1.38%	Wheat (per bushel)	4.6375	0.54%
Nickel (per mt)	8,861	3.52%	Soybean (per bushel)	8.800	0.28%
Aluminium (per mt)	1,572.3	0.77%	Corn (per bushel)	3.5900	0.07%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,257.4	-0.44%	Crude Palm Oil (MYR/MT)	2,518.0	1.08%
Silver (per oz)	15.355	-0.19%	Rubber (JPY/KG)	159.0	-1.55%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time		Event		Survey	Actual	Prior	Revised
03/09/2016 07:30	AU	Westpac Consumer Conf SA MoM	Mar	--	-2.20%	4.20%	--
03/09/2016 07:50	JN	Money Stock M2 YoY	Feb	3.20%	3.10%	3.20%	--
03/09/2016 07:50	JN	Money Stock M3 YoY	Feb	2.60%	2.50%	2.50%	2.60%
03/09/2016 08:30	AU	Home Loans MoM	Jan	-3.00%	-3.90%	2.60%	2.70%
03/09/2016 08:30	AU	Owner-Occupier Loan Value MoM	Jan	--	-4.30%	0.90%	-0.20%
03/09/2016 14:00	JN	Machine Tool Orders YoY	Feb P	--	-22.60%	-17.20%	--
03/09/2016 15:30	FR	Bank of France Bus. Sentiment	Feb	101	98	101	--
03/09/2016 16:00	SI	Automobile COE Open Bid Cat A	Mar-09	--	45000	43000	--
03/09/2016 16:00	SI	Automobile COE Open Bid Cat B	Mar-09	--	47604	46970	--
03/09/2016 17:30	UK	Industrial Production MoM	Jan	0.40%	0.30%	-1.10%	--
03/09/2016 17:30	UK	Industrial Production YoY	Jan	0.00%	0.20%	-0.40%	-0.20%
03/09/2016 17:30	UK	Manufacturing Production MoM	Jan	0.20%	0.70%	-0.20%	-0.30%
03/09/2016 17:30	UK	Manufacturing Production YoY	Jan	-0.70%	-0.10%	-1.70%	--
03/09/2016 18:00	MA	BNM Overnight Policy Rate	Mar-09	3.25%	3.25%	3.25%	--
03/09/2016 20:00	US	MBA Mortgage Applications	Mar-04	--	0.20%	-4.80%	--
03/09/2016 23:00	CA	Bank of Canada Rate Decision	Mar-09	0.50%	0.50%	0.50%	--
03/09/2016 23:00	UK	NIESR GDP Estimate	Feb	--	0.30%	0.40%	--
03/09/2016 23:00	US	Wholesale Inventories MoM	Jan	-0.20%	0.30%	-0.10%	0.00%
03/10/2016 04:00	NZ	RBNZ Official Cash Rate	Mar-10	2.50%	2.25%	2.50%	--
03/10/2016 07:50	JN	Foreign Buying Japan Stocks	Mar-04	--	--	¥1015.9b	--
03/10/2016 07:50	JN	PPI MoM	Feb	-0.30%	--	-0.90%	--
03/10/2016 07:50	JN	PPI YoY	Feb	-3.40%	--	-3.10%	--
03/10/2016 08:01	UK	RICS House Price Balance	Feb	50%	--	49%	--
03/10/2016 09:00	PH	Exports YoY	Jan	0.40%	--	-3.00%	--
03/10/2016 09:30	CH	CPI YoY	Feb	1.80%	--	1.80%	--
03/10/2016 09:30	CH	PPI YoY	Feb	-4.90%	--	-5.30%	--
03/10/2016 13:00	IN	Local Car Sales	Feb	--	--	168303	--
03/10/2016 14:30	FR	Non-Farm Payrolls QoQ	4Q F	0.20%	--	0.20%	--
03/10/2016 15:00	GE	Trade Balance	Jan	17.0b	--	18.8b	19.0b
03/10/2016 15:00	GE	Current Account Balance	Jan	17.0b	--	25.6b	--
03/10/2016 15:00	GE	Exports SA MoM	Jan	0.80%	--	-1.60%	-1.40%
03/10/2016 15:00	GE	Imports SA MoM	Jan	0.80%	--	-1.60%	--
03/10/2016 15:45	FR	Industrial Production MoM	Jan	0.80%	--	-1.60%	--
03/10/2016 15:45	FR	Industrial Production YoY	Jan	0.10%	--	-0.70%	--
03/10/2016 15:45	FR	Manufacturing Production MoM	Jan	0.50%	--	-0.80%	--
03/10/2016 15:45	FR	Manufacturing Production YoY	Jan	1.30%	--	0.50%	--
03/10/2016 17:00	IT	Unemployment Rate Quarterly	4Q	11.50%	--	11.70%	--
03/10/2016 20:45	EC	ECB Main Refinancing Rate	Mar-10	0.05%	--	0.05%	--
03/10/2016 20:45	EC	ECB Deposit Facility Rate	Mar-10	-0.40%	--	-0.30%	--
03/10/2016 20:45	EC	ECB Marginal Lending Facility	Mar-10	0.30%	--	0.30%	--
03/10/2016 21:30	CA	Capacity Utilization Rate	4Q	81.70%	--	82.00%	--
03/10/2016 21:30	US	Initial Jobless Claims	Mar-05	275k	--	278k	--
03/10/2016 21:30	CA	New Housing Price Index MoM	Jan	0.20%	--	0.10%	--
03/10/2016 21:30	US	Continuing Claims	Feb-27	2250k	--	2257k	--
03/10/2016 22:45	US	Bloomberg Consumer Comfort	Mar-06	--	--	43.6	--
03/10/2016	SK	BoK 7-Day Repo Rate	Mar-10	1.50%	--	1.50%	--
03/10/2016 03/15	CH	New Yuan Loans CNY	Feb	1200.0b	--	2510.0b	--
03/10/2016 03/15	CH	Money Supply M1 YoY	Feb	18.90%	--	18.60%	--
03/10/2016 03/15	CH	Money Supply M2 YoY	Feb	13.70%	--	14.00%	--
03/10/2016 03/20	ID	Local Auto Sales	Feb	--	--	84885	--
03/10/2016 03/15	IN	Imports YoY	Feb	--	--	-11.00%	--
03/10/2016 03/15	IN	Exports YoY	Feb	--	--	-13.60%	--

Source: Bloomberg

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