

Highlights

Global	Chinese President Xi's keynote address at the Boao Forum saw pledges to cut vehicle import tariffs, ease foreign equity restrictions for automotive, open shipping, aviation, financial sectors for more foreign investment, strengthen property-right protection, oppose monopolies, and use dialogue to resolve disputes. In return, US president Trump tweeted "very thankful for President Xi of China's kind words on tariffs and automobile barriers...we will make great progress together!" and this more conciliatory tone gave market players some reassurance on the trade front. Wall Street and oil prices climbed overnight as global risk appetite notched higher, while the US Treasuries and the USD declined. Asian bourses may attempt to walk a cautious path today, awaiting China's CPI/PPI data in addition to the next signals in the US-China trade dispute. Today's economic data calendar comprises China CPI/PPI, US' CPI and MBA mortgage applications, and industrial production data from UK and Malaysia. Fed minutes are due and speakers include ECB's Nouy, Nowotny and Visco, Fed's Kaplan and BOE's Haldane.
US	PPI accelerated to 0.3% mom (3.0% yoy) in Mar after a 0.2% gain in Feb, while core PPI also rose 0.3% mom (2.7% yoy), reaffirming that cost pressures are picking up. The NFIB small business optimism however softened from 107.6 to a 5-month low of 104.7 in Mar, as expansion and sales expectations ease and a smaller proportion of owners expected business conditions to improve in the coming months possibly due to trade concerns. Wholesale inventories rose 1.0% mom in Feb. Meanwhile, Fed's Kaplan (non-voter) weighed in on the US-China trade tensions, opining that "it is too early to judge how this is going to affect the economy...But I do think the rhetoric, if it goes on for long enough at this level, is having somewhat a chilling effect". His view is for another two hikes this year.
EU	ECB's Nowotny opined that he "would have no problem with moving from minus 0.4% to minus 0.2% as a first step" before following up with an increase in the main refi rate. However, the ECB was quick to dismiss that his views saying "they do not represent the view of the Governing Council".
CH	President Xi pledged further openness in a highly watched speech in Boao forum yesterday. Most of his message echoed the plan laid out by Premier Li Keqiang in Mar during the press conference of closing ceremony of National People's Congress which covered four areas including lowering tariff for goods trade, further opening service sectors to support service trade, tightening protection of intellectual property rights in manufacturing sector as well as streamline the procedure for foreign direct investment. Nevertheless, President Xi's Special mention about opening of auto sector to lift cap of foreign direct investment and lower import tariff may help address President Trump's concern directly.
CMD	President Xi's rhetoric at Boao iterated a message of conciliation and trade-peace. Ebbing trade concerns from the forum rallied many risk-related asset valuations, including in the energy and base metal spaces. Note crude oil benchmarks surged, especially seen in Brent which rose beyond its 3-year high at \$71/bbl overnight. Moreover, market-watchers also paid attention to US Department of Energy's upgrade in their crude oil price outlook to \$58.68/bbl, up from \$57.51/bbl. Also, tonight's US crude oil inventories would be particularly interesting as well given the surge in oil prices of late.

Major Market

- **US:** Equities rebounded on Tuesday on hopes that trade tensions are thawing. Xi's speech at the Boao Forum was measured, and pointed to the further opening up of the Chinese economy. Trump responded to the speech with praise. Such positive interplay between the two leaders calmed nerves significantly. The energy sector was the main beneficiary, as crude prices spiked. Overall, the S&P 500 jumped 1.67%, while the Dow and Nasdaq Composite added 1.79% and 2.07% respectively. VIX stayed above the 20 handle at 20.47, compared to 21.77 previously. Meanwhile, the US Treasury yields were firmer overnight. The 2y and 10y benchmark yields added 2-3 bps to 2.307% and 2.801% respectively.
- **Singapore:** The STI rose 0.48% to close at 3466.38 yesterday and may continue to chalk up gains amid positive cues from Wall Street overnight as well as morning gains in Kospi. STI's support and resistance are tipped at 3440 and 3480 range today. With UST bond yields trading higher by up to 3bps as the curve flattened into the 3-year note auction and ahead of 10- and 30-year bond auctions, SGS bonds are likely to face some selling pressure today as well.
- **Malaysia:** The election commission has announced that nomination day will be on 28 April 2018 while polling will fall on 9 May 2018. The incumbent Barisan Nasional led by PM Najib Razak will be facing off against an opposition led by former PM Mahathir Mohamad.
- **Indonesia:** The government will require Pertamina to distribute subsidised Premium-brand gasoline across the country in response to the Premium shortage in many parts of the country, forcing motorists to buy non-subsidized fuel. Meanwhile the Deputy Energy and Mineral Resources Minister Aracandra said the government would not intervene to fix prices regarding the planned requirement that fuel retailers report any price increases to the government. This was according to the Jakarta Post.
- **Commodities:** In Asia, note Malaysia crude palm oil production rose to 1.57 million tonnes in March, up from 1.34 million tonnes in the previous month. Encouragingly, exports also rose in tandem to 1.57 million tonnes as well, thus narrowing overall palm oil stocks to 2.3 million tonnes. However, palm oil futures fell for its second day to its lowest since end-March. We opine that the fall is likely due to ebbing trade war concerns and the dilution of expectations that crude palm could rise up as a viable substitute to China's soybean imports.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with the swap rates for the shorter tenors trading flat to 1bps lower while the longer tenors traded 1-2bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 127bps while the Bloomberg Barclays Asia USD HY Bond Index average tightened 3bps to 345bps. 10Y UST yields rose 2bps to 2.80% after Xi Jinping alleviated some trade war fears coupled with the release of the producer price data which came in stronger-than-expected.
- **New issues:** Logan Property Holdings Co Ltd has priced a SGD200mn 3NC2 bond (guaranteed by Certain Offshore Subsidiaries of the Issuer) at 6.125%, tighter than IPT of 6.375%. Bank of China Ltd/Singapore Branch (BCHINA) has priced a USD800mn 3-

year FRN at 3mL+75bps and USD700mn 5-year bond at 3mL+85bps, tightening from its initial guidance of 3mL+100bps and 3mL+110bps respectively. Bank of China Ltd, Luxembourg Branch has priced a EUR700mn 3-year FRN at 3mE+50bps, tightening from its initial guidance of 3mE+65bps area. Korea Resources Corp (KORESC) has priced a USD500mn 5-year bond at CT5+150bps, tightening from its initial guidance of CT5+175bps area. Marubeni Corp (MARUB) has priced a USD500mn 5-year bond at CT5+122.5bps, tightening from its initial guidance of CT5+145bps area. China SCE Property Holdings Ltd (CHINSC) has priced a USD600mn 3NC2 bond at 7.45%, tightening from its initial guidance of 7.8%. Powerlong Real Estate Holdings Ltd has priced a USD350mn 3-year bond (guaranteed by certain non-PRC subsidiaries of the issuer) at 7.25%, tightening from its initial guidance of 7.5%. Thail Oil Treasury Centre Company Ltd has priced a USD283.6mn 5-year bond (guaranteed by Thai Oil Public Company Ltd) at 3.625% and a USD327.6mn 25-year bond at 4.875%. Southwest Securities Co Ltd has scheduled for investor meetings from 11 Apr for its potential bond issuance. Oversea-Chinese Banking Corp Ltd (OCBC) has hired banks for its potential EUR Benchmark 7-year covered bonds.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	89.587	-0.28%	USD-SGD	1.3092	-0.19%
USD-JPY	107.200	0.40%	EUR-SGD	1.6177	0.09%
EUR-USD	1.2356	0.28%	JPY-SGD	1.2213	-0.59%
AUD-USD	0.7761	0.83%	GBP-SGD	1.8560	0.13%
GBP-USD	1.4176	0.32%	AUD-SGD	1.0162	0.64%
USD-MYR	3.8690	-0.05%	NZD-SGD	0.9641	0.59%
USD-CNY	6.2832	-0.38%	CHF-SGD	1.3682	-0.26%
USD-IDR	13751	-0.07%	SGD-MYR	2.9510	0.19%
USD-VND	22798	--	SGD-CNY	4.7951	-0.31%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.7019	--
2M	-0.3420	--	1M	1.8971	--
3M	-0.3290	--	2M	2.0235	--
6M	-0.2700	--	3M	2.3373	--
9M	-0.2210	--	6M	2.4706	--
12M	-0.1910	--	12M	2.7036	--

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	84.3%	62.5%	21.7%	0.0%	0.0%
08/01/2018	85.2%	59.6%	24.3%	1.3%	0.0%
09/26/2018	93.2%	35.5%	43.3%	13.7%	0.7%
11/08/2018	93.7%	33.1%	42.7%	16.1%	1.8%
12/19/2018	95.9%	24.1%	39.4%	25.1%	6.6%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	65.51	3.30%	Copper (per mt)	6,915.9	1.95%
Brent (per barrel)	71.04	3.48%	Nickel (per mt)	13,649.5	1.98%
Heating Oil (per gallon)	2.0648	3.42%	Aluminium (per mt)	2,208.3	2.66%
Gasoline (per gallon)	2.0409	2.86%			
Natural Gas (per MMBtu)	2.6560	-1.37%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,433.0	-1.26%
			Rubber (JPY/KG)	183.5	1.21%
Precious Metals	Futures	% chg			
Gold (per oz)	1,345.9	0.43%			
Silver (per oz)	16.596	0.41%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,408.00	428.90
S&P	2,656.87	43.71
Nasdaq	7,094.30	143.96
Nikkei 225	21,794.32	116.06
STI	3,466.38	16.42
KLCI	1,860.98	11.27
JCI	6,325.82	79.69
Baltic Dry	952.00	--
VIX	20.47	-1.30

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.78 (-)	2.31 (+0.03)
5Y	2.08 (-)	2.62 (+0.03)
10Y	2.39 (-)	2.80 (+0.02)
15Y	2.66 (-)	--
20Y	2.72 (-)	--
30Y	2.84 (-)	3.02 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	58.75	-0.85
EURIBOR-OIS	2.10	-1.15
TED	62.40	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
04/10/2018 09:30	AU NAB Business Confidence	Mar --	7	9	--
04/10/2018 13:13	VN Domestic Vehicle Sales YoY	Mar --	-8.10%	-28.80%	--
04/10/2018 14:00	JN Machine Tool Orders YoY	Mar P --	28.10%	39.50%	--
04/10/2018 14:45	FR Industrial Production MoM	Feb 1.40%	1.20%	-2.00%	-1.80%
04/10/2018 14:45	FR Manufacturing Production MoM	Feb 0.70%	-0.60%	-1.10%	-1.00%
04/10/2018 16:00	IT Industrial Production MoM	Feb 0.80%	-0.50%	-1.90%	-1.80%
04/10/2018 16:00	TA CPI YoY	Mar 1.65%	1.57%	2.19%	--
04/10/2018 16:00	TA WPI YoY	Mar --	0.46%	-0.27%	-0.23%
04/10/2018 18:00	US NFIB Small Business Optimism	Mar 107	104.7	107.6	--
04/10/2018 20:15	CA Housing Starts	Mar 216.8k	225.2k	229.7k	231.0k
04/10/2018 20:30	CA Building Permits MoM	Feb -1.30%	-2.60%	5.60%	5.20%
04/10/2018 20:30	US PPI Final Demand MoM	Mar 0.10%	0.30%	0.20%	--
04/10/2018 20:30	US PPI Ex Food and Energy MoM	Mar 0.20%	0.30%	0.20%	--
04/10/2018 20:30	US PPI Ex Food, Energy, Trade MoM	Mar 0.20%	0.40%	0.40%	--
04/10/2018 22:00	US Wholesale Inventories MoM	Feb F 0.80%	1.00%	1.10%	--
04/10/2018 22:00	US Wholesale Trade Sales MoM	Feb 0.10%	1.00%	-1.10%	-1.50%
04/11/2018 07:00	SK Unemployment rate SA	Mar 3.60%	4.00%	3.60%	--
04/11/2018 07:50	JN Core Machine Orders MoM	Feb -2.50%	--	8.20%	--
04/11/2018 07:50	JN PPI YoY	Mar 2.00%	--	2.50%	--
04/11/2018 07:50	JN Bank Lending Incl Trusts YoY	Mar --	--	2.10%	--
04/11/2018 08:30	AU Westpac Consumer Conf SA MoM	Apr --	--	0.20%	--
04/11/2018 09:00	PH Trade Balance	Feb -\$2984m	--	-\$3317m	--
04/11/2018 09:00	PH Imports YoY	Feb 16.00%	--	11.40%	--
04/11/2018 09:00	PH Exports YoY	Feb 6.40%	--	0.50%	--
04/11/2018 09:30	CH PPI YoY	Mar 3.30%	--	3.70%	--
04/11/2018 09:30	CH CPI YoY	Mar 2.60%	--	2.90%	--
04/11/2018 11:00	SK Money Supply L SA MoM	Feb --	--	1.10%	--
04/11/2018 11:00	SK Money Supply M2 SA MoM	Feb --	--	1.30%	--
04/11/2018 11:00	SK Bank Lending To Household Total	Mar --	--	KR772.0t	--
04/11/2018 12:00	MA Industrial Production YoY	Feb 3.30%	--	3.00%	--
04/11/2018 14:30	FR Bank of France Ind. Sentiment	Mar 104	--	105	--
04/11/2018 16:00	IT Retail Sales MoM	Feb 0.30%	--	-0.50%	--
04/11/2018 16:30	UK Visible Trade Balance GBP/Mn	Feb -£11,900	--	-£12,325	--
04/11/2018 16:30	UK Trade Balance	Feb -£2,600	--	-£3,074	--
04/11/2018 16:30	UK Industrial Production MoM	Feb 0.40%	--	1.30%	--
04/11/2018 16:30	UK Manufacturing Production MoM	Feb 0.20%	--	0.10%	--
04/11/2018 16:30	UK Construction Output SA MoM	Feb 0.90%	--	-3.40%	--
04/11/2018 19:00	UK NIESR GDP Estimate	Mar 0.30%	--	0.30%	--
04/11/2018 19:00	US MBA Mortgage Applications	Apr-06 --	--	-3.30%	--
04/11/2018 20:30	US CPI MoM	Mar 0.00%	--	0.20%	--
04/11/2018 20:30	US CPI Ex Food and Energy MoM	Mar 0.20%	--	0.20%	--
04/11/2018 20:30	US CPI Index NSA	Mar 249.588	--	248.991	--
04/11/2018 20:30	US CPI Core Index SA	Mar 256.2	--	255.751	--
04/11/2018 20:30	US Real Avg Weekly Earnings YoY	Mar --	--	0.60%	--
04/11/2018 20:30	US Real Avg Hourly Earning YoY	Mar --	--	0.40%	0.30%
04/11/2018	PH Budget Balance PHP	Feb --	--	10.2b	--
04/11/2018 04/15	CH Money Supply M1 YoY	Mar 9.50%	--	8.50%	--
04/11/2018 04/15	CH Money Supply M2 YoY	Mar 8.90%	--	8.80%	--
04/11/2018 04/15	CH Aggregate Financing CNY	Mar 1800.0b	--	1170.0b	1173.6b
04/11/2018 04/15	CH New Yuan Loans CNY	Mar 1175.5b	--	839.3b	--
04/11/2018 04/15	CH Money Supply M0 YoY	Mar 7.90%	--	13.50%	--
04/11/2018 04/18	CH Foreign Direct Investment YoY CNY	Mar --	--	0.80%	--

Source: Bloomberg

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