

Highlights

Global	<p>With the postponement of House vote from Thursday to Friday on the first major legislation ('American Health Care Act') under the 45th US president Trump, market doubts about his ability to pass major reform and fiscal stimulus had increased overnight. Meanwhile, the Congressional Budget Office re-estimated that the revised bill could shave the deficit by US\$150b over the next decade, some US\$186b less than initially tipped. The rethinking of Trump trade contributed to the modest wobbles in Wall Street and DXY, while the inability of crude oil prices to recover to the US\$50 per barrel handle also suggested that reflation hopes were being extinguished. In Europe, the last ECB's TLTRO program allotment rose to EUR233.5b while the FTSE100 stabilised as the UK Parliament returned to work. In Asia, both BSP and CBC kept their policy rates static at 3% and 1.375% respectively as anticipated. Expect Asian markets may attempt to range trade today. Today's economic data calendar comprises of US' durable goods orders, Markit manufacturing/services/composite PMIs from US and Europe, and S'pore's Feb industrial production. Speakers include Fed's Dudley, Bullard and Evans.</p>
US	<p>Fed's Williams (non-voter) opined that "three or maybe even more increases this year, makes sense to me, but it would depend on the data" and "I would expect - assuming the economy progresses as I expect and we raise interest rates a few more times this year – that we'll be closer towards the end of this year to be ready to start that process of the normalization of the balance sheet", but "it is going to take a number of years to get our balance sheet back to normal". New home sales accelerated more than expected by 6.1% mom to 592k in Feb, up from a revised 5.3% mom gain to 558k in Jan. Initial jobless claims also unexpectedly rose 15k to a 7-week high of 258k, bringing the four-week average to 240k. Meanwhile, the Kansas City Fed index rose from 14 to 20 in Mar, in its second highest reading in the last 15 years, with the future employment index at a record 23-year high.</p>
NZ	<p>PM English said that the country will target more free trade agreements and wants to achieve FTA coverage for 90% of its goods exports by 2030, up from the existing 53%.</p>
SG	<p>Headline CPI was positive for the fourth consecutive month and accelerated from 0.6% yoy (+0.2% mom nsa) in Jan to 0.7% yoy (0.0% mom nsa) in Feb. The flat on-month print was the lowest since Oct16. Meanwhile, MAS core inflation also tapered more than expected from 1.5% yoy in Jan to 1.2% yoy in Feb, attributable to lower services and food inflation. Looking forward, MTI and MAS tips imported inflation to rise modestly on the back of a turnaround in global commodity markets, especially oil prices, but domestic price pressures should remain contained and the local labour market has softened. Hence the pass-through to consumer prices should remain muted in the near-term. Our base case scenario remains that inflationary pressures remain within policymakers' comfort range, and there is no immediate urgency to revert to a modest appreciation bias for now.</p>
MA	<p>Bank Negara published its annual report yesterday, in which it narrowed its 2017 growth forecast from 4-5% to 4.3-4.8%. It sees 2017 inflation to reach 3-4%, compared to an average of 2.1% last year.</p>

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Major Markets

- **US:** Major equity indices edged down marginally on low volume on Thursday. A scheduled vote on the American Health Care Act (ACHA) was delayed, with the resultant uncertainty casting a shadow over the broad market in general, and healthcare stocks in particular. Energy stocks also shaded lower alongside crude oil prices. These losses were offset by gains from financials and material stocks. VIX continued its recent uptick, closing at 13.12, a year-to-date high. US Treasuries fluctuated intra-day on news regarding AHCA, and eventually closed little changed. 2- and 10-year yields closed marginally higher at 1.25% and 2.42% respectively.
- **China:** The MSCI is considering an alternative measure to include China's A-share into its benchmark index. Instead of the originally proposed 448 companies, the refreshed proposal will only consider 169 companies after excluding mid cap securities, 61 A-shares with H-shares constituents and 40 stocks suspended for more than 50 days. Meanwhile the initial weight of A-shares in the MSCI emerging market index will be about 0.5% under the revised proposal. The new proposal, albeit at a smaller number, shows the recognition of China's efforts to push stock connects by the international community.
- **Macau:** Visitor arrivals decreased by 5.6% yoy in February, mainly led by the huge year-on-year decrease in the number of Mainland visitors (-7.5% yoy) and tourists from Hong Kong (-8.6% yoy). The base effect resulted from the different timing of the Lunar New Year between this year and last year was to blame for the decline. On a positive note, a slew of new hotels opened during the past two years have attracted an increased number of visitors from Japan (+29.5% yoy) and South Korea (+31.3% yoy). Despite that, visitors from HK and Mainland China still accounted for over 85% of total visitors. As such, the expected China's slowdown in 2H is likely to weigh. Moreover, the sustainability of the new hotels' attractiveness is uncertain in the long term. Given limited choice of cheap accommodation and a stronger MOP, tourist re-visitation is unlikely. Data also shows that the share of overnight visitors dropped below 50% for the second consecutive month in February. Therefore, we will closely monitor the tourism sector and see if it could sustain its recovery and lend support to the mass-market of the gaming sector.
- **Indonesia:** Bank Indonesia said that it is ready to build FX and money market e-trading platform. This is part of its long-term plan in line with setting up a central counterparty clearing system, said Nanang Hendarsah, head of BI's financial market development department, as reported by Bloomberg.
- **Malaysia:** The annual report says that "Although growth is expected to improve due to better performance of the external sector, the economy will be challenged by higher inflation" as well as other factors including "volatile capital". The central bank signals that it is not likely to react to the higher inflation by hiking rates, however, contending that the cost-push factors such as local fuel costs, are not expected to cause significant spillovers to broader prices trends, and that core inflation is forecast to increase only modestly.
- **South Korea:** Consumer confidence has improved for the second straight month in March, up to 96.7 from the trough at 93.3 back in January. Still, the print is below its critical 100.0 handle, suggesting that overall confidence is still dominantly negative.
- **Commodities:** Crude oil staged another day of decline, as prices are now seemingly trending with risk appetite amid sustained concerns over high US crude oil inventories. Specifically, market-watchers likely turned disappointed as they digested the unexpected postpone of the American Health Care Act (AHCA) vote, lifting concerns as to whether further hiccups may ensue for Trump's economic policy agenda in the future. Elsewhere, note that US initial jobless claims didn't aid risk

appetite much, given that it surprised higher at 258k (vs est 240k) for the week ended 18 March.

- Elsewhere, gold was little changed overnight, **though some upside risk given safe haven demand may persist into next week** given the renewed uncertainty over Trump's fiscal policies and the upcoming French election in a month's time.
- In the agricultural space, crude palm oil for June delivery fell 2.1% at MYR2,771/MT, printing its biggest daily decline in the last two weeks. Note that the Malaysia Palm Oil Association continue to see higher CPO production in its key production areas (+5.3% mom in Peninsular Malaysia, +3.0% in Sabah, -1.6% in Sarawak.)
- Note that mine strike in the world's largest copper mine, BHP Billiton's Escondida in Chile, had ended yesterday, after a record-long 43 days of strike in Chile's history. Notably, BHP Billiton has reverted to the old labour contract for the next 18 months. The mine is expected to return to normal production in about two weeks, as the strikes had reportedly dented production by between 3.6 – 4.0 million tonnes. With demand still in question, especially as Chinese custom data revealed a slump in refined copper imports (-29% yoy) in February, copper futures may likely see some quick correction into the next week.

Bond Market Updates

- **Market Commentary:** The SGD swap curve was relatively flattish yesterday, with swap rates inching downwards slightly by around 1bps lower. Flows in SGD corporates were heavy, with better buying seen in BNP 3.65%'24s, UOBSP 3.5%'29s, better selling seen in GUOLSP 4%'22s, ABNAV 4.7%'22s, and mixed interests in OLAMSP 6%'22s, GEMAU 5.5%'19s. In the broader dollar space, the spread on JACI IG corporates fell 1bps to 195bps while the yield on JACI HY corporates fell 1bps to 6.66%. 10y UST yields changed little, inching upwards by 1bps yesterday to 2.42%, mirroring the shifting odds and uncertainties in the outcome of the Republicans reaching an agreement on the healthcare bill. Yields had reached session lows concurrently with U.S. equities after House Republicans postponed a planned meeting on the bill, and then began to rebound after the Ways and Means Committee Chairman said the party was near agreement, and retreated anew after the House Freedom Caucus left a White House meeting without reaching an accord.
- **New Issues:** PT Japfa Comfeed Indonesia Tbk priced a USD150mn 5NC3 bond at 5.625%, tightening from initial guidance of 5.875%. The expected issue ratings are 'BB-/NR/BB-'. Emperor International Holdings Ltd. (Emperor) priced a USD200mn 5-year bond at 5%, tightening from initial guidance of 5.25%. Emperor also priced another HKD800mn 5-year bond. Xinjiang Guanghui Industry Investment (Group) Co. Ltd. set final guidance for its potential USD 3-year bond issuance at 8.2%. The expected issue ratings are 'B/B3/NR'. Indonesia Eximbank scheduled investor roadshows from 27 March for potential USD bond issuance. The expected issue ratings are 'NR/Baa3/BBB-'.⁴
- **Rating Changes:** S&P affirmed Australian mining services provider Ausdrill Ltd.'s (Ausdrill) 'B+' issuer credit rating and issue rating on Ausdrill Finance Pty Ltd.'s senior unsecured notes yesterday. In addition, S&P revised the rating outlook to positive from stable. The rating actions reflect Ausdrill's proactive management of costs, reduced leverage, and recent new contract wins which have improved the company's credit metrics. S&P placed Australian Barmenco Holdings Pty Ltd.'s (Barmenco) 'B-' issuer credit rating and issue rating on the company's senior unsecured notes on CreditWatch with positive implications. The rating action reflects S&P's view that the company is proactively managing its refinancing task, having advanced its preparations and clearly defined its refinancing options. S&P affirmed Indonesia-based port operator Pelabuhan Indonesia III Persero PT's (Pelindo III) 'BB+' corporate credit rating and issue rating on the senior unsecured notes. In addition, S&P revised the ratings outlook to developing from positive. The rating action reflects the uncertain rating direction; an upgrade of Indonesia would likely lead S&P to raise the rating on Pelindo III, while prospects for a weaker balance sheet and higher leverage at the company over the next 12-18 months could translate into a lower rating level if the sovereign credit rating on Indonesia

stays at 'BB+' over the period. Moody's affirmed Guangzhou R&F Properties Co. Ltd.'s (Guangzhou R&F) 'Ba3' and its wholly owned subsidiary's, R&F Properties (HK) Company Limited (R&F HK), 'B1' corporate family ratings. In addition, Moody's revised the ratings outlook to negative from stable. The rating action reflects Moody's concern that Guangzhou R&F's higher financial risk because of its high debt leverage will continue in the near term. Fitch assigned PT Sri Rejeki Isman Tbk's (Sritex) USD150mn senior unsecured notes (issued by wholly owned subsidiary Golden Legacy Pte. Ltd.) a final rating of 'BB-' .

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	99.760	0.08%	USD-SGD	1.3995	0.11%
USD-JPY	110.940	-0.20%	EUR-SGD	1.5091	-0.02%
EUR-USD	1.0783	-0.13%	JPY-SGD	1.2614	0.32%
AUD-USD	0.7627	-0.66%	GBP-SGD	1.7523	0.40%
GBP-USD	1.2521	0.29%	AUD-SGD	1.0675	-0.55%
USD-MYR	4.4295	0.03%	NZD-SGD	0.9837	-0.10%
USD-CNY	6.8863	0.06%	CHF-SGD	1.4089	-0.09%
USD-IDR	13325	-0.03%	SGD-MYR	3.1619	0.06%
USD-VND	22795	0.09%	SGD-CNY	4.9185	-0.10%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	0.9267	--
2M	-0.3390	--	1M	0.9839	--
3M	-0.3300	--	2M	1.0239	--
6M	-0.2420	--	3M	1.1568	--
9M	-0.1710	--	6M	1.4313	--
12M	-0.1060	--	12M	1.8068	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.67	4.10	4.20
Italy	-0.04	-2.10	2.27
Ireland	-0.37	0.40	1.10
Greece	8.40	12.20	7.39
Spain	-0.20	-0.20	1.73
Russia	2.03	-1.40	4.23

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	47.70	-0.71%	Coffee (per lb)	1.405	-0.85%
Brent (per barrel)	50.56	-0.16%	Cotton (per lb)	0.7727	-0.09%
Heating Oil (per gallon)	1.4901	-0.45%	Sugar (per lb)	0.1760	1.73%
Gasoline (per gallon)	1.5896	-0.77%	Orange Juice (per lb)	1.8515	-2.04%
Natural Gas (per MMBtu)	3.0510	1.33%	Cocoa (per mt)	2,176	0.51%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,812.5	0.55%	Wheat (per bushel)	4.2100	-0.30%
Nickel (per mt)	9,988.8	0.10%	Soybean (per bushel)	9.910	-0.88%
Aluminium (per mt)	1,929.0	0.53%	Corn (per bushel)	3.5675	-0.56%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,247.2	-0.20%	Crude Palm Oil (MYR/MT)	2,933.0	-1.41%
Silver (per oz)	17.563	0.10%	Rubber (JPY/KG)	277.0	0.00%

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

Equity and Commodity

Index	Value	Net change
DJIA	20,656.58	-4.72
S&P	2,345.96	-2.49
Nasdaq	5,817.69	-3.95
Nikkei 225	19,085.31	43.93
STI	3,126.93	8.74
KLCI	1,747.00	-1.30
JCI	5,563.76	29.67
Baltic Dry	1,196.00	6.00
VIX	13.12	0.31

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.22 (-)	1.25 (-)
5Y	1.57 (+0.02)	1.95 (+0.02)
10Y	2.24 (-)	2.42 (+0.01)
15Y	2.38 (-)	--
20Y	2.44 (+0.01)	--
30Y	2.47 (+0.01)	3.03 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.90	-0.02
EURIBOR-OIS	1.00	--
TED	38.99	--

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
03/23/2017	04:00	NZ RBNZ Official Cash Rate	Mar-23	1.75%	1.75%	1.75%	--
03/23/2017	11:08	MU Visitor Arrivals	Feb	--	2495t	2876t	--
03/23/2017	13:00	SI CPI YoY	Feb	0.70%	0.70%	0.60%	--
03/23/2017	13:00	SI CPI NSA MoM	Feb	0.10%	0.00%	0.20%	--
03/23/2017	13:05	PH Budget Balance PHP	Jan	--	2.2b	-118.2b	--
03/23/2017	15:00	GE GfK Consumer Confidence	Apr	10	9.8	10	--
03/23/2017	15:45	FR Manufacturing Confidence	Mar	107	104	107	--
03/23/2017	15:45	FR Production Outlook Indicator	Mar	7	3	5	--
03/23/2017	16:00	TA Industrial Production YoY	Feb	10.00%	10.64%	2.77%	2.46%
03/23/2017	16:00	PH BSP Overnight Borrowing Rate	Mar-23	3.00%	3.00%	3.00%	--
03/23/2017	17:19	TA CBC Benchmark Interest Rate	Mar-23	1.38%	1.38%	1.38%	--
03/23/2017	17:30	UK Retail Sales Ex Auto Fuel MoM	Feb	0.30%	1.30%	-0.20%	-0.30%
03/23/2017	17:30	UK Retail Sales Ex Auto Fuel YoY	Feb	3.20%	4.10%	2.60%	2.10%
03/23/2017	17:30	UK Retail Sales Inc Auto Fuel MoM	Feb	0.40%	1.40%	-0.30%	-0.50%
03/23/2017	17:30	UK Retail Sales Inc Auto Fuel YoY	Feb	2.60%	3.70%	1.50%	1.00%
03/23/2017	20:00	IN BoP Current Account Balance	4Q	-\$12.00b	-\$7.90b	-\$3.40b	--
03/23/2017	20:30	US Initial Jobless Claims	Mar-18	240k	258k	241k	243k
03/23/2017	20:30	US Continuing Claims	Mar-11	2040k	2000k	2030k	2039k
03/23/2017	21:45	US Bloomberg Consumer Comfort	Mar-19	--	51.3	51	--
03/23/2017	22:00	US New Home Sales	Feb	564k	592k	555k	558k
03/23/2017	22:00	US New Home Sales MoM	Feb	1.60%	6.10%	3.70%	5.30%
03/23/2017	23:00	EC Consumer Confidence	Mar A	-5.9	-5	-6.2	--
03/23/2017	03/27	TH Car Sales	Feb	--	--	57254	--
03/23/2017	03/31	ID Local Auto Sales	Jan	--	--	86573	--
03/23/2017	03/31	ID Motorcycle Sales	Jan	--	--	437764	--
03/24/2017	05:00	SK Consumer Confidence	Mar	--	96.7	94.4	--
03/24/2017	05:45	NZ Trade Balance NZD	Feb	180m	-18m	-285m	-257m
03/24/2017	05:45	NZ Exports NZD	Feb	4.20b	4.01b	3.91b	--
03/24/2017	05:45	NZ Imports NZD	Feb	3.99b	4.02b	4.19b	4.16b
03/24/2017	05:45	NZ Trade Balance 12 Mth YTD NZD	Feb	-3655m	-3794m	-3468m	-3408m
03/24/2017	07:50	JN Japan Buying Foreign Bonds	Mar-17	--	--	-¥703.9b	--
03/24/2017	07:50	JN Japan Buying Foreign Stocks	Mar-17	--	--	-¥360.5b	--
03/24/2017	07:50	JN Foreign Buying Japan Bonds	Mar-17	--	--	-¥47.3b	--
03/24/2017	07:50	JN Foreign Buying Japan Stocks	Mar-17	--	--	-¥722.7b	--
03/24/2017	08:30	JN Nikkei Japan PMI Mfg	Mar P	--	--	53.3	--
03/24/2017	12:00	MA CPI YoY	Feb	3.90%	--	3.20%	--
03/24/2017	13:00	SI Industrial Production YoY	Feb	10.00%	--	2.20%	--
03/24/2017	13:00	SI Industrial Production SA MoM	Feb	1.20%	--	-6.00%	--
03/24/2017	13:00	JN Leading Index CI	Jan F	--	--	105.5	--
03/24/2017	13:00	JN Coincident Index	Jan F	--	--	114.9	--
03/24/2017	15:30	TH Foreign Reserves	Mar-17	--	--	\$180.0b	--
03/24/2017	15:45	FR GDP QoQ	4Q F	0.40%	--	0.40%	--
03/24/2017	15:45	FR GDP YoY	4Q F	1.20%	--	1.20%	--
03/24/2017	16:00	FR Markit France Mfg PMI	Mar P	52.4	--	52.2	--
03/24/2017	16:00	FR Markit France Services PMI	Mar P	56.1	--	56.4	--
03/24/2017	16:00	FR Markit France Comp PMI	Mar P	55.8	--	55.9	--
03/24/2017	16:30	GE Markit/BME Germany Mfg PMI	Mar P	56.5	--	56.8	--
03/24/2017	16:30	GE Markit Germany Services PMI	Mar P	54.5	--	54.4	--
03/24/2017	16:30	GE Markit/BME Germany Comp PMI	Mar P	56	--	56.1	--
03/24/2017	17:00	EC Markit Eurozone Mfg PMI	Mar P	55.3	--	55.4	--
03/24/2017	17:00	EC Markit Eurozone Services PMI	Mar P	55.3	--	55.5	--
03/24/2017	17:00	EC Markit Eurozone Comp PMI	Mar P	55.8	--	56	--
03/24/2017	17:30	UK BBA Loans for House Purchase	Feb	44900	--	44657	--
03/24/2017	20:30	CA CPI NSA MoM	Feb	0.20%	--	0.90%	--
03/24/2017	20:30	CA CPI YoY	Feb	2.10%	--	2.10%	--
03/24/2017	20:30	US Durable Goods Orders	Feb P	1.30%	--	2.00%	--
03/24/2017	20:30	US Durables Ex Transportation	Feb P	0.60%	--	0.00%	--
03/24/2017	20:30	US Cap Goods Orders Nondef Ex Air	Feb P	0.50%	--	-0.10%	--
03/24/2017	20:30	US Cap Goods Ship Nondef Ex Air	Feb P	0.20%	--	-0.40%	--
03/24/2017	21:45	US Markit US Mfg PMI	Mar P	54.8	--	54.2	--
03/24/2017	21:45	US Markit US Services PMI	Mar P	54	--	53.8	--
03/24/2017	21:45	US Markit US Comp PMI	Mar P	--	--	54.1	--
03/24/2017		VN CPI YoY	Mar	4.80%	--	5.02%	--

Source: Bloomberg

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