

Highlights

Global	<p>Market shrugged off the upbeat earning results and took concerns over renewed trade tension concerns and its potential disruption on the current equity rally seen over the last few days. Note US President Trump commented that China had become “very spoilt” and casted doubt over the success of his efforts to strengthen his relationship with Beijing while adding that China had “ripped off” the US and “we just can’t do that anymore”. Still, note that China has reportedly offered the US a \$200 billion reduction in its annual trade surplus by increasing imports of American products, according to a Trump administration official. Elsewhere, poorer-than-expected US initial jobless claims could have also soured risk appetite as well, with claims rising to 222k, up from 211k the week prior. In Asia, note Malaysia’s GDP rose 5.4% y/y in 1Q18, while Bank Indonesia hiked its rate by 25bps as widely expected.</p> <p>For today, we see a relatively quiet economic calendar. Watch out for Thailand foreign reserves and Canada’s CPI.</p>
CN	<p>China tightened its supervision on offshore bond issuance by Chinese companies as part of efforts to manage the potential risk arising from external debt. The new supervision measures ban corporate issuers to use local government as guarantor. Meanwhile, offshore issuers will also not be allowed to leverage on local government credit. In addition, China’s Commerce Ministry said China will not trade its core interest in the US-China trade tension though the department did not specify the definitions of core interest.</p>
KR	<p>The country reported its intent to release data on central bank’s foreign exchange intervention from March 2019. Specifically, net foreign currency purchases will be released, though this information was previously withheld from public information in order to increase the effectiveness of monetary policy, but such as led to a misunderstanding that the government is artificially weakening the KRW, according to the statement.</p>
MA	<p>GDP growth for 1Q2018 was recorded at 5.4% yoy, just slightly above our forecast 5.3% yoy. Private consumption growth was strong at 6.9% yoy whilst investment growth was slow at 0.1% yoy. Trade growth was more subdued as expected with exports growing at 3.7% yoy whilst imports declined by 2.0% yoy. Growth in government expenditure was also slow at 0.4% yoy.</p>
ID	<p>BI raised rates by 0.25% to 4.50% in an expected move. The central bank also made mentioned that it would still “continue to implement rupiah exchange rate stabilisation measures in line with its economic fundamentals, whilst maintaining market mechanisms”.</p>
CMD	<p>Crude oil prices took headlines overnight, with Brent surging past its \$80/bbl on intraday trading in late Asian trading hours, before profit-taking brought oil prices back to where it started in the previous trading day. Interestingly, the International Energy Agency (IEA) cut its global oil demand growth outlook in 2018, defying previous OPEC’s demand upgrade, in its latest rhetoric. The IEA latest forecast cuts its demand growth to 1.4 million barrels per day (bpd), down from a previous 1.5 million bpd, citing that the higher oil prices would dampen oil demand. The agency also upgraded its non-OPEC output growth to 1.87 million bpd, suggesting that supplies will continue to grow and potentially put a brake on oil price rally into 2H18.</p>

Major Market

- **Wall Street:** Equities ended lower on the back of a re-emergence in concerns over trade tensions after President Trump expressed his doubts over the success in rebalancing US-China relations as officials from both countries met for further negotiations on Thursday. The Dow Jones slipped 0.22% to close down at 24,713.98. Similarly, the Nasdaq composite and S&P500 inched 0.21% and 0.09% lower, respectively. VIX stood at 13.43, marginally up from 13.42 previously. On the US Treasuries front, the 2y benchmark yield fell 2bps to close at 2.5647%. Meanwhile, the 10y yield also added 2bps to end firmer at 3.1112%.
- **Singapore:** The STI Index rose 0.11% to close up at 3,536.76 and could trade more cautiously today following mixed cues from Wall Street overnight and its Asian counterparts this morning. Strong earnings reports supported gains registered by counters such as Hutchison Port Holdings Trust (+1.52%), Golden Agri-Resources Ltd (+1.47%), SATS Ltd (+1.30%) and Singapore Airlines Ltd (+1.27%). On the other hand, Venture Corp Ltd (-2.26%) and Jardine Strategic Holdings Ltd (-1.77%) ended lower.
- **Hong Kong:** Unemployment rate decreased further to a more than twenty-year low at 2.8% during the three months through April. Despite that, the employment of different industries has been mixed. On the positive note, the jobless rate of tourism-related industries improved further to 4.1%, a level unseen since Dec14 amid the continued recovery of tourism. On the negative note, trade sector's jobless rate increased from 2.4% to 2.6% due to the lingering uncertainty over US-China trade conflict. Besides, the increased volatility of global stock and bond markets in 1Q 2018 has crippled the hiring sentiment of financial sector, driving up its unemployment rate from 2.1% to 2.3%. Moving forward, the labour market is expected to remain tight given the sanguine economic outlook. This will allow local consumer sentiment and housing demand are expected to hold up well. However, as the concerns about US-China trade frictions have not been eased, it may exert further negative impacts on trade sector and its employment. The prospects for higher interest rate and the potential correction in financial markets may also hit the financial sector's employment. Therefore, we do not expect such a low jobless rate to sustain in 2H18.
- **Indonesia:** The IDR was trading stronger against the USD yesterday with the USD – IDR value falling by 0.29%.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates for the shorter tenors trading 2-3bps higher while the longer tenors traded 3-4bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 1.33% while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 2bps to 410bps. 10Y UST yield rose 2bps to 3.11%, hitting its 7-year high on the back of strong US economic data earlier in the week.
- **New Issues:** China Great Wall International Holdings III Ltd has priced a USD600mn 5-year bond (guaranteed by China Great Wall AMC (International) Holdings Co Ltd) at CT5+155bps, tightening from its initial price guidance of CT5+180bps area. Vanke Real Estate Hong Kong Co Ltd (VANKE) has priced a USD650mn 5-year FRN (keepwell/EIPU provider: China Vanke Co Ltd) at 3mL+155bps, tightening from its initial price guidance of 3mL+185bps area. QNB Finance Ltd has priced a USD1.5bn 3-year

FRN (guaranteed by Qatar National Bank) at 3mL+135bps, tightening from its initial price guidance of 3mL+150bps area. China South City Holdings Ltd (CSCHCN) has priced a USD150mn 2-year bond (guaranteed by certain restricted subsidiaries incorporated outside of the PRC) at 11%, in line with its initial price guidance. Top Yield Ventures Ltd has priced a USD120mn 364-day bond (parent guarantor: Nan Hai Corp Ltd) at 9.75%. Korea Western Power Co Ltd has scheduled for investor meetings from 21-22 May for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.469	0.08%	USD-SGD	1.3422	0.18%
USD-JPY	110.770	0.34%	EUR-SGD	1.5831	0.07%
EUR-USD	1.1795	-0.11%	JPY-SGD	1.2117	-0.21%
AUD-USD	0.7511	-0.07%	GBP-SGD	1.8140	0.39%
GBP-USD	1.3516	0.22%	AUD-SGD	1.0082	0.13%
USD-MYR	3.9695	0.03%	NZD-SGD	0.9230	-0.11%
USD-CNY	6.3672	-0.07%	CHF-SGD	1.3402	0.16%
USD-IDR	14058	-0.28%	SGD-MYR	2.9611	0.24%
USD-VND	22770	0.10%	SGD-CNY	4.7429	-0.15%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	0/N	1.7054	--
2M	-0.3410	--	1M	1.9350	--
3M	-0.3260	--	2M	2.0937	--
6M	-0.2720	--	3M	2.3256	--
9M	-0.2190	--	6M	2.4944	--
12M	-0.1880	--	12M	2.7615	--

Fed Rate Hike Probability

Meeting	Prob Hike	1.75-2	2-2.25	2.25-2.5	2.5-2.75
06/13/2018	100.0%	72.0%	28.0%	0.0%	0.0%
08/01/2018	100.0%	66.0%	31.6%	2.3%	0.0%
09/26/2018	100.0%	16.0%	57.7%	24.5%	1.8%
11/08/2018	100.0%	14.7%	54.3%	27.2%	3.6%
12/19/2018	100.0%	7.1%	33.8%	41.3%	15.9%
01/30/2019	100.0%	6.5%	31.6%	40.7%	17.9%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	71.49	--	Copper (per mt)	6,810.1	0.60%
Brent (per barrel)	79.30	0.03%	Nickel (per mt)	14,553.0	0.84%
Heating Oil (per gallon)	2.2808	0.51%	Aluminium (per mt)	2,315.0	-1.45%
Gasoline (per gallon)	2.2431	-0.30%			
Natural Gas (per MMBtu)	2.8590	1.56%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,432.0	0.75%
Precious Metals	Futures	% chg	Rubber (JPY/KG)	189.9	0.74%
Gold (per oz)	1,289.4	-0.16%			
Silver (per oz)	16.481	0.67%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,713.98	-54.95
S&P	2,720.13	-2.33
Nasdaq	7,382.47	-15.82
Nikkei 225	22,838.37	121.14
STI	3,536.76	3.71
KLCI	1,854.44	-3.82
JCI	5,815.92	-25.54
Baltic Dry	1,403.00	--
VIX	13.43	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.97 (+0.01)	2.56 (-0.02)
5Y	2.27 (+0.04)	2.94 (-)
10Y	2.68 (+0.04)	3.11 (+0.01)
15Y	2.91 (+0.04)	--
20Y	2.90 (+0.04)	--
30Y	3.01 (+0.04)	3.25 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	43.44	-0.12
EURIBOR-OIS	3.65	1.25
TED	43.34	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
05/17/2018 06:45	NZ PPI Output QoQ	1Q	--	0.20%	1.00%	--
05/17/2018 06:45	NZ PPI Input QoQ	1Q	--	0.60%	0.90%	--
05/17/2018 07:50	JN Core Machine Orders MoM	Mar	-3.00%	-3.90%	2.10%	--
05/17/2018 07:50	JN Japan Buying Foreign Bonds	May-11	--	¥827.0b	¥363.7b	¥360.1b
05/17/2018 07:50	JN Japan Buying Foreign Stocks	May-11	--	¥258.5b	¥23.8b	--
05/17/2018 07:50	JN Foreign Buying Japan Bonds	May-11	--	¥238.5b	¥15.4b	¥16.0b
05/17/2018 07:50	JN Foreign Buying Japan Stocks	May-11	--	¥126.3b	¥0.3b	¥0.8b
05/17/2018 08:30	SI Non-oil Domestic Exports SA MoM	Apr	0.80%	6.50%	-1.80%	-2.20%
05/17/2018 08:30	SI Electronic Exports YoY	Apr	--	-6.90%	-7.10%	-7.50%
05/17/2018 08:30	SI Non-oil Domestic Exports YoY	Apr	7.30%	11.80%	-2.70%	-3.20%
05/17/2018 09:30	AU Employment Change	Apr	20.0k	22.6k	4.9k	-0.7k
05/17/2018 09:30	AU Unemployment Rate	Apr	5.50%	5.60%	5.50%	--
05/17/2018 09:30	AU Full Time Employment Change	Apr	--	32.7k	-19.9k	-25.1k
05/17/2018 09:30	AU Participation Rate	Apr	65.50%	65.60%	65.50%	--
05/17/2018 12:00	MA GDP YoY	1Q	5.60%	5.40%	5.90%	--
05/17/2018 12:00	MA BoP Current Account Balance MYR	1Q	--	15.0b	12.9b	13.9b
05/17/2018 12:46	AU RBA FX Transactions Market	Apr	--	A\$538m	A\$874m	--
05/17/2018 14:00	EC EU27 New Car Registrations	Apr	--	9.60%	-5.30%	--
05/17/2018 16:00	IT Trade Balance Total	Mar	--	4531m	3104m	3098m
05/17/2018 16:00	IT Trade Balance EU	Mar	--	698m	1130m	1124m
05/17/2018 16:30	HK Unemployment Rate SA	Apr	2.90%	2.80%	2.90%	--
05/17/2018 16:32	HK Composite Interest Rate	Apr	--	0.40%	0.38%	--
05/17/2018 17:00	EC Construction Output MoM	Mar	--	-0.30%	-0.50%	-0.70%
05/17/2018 20:30	CA Int'l Securities Transactions	Mar	--	6.15b	3.96b	4.32b
05/17/2018 20:30	US Initial Jobless Claims	May-12	215k	222k	211k	--
05/17/2018 20:30	US Continuing Claims	May-05	1780k	1707k	1790k	1794k
05/17/2018 20:30	US Philadelphia Fed Business Outlook	May	21	34.4	23.2	--
05/17/2018 21:45	US Bloomberg Economic Expectations	May	--	54.5	52.5	--
05/17/2018 21:45	US Bloomberg Consumer Comfort	May-13	--	54.6	55.8	--
05/17/2018 22:00	US Leading Index	Apr	0.40%	0.40%	0.30%	0.40%
05/17/2018	ID Bank Indonesia 7D Reverse Repo	May-17	4.50%	4.50%	4.25%	--
05/18/2018 07:30	JN Natl CPI YoY	Apr	0.70%	0.60%	1.10%	--
05/18/2018 07:30	JN Natl CPI Ex Fresh Food YoY	Apr	0.80%	0.70%	0.90%	--
05/18/2018 14:00	GE PPI MoM	Apr	0.30%	--	0.10%	--
05/18/2018 15:30	TH Foreign Reserves	May-11	--	--	\$214.7b	--
05/18/2018 16:00	EC ECB Current Account SA	Mar	--	--	35.1b	--
05/18/2018 16:00	IT Current Account Balance	Mar	--	--	839m	--
05/18/2018 17:00	EC Trade Balance SA	Mar	21.0b	--	21.0b	--
05/18/2018 20:30	CA Retail Sales MoM	Mar	0.30%	--	0.40%	--
05/18/2018 20:30	CA Retail Sales Ex Auto MoM	Mar	0.50%	--	0.00%	--
05/18/2018 20:30	CA CPI YoY	Apr	2.30%	--	2.30%	--
05/18/2018	PH BoP Overall	Apr	--	--	-\$266m	--

Source: Bloomberg

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