

Highlights

Global	<p>With US president Trump threatening another US\$100b in additional tariffs on China “in light of China’s unfair retaliation” against earlier US moves as “rather than remedy its misconduct, China has chosen to harm our farmers and manufacturers”. In return, Xinhua reported that the US\$100b tariff proposal violates international trade rules and China will defend its interests against US actions. The ratcheting up in trade rhetoric (note that all remain proposals at this juncture) does not bode well for global risk appetite, even though Wall Street closed in positive territory.</p> <p>Asian bourses may tread cautiously today, with investors still finely tuned to the twists and turns in the US-China trade tensions, ahead of the key US nonfarm and unemployment report. Market consensus is eyeing +185k (previously 313k) and 4.0% (previously 4.1%) respectively, average hourly earnings tipped to accelerate to 0.3% mom (2.7% yoy) in Mar as well. Fed Chair Powell is also speaking so his economic assessment in view of the ongoing trade dispute will be significant. Other speakers include Fed’s Williams and Evans.</p>
US	<p>US’ initial jobless claims jumped 24k to 242k, while the Challenger job cuts rose 39.4% in Mar. The Feb trade deficit widened more than expected by 1.6% from US\$56.7b in Jan to a fresh 9-year high of US\$57.6b, albeit the bilateral trade deficit with China narrowed from US\$35.5b to US\$34.7b, which could reinforce the Trump administration’s import tariff inclinations. Separately, Fed’s Bostic (voter) opined that he is “actually very comfortable going above the 2% by some amount” for inflation and his call is still for three hikes this year.</p>
IN	<p>RBI kept its repurchase rate static at 6% in a 5-1 vote and retained its neutral monetary policy stance while trimming its inflation forecasts. RBI cited that “growth has been recovering and the output gap is closing”, with “now clearer signs of revival in investment activity”.</p>
ID	<p>BI is to allow conventional banks to count corporate bonds in relaxed reserve ratios requirement rule that will start on July 16th. New provisions were also announced for averaging primary reserve requirements, both in local and foreign currencies.</p>
TH	<p>Consumer confidence rose into March to 79.9 (up from 79.3 in Feb), suggesting that the ongoing economic resilience stemmed from its rosy trade numbers and labour market has continued to give positive spillover effects to overall income and confidence levels.</p>
CMD	<p>Commodity prices did recover overnight, although growth-related ones trended south in early trading hours this morning. While market-watchers did find relief from recent Kudlow-led rhetoric referring to “none of the tariffs have been put in place yet”, Trump’s decision to up the ante in consideration “whether US\$100 billion of additional tariffs would be appropriate”. With the rather downbeat risk appetite into the new day, growth-related commodity prices including crude oil and base metals could give up previous day’s gains into end-week, whilst market-players await for a potential Chinese’s retaliation act again.</p>

Major Market

- **US:** Equities continued to rally on perceived easing of trade tensions as the Trump administration appeared open to negotiations with China. The fact is not lost that neither the US tariffs on Chinese imports, nor China's response, will be effective soon. However, all the optimism reversed after-hours, as Trump announced that he ordered the USTR to explore a further US\$100b worth of tariffs. The market response was telling. After the S&P 500 added 0.69%, the Dow 0.99% and Nasdaq Composite 0.49% overnight, stock futures all turn southwards. This may portend an edgy opening for US equities tonight, barring reconciliatory messages from China.
- Meanwhile, US Treasury yields were firmer as investors switch out of haven assets. 2y and 10y benchmark yields stood at 2.303% and 2.832% at NY close. However, expect yields to ease lower again in the Asian session as risk sentiments falter once ahead. Overall, continue headline-watching on the trade front and keep nimble on positions.
- **Singapore:** The STI rallied 1.97% to close at 3405.65 yesterday, but may sink again amid the tit-for-tat rhetoric between US and China. Even though Wall Street gained overnight, KOSPI's morning slippage suggests that equity markets will continue to flip-flop according to the trade newsflow in the interim. STI may trade in a 3375-3415 range today. With the UST bond yield curve steepening by around 2bps, SGS bonds are likely to follow suit.
- **Malaysia:** There is currently strong talk that parliament is set to be dissolved today as the cabinet meeting that is usually held on Wednesday has been moved to today. Back in 2013, the announcement for the election came after a cabinet meeting and this special rescheduling has raised eyebrows. Furthermore, a parliamentary debate on a proposed bill to amend the Shahriah Courts Act was axed yesterday despite the debate being high up on the order paper. Elections would have to be held within 60 days after parliament is dissolved. Given that Ramadan starts around mid-May, the government would most likely select a date before then. Meanwhile, markets remain completely unnerved by the elections with the FBM KLCI moving up yesterday. The MYR also strengthened to a new level of 3.86 against the USD last week and has so far held it.
- **Indonesia:** BI also introduced improved secondary reserve requirements known as the "macro-prudential liquidity buffer" and the "macro-prudential intermediation ratio" that will take effect from July 16th. The Central Bank made mentioned that this is a counter-cyclical measure and that without it, the target to achieve a 10-12% loan growth as well as strong GDP growth might be compromised.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with the swap rates for the shorter tenors traded 1-2bps higher (with the exception of 1-year tenor trading 2bps lower) while the longer tenors traded 2-4bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS traded little changed at 125bps while the Bloomberg Barclays Asia USD HY Bond Index average tightened 1bps to 353bps. 10Y UST yield rose 3bps to 2.83% as rising stock markets showed improved risk appetite.
- **New issues:** Syngenta AG has scheduled for investor meetings from 9 Apr for its potential USD/EUR bond issuance of up to USD4.8bn. Ausgrid Finance Property Ltd has scheduled for investor meetings from 6-17 Apr for its potential USD/EUR bond issuance. BOC Aviation Ltd has scheduled for investor meetings from 6 Apr for its

potential USD bond issuance. Marubeni Corp has scheduled for investor meetings from 6 Apr for its potential USD 5-year bond issuance. Westwood Group Holdings Ltd has scheduled for investor meetings from 9 Apr for its potential USD/CNH bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	90.460	0.35%	USD-SGD	1.3162	0.30%
USD-JPY	107.390	0.57%	EUR-SGD	1.6109	-0.01%
EUR-USD	1.2240	-0.31%	JPY-SGD	1.2256	-0.27%
AUD-USD	0.7684	-0.41%	GBP-SGD	1.8431	-0.23%
GBP-USD	1.4003	-0.54%	AUD-SGD	1.0114	-0.11%
USD-MYR	3.8663	-0.08%	NZD-SGD	0.9578	-0.08%
USD-CNY	6.3033	--	CHF-SGD	1.3661	0.04%
USD-IDR	13767	0.01%	SGD-MYR	2.9411	-0.13%
USD-VND	22809	-0.06%	SGD-CNY	4.7875	-0.31%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.7019	--
2M	-0.3410	--	1M	1.8906	--
3M	-0.3280	--	2M	2.0166	--
6M	-0.2710	--	3M	2.3246	--
9M	-0.2210	--	6M	2.4600	--
12M	-0.1900	--	12M	2.6809	--

Fed Rate Hike Probability

Meeting	Prob Hike	1.75-2	2-2.25	2.25-2.5	2.5-2.75
05/02/2018	27.8%	27.8%	0.0%	0.0%	0.0%
06/13/2018	81.4%	60.8%	20.6%	0.0%	0.0%
08/01/2018	82.9%	57.3%	23.9%	1.7%	0.0%
09/26/2018	92.8%	34.1%	43.2%	14.5%	1.0%
11/08/2018	93.4%	31.9%	42.4%	16.9%	2.1%
12/19/2018	95.7%	22.8%	38.7%	26.0%	7.4%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	63.54	0.27%	Copper (per mt)	6,778.1	2.13%
Brent (per barrel)	68.33	0.46%	Nickel (per mt)	13,276.5	1.34%
Heating Oil (per gallon)	1.9765	-0.04%	Aluminium (per mt)	1,991.8	0.84%
Gasoline (per gallon)	1.9816	0.24%			
Natural Gas (per MMBtu)	2.6750	-1.58%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,472.0	0.73%
			Rubber (JPY/KG)	176.3	-1.84%
Precious Metals	Futures	% chg			
Gold (per oz)	1,328.5	-0.87%			
Silver (per oz)	16.355	0.62%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,505.22	240.92
S&P	2,662.84	18.15
Nasdaq	7,076.55	34.44
Nikkei 225	21,645.42	325.87
STI	3,405.65	65.95
KLCI	1,836.13	20.19
JCI	6,183.23	26.13
Baltic Dry	977.00	--
VIX	18.94	-1.12

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.76 (-0.01)	2.30 (+0.01)
5Y	2.07 (+0.03)	2.64 (+0.02)
10Y	2.35 (+0.04)	2.83 (+0.03)
15Y	2.64 (+0.04)	--
20Y	2.69 (+0.05)	--
30Y	2.81 (+0.04)	3.07 (+0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	58.32	-0.80
EURIBOR-OIS	3.21	-0.02
TED	62.93	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
04/05/2018 01:00	NZ QV House Prices YoY	Mar	--	7.30%	6.50%	--
04/05/2018 07:00	SK BoP Current Account Balance	Feb	--	\$4027.3m	\$2680.4m	--
04/05/2018 07:50	JN Japan Buying Foreign Bonds	Mar-30	--	¥774.3b	¥790.1b	¥795.4b
04/05/2018 07:50	JN Foreign Buying Japan Bonds	Mar-30	--	¥268.9b	¥2174.1b	¥2171.6b
04/05/2018 07:50	JN Foreign Buying Japan Stocks	Mar-30	--	¥228.8b	¥2161.6b	¥2162.4b
04/05/2018 09:00	NZ ANZ Commodity Price	Mar	--	1.20%	2.80%	--
04/05/2018 09:30	AU Trade Balance	Feb	A\$725m	A\$825m	A\$1055m	A\$952m
04/05/2018 12:00	MA Trade Balance MYR	Feb	8.50b	9.02b	9.71b	9.67b
04/05/2018 12:00	MA Exports YoY	Feb	8.00%	-2.00%	17.90%	--
04/05/2018 13:00	IN Nikkei India PMI Services	Mar	--	50.3	47.8	--
04/05/2018 13:00	IN Nikkei India PMI Composite	Mar	--	50.8	49.7	--
04/05/2018 14:00	GE Factory Orders MoM	Feb	1.50%	0.30%	-3.90%	-3.50%
04/05/2018 15:45	IT Markit/ADACI Italy Services PMI	Mar	53.9	52.6	55	--
04/05/2018 15:45	IT Markit/ADACI Italy Composite PMI	Mar	54.9	53.5	56	--
04/05/2018 15:50	FR Markit France Services PMI	Mar F	56.8	56.9	56.8	--
04/05/2018 15:50	FR Markit France Composite PMI	Mar F	56.2	56.3	56.2	--
04/05/2018 15:55	GE Markit Germany Services PMI	Mar F	54.2	53.9	54.2	--
04/05/2018 15:55	GE Markit/BME Germany Composite PMI	Mar F	55.4	55.1	55.4	--
04/05/2018 16:00	EC Markit Eurozone Services PMI	Mar F	55	54.9	55	--
04/05/2018 16:00	EC Markit Eurozone Composite PMI	Mar F	55.3	55.2	55.3	--
04/05/2018 16:30	UK Markit/CIPS UK Services PMI	Mar	54	51.7	54.5	--
04/05/2018 16:30	UK Markit/CIPS UK Composite PMI	Mar	54	52.5	54.5	--
04/05/2018 17:00	EC PPI MoM	Feb	0.00%	0.10%	0.40%	--
04/05/2018 17:00	EC Retail Sales MoM	Feb	0.50%	0.10%	-0.10%	-0.30%
04/05/2018 17:00	IN RBI Repurchase Rate	Apr-05	6.00%	6.00%	6.00%	--
04/05/2018 17:00	IN RBI Reverse Repo Rate	Apr-05	5.75%	5.75%	5.75%	--
04/05/2018 17:00	IN RBI Cash Reserve Ratio	Apr-05	4.00%	4.00%	4.00%	--
04/05/2018 20:30	CA Int'l Merchandise Trade	Feb	-2.10b	-2.69b	-1.91b	-1.94b
04/05/2018 20:30	US Initial Jobless Claims	Mar-31	225k	242k	215k	218k
04/05/2018 20:30	US Continuing Claims	Mar-24	1843k	1808k	1871k	1872k
04/05/2018 20:30	US Trade Balance	Feb	-\$56.8b	-\$57.6b	-\$56.6b	-\$56.7b
04/05/2018 21:45	US Bloomberg Consumer Comfort	Apr-01	--	57.2	56.8	--
04/06/2018 07:30	JN Household Spending YoY	Feb	0.40%	--	2.00%	--
04/06/2018 08:00	JN Labor Cash Earnings YoY	Feb	0.50%	--	0.70%	--
04/06/2018 08:30	HK Nikkei Hong Kong PMI	Mar	--	--	51.7	--
04/06/2018 13:00	JN Leading Index CI	Feb P	105.5	--	105.6	--
04/06/2018 14:00	GE Industrial Production SA MoM	Feb	0.20%	--	-0.10%	--
04/06/2018 14:45	FR Trade Balance	Feb	-5313m	--	-5560m	--
04/06/2018 15:00	MA Foreign Reserves	Mar-30	--	--	\$103.9b	--
04/06/2018 15:30	GE Markit Germany Construction PMI	Mar	--	--	52.7	--
04/06/2018 15:30	TH Foreign Reserves	Mar-30	--	--	\$215.4b	--
04/06/2018 16:10	IT Markit Italy Retail PMI	Mar	--	--	50.4	--
04/06/2018 16:10	FR Markit France Retail PMI	Mar	--	--	51.8	--
04/06/2018 16:10	GE Markit Germany Retail PMI	Mar	--	--	53.8	--
04/06/2018 16:10	EC Markit Eurozone Retail PMI	Mar	--	--	52.3	--
04/06/2018 20:30	CA Net Change in Employment	Mar	20.0k	--	15.4k	--
04/06/2018 20:30	US Change in Nonfarm Payrolls	Mar	185k	--	313k	--
04/06/2018 20:30	CA Unemployment Rate	Mar	5.80%	--	5.80%	--
04/06/2018 20:30	US Change in Manufact. Payrolls	Mar	22k	--	31k	--
04/06/2018 20:30	US Unemployment Rate	Mar	4.00%	--	4.10%	--
04/06/2018	ID Foreign Reserves	Mar	--	--	\$128.06b	--
04/06/2018	PH Foreign Reserves	Mar	--	--	\$80.6b	\$80.4b
04/06/2018 04/13	VN Domestic Vehicle Sales YoY	Mar	--	--	-28.80%	--

Source: Bloomberg

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