

Highlights

Global	<p>The US equity market ended last Friday mixed despite weaker than expected flash PMI by Markit. Yen depreciated significantly last Friday after news that BoJ was considering the possibility of lending to financial institutions at a negative interest rate. The USDJPY jumped by more than 2% to above 111. Compared with FOMC this Thursday morning, the BoJ meeting this week is likely to be eventful as market has been split between more easing and no change.</p>
US	<p>Apr's Flash Manufacturing PMI missed expectations and came in at 50.8, the lowest since September 2009. Although still in expansionary territory, the flash PMI numbers came on the back of a fall in new orders, which also retreated to 52 in April, the lowest since December 2015, as compared to March's print of 52.6.</p> <p>Elsewhere, Wall Street closed mixed on Friday. S&P 500 (unchanged) and Dow (+0.12%) were largely flat, as continued gains in financials and energy counters offset declines in the technology sector. However, Nasdaq (-0.80%) took a hit on the back of poor earnings from Alphabet and Microsoft. Moving forward, investors will watch to see if the equity markets can break through the recent record levels. US Treasury yields rose as inflation expectations appear to strengthen in the US. 2-year and 10-year US Treasuries yield 0.82% and 1.89% respectively. Meanwhile, VIX (-5.23%) closed at 13.22.</p>
EZ	<p>Manufacturing PMI contracted to 51.5 (previous: 51.6) in April, missing estimates of 51.9. Despite still remaining in expansionary territory, the fall in PMI print comes as a disappointment and suggests little change in optimism in spite of earlier monetary stimulus from the ECB.</p>
Singapore	<p>STI closed the week on low note, coming in at 2940.43 (-0.69%). The decline was mainly led by offshore and marine names such as Keppel Corp Ltd (-5.0%) and Sembcorp Industries Ltd (-2.6%) with other names such as Genting Singapore PLC (-2.81%) also coming in lower on Friday. However, STI was supported by SIA Engineering Co Ltd (+1.06%), CapitaLand Commercial Trust Ltd (+1.02%) and Starhub Ltd (+0.9%). Expect STI to stay rather muted this week ahead of the Thursday's FOMC meeting as we see support and resistance at 2926 and 2950 respectively.</p> <p>Elsewhere, March's CPI is due today as we expect headline inflation to dip to -1.1% while core to remain steady at +0.6%.</p>
China	<p>The correction in China's bond market extended. The early bond redemption request from two local government funding vehicles and the split up news of troubled Bohai Steel Group may further raise the concern about the moral hazard issue in China's bond market and dampened the relationship between issuers and investors. China's bond market has been under pressure in the past few weeks due to four reasons including 1) liquidity concern due to reduced easing expectation, 2) rising credit risk due to default and moral hazard, 3) potential rising cost after change of tax structure to value added tax system from May and 4) financial institutions' deleverage efforts in bond holdings.</p>

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Major Market

- **Macau:** After the Lunar New Year Holidays, visitor arrivals unexpectedly climbed by 4.2% on a yearly basis in March, mainly attributed to the eighth straight months of increase in overnight visitors. We expect inbound tourists who stay overnight to increase further thanks to the wider choices of hotels and more favourable room rates. This is especially after the fresh wave of new hotel projects anticipated to be completed in the coming 1-2 years. On the other hand, though Mainland visitors increased last month, those travelling under the Individual Visit Scheme dropped by another 6.1% despite the loosened visa measures. Notably, there seems to be an increasing amount of outbound visitors from the middle-class pool showing preference towards Japan and South Korea. As Mainland visitors still constitute the largest share (63%) of Macau's total inbound visitors, we cannot rule out the possibility that March's increase of visitor arrivals will prove to be short-lived. As such, we continue to hold our view that the recovery of the city's tourism and gaming sector will be slow this year.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear flattened last Friday with the 1-3m rates trading 8-9bps higher while the rest of the curve traded 1bp-2bps higher last Friday. Flows in the SGD corporates were light, where we saw better buyers in FCLSP 4.25%'26s, GENSSP 5.125%'49s and ABNAV 4.75%'26s. In the broader dollar space, the spread on the JACI IG corporates was level at 226bps, while the yield on the JACI HY corporates was level at 7.52%. 10y UST yield was level at 1.89% with oil prices and equity markets losing momentum towards the latter part of the week.
- **New Issues:** Maybank priced a USD500mn Tier 2 10.5NC5.5 bond at CT10+255bps, tightening from an initial guidance of CT10+280bps. The expected rating for the issue is "A-/A3/A-". This deal marks Malaysia's first Basel III compliant USD bond deal. JD.com Inc priced a two-part deal, with the USD500mn 5-year bond priced at CT5+190bps, tightening from an initial guidance of CT5+215bps, and the USD500mn 10-year bond priced at CT10+220bps, tightening from an initial guidance of CT10+245bps. The expected rating for the issue is "BBB-/Baa3/NR". Meanwhile, Huawei schedules for investor meetings for USD bond issuance from today onwards.
- **Rating Changes:** S&P placed its "BB+" long-term corporate credit rating on Mitsubishi Motors Corp on CreditWatch with negative implications following the company's announcement that fuel-consumption test data for four of its mini-vehicle models was deliberately falsified. This testing fraud is highly likely to depress unit sales, and damage to business performance and the company's financial profile over the next year or two according to S&P. Fitch has revised the outlook on Origin Energy Ltd's "BBB" and Woodside Petroleum Ltd's "BBB+" ratings to negative from stable. Both ratings remain exposed to weakness in LNG markets as a result of sustained low oil prices which is putting pressure on forecast credit metrics at the current rating levels.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.116	0.55%	USD-SGD	1.3544	0.37%
USD-JPY	111.790	2.13%	EUR-SGD	1.5201	-0.20%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2118	-1.70%
AUD-USD	0.7708	-0.39%	GBP-SGD	1.9508	0.93%
GBP-USD	1.4403	0.56%	AUD-SGD	1.0442	0.00%
USD-MYR	3.9005	0.39%	NZD-SGD	0.9280	-0.50%
USD-CNY	6.4995	0.27%	CHF-SGD	1.3843	0.04%
USD-IDR	13194	0.31%	SGD-MYR	2.8899	0.16%
USD-VND	22279	0.18%	SGD-CNY	4.8014	-0.12%

Equity and Commodity

Index	Value	Net change
DJIA	18,003.75	21.20
S&P	2,091.58	0.10
Nasdaq	4,906.23	-39.70
Nikkei 225	17,572.49	208.90
STI	2,940.43	-20.40
KLCI	1,717.96	-3.50
JCI	4,914.74	11.60
Baltic Dry	688.00	18.00
VIX	13.22	-0.70

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3420	--	O/N	0.3812	-0.0005
2M	-0.2880	--	1M	0.4365	-0.0024
3M	-0.2490	--	2M	0.5230	-0.0028
6M	-0.1430	--	3M	0.6359	-0.0022
9M	-0.0760	-0.0010	6M	0.9087	-0.0045
12M	-0.0110	--	12M	1.2364	-0.0030

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.02 (--)	0.82 (+0.01)
5Y	1.68 (--)	1.36 (+0.02)
10Y	1.99 (--)	1.89 (+0.03)
15Y	2.37 (--)	--
20Y	2.45 (--)	--
30Y	2.61 (-0.01)	2.71 (+0.02)

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.71	3.80	3.29
Italy	-0.01	-1.30	1.47
Ireland	-0.33	-1.90	0.92
Greece*	10.02	-87.90	8.48
Spain	-0.03	-1.00	1.60
Russia^	3.12	1.40	4.90

Financial Spread (bps)

	Value	Change
LIBOR-OIS	24.48	-0.05
EURIBOR-OIS	9.95	0.35
TED	40.69	-0.23

* 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

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	43.73	1.27%	Coffee (per lb)	1.228	-0.65%
Brent (per barrel)	45.11	1.30%	Cotton (per lb)	0.6308	-0.65%
Heating Oil (per gallon)	1.309	0.70%	Sugar (per lb)	0.1526	-2.05%
Gasoline (per gallon)	1.53	0.99%	Orange Juice (per lb)	1.2575	-1.30%
Natural Gas (per MMBtu)	2.14	3.48%	Cocoa (per mt)	3,137	2.48%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,031.0	0.68%	Wheat (per bushel)	4.6700	-5.80%
Nickel (per mt)	9,064	-0.11%	Soybean (per bushel)	9.870	-3.12%
Aluminium (per mt)	1,648.5	1.09%	Corn (per bushel)	3.7175	-3.32%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,228.7	-1.63%	Crude Palm Oil (MYR/MT)	2,677.0	-1.29%
Silver (per oz)	16.900	-1.11%	Rubber (JPY/KG)	195.0	0.78%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 19 Apr 2016

	Current	Previous	Net Chg		Current	Previous	Net Chg
Corn	69,762	-60,198	129,960	Lean Hogs	52,677	62,961	-10,284
Nymex Crude	397,838	349,788	48,050	Heating Oil	6,553	8,782	-2,229
Soybean	170,234	123,113	47,121	Copper	-24,445	-22,309	-2,136
Cotton	23,297	-3,346	26,643	Sugar	189,234	190,534	-1,300
Wheat	-103,073	-122,852	19,779	RBOB Gasoline	72,418	73,410	-992
Silver	72,316	62,746	9,570	Live Cattle	35,434	36,115	-681
Natural Gas	-135,822	-144,869	9,047	Palladium	4,257	3,160	1,097
Cocoa	33,734	28,241	5,493	Gold	245,568	242,724	2,844
Platinum	33,463	29,912	3,551	Coffee	14,665	11,462	3,203

Source: CFTC

Key Economic Indicators

Date Time	Event		Survey	Actual	Prior	Revised	
04/22/2016 08:30	TA	Unemployment Rate	Mar	3.94%	3.92%	3.94%	--
04/22/2016 10:00	JN	Nikkei Japan PMI Mfg	Apr P	49.5	48	49.1	--
04/22/2016 11:05	MU	Visitor Arrivals	Mar	--	2367t	2644t	--
04/22/2016 12:30	JN	Tertiary Industry Index MoM	Feb	-0.50%	-0.10%	1.50%	0.70%
04/22/2016 15:00	FR	Markit France Mftg PMI	Apr P	49.9	48.3	49.6	--
04/22/2016 15:00	FR	Markit France Services PMI	Apr P	50.1	50.8	49.9	--
04/22/2016 15:30	TH	Foreign Reserves	Apr-15	--	\$176.6b	\$176.7b	--
04/22/2016 15:30	GE	Markit/BME GE Mftg PMI	Apr P	51	51.9	50.7	--
04/22/2016 15:30	GE	Markit Germany Services PMI	Apr P	55.1	54.6	55.1	--
04/22/2016 16:00	TA	Industrial Production YoY	Mar	-5.50%	-3.57%	-3.65%	-4.15%
04/22/2016 16:00	IT	Industrial Orders MoM	Feb	--	0.70%	0.70%	0.60%
04/22/2016 16:00	EC	Markit EZ Manufacturing PMI	Apr P	51.9	51.5	51.6	--
04/22/2016 16:00	EC	Markit Eurozone Services PMI	Apr P	53.3	53.2	53.1	--
04/22/2016 16:00	EC	Markit EZ Composite PMI	Apr P	53.3	53	53.1	--
04/22/2016 17:00	IT	Retail Sales MoM	Feb	--	0.30%	0.00%	--
04/22/2016 17:00	IT	Retail Sales YoY	Feb	--	2.70%	-0.80%	--
04/22/2016 18:00	MA	Foreign Reserves	Apr-15	--	\$97.2b	\$97.0b	--
04/22/2016 20:30	CA	Retail Sales MoM	Feb	-0.80%	0.40%	2.10%	2.00%
04/22/2016 20:30	CA	Retail Sales Ex Auto MoM	Feb	-0.70%	0.20%	1.20%	1.30%
04/22/2016 20:30	CA	CPI NSA MoM	Mar	0.50%	0.60%	0.20%	--
04/22/2016 20:30	CA	CPI YoY	Mar	1.20%	1.30%	1.40%	--
04/22/2016 20:30	CA	CPI Core MoM	Mar	0.40%	0.70%	0.50%	--
04/22/2016 20:30	CA	CPI Core YoY	Mar	1.70%	2.10%	1.90%	--
04/22/2016 21:45	US	Markit US Manufacturing PMI	Apr P	52	50.8	51.5	--
04/24/2016	VN	CPI YoY	Apr	2.20%	1.89%	1.69%	--
04/25/2016 12:00	TH	Customs Exports YoY	Mar	-4.70%	--	10.27%	--
04/25/2016 12:00	TH	Customs Imports YoY	Mar	-11.20%	--	-16.82%	--
04/25/2016 13:00	SI	CPI NSA MoM	Mar	0.10%	--	-0.10%	--
04/25/2016 13:00	SI	CPI YoY	Mar	-1.00%	--	-0.80%	--
04/25/2016 13:00	JN	Leading Index Cl	Feb F	--	--	99.8	--
04/25/2016 16:00	GE	IFO Business Climate	Apr	107.1	--	106.7	--
04/25/2016 16:00	GE	IFO Current Assessment	Apr	113.8	--	113.8	--
04/25/2016 16:00	GE	IFO Expectations	Apr	100.9	--	100	--
04/25/2016 22:00	US	New Home Sales	Mar	520k	--	512k	--
04/25/2016 22:30	US	Dallas Fed Manf. Activity	Apr	-10	--	-13.6	--
04/25/2016 04/29	PH	Budget Balance PHP	Feb	--	--	-3.5b	--
04/25/2016 04/30	VN	Exports YTD YoY	Apr	4.50%	--	4.10%	--

Source: Bloomberg

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