

Highlights

Global	<p>Wall Street continued to flip-flop, rallying overnight but did not fully reverse the previous day's losses, which suggests that risk appetite remains unconvincing despite a Bloomberg report suggesting that the Trump administration was not actively targeting Amazon.com. Still, the latest salvo by the US to impose 25% tariffs on high-tech imports from China who was quick to respond that "it is only polite to reciprocate" with "corresponding measures of equal scale and strength against US products". The USTR is seeking public comments until 11 May.</p> <p>It remains to be seen if Asian bourses can leverage on the overnight recovery in Wall Street today, given that the Trump administration's list of Chinese products proposed for tariffs was announced after the US market close. For today, the economic data calendar comprises US' factory orders, non-manufacturing ISM, services/composite PMIs, final Feb durables goods orders, Eurozone's Mar CPI and Feb unemployment rate, China's Caixin service/composite PMIs, and S'pore's COE tender results. Speakers include Fed's Bullard and Mester.</p>
US	<p>John William will succeed William Dudley as the New York Fed president. Meanwhile, the New York Fed's Secured Overnight Financing Rate (SOFR), which is the Alternative Reference Rates Committee's preferred benchmark to eventually replace Libor, was set at 1.8% as of 2 April, which is 12bps above the Fed's effective rate.</p>
AU	<p>RBA kept its OCR unchanged at 1.5% for the 20th straight month, but governor Lower opined that "one continuing source of uncertainty is the outlook for household consumption...household income has been growing slowly and debt levels are high" and "inflation is likely to remain low for some time, reflecting low growth in labor costs and strong competition in retailing".</p>
CH	<p>China's Commerce Ministry said this morning that it will pursue dispute settlement in the WTO immediately after the USTR proposed additional 25% tariff on 1300 types of Chinese imports worth approximately US\$50 billion over night. Meanwhile, China's Commerce Ministry said it will also announce the reciprocal measures at the similar size soon.</p>
ID	<p>Parliament has officially confirmed Perry Warjiyo as the next Governor of Bank Indonesia. At the same time, lawmakers also approved Dody Budi Waluyo as the next Deputy Governor. Dody is currently the Executive Director for Monetary and Economic Policies.</p>
CMD	<p>Some short-covering behaviour was seen in the commodity space. Crude oil benchmarks WTI and Brent rose overnight, while gold turned south as market-watchers re-evaluate trade war concerns. Today's US production and inventory data would prove exceptionally interesting, given the coming end of the refinery maintenance season. Moreover, Bloomberg's survey of analysts, oil companies and ship-tracking data estimates that OPEC's oil production had fallen 170k barrels per day (bpd) in March to its lowest in 12 months to 32.04 million bpd, just as Venezuela's production fell in the past months amid its economic crisis.</p>

Major Market

- **US:** Equities rebounded from Monday's decline, as tech stocks recovered and automakers added to positive sentiments by announcing better-than-expected sales. Monday's decline also drew an odd comment by trade advisor Navarro that "smart money" should pile into stocks after the drop. USTR released the list of Chinese imports to be taxed after-hours, including a 60-day period for the public to present feedback. The impact of this may hit in Wednesday's session.
- For Tuesday, the S&P 500 added 1.26%, while the Dow and Nasdaq rose 1.65% and 1.04% respectively. VIX slipped to 21.10, compared to 23.62 previously. Meanwhile, US Treasuries took cue from the stabilising equity markets. The 2y and 10y benchmark yields were higher by 3-5 bps to 2.278% and 2.775% respectively.
- **Singapore:** The STI closed lower by 0.54% at 3412.15 yesterday, with loser outnumbering gainers by 263:147. Despite the overnight recovery in Wall Street, the US-China trade tensions are likely to continue to weigh on investor sentiments in the near-term. STI may test the 3400 support, with resistance at 3420. With UST bond yields higher by up to 5bps overnight, SGS bonds may lag the moves today.
- **Indonesia:** The appointment of the two governors ensures continuity at the central bank as both are working under the current Governor Agus Martowardojo. Under Agus, the central bank successfully restored credibility and gradually normalized rates bringing stability to both the economy and the IDR. Perry meanwhile has pledged to ensure the stability of the IDR as emerging market currencies brace for further volatility on top of trade war rhetoric and rising interest rates in the US.
- **Hong Kong:** Retail sales surged by 29.8% yoy significantly in February 2018. Driven by the low base effect and calendar effect of Chinese New Year, the retail sales in February increased on a broad basis. Sales of food picked up by 30.4% yoy, the largest increase since February 2015. From the perspective of other major retail outlets, sales of clothing and footwear jumped by 42.2% yoy. Supported by the further improvement in HK's tourism, including a weaker HKD to encourage tourist spending, the sales of consumer durable goods and luxurious goods swelled by 28.1% yoy and 33.7% yoy respectively. Meanwhile, optimistic consumer sentiment promoted by the steady labor market has boosted the domestic consumption. Notably, with the subsidence of low base effect and calendar effect, the growth of retail sales is likely to decelerate in the coming months. Despite that, we hold onto our view that the retail sector will have better performance in this year compared to last year, amid the positive economic outlook.
- **Macau:** Gross gaming revenue grew at a faster pace by 22.2% yoy to MOP 25.95 billion in March 2018. VIP revenue has remained the major driver of gross gaming revenue. Instead, we are still wary of the sustainability of VIP revenue growth. As the Macau's government has started to tighten the regulations on the gaming industry since January 2018, policy risk may hinder the growth of VIP segment. Besides, the funding cost is expected to increase progressively. As such, junket operators may be impeded from providing credit extensions for VIP gamblers. Affected by the policy risk and liquidity risk, VIP segment's contribution to gaming growth is likely to diminish. In contrast, driven by the positive economic outlook and a series of new hotel and casino openings, mass-market may make more contributions to the gaming growth in the longer term. Still, the gaming growth led by mass-market segment may be weaker than the growth driven by high rollers. Therefore, including high base effect, we hold onto our view that the growth of gaming revenue will decelerate to 10%-15% yoy in 2018.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with the swap rates for the shorter tenors trading 1bps higher while the longer tenors trading 1-3bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS narrowed 1bps to 125bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS narrowed 6bps to 356bps. 10Y UST yields rose 5bps to 2.78%, as equities stabilized yesterday and investors looked ahead to Friday's closed watched employment report for March.
- **New issues:** There are no new issues over 3 Apr 2018.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	90.200	0.16%	USD-SGD	1.3116	-0.06%
USD-JPY	106.610	0.68%	EUR-SGD	1.6093	-0.32%
EUR-USD	1.2270	-0.26%	JPY-SGD	1.2302	-0.73%
AUD-USD	0.7685	0.29%	GBP-SGD	1.8436	0.03%
GBP-USD	1.4057	0.09%	AUD-SGD	1.0079	0.23%
USD-MYR	3.8658	0.10%	NZD-SGD	0.9517	0.53%
USD-CNY	6.2899	0.15%	CHF-SGD	1.3678	-0.46%
USD-IDR	13764	0.08%	SGD-MYR	2.9498	0.03%
USD-VND	22803	-0.06%	SGD-CNY	4.7993	0.23%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	0/N	1.6969	--
2M	-0.3410	--	1M	1.8831	--
3M	-0.3280	--	2M	1.9994	--
6M	-0.2710	--	3M	2.3118	--
9M	-0.2200	--	6M	2.4524	--
12M	-0.1900	--	12M	2.6626	--

Fed Rate Hike Probability

Meeting	Prob Hike	1.75-2	2-2.25	2.25-2.5	2.5-2.75
05/02/2018	25.7%	25.7%	0.0%	0.0%	0.0%
06/13/2018	79.4%	60.9%	18.6%	0.0%	0.0%
08/01/2018	80.3%	59.2%	20.3%	0.8%	0.0%
09/26/2018	91.3%	37.1%	42.0%	11.7%	0.4%
11/08/2018	92.3%	34.0%	41.5%	15.0%	1.7%
12/19/2018	95.0%	24.8%	38.9%	24.3%	6.3%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	63.51	0.79%	Copper (per mt)	6,753.9	0.44%
Brent (per barrel)	68.12	0.71%	Nickel (per mt)	13,419.5	1.22%
Heating Oil (per gallon)	1.9950	0.75%	Aluminium (per mt)	1,965.3	-1.28%
Gasoline (per gallon)	1.9741	0.41%			
Natural Gas (per MMBtu)	2.6970	0.52%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,436.0	-0.90%
			Rubber (JPY/KG)	180.1	-0.83%
Precious Metals	Futures	% chg			
Gold (per oz)	1,337.3	-0.71%			
Silver (per oz)	16.392	-1.68%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,033.36	389.17
S&P	2,614.45	32.57
Nasdaq	6,941.28	71.16
Nikkei 225	21,292.29	-96.29
STI	3,412.15	-18.61
KLCI	1,850.78	-7.57
JCI	6,229.01	-11.56
Baltic Dry	1,055.00	--
VIX	21.10	-2.52

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.79 (-0.01)	2.28 (+0.03)
5Y	2.07 (+0.02)	2.60 (+0.05)
10Y	2.33 (+0.02)	2.78 (+0.05)
15Y	2.60 (+0.03)	--
20Y	2.65 (+0.03)	--
30Y	2.80 (+0.03)	3.01 (+0.05)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	58.34	-0.74
EURIBOR-OIS	3.10	-0.20
TED	58.82	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
04/03/2018 06:30	AU AiG Perf of Mfg Index	Mar	--	63.1	57.5	--
04/03/2018 07:00	SK CPI YoY	Mar	1.40%	1.30%	1.40%	--
04/03/2018 07:50	JN Monetary Base YoY	Mar	--	9.10%	9.40%	--
04/03/2018 09:30	AU ANZ Job Advertisements MoM	Mar	--	0.00%	-0.30%	-0.40%
04/03/2018 12:30	AU RBA Cash Rate Target	Apr-03	1.50%	1.50%	1.50%	--
04/03/2018 13:00	IN Nikkei India PMI Mfg	Mar	--	51	52.1	--
04/03/2018 14:00	GE Retail Sales MoM	Feb	0.70%	-0.70%	-0.70%	-0.30%
04/03/2018 14:30	AU Commodity Index SDR YoY	Mar	--	-2.10%	-1.00%	-2.80%
04/03/2018 14:30	AU Commodity Index AUD	Mar	--	113.2	139.8	112.1
04/03/2018 15:45	IT Markit Italy Manufacturing PMI	Mar	55.5	55.1	56.8	--
04/03/2018 15:50	FR Markit France Manufacturing PMI	Mar F	53.6	53.7	53.6	--
04/03/2018 15:55	GE Markit Germany Manufacturing PMI	Mar F	58.4	58.2	58.4	--
04/03/2018 16:00	EC Markit Eurozone Manufacturing PMI	Mar F	56.6	56.6	56.6	--
04/03/2018 16:20	TA Foreign Reserves	Mar	--	\$457.19b	\$456.72b	--
04/03/2018 16:30	UK Markit UK PMI Manufacturing SA	Mar	54.7	55.1	55.2	55
04/03/2018 16:30	HK Retail Sales Value YoY	Feb	8.00%	29.80%	4.10%	4.20%
04/03/2018 16:30	HK Retail Sales Volume YoY	Feb	5.90%	28.20%	2.20%	2.30%
04/04/2018 00:00	IT New Car Registrations YoY	Mar	--	-5.75%	-1.42%	-1.22%
04/04/2018 00:45	IT Budget Balance	Mar	--	-20.9b	-6.3b	--
04/04/2018 05:00	SK Foreign Reserves	Mar	--	\$396.75b	\$394.80b	--
04/04/2018 08:30	JN Nikkei Japan PMI Services	Mar	--	--	51.7	--
04/04/2018 08:30	JN Nikkei Japan PMI Composite	Mar	--	--	52.2	--
04/04/2018 09:30	AU Building Approvals MoM	Feb	-5.00%	--	17.10%	--
04/04/2018 09:30	AU Retail Sales MoM	Feb	0.30%	--	0.10%	--
04/04/2018 09:45	CH Caixin China PMI Composite	Mar	--	--	53.3	--
04/04/2018 09:45	CH Caixin China PMI Services	Mar	54.5	--	54.2	--
04/04/2018 16:00	IT Unemployment Rate	Feb P	11.00%	--	11.10%	--
04/04/2018 16:00	SI Automobile COE Open Bid Cat A	Apr-04	--	--	38000	--
04/04/2018 16:00	SI Automobile COE Open Bid Cat B	Apr-04	--	--	37010	--
04/04/2018 16:00	SI Automobile COE Open Bid Cat E	Apr-04	--	--	38000	--
04/04/2018 16:30	UK Markit/CIPS UK Construction PMI	Mar	51	--	51.4	--
04/04/2018 17:00	EC Unemployment Rate	Feb	8.50%	--	8.60%	--
04/04/2018 17:00	EC CPI Core YoY	Mar A	1.10%	--	1.00%	--
04/04/2018 17:00	EC CPI Estimate YoY	Mar	1.40%	--	1.20%	--
04/04/2018 19:00	US MBA Mortgage Applications	Mar-30	--	--	4.80%	--
04/04/2018 20:15	US ADP Employment Change	Mar	210k	--	235k	--
04/04/2018 21:45	US Markit US Services PMI	Mar F	54.2	--	54.1	--
04/04/2018 21:45	US Markit US Composite PMI	Mar F	--	--	54.3	--
04/04/2018 22:00	US ISM Non-Manf. Composite	Mar	59	--	59.5	--
04/04/2018 22:00	US Factory Orders	Feb	1.70%	--	-1.40%	--
04/04/2018 22:00	US Durable Goods Orders	Feb F	--	--	3.10%	--
04/04/2018 22:00	US Durables Ex Transportation	Feb F	--	--	1.20%	--
04/04/2018 22:00	US Cap Goods Orders Nondef Ex Air	Feb F	--	--	1.80%	--
04/04/2018 22:00	US Cap Goods Ship Nondef Ex Air	Feb F	--	--	1.40%	--
04/03/2018 04/04	US Wards Domestic Vehicle Sales	Mar	13.10m	13.42m	12.94m	--
04/03/2018 04/04	US Wards Total Vehicle Sales	Mar	16.90m	17.40m	16.96m	--

Source: Bloomberg

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