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**Highlights**

Global	Trump's plan to add 10% or around US\$54b to beef up defense spending suggested one could almost overlook the weak durable goods orders data overnight. Durable goods orders rebounded 1.8% in Jan, but followed a downwardly revised 0.8% decline in Dec. Meanwhile, durable goods ex-transportation also unexpectedly fell 0.2%, albeit following an upwardly revised 0.9% gain in Dec. Fed's Kaplan also opined that the rate hike should happen "sooner rather than later" and "I would like to be aware of what's going on in the market, but I don't want to overread or overreact to it...market probabilities can change very rapidly". This prompted the 14-March FOMC meeting rate hike probabilities to rise further to 50%. Given strong hints from President Trump ahead of his address to Congress will be the key focus of markets. Expect Asian markets to trade on a slightly upbeat note on Trump hopes in the interim. Today's economic data calendar comprises of US' Chicago PMI, consumer confidence, wholesale inventories and Richmond Fed manufacturing index, Thai trade, and Singapore's credit card data.
US	Pending home sales unexpectedly fell 2.8% mom in Jan (+2.7% yoy), the largest dip since May to a one-year low of 106.4, dragged down by sales in the Midwest and West regions. The Dallas Fed manufacturing activity improved further from 22.1 to 24.5 in Feb.
EZ	Eurozone's consumer confidence was unchanged at -6.2 in Feb, but the economic sentiment gauge improved from 107.9 in Jan to 108.0 in Feb, suggesting that confidence remained resilient in 1Q17.
UK	The GfK household sentiment index fell in Feb and remained below zero for the tenth consecutive month amid reduced appetite for major purchases.
CH	China's currency regulator SAFE announced yesterday that it will allow all qualified foreign investors to participate in the onshore currency derivative markets to hedge their currency risk associated with their bond holdings. Meanwhile the SAFE also said that there is no requirement for prior approval for repatriation of funds as long as the outflow currency is the same as the inflow currency.
TH	Thailand's external conditions started on a good note this year, with custom exports growing at a better-than-expected rate of 8.8% (vs OCBC est of 8.4%). However, imports expanded at a slower pace of 5.2%, thus bringing trade balance to \$826 million.
SK	Manufacturer's confidence remained below its expansionary 100.0 mark in March, printing a mere 81.0 (vs Feb's 76). Korea's manufacturing industry has been facing challenging times, seen from the falling employment numbers in the manufacturing sector.
Commodities	Crude oil and gold prices were mostly unchanged in overnight reading, likely as market-watchers were awaiting President Trump's Congress speech tomorrow. Movements in soft commodities were significant however, seen from coffee (-3.7%) on news that Brazil had suspended a move to import coffee.

## Major Markets

- **US:** Equities continue the now commonplace story of setting record highs. Amongst the indices, Nasdaq led with a 0.28% gain, while the S&P 500 and Dow rose 0.10% and 0.08% respectively. However, there is increasing suspicion that the rally is losing steam, with the gains becoming smaller each day. Eyes will be on Trump's upcoming speech to Congress. For a further leg up in equities, Trump must not disappoint in terms of policy details. Otherwise, a consolidation may be in line. VIX hiked 5.4% to close at 12.09. Meanwhile, US Treasury yields were higher by 5-6 bps across the board as market-implied odds for a March hike jumped to 50%. 2- and 10-year benchmark yields stood at 1.19% and 2.37% respectively. The movement of the market-implied odds, which stood at 40% last Friday, suggests that the market could not get a good grip of Fed's intent and is uncertain of the March FOMC.
- **Singapore:** Positive overnight cues from Wall Street is likely to lend the STI a helping hand today after it lost 0.27% to close down at 3108.62 yesterday. STI's support and resistance are tipped at 3080 and 3120. After the SGS bond yield curve flattened yesterday, we expect SGS yields to likely track UST bond yields higher amid investor optimism that president Trump would spend "big" on infrastructure.
- **Hong Kong:** Exports and imports retreated 1.2% yoy and 2.7% yoy respectively in January. As a result, trade deficit narrowed to HKD12.3 billion. Specifically, overseas shipments to major Asian trading partners, including Mainland China, Vietnam, Philippines and Japan, all dropped. In comparison, exports to western countries like Germany and the USA reversed the downward trend. On the other hand, subdued domestic demand outweighed higher commodity prices in dragging down imports. However, the effect of the Lunar New Year Holiday might have distorted the trade figures. Therefore, we are waiting for February's trade data to have a clear picture of HK's trade sector. Looking ahead, on the back of its fiscal stimulus, any improvement in the US economy will be favorable to HK's trade sector. However, the rise of protectionism and a stronger HKD may have a negative effect on the sector.
- **Macau:** Unemployment rate rose slightly to 2.0% in the three months through January after remaining static at 1.9% for 17 consecutive months. Due to the increased visitor arrivals and China's stabilization, total visitor expenditure rose for the second straight quarter, up 13.3% yoy in 4Q. As a result, retail sales value marked its positive gain for the first time since 2Q 2014. The advancement in the retail sector underpinned hiring sentiments. The same is true to the gaming sector after its labor redundancy was eliminated. However, a stronger MOP and policy risks may hit the gaming and retail sectors. Furthermore, as there is only one hotel project scheduled to be completed this year, labor demand in the construction as well as for the hotel, restaurant and similar sectors have been decreasing. Nevertheless, tight labor supply will still warrant a resilient labor market. We expect unemployment rate to stabilize around 2% throughout 2017 with wage growth stagnating for a longer period due to uncertain outlook at home and abroad.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards yesterday, with swap rates trading 1-3bps lower across all tenors. In the broader dollar space, the spread on JACI IG corporates remained stable at 193bps while the yield on JACI HY corporates fell 3bps to 6.66%. 10y UST yields rose 6bps to 2.37%, as Federal Reserve's Robert Kaplan reiterated his view that accommodation should be removed gradually and patiently without mentioning the March 15 meeting.
- **New Issues:** Westpac Banking Corp priced a USD3.25bn 3-tranche deal; with the USD1.65bn 3-year tranche priced at CT3+72bps, tightening from initial guidance of around CT3+85bps; the

USD600mn 3-year tranche priced at 3mL+43bps; and the USD1bn 10-year tranche at CT10+100bps, tightening from initial guidance of CT10+120bps. The expected issue ratings are 'AA-/Aa2/NR'. China Development Bank (Hong Kong Branch) priced a USD2bn 2-tranche deal; with the USD850mn 3-year tranche at 3mL+55bps, tightening from initial guidance of 3mL+75bps; and the USD1.15bn 5-year tranche at 3mL+70bps, tightening from initial guidance of around 3mL+95bps. The expected issue ratings are 'AA-/Aa3/NR'. Hyundai Capital Services Inc priced a USD600mn 5-year bond at CT5+125bps, tightening from initial guidance of CT5+145bps. The expected issue ratings are 'A-/Baa1/NR'. Sumitomo Mitsui Trust Bank priced a USD1.5bn 2-tranche deal; with the USD1bn 2-year tranche at CT2+87.5bps, tightening from initial guidance of CT2+105bps; and the USD500mn 2-year tranche at 3mL+51bps. The expected issue ratings are 'A/A1/NR'. Republic of Indonesia scheduled investor meetings from 6 March for a potential USD bond issuance. Pacific Century Premium Developments Ltd. scheduled investor meetings for a potential USD bond issuance. China Reinsurance Co Ltd. scheduled investor roadshows from 27 February for a potential USD bond issuance. China Cinda Asset Management Co. Ltd. scheduled investor roadshows from 28 February – 1 March for a potential USD bond issuance. The potential bond issues will be issued by China Cinda Finance (2017) I Ltd., and guaranteed by China Cinda (HK) Holdings Co. Ltd. The expected issue ratings are 'A-/Baa1/A'.

- **Rating Changes:** Moody's affirmed Takeda Pharmaceutical Company Limited's (Takeda) 'A1' issuer and senior unsecured ratings. The rating outlook is negative. The rating confirmation and negative outlook primarily reflect the company's weakened financial metrics following the acquisition of ARIAD Pharmaceutical Inc., which will add up to USD3.5bn of additional debt to Takeda's balance sheet. On the other hand, S&P downgraded its corporate credit and unsecured debt ratings on Takeda, to 'A-' from 'A+'. In addition, S&P removed Takeda's ratings from CreditWatch, and placed the ratings outlook on negative. Moody's upgraded the senior unsecured ratings of all rated entities within the Rio Tinto Group (Rio Tinto) to 'A3' from 'Baa1'. The rating outlook is stable. The rating upgrade reflects Moody's view that actions undertaken by Rio Tinto over the course of 2016, including its 1) cost reduction achievements, 2) debt reduction through its liability management program, 3) divestitures of non-core assets, and 4) focus on cash generation, which included a change in its dividend policy, have better positioned Rio Tinto to withstand the increased volatility in the markets in which it participates.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	101.130	0.04%	<b>USD-SGD</b>	1.4043	-0.05%
<b>USD-JPY</b>	112.700	0.52%	<b>EUR-SGD</b>	1.4867	0.16%
<b>EUR-USD</b>	1.0587	0.23%	<b>JPY-SGD</b>	1.2460	-0.63%
<b>AUD-USD</b>	0.7673	-0.04%	<b>GBP-SGD</b>	1.7472	-0.24%
<b>GBP-USD</b>	1.2442	-0.16%	<b>AUD-SGD</b>	1.0775	-0.05%
<b>USD-MYR</b>	4.4385	-0.05%	<b>NZD-SGD</b>	1.0100	-0.19%
<b>USD-CNY</b>	6.8708	0.02%	<b>CHF-SGD</b>	1.3914	-0.24%
<b>USD-IDR</b>	13341	0.08%	<b>SGD-MYR</b>	3.1554	-0.24%
<b>USD-VND</b>	22782	-0.15%	<b>SGD-CNY</b>	4.8989	0.13%

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	20,837.44	15.68
<b>S&amp;P</b>	2,369.75	2.41
<b>Nasdaq</b>	5,861.90	16.59
<b>Nikkei 225</b>	19,107.47	-176.07
<b>STI</b>	3,108.62	-8.41
<b>KLCI</b>	1,693.84	-4.51
<b>JCI</b>	5,382.87	-3.03
<b>Baltic Dry</b>	878.00	3.00
<b>VIX</b>	12.09	0.62

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3710	--	<b>O/N</b>	0.6828	--
<b>2M</b>	-0.3410	--	<b>1M</b>	0.7806	--
<b>3M</b>	-0.3290	--	<b>2M</b>	0.8517	--
<b>6M</b>	-0.2380	--	<b>3M</b>	1.0540	--
<b>9M</b>	-0.1710	--	<b>6M</b>	1.3607	--
<b>12M</b>	-0.1130	--	<b>12M</b>	1.7396	--

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.23 (--)	1.19 (+0.05)
<b>5Y</b>	1.59 (--)	1.87 (+0.06)
<b>10Y</b>	2.32 (-0.02)	2.37 (+0.05)
<b>15Y</b>	2.45 (-0.02)	--
<b>20Y</b>	2.43 (-0.03)	--
<b>30Y</b>	2.45 (-0.03)	2.98 (+0.03)

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
<b>Portugal</b>	0.02	2.20	3.88
<b>Italy</b>	0.00	-3.40	2.13
<b>Ireland</b>	-0.46	-2.80	0.90
<b>Greece</b>	7.94	-5.60	7.14
<b>Spain</b>	-0.12	-2.30	1.66
<b>Russia</b>	1.82	-2.50	4.12

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	31.00	-0.38
<b>EURIBOR-OIS</b>	2.40	--
<b>TED</b>	55.15	--

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	54.05	0.11%	Coffee (per lb)	1.391	-3.67%
Brent (per barrel)	55.93	-0.11%	Cotton (per lb)	0.7497	-0.60%
Heating Oil (per gallon)	1.6399	-0.03%	Sugar (per lb)	0.1909	-3.59%
Gasoline (per gallon)	1.5327	1.18%	Orange Juice (per lb)	1.6205	-5.81%
Natural Gas (per MMBtu)	2.6930	2.51%	Cocoa (per mt)	2,016	-0.59%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	5,934.0	0.10%	Wheat (per bushel)	4.1875	-2.90%
Nickel (per mt)	11,003.5	1.71%	Soybean (per bushel)	10.110	-0.25%
Aluminium (per mt)	1,899.5	0.78%	Corn (per bushel)	3.6025	-1.03%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,258.8	0.15%	Crude Palm Oil (MYR/MT)	2,920.0	-1.91%
Silver (per oz)	18.354	0.08%	Rubber (JPY/KG)	302.0	-0.03%

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

### Key Economic Indicators

Key Economic Indicators								
Date	Time	Event		Survey	Actual	Prior	Revised	
02/27/2017	10:00	SK	Discount Store Sales YoY	Jan	--	11.30%	-1.90%	--
02/27/2017	10:00	SK	Department Store Sales YoY	Jan	--	4.60%	3.30%	--
02/27/2017	12:00	TH	Customs Exports YoY	Jan	8.40%	8.83%	6.20%	6.23%
02/27/2017	12:00	TH	Customs Imports YoY	Jan	12.35%	5.17%	10.30%	10.34%
02/27/2017	16:22	MU	Unemployment Rate	Jan	--	2.00%	1.90%	--
02/27/2017	16:30	HK	Trade Balance HKD	Jan	-20.8b	-12.3b	-45.5b	--
02/27/2017	16:30	HK	Exports YoY	Jan	7.80%	-1.20%	10.10%	--
02/27/2017	16:30	HK	Imports YoY	Jan	8.60%	-2.70%	8.70%	--
02/27/2017	17:00	EC	M3 Money Supply YoY	Jan	4.80%	4.90%	5.00%	--
02/27/2017	18:00	EC	Economic Confidence	Feb	108.1	108	107.9	--
02/27/2017	18:00	EC	Business Climate Indicator	Feb	0.79	0.82	0.77	0.76
02/27/2017	18:00	EC	Industrial Confidence	Feb	1	1.3	0.8	--
02/27/2017	18:00	EC	Consumer Confidence	Feb F	-6.2	-6.2	-6.2	--
02/27/2017	21:30	US	Durable Goods Orders	Jan P	1.60%	1.80%	-0.50%	-0.80%
02/27/2017	21:30	US	Durables Ex Transportation	Jan P	0.50%	-0.20%	0.50%	0.90%
02/27/2017	21:30	US	Cap Goods Orders Nondef Ex Air	Jan P	0.50%	-0.40%	0.70%	1.10%
02/27/2017	21:30	US	Cap Goods Ship Nondef Ex Air	Jan P	0.20%	-0.60%	1.00%	1.60%
02/27/2017	23:00	US	Pending Home Sales MoM	Jan	0.60%	-2.80%	1.60%	0.80%
02/27/2017	23:30	US	Dallas Fed Manf. Activity	Feb	19.4	24.5	22.1	--
02/28/2017	03:20	UK	GfK Consumer Confidence	Feb	-6	-6	-5	--
02/28/2017	05:00	SK	Business Survey Manufacturing	Mar	--	81	76	--
02/28/2017	05:45	NZ	Trade Balance NZD	Jan	-25m	-285m	-41m	-36m
02/28/2017	05:45	NZ	Exports NZD	Jan	3.90b	3.91b	4.38b	--
02/28/2017	05:45	NZ	Imports NZD	Jan	3.90b	4.19b	4.42b	--
02/28/2017	07:50	JN	Industrial Production MoM	Jan P	0.40%	--	0.70%	--
02/28/2017	07:50	JN	Industrial Production YoY	Jan P	4.30%	--	3.20%	--
02/28/2017	07:50	JN	Retail Trade YoY	Jan	1.00%	--	0.60%	0.70%
02/28/2017	08:00	NZ	ANZ Business Confidence	Feb	--	--	21.7	--
02/28/2017	08:00	AU	HIA New Home Sales MoM	Jan	--	--	0.20%	--
02/28/2017	08:30	AU	BoP Current Account Balance	4Q	-A\$4.0b	--	-A\$11.4b	--
02/28/2017	08:30	AU	Private Sector Credit MoM	Jan	0.50%	--	0.70%	--
02/28/2017	10:00	NZ	Money Supply M3 YoY	Jan	--	--	6.40%	--
02/28/2017	12:00	JN	Vehicle Production YoY	Jan	--	--	4.20%	--
02/28/2017	13:00	JN	Housing Starts YoY	Jan	3.20%	--	3.90%	--
02/28/2017	13:00	JN	Annualized Housing Starts	Jan	0.916m	--	0.923m	--
02/28/2017	13:00	JN	Construction Orders YoY	Jan	--	--	7.10%	--
02/28/2017	13:00	JN	Small Business Confidence	Feb	48.5	--	48.3	--
02/28/2017	15:30	TH	Exports YoY	Jan	--	--	5.60%	--
02/28/2017	15:30	TH	Imports YoY	Jan	--	--	10.50%	--
02/28/2017	15:30	TH	Trade Balance	Jan	--	--	\$2047m	--
02/28/2017	15:30	TH	BoP Current Account Balance	Jan	\$2248m	--	\$3719m	--
02/28/2017	15:45	FR	CPI EU Harmonized MoM	Feb P	0.40%	--	-0.30%	--
02/28/2017	15:45	FR	CPI EU Harmonized YoY	Feb P	1.70%	--	1.60%	--
02/28/2017	15:45	FR	CPI YoY	Feb P	1.50%	--	1.30%	--
02/28/2017	15:45	FR	PPI YoY	Jan	--	--	1.70%	--
02/28/2017	15:45	FR	GDP YoY	4Q P	1.10%	--	1.10%	--
02/28/2017	18:00	IT	CPI EU Harmonized MoM	Feb P	-0.10%	--	-2.00%	-1.70%
02/28/2017	18:00	IT	CPI NIC incl. tobacco YoY	Feb P	1.30%	--	0.90%	1.00%
02/28/2017	18:00	IT	CPI EU Harmonized YoY	Feb P	1.30%	--	1.00%	--
02/28/2017	21:30	US	GDP Annualized QoQ	4Q S	2.10%	--	1.90%	--
02/28/2017	21:30	US	Personal Consumption	4Q S	2.60%	--	2.50%	--
02/28/2017	21:30	US	GDP Price Index	4Q S	2.10%	--	2.10%	--
02/28/2017	21:30	CA	Industrial Product Price MoM	Jan	0.50%	--	0.40%	--
02/28/2017	21:30	US	Core PCE QoQ	4Q S	1.30%	--	1.30%	--
02/28/2017	21:30	CA	Raw Materials Price Index MoM	Jan	1.20%	--	6.50%	--
02/28/2017	21:30	US	Wholesale Inventories MoM	Jan P	0.40%	--	1.00%	--
02/28/2017	22:00	US	S&P CoreLogic 20-City NSA Index	Dec	--	--	192.14	--
02/28/2017	22:45	US	Chicago Purchasing Manager	Feb	53.5	--	50.3	--
02/28/2017	23:00	US	Conf. Board Consmr Confi	Feb	111	--	111.8	--
02/28/2017	23:00	US	Richmond Fed Manufact. Index	Feb	10	--	12	--
02/28/2017		PH	Bank Lending YoY	Jan	--	--	16.00%	16.10%
02/28/2017		MU	Trade Balance	Jan	--	--	-6028m	--
02/28/2017		MU	Hotel Occupancy Rate	Jan	--	--	89.7	--
02/28/2017	03/03	VN	CPI YoY	Feb	5.40%	--	5.22%	--
02/28/2017	03/03	VN	Exports YTD YoY	Feb	--	--	7.60%	--
02/28/2017	03/03	VN	Imports YTD YoY	Feb	--	--	15.80%	--

Source: Bloomberg

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