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Highlights

Global	News of explosions in Brussels sent market players in a flight for safety yesterday afternoon, but financial markets in Europe quickly stabilised. Fed's Evans opined that the US economic fundamentals were "really quite good" and most Fed members' "cautionary pause in the rate normalisation path is about assessing risks and just being careful", therefore "the continuation of a wait-and-see monetary response is appropriate to ensure that economic growth continues, labour markets strengthen further, wages begin to increase more, and all of this supports an eventual increase in currently low inflation, right back up to our 2 percent objective". Coupled with the more upbeat economic data prints from the US and Europe, this helped to blunt the edge of yesterday's terrorist concerns. Expect Asian markets to tread softly ahead of the month/quarter-end and upcoming long holiday weekend. Today's data calendar is relatively light and key focus will be the BOT and BSP policy decisions (both tipped to be unchanged at 1.5% and 4% respectively), US new home sales and S'pore's inflation data.
US	The Markit manufacturing PMI improved from 51.3 in Feb to 51.4 in Mar, while the Richmond Fed manufacturing gauge rose from -4 to +22 in Mar.
EZ	The region's manufacturing, services and composite PMIs showed broad-based improvements in March. However, Germany's Markit PMI fell from 50.5 in Feb to its slowest pace in 16 months of 50.4 in Mar, albeit the services PMI improved from 55.3 to 55.5. Meanwhile, German IFO business climate rose more than tipped from 105.7 to 106.7, with both the current and expectations gauges rising to 113.8 (previously 112.9) and 100.0 (previously 98.9) respectively, and this helped to buffer risks of a slowdown.
Japan	The Nikkei manufacturing PMI unexpectedly fell from 50.1 in Feb to a 3-year low of 49.1 in Mar, amid a strengthening JPY and weak external demand. However, the all industry index rose 2.0% mom in Jan, the most since April 2011. Note Paul Krugman has urged Japanese PM to skip the sales tax hike and expand fiscal stimulus instead.
S'pore	Headline and core CPI could print at -1.1% yoy (+0.3% mom nsa) and 0.3% yoy respectively in Mar, versus -0.6% yoy (-0.2% mom nsa) and 0.4% in Feb, but may start to reflect the recovery in crude oil prices in coming months. The COE tender results are also due today.
China	China's currency regulator SAFE said during a press conference that net capital outflows have moderated further in March, signalling improvement in sentiments. Tobin tax, which is still under study, may be added into China's toolbox. SAFE also said the 2.8% depreciation of CFETs RMB index is not significant, hinting higher tolerance. Caixin also reported that China may lower the minimum loan loss provision coverage ratio for the seven big banks to alleviate pressures on falling profits despite rising bad debts.
Commodities	Crude oil rose as markets reacted to OPEC's expectation for oil to rebound to a 'moderate' level even if Iran does not agree to the production freeze move, a strategy likely to be discussed in the upcoming Doha talks on April 17. Secretary-general of OPEC, Abdalla El-Badri, commented that he hopes that oil prices have "bottomed", and expects it to rebound going forward. Elsewhere, gold rallied further likely on safe haven demand after the terrorist attack on Brussels yesterday.

Major Market

- **US:** Wall Street slid modestly yesterday after paring initial losses, with the Dow -0.23%, S&P500 -0.09% and Nasdaq +0.27%. VIX +2.76% to 14.17. The UST bonds could not capitalise on the initial flight to safety bids yesterday, and the 2- and 10-year bond yields closed a tad higher for the second session at 0.89% and 1.94% respectively.
- **Singapore:** The STI ended flat at 2880.65 yesterday, and may trade sideways today given the slight risk-off mood, given weak overnight leads from Wall Street. STI could see support at 2860 and resistance at 2900. Meanwhile, SGS bonds may be supported today ahead of the CPI inflation data release and month/quarter-end, especially with the terrorist attacks.
- **Canada:** PM Trudeau's government will add C\$11b in annual spending to result in a projected deficit of C\$29.4b for the coming FY, with no plan to return to a balanced budget over five years.
- **Indonesia:** Finance Minister, Bambang Brodjonegoro, said that the government plans to adjust its oil price assumption in the revised budget for 2016, saying that it is "too ambitious". The original budget assumes oil price of USD50/barrel. Meanwhile VP Jusuf Kalla reportedly said that the government may have to lower its spending target to keep the budget deficit from widening.
- **Thailand:** The Constitution Drafting Committee (CDC) have said to be "meeting each other (meaning the CDC and the NCPO) halfway", according to the words of CDC spokesman Norachit Sinhaseni, agreeing to the junta's proposal to introduce an appointed 250 member strong Senate during the five-year post-election transition to full democracy. The members will be selected by an independent selection panel.
- **Commodities:** On agriculture and soft commodities, the harsh weathers have left prices surging, especially with coffee that rose to its highest since Oct 2015, while rally in crude palm oil saw no reprieve, with the commodity price at the highest since May 2014.

Bond Market Updates

- **Market Commentary:** The entire SGD swap curve traded relatively flat yesterday with the curve 1bp higher at the short end while the long-end rates also traded up 1bp. In the broader dollar space, JACI IG corporates spread continued to be somewhat range bound decreasing less than 1bp to 231bps, while the yield on the JACI HY corporates increase 1bp to 7.80%. 10y UST widened by ~2bps to 1.94%, continuing its bullish streak from yesterday.
- **New Issues:** Credit Union Australia launches a 3-Year Aussie floating-rate bond. TA Corporation Ltd, a property and construction group, priced a SGD40mn 2-year bond at 5.5%.
- **Rating Changes:** Toshiba's local currency long term debt has been downgraded by Moody's to B3 from B2 while its subordinated debt has been correspondingly downgraded to Caa3 from Caa2, citing concerns that the strength of the company's core business operations and ability to manage its high debt load are being significantly challenged. Hengdeli Holdings Ltd, a leading wholesaler/distributor of watches based in China was downgraded by Fitch to B+ with a Stable outlook from BB. The downgrade reflects higher business risk from the slowdown in market for luxury watches and continued financial deterioration. Kerry Properties Ltd's BBB- rating was placed on negative outlook by S&P, reflecting the weakened leverage of the company from volatility in the recognition of property development sales, delays at its Shanghai project, high capital expenditure for land premiums and construction. Woodside Petroleum's ratings have been confirmed at Baa1 with negative outlook by Moody's. Soilbuild Business REIT has been confirmed an initial rating of

Baa3 with a stable outlook by Moody's. Fitch Ratings Indonesia has revised the outlook on 3 Indonesian palm oil producers to negative. These issuers are wholly-owned subsidiaries of Golden Agri Resources Ltd ("Golden Agri"). The outlook revision was premised on Golden Agri's heightened leverage levels and expansion in its downstream business which have pressured cash flow generation.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	95.648	0.38%	USD-SGD	1.3597	-0.01%
USD-JPY	112.370	0.38%	EUR-SGD	1.5251	-0.24%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2101	-0.38%
AUD-USD	0.7622	0.58%	GBP-SGD	1.9316	-1.15%
GBP-USD	1.4208	-1.12%	AUD-SGD	1.0363	0.55%
USD-MYR	4.0097	-1.21%	NZD-SGD	0.9183	-0.14%
USD-CNY	6.4902	0.09%	CHF-SGD	1.3977	-0.31%
USD-IDR	13184	0.24%	SGD-MYR	2.9435	-1.47%
USD-VND	22300	0.02%	SGD-CNY	4.7699	-0.07%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3260	--	O/N	0.3743	--
2M	-0.2780	--	1M	0.4318	--
3M	-0.2380	--	2M	0.5192	--
6M	-0.1310	--	3M	0.6246	--
9M	-0.0690	--	6M	0.8982	--
12M	-0.0020	--	12M	1.2137	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.65	0.00	2.92
Italy	-0.02	0.10	1.25
Ireland	-0.35	0.20	0.85
Greece*	10.18	42.20	8.79
Spain	0.02	0.40	1.44
Russia^	3.30	1.70	5.50

* 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	17,582.57	-41.30
S&P	2,049.80	-1.80
Nasdaq	4,821.66	12.80
Nikkei 225	17,048.55	323.70
STI	2,880.65	--
KLCI	1,724.75	6.40
JCI	4,856.11	-29.10
Baltic Dry	398.00	--
VIX	14.17	0.40

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.93 (-0.01)	0.89 (+0.01)
5Y	1.71 (-0.03)	1.41 (+0.04)
10Y	2.06 (-0.01)	1.94 (+0.02)
15Y	2.43 (--)	--
20Y	2.54 (-0.01)	--
30Y	2.71 (-0.01)	2.72 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	22.96	-0.97
EURIBOR-OIS	10.68	-0.07
TED	33.33	0.88

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	41.45	3.86%	Coffee (per lb)	1.347	2.36%
Brent (per barrel)	41.79	0.60%	Cotton (per lb)	0.5837	0.34%
Heating Oil (per gallon)	1.252	1.19%	Sugar (per lb)	0.1658	1.78%
Gasoline (per gallon)	1.50	2.62%	Orange Juice (per lb)	1.3400	4.77%
Natural Gas (per MMBtu)	1.863	1.91%	Cocoa (per mt)	3,035	-1.20%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,065.0	0.02%	Wheat (per bushel)	4.6675	0.05%
Nickel (per mt)	8,762	0.23%	Soybean (per bushel)	9.103	0.91%
Aluminium (per mt)	1,490.3	-0.65%	Corn (per bushel)	3.7000	0.14%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,248.6	0.35%	Crude Palm Oil (MYR/MT)	2,652.0	0.68%
Silver (per oz)	15.877	0.23%	Rubber (JPY/KG)	167.5	1.45%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised
03/22/2016 08:30	TA Unemployment Rate	Feb 3.93%	3.94%	3.91%	--
03/22/2016 10:00	JN Nikkei Japan PMI Mfg	Mar P 50.5	49.1	50.1	--
03/22/2016 12:30	JN All Ind. Activity Index MoM	Jan 1.90%	2.00%	-0.90%	--
03/22/2016 16:00	FR Markit FR Manufacturing PMI	Mar P 50.2	49.6	50.2	--
03/22/2016 16:00	FR Markit France Services PMI	Mar P 49.5	51.2	49.2	--
03/22/2016 16:00	FR Markit France Composite PMI	Mar P 49.7	51.1	49.3	--
03/22/2016 16:30	GE Markit/BME DE MFG PMI	Mar P 50.8	50.4	50.5	--
03/22/2016 16:30	GE Markit Germany Services PMI	Mar P 55	55.5	55.3	--
03/22/2016 16:30	GE Markit/BME DE Composite PMI	Mar P 54.1	54.1	54.1	--
03/22/2016 17:00	GE IFO Business Climate	Mar 106	106.7	105.7	--
03/22/2016 17:00	GE IFO Current Assessment	Mar 112.7	113.8	112.9	--
03/22/2016 17:00	GE IFO Expectations	Mar 99.5	100	98.8	98.9
03/22/2016 17:00	EC Markit EZ Manufacturing PMI	Mar P 51.4	51.4	51.2	--
03/22/2016 17:00	EC Markit Eurozone Services PMI	Mar P 53.3	54	53.3	--
03/22/2016 17:00	EC Markit EZ Composite PMI	Mar P 53	53.7	53	--
03/22/2016 17:30	UK CPI MoM	Feb 0.40%	0.20%	-0.80%	--
03/22/2016 17:30	UK CPI YoY	Feb 0.40%	0.30%	0.30%	--
03/22/2016 17:30	UK CPI Core YoY	Feb 1.20%	1.20%	1.20%	--
03/22/2016 17:30	UK Retail Price Index	Feb 260.2	260	258.8	--
03/22/2016 17:30	UK RPI MoM	Feb 0.50%	0.50%	-0.70%	--
03/22/2016 17:30	UK RPI YoY	Feb 1.30%	1.30%	1.30%	--
03/22/2016 17:30	UK PPI Output NSA MoM	Feb 0.00%	0.10%	-0.10%	--
03/22/2016 17:30	UK PPI Output NSA YoY	Feb -1.20%	-1.10%	-1.00%	--
03/22/2016 17:30	UK ONS House Price YoY	Jan --	7.90%	6.70%	--
03/22/2016 17:30	UK PSNB ex Banking Groups	Feb 5.9b	7.1b	-11.2b	-13.8b
03/22/2016 18:00	GE ZEW Survey Current Situation	Mar 53	50.7	52.3	--
03/22/2016 18:00	GE ZEW Survey Expectations	Mar 5.4	4.3	1	--
03/22/2016 18:00	EC ZEW Survey Expectations	Mar --	10.6	13.6	--
03/22/2016 18:00	MA Foreign Reserves	Mar-15 --	\$96.1b	\$95.6b	--
03/22/2016 21:00	US FHFA House Price Index MoM	Jan 0.50%	0.50%	0.40%	0.50%
03/22/2016 21:45	US Markit US Manufacturing PMI	Mar P 51.9	51.4	51.3	--
03/22/2016 22:00	US Richmond Fed Manufact. Index	Mar 0	22	-4	--
03/23/2016 09:00	PH Trade Balance	Jan -\$160m	--	\$603m	--
03/23/2016 13:00	SI CPI NSA MoM	Feb 0.20%	--	-0.20%	--
03/23/2016 13:00	SI CPI YoY	Feb -0.70%	--	-0.60%	--
03/23/2016 15:15	TH BoT Benchmark Interest Rate	Mar-23 1.50%	--	1.50%	--
03/23/2016 16:00	TA Industrial Production YoY	Feb -5.30%	--	-5.65%	--
03/23/2016 16:00	PH BSP Overnight Rate	Mar-23 4.00%	--	4.00%	--
03/23/2016 16:00	SI COE Open Bid Cat A	Mar-23 --	--	45000	--
03/23/2016 19:00	US MBA Mortgage Applications	Mar-18 --	--	-3.30%	--
03/23/2016 22:00	US New Home Sales	Feb 510k	--	494k	--
03/23/2016	MU Visitor Arrivals	Feb --	--	2446t	--

Source: Bloomberg

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Co.Reg.no.:193200032W