

Highlights

Global	Some risk-off sentiments crept in overnight, as optimism about when US president Trump's fiscal and tax plans would materialise subsided amid a dearth of economic data releases. Meanwhile, Fed's Mester opined that "if economic conditions evolve as I anticipate, I would be comfortable changing our reinvestment policy this year" and "ending reinvestments is a first step towards reducing the size of the balance sheet and returning its composition to primarily Treasury securities over time". Without any positive catalysts, Asian bourses are likely to consolidate as well this morning. Today's economic data calendar comprises of US' existing home sales and MBA mortgage applications and Malaysia's foreign reserves data. Canadian Finance Minister Morneau is also presenting the federal budget. RBA's Debelle, ECB's Villeroy and Lautenschlaeger are speaking today. RBNZ is likely to maintain its official cash rate at 1.75%.
US	US' current account deficit unexpectedly narrowed from a revised US\$116.0b in 3Q16 to US\$112.4b in 4Q16 versus market expectations for US\$129.0b.
SG	Five taxi firms will offer dynamic pricing option from next Wed through new service by Grab.
HK	Composite CPI deflated by 0.1% yoy in February, its first dip since August 2009. This was mainly attributed to the base effect resulting from the different timing of the Lunar New Year between this year and last year. Food inflation slowed down to 0.4% while housing CPI only rose marginally by 0.2% yoy. Given hthe winter sales season, the price index of clothing deflated by 3.3% yoy. Furthermore, the downward adjustment in the electricity charge also continued to take effect in adding deflationary risks. Moving forward, we expect price pressures to remain subdued given a stronger HKD which might hit import prices. Composite CPI for 2017 is expected to print around 2% yoy.
ID	Government said that it has issued guarantees for USD600mn ADB and USD500mn World Bank loans for PLN, the state-owned electricity company. These loans are slated to fund expansion of electricity network in Sumatra, according to Bloomberg.
MA	Bursa Malaysia said it has issued a consultation paper to seek feedback on a proposed Islamic Securities Selling and Buying Negotiated Transaction framework. As reported by the Star, Bursa intends to introduce the framework to provide a syariah-compliant alternative to the securities borrowing and lending negotiated transaction framrwork to further grow the syariah-compliant securities.
TH	Trade prints are expected to be out today, where we pencil export and import growth print to be at -4.0% and +12.5%, respectively.
Commodities	Crude oil took another nose-dive last night, with WTI closing below its \$48/bbl handle while Brent followed suit. Coupled with the fall in base metals and Wall Street (S&P fell by the most this year), and increase in gold prices to its highest since almost four weeks, these suggest that some risk taking has been taken off the table. Importantly, watch out for tonight's US energy inventories data, where market-watchers are pencilling in another gain in crude oil stocks.

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Major Markets

- **US:** Equities traded consistently lower through Tuesday after opening at a high, eventually closing significantly weaker. Nasdaq led declines with a 1.83% retreat, while the S&P 500 and the Dow lost 1.24% and 1.14% respectively. Investors appear to be (finally) spooked by the lack of progress in Trump's fiscal expansion policies, putting the brakes on the reflationary Trump trade. Banks continued to lead declines, while industrials and energy stocks were also lower on a weaker crude price. VIX came to life, up 10.0% to close at 12.47. VIX remains at relatively low levels, but expect it to spike higher if revisionist sentiments take hold in the coming sessions. Meanwhile, US Treasuries rallied as investors took cover, with yields 3-6 bps lower. 2- and 10-year benchmark yields closed at 1.26% and 2.42% respectively.
- **Singapore:** STI extended declines by another 0.23% to close at 3158.57 yesterday and may resume its downward slide today amid the overnight slippage in Wall Street and negative morning cues from Kospi. STI's support and resistance are tipped at 3120 and 3160 respectively. With the slight risk-off tone, expect that SGS bonds will rally in tandem with UST bonds and yields may trade some 1-3bps lower.
- **Macau:** Notably, inflation decelerated to its lowest print since January 2010 at 0.37% in February, due to the different timing of the Lunar New Year between this year and last year. Price pressure was subdued across major sections. Specifically, the food and non-alcoholic price index rose at its slowest pace (+0.14% yoy) since December 2003. The price index of clothing and footwear deflated for the second consecutive month due to the winter sales season. Lower charges for package tours after the Lunar New Year have also pushed the price index of recreation and culture down by 8.26% yoy (-8.74% mom). Moreover, housing and fuels CPI (-1.86% yoy) deflated for its seventh consecutive month. The mounting deflationary risks offset the inflationary pressures from higher prices of alcoholic beverages and rising wages of domestic helpers. All in all, we expect inflation to pick up pace after the seasonality wanes. However, given that a stronger MOP may tame import prices, composite CPI is expected to print around 1.5% in 2017.

Bond Market Updates

- **Market Commentary:** The SGD swap curve was relatively flattish yesterday, with shorter and medium term tenors trading 1bps lower while longer tenors (20-years and 30-years) traded 2bps higher. Flows in SGD corporates were heavy, with better buying seen in UOBSP 3.5%'29s, UOBSP 3.5%'26s, ABNAV 4.75%'26s, and mixed interests in FCLSP 4.15%'27s, SCISP 4.75%'49s, SINTEC 4.05%'25s, GENSSP 5.13%'49s. In the broader dollar space, the spread on JACI IG corporates fell 1bps to 193bps while the yield on JACI HY corporates fell 1bps to 6.69%. 10y UST yields fell 5bps yesterday to 2.41%, as U.S equities were on pace for the biggest decline of 2017, spurring a flight to safe haven assets. The S&P 500 index fell more than 1% for the first time since 11 October 2016.
- **New Issues:** Shinhan Bank priced a USD500mn 5-year note at CT5+100bps, tightening from initial guidance at CT5+120bps. The expected issue ratings are 'A+/Aa3/NR'. ING Groep N.V. priced a USD4bn 3-tranche deal; with the USD1.5bn 5-year piece at CT5+125bps, tightening from initial guidance between CT5+145 to CT5+150bps; the USD1bn 5-year piece at 3mL+115bps; and the 10-year USD1.5bn piece at CT10+155bps, tightening from initial guidance between CT10+175bps to CT10+180bps. The expected issue ratings are 'A-/Baa1/A+'. Property developer Emperor International Holdings Ltd. scheduled investor roadshows from 22 March for a potential USD and HKD bond issuance. Private bank EFG International AG scheduled investor roadshows for potential USD and/or SGD 10NC5 Tier 2 bond issuance. State-owned and diversified investing company Shanghai Lingang Economic Development Group is planning for potential USD bond issuance.

- **Rating Changes:** Moody's affirmed Westfield Corporation's (Westfield) 'A3' issuer rating and co-borrower Westfield UK & Europe plc's 'A3' senior unsecured debt ratings. In addition, Moody's revised Westfield's ratings outlook to negative from stable. The rating action reflects Westfield's large development pipeline relative to its asset base and high net debt to EBITDA for the existing rating category. Fitch placed Yingde Gases Group Company Limited's 'B+' Issuer Default Rating (IDR) and senior unsecured rating on Rating Watch Negative. The rating action is mainly due to the uncertainties from its potential acquisition by private equity firm, PAG Asia. According to Fitch, "The potential acquisition may also trigger the change of control (CoC) clause in Yingde's offshore bond documentation, which may mean the company must refinance its offshore debt as well."

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	99.813	-0.59%	USD-SGD	1.3995	0.20%
USD-JPY	111.710	-0.75%	EUR-SGD	1.5129	0.85%
EUR-USD	1.0811	0.67%	JPY-SGD	1.2527	0.93%
AUD-USD	0.7691	-0.52%	GBP-SGD	1.7464	1.18%
GBP-USD	1.2478	0.97%	AUD-SGD	1.0763	-0.33%
USD-MYR	4.4255	-0.02%	NZD-SGD	0.9855	0.02%
USD-CNY	6.8874	-0.31%	CHF-SGD	1.4081	0.67%
USD-IDR	13319	0.04%	SGD-MYR	3.1657	0.04%
USD-VND	22783	-0.04%	SGD-CNY	4.9245	-0.42%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.9264	--
2M	-0.3400	--	1M	0.9772	--
3M	-0.3290	--	2M	1.0200	--
6M	-0.2410	--	3M	1.1562	--
9M	-0.1690	--	6M	1.4349	--
12M	-0.1090	--	12M	1.8159	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.64	-2.60	4.21
Italy	-0.02	-3.00	2.32
Ireland	-0.35	-2.30	1.13
Greece	8.25	-33.90	7.46
Spain	-0.17	-2.70	1.82
Russia	2.01	0.20	4.21

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	47.34	-1.82%	Coffee (per lb)	1.435	-0.35%
Brent (per barrel)	50.96	-1.28%	Cotton (per lb)	0.7684	-0.63%
Heating Oil (per gallon)	1.5033	-0.71%	Sugar (per lb)	0.1729	-2.32%
Gasoline (per gallon)	1.6052	-0.38%	Orange Juice (per lb)	1.9030	4.07%
Natural Gas (per MMBtu)	3.0930	1.71%	Cocoa (per mt)	2,154	1.80%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,754.1	-1.71%	Wheat (per bushel)	4.2650	-0.87%
Nickel (per mt)	10,120.0	-0.06%	Soybean (per bushel)	10.015	0.20%
Aluminium (per mt)	1,921.0	0.25%	Corn (per bushel)	3.6125	-0.62%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,246.5	1.01%	Crude Palm Oil (MYR/MT)	2,968.0	0.99%
Silver (per oz)	17.550	0.84%	Rubber (JPY/KG)	287.0	0.00%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	20,668.01	-237.85
S&P	2,344.02	-29.45
Nasdaq	5,793.83	-107.70
Nikkei 225	19,455.88	-65.71
STI	3,158.57	-7.13
KLCI	1,754.67	5.26
JCI	5,543.09	9.10
Baltic Dry	1,200.00	-5.00
VIX	12.47	1.13

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.21 (-)	1.26 (-0.03)
5Y	1.54 (-)	1.95 (-0.04)
10Y	2.26 (-0.01)	2.42 (-0.04)
15Y	2.40 (-)	--
20Y	2.44 (-)	--
30Y	2.48 (-)	3.03 (-0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	24.35	0.29
EURIBOR-OIS	1.96	-0.08
TED	40.96	--

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised
03/21/2017	08:30	AU RBA March Rate Meeting Minutes				
03/21/2017	10:00	NZ Credit Card Spending YoY	Feb	--	5.30%	7.10%
03/21/2017	11:38	MU CPI Composite YoY	Feb	--	0.37%	1.76%
03/21/2017	15:00	JN Convenience Store Sales YoY	Feb	--	-1.70%	0.10%
03/21/2017	16:30	HK CPI Composite YoY	Feb	0.70%	-0.10%	1.30%
03/21/2017	17:30	UK CPI MoM	Feb	0.50%	0.70%	-0.50%
03/21/2017	17:30	UK CPI YoY	Feb	2.10%	2.30%	1.80%
03/21/2017	17:30	UK CPI Core YoY	Feb	1.70%	2.00%	1.60%
03/21/2017	17:30	UK Retail Price Index	Feb	267.5	268.4	265.5
03/21/2017	17:30	UK RPI MoM	Feb	0.80%	1.10%	-0.60%
03/21/2017	17:30	UK RPI YoY	Feb	2.90%	3.20%	2.60%
03/21/2017	17:30	UK RPI Ex Mort Int.Payments (YoY)	Feb	3.10%	3.50%	2.90%
03/21/2017	17:30	UK PPI Input NSA MoM	Feb	0.10%	-0.40%	1.70%
03/21/2017	17:30	UK PPI Input NSA YoY	Feb	20.10%	19.10%	20.50%
03/21/2017	17:30	UK PPI Output NSA MoM	Feb	0.30%	0.20%	0.60%
03/21/2017	17:30	UK PPI Output NSA YoY	Feb	3.70%	3.70%	3.50%
03/21/2017	17:30	UK PPI Output Core NSA YoY	Feb	2.50%	2.40%	2.40%
03/21/2017	17:30	UK Public Finances (PSNCR)	Feb	--	12.9b	-26.5b
03/21/2017	17:30	UK Public Sector Net Borrowing	Feb	2.8b	1.1b	-9.8b
03/21/2017	17:30	UK PSNB ex Banking Groups	Feb	3.2b	1.8b	-9.4b
03/21/2017	20:30	CA Retail Sales MoM	Jan	1.50%	2.20%	-0.50%
03/21/2017	20:30	US Current Account Balance	4Q	-\$129.0b	-\$112.4b	-\$113.0b
03/21/2017	20:30	CA Retail Sales Ex Auto MoM	Jan	1.30%	1.70%	-0.30%
03/21/2017	03/31	IN BoP Current Account Balance	4Q	-\$12.00b	--	-\$3.40b
03/22/2017	07:30	AU Westpac Leading Index MoM	Feb	--	--	0.03%
03/22/2017	07:50	JN Trade Balance	Feb	¥807.2b	--	¥1086.9b
03/22/2017	07:50	JN Trade Balance Adjusted	Feb	¥550.8b	--	¥155.5b
03/22/2017	07:50	JN Exports YoY	Feb	10.10%	--	1.30%
03/22/2017	08:30	TA Unemployment Rate	Feb	3.82%	--	3.84%
03/22/2017	11:00	TH Customs Exports YoY	Feb	-4.00%	--	8.83%
03/22/2017	11:00	TH Customs Imports YoY	Feb	12.50%	--	5.17%
03/22/2017	11:00	TH Customs Trade Balance	Feb	\$2450m	--	\$826m
03/22/2017	12:30	JN All Industry Activity Index MoM	Jan	0.00%	--	-0.30%
03/22/2017	13:00	JN Supermarket Sales YoY	Feb	--	--	-1.60%
03/22/2017	14:00	JN Nationwide Dept Sales YoY	Feb	--	--	-1.20%
03/22/2017	14:00	JN Tokyo Dept Store Sales YoY	Feb	--	--	-1.50%
03/22/2017	15:00	MA Foreign Reserves	Mar-15	--	--	\$95.0b
03/22/2017	17:00	EC ECB Current Account SA	Jan	--	--	31.0b
03/22/2017	17:30	IT Current Account Balance	Jan	--	--	5535m
03/22/2017	19:00	US MBA Mortgage Applications	Mar-17	--	--	3.10%
03/22/2017	21:00	US FHFA House Price Index MoM	Jan	0.40%	--	0.40%
03/22/2017	22:00	US Existing Home Sales	Feb	5.55m	--	5.69m
03/22/2017	22:00	US Existing Home Sales MoM	Feb	-2.50%	--	3.30%
03/22/2017	03/23	CA Federal Budget				

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