

**Highlights**

<b>Global</b>	<p>With the long Chinese New Year holiday weekend, and many Asian markets including China, Hong Kong and Taiwan still closed and the US also out for holiday, the week may be off to a slow post-holiday start, albeit with a likely positive tone. Wall Street closed little changed on Friday amid new indictments against Russian interference in the 2016 presidential elections, whilst the UST bond market (with the 10-year yield back below 2.9%) and USD ended firmer. Elsewhere, Japanese PM Abe nominated current BOJ governor Kuroda for a second term after 8 April, but surprised few market watchers and suggested policy continuity.</p> <p>Today's economic data calendar is relatively lightweight with only Thailand's 4Q17 GDP growth of note, as well as S'pore's 2018 Budget. BOE's Carney and RBA's Bullock are also speaking, with RBA's Feb minutes on tap. For the week ahead, watch for FOMC's Jan minutes on Wed and various Fed speakers.</p>
<b>SG</b>	<p>PM Lee said S'pore's growth is still mainly concentrated in the manufacturing and export-driven sectors, and the Budget will "deal with immediate problems" while laying down long-term future plans. We tip the 2017 overall budget surplus at \$5.41 billion (1.3% of GDP) and Budget 2018 is expected to continue efforts to help firms and Singaporeans transform to be future-ready, with a renewed but targeted push to promote innovation, digitalisation, and R&amp;D investments, while investing in key economic infrastructure and caring for the ageing population. Our estimated FY2018 budget surplus of \$5.4 billion (or 1.3% of GDP), predicted on sustained 2018 GDP growth of 2-4% and business confidence and consumer sentiment holding up (please see our pre-Budget report <a href="#">here</a>).</p> <p>MAS will also announce the re-opening issue size of the upcoming 30-year bonds.</p>
<b>ID</b>	<p>BI held interest rates at 4.25% last Thursday as expected by most economists. The central bank believes that the easing of monetary policy has been sufficient to boost economic growth. It made note that going forward, ensuring economic stability would be the foundation to creating stronger and more sustainable growth. BI also confirmed last week that it had stepped in to stabilize the IDR as the currency fell to its lowest since June 2016.</p>
<b>MA</b>	<p>The government has given a strong hint that elections would be held soon as Deputy Prime Minister Zahid Hamidi mentioned that there would be a "Raya" before "Hari Raya". The Malay words for general elections are "Pilihan Raya" and Ramadan this year falls in the May – June period.</p>
<b>CMD</b>	<p>Oil prices rallied further into the weekend as market-watchers tuned to UAE's comments to "seek continuity" even after the oil market rebalances. "We do not want a return to the market volatility and downturn that we experienced in 2014, 2015 and 2016". However, we note that bullish appetite continues to stay weak; money managers cut bets on rising WTI crude prices by the most since Oct 2017 in the week ended 13th Feb, according to CFTC data, while US oil-rig counts continue to climb to 798, the highest since April 2015. Note that money-managers appear to favour defensive commodities for the week ended 13th Feb, especially seen in the accumulation of net longs in Corn, Soybean, Wheat, Sugar and Coffee, while net-shorts were seen in the energy-related commodities.</p>

## Major Market

- **US:** Equities closed out last week on a positive note, on the back of a good run that is putting the volatility concerns to rest. The S&P 500 and the Dow both closed marginally higher, although the Nasdaq Composite slipped 0.23%. Gains in the healthcare sector were largely offset by declines in consumer discretionary stocks. Equity and bond markets are closed today for a public holiday in the US, but watch for Fed minutes and initial jobless claims later in the week. A number of Fed speakers are scheduled throughout the week. Watch for any comments on the recent uptick in inflation, and whether it will have an impact on the rate hike pathway.
- Meanwhile, US Treasuries rose from the belly out to the long end, with asset managers extending their net longs in long end Treasuries. The 2y yield was marginally firmer at 2.190%, while the 10y yield slipped to 2.875%, after hitting a high of 2.940% last Thursday. The 10y yield continues to be closely watched as it pushes against a trading channel going back decades. The 2.94-3.00% range will be the key zone to note.
- **Singapore:** The STI rose 1.19% to close higher at 3443.51 on 15 Feb, and may play catch-up today. STI resistance and support are tipped at 3400 and 3468 today, amid positive cues from Wall Street on Friday and strong morning gains in Nikkei. With the UST bond yields lower by up to 3bps for the longer-dated bonds on Friday, the SGS bond market may also reverse some of last Thursday's sell-off, but watch for the 30-year SGS size re-opening announcement due later today.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened over last Thursday and Friday, with swap rates trading higher on the longer end by 3bps – 4bps. In the broader dollar space last Friday, the Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 112bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 349bps. 10Y UST yield fell 3bps to 2.87% last Friday, as investors bought back bonds after inflation data spurred a selloff earlier in the week.
- **Rating Changes:** Moody's has assigned an 'A1' issuer rating to Toyota Industries Corporation. The outlook is stable. The rating action reflects Toyota Industries' leading global market position in lift trucks and car air-conditioning compressors that support its sound earnings and financial position. The rating also takes into account the cyclical nature of demand for automobiles and materials handling equipment that could cause periodic fluctuations in margins, as well as both the benefits and potential vulnerability from the company's high dependence on its main customer, Toyota Motor Corporation.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	89.100	0.57%	<b>USD-SGD</b>	1.3112	0.16%
<b>USD-JPY</b>	106.210	0.08%	<b>EUR-SGD</b>	1.6268	-0.64%
<b>EUR-USD</b>	1.2406	-0.80%	<b>JPY-SGD</b>	1.2341	0.04%
<b>AUD-USD</b>	0.7905	-0.50%	<b>GBP-SGD</b>	1.8392	-0.36%
<b>GBP-USD</b>	1.4026	-0.52%	<b>AUD-SGD</b>	1.0369	-0.31%
<b>USD-MYR</b>	3.8942	--	<b>NZD-SGD</b>	0.9692	-0.05%
<b>USD-CNY</b>	6.3415	--	<b>CHF-SGD</b>	1.4135	-0.45%
<b>USD-IDR</b>	13524	-0.27%	<b>SGD-MYR</b>	2.9796	0.36%
<b>USD-VND</b>	22704	--	<b>SGD-CNY</b>	4.8380	0.04%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3690	--	<b>O/N</b>	1.4450	0.0012
<b>2M</b>	-0.3410	--	<b>1M</b>	1.5938	0.0038
<b>3M</b>	-0.3280	--	<b>2M</b>	1.7301	0.0074
<b>6M</b>	-0.2740	0.0020	<b>3M</b>	1.8849	0.0124
<b>9M</b>	-0.2210	--	<b>6M</b>	2.1061	0.0097
<b>12M</b>	-0.1920	-0.0010	<b>12M</b>	2.3906	0.0094

#### Fed Rate Hike Probability

Meeting	Prob Hike	1.5-1.75	1.75-2	2-2.25	2.25-2.5
03/21/2018	100.0%	88.0%	12.0%	0.0%	0.0%
05/02/2018	100.0%	82.4%	16.9%	0.8%	0.0%
06/13/2018	100.0%	26.7%	61.1%	11.7%	0.5%
08/01/2018	100.0%	23.4%	56.9%	17.8%	1.9%
09/26/2018	100.0%	13.7%	42.9%	34.0%	8.5%
11/08/2018	100.0%	11.4%	38.1%	35.5%	12.7%

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,219.38	19.01
<b>S&amp;P</b>	2,732.22	1.02
<b>Nasdaq</b>	7,239.47	-16.97
<b>Nikkei 225</b>	21,720.25	255.27
<b>STI</b>	3,443.51	--
<b>KLCI</b>	1,838.28	--
<b>JCI</b>	6,591.58	--
<b>Baltic Dry</b>	1,084.00	-5.00
<b>VIX</b>	19.46	0.33

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.57 (-)	2.19 (+0.01)
<b>5Y</b>	1.95 (-)	2.63 (-0.02)
<b>10Y</b>	2.29 (-)	2.87 (-0.03)
<b>15Y</b>	2.62 (-)	--
<b>20Y</b>	2.69 (-)	--
<b>30Y</b>	2.80 (-)	3.13 (-0.03)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	30.07	1.96
<b>EURIBOR-OIS</b>	2.20	-0.60
<b>TED</b>	29.48	1.27

#### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	61.68	0.55%	Copper (per mt)	7,205.8	0.12%
Brent (per barrel)	64.84	0.79%	Nickel (per mt)	13,871.0	-1.68%
Heating Oil (per gallon)	1,9104	0.99%	Aluminium (per mt)	2,218.0	2.51%
Gasoline (per gallon)	1,7509	0.87%			
Natural Gas (per MMBtu)	2,5580	-0.85%	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,506.0	--
			Rubber (JPY/KG)	181.5	-2.42%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,356.2	0.07%			
Silver (per oz)	16,712	-0.50%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### CFTC Commodities Futures and Options

For the week ended: 13 Feb 2018

	Current	Previous	Net Chg		Current	Previous	Net Chg
Corn	93,544	-1,351	94,895	Natural Gas	-105,468	-56,843	-48,625
Soybean	53,241	-3,250	56,491	Nymex Crude	735,608	777,453	-41,845
Wheat	-29,318	-61,099	31,781	Heating Oil	28,666	49,592	-20,926
Sugar	-87,313	-103,275	15,962	Lean Hogs	28,514	45,691	-17,177
Coffee	-36,650	-45,589	8,939	Gold	192,450	208,171	-15,721
Cocoa	18,247	18,094	153	Cotton	80,687	93,741	-13,054
Live Cattle	115,860	117,242	-1,382	Silver	7,449	15,718	-8,269
RBOB Gasoline	87,525	89,791	-2,266	Copper	43,885	52,040	-8,155
Palladium	15,972	19,756	-3,784	Platinum	39,451	43,780	-4,329

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
02/16/2018 05:00	US Total Net TIC Flows	Dec	--	-\$119.3b	\$33.8b	\$33.5b
02/16/2018 05:00	US Net Long-term TIC Flows	Dec	--	\$27.3b	\$57.5b	--
<b>02/16/2018 05:30</b>	<b>NZ BusinessNZ Manufacturing PMI</b>	<b>Jan</b>	<b>--</b>	<b>55.6</b>	<b>51.2</b>	<b>51.1</b>
02/16/2018 07:50	JN Japan Buying Foreign Bonds	Feb-09	--	-¥973.2b	-¥866.6b	-¥864.9b
02/16/2018 07:50	JN Japan Buying Foreign Stocks	Feb-09	--	-¥44.8b	¥466.5b	¥466.6b
02/16/2018 07:50	JN Foreign Buying Japan Bonds	Feb-09	--	¥41.7b	-¥353.1b	-¥345.1b
02/16/2018 07:50	JN Foreign Buying Japan Stocks	Feb-09	--	-¥429.5b	-¥126.7b	-¥125.6b
02/16/2018 10:00	NZ Non Resident Bond Holdings	Jan	--	60.00%	61.10%	60.40%
02/16/2018 15:00	GE Wholesale Price Index MoM	Jan	--	0.90%	-0.30%	--
<b>02/16/2018 15:30</b>	<b>TH Foreign Reserves</b>	<b>Feb-09</b>	<b>--</b>	<b>\$212.7b</b>	<b>\$214.4b</b>	<b>--</b>
02/16/2018 15:30	TH Forward Contracts	Feb-09	--	\$35.7b	\$35.0b	--
<b>02/16/2018 17:30</b>	<b>UK Retail Sales Ex Auto Fuel MoM</b>	<b>Jan</b>	<b>0.60%</b>	<b>0.10%</b>	<b>-1.60%</b>	<b>-1.50%</b>
<b>02/16/2018 17:30</b>	<b>UK Retail Sales Inc Auto Fuel MoM</b>	<b>Jan</b>	<b>0.50%</b>	<b>0.10%</b>	<b>-1.50%</b>	<b>-1.40%</b>
02/16/2018 21:30	CA Manufacturing Sales MoM	Dec	0.30%	-0.30%	3.40%	3.80%
02/16/2018 21:30	CA Int'l Securities Transactions	Dec	--	-1.97b	19.56b	19.20b
<b>02/16/2018 21:30</b>	<b>US Import Price Index MoM</b>	<b>Jan</b>	<b>0.60%</b>	<b>1.00%</b>	<b>0.10%</b>	<b>0.20%</b>
02/16/2018 21:30	US Export Price Index MoM	Jan	0.30%	0.80%	-0.10%	0.10%
<b>02/16/2018 21:30</b>	<b>US Housing Starts</b>	<b>Jan</b>	<b>1234k</b>	<b>1326k</b>	<b>1192k</b>	<b>1209k</b>
02/16/2018 21:30	US Building Permits	Jan	1300k	1396k	1302k	1300k
<b>02/16/2018 23:00</b>	<b>US U. of Mich. Sentiment</b>	<b>Feb P</b>	<b>95.5</b>	<b>99.9</b>	<b>95.7</b>	<b>--</b>
02/16/2018 23:00	US U. of Mich. Current Conditions	Feb P	111.1	115.1	110.5	--
02/16/2018 23:00	US U. of Mich. Expectations	Feb P	87.2	90.2	86.3	--
02/16/2018 23:00	US U. of Mich. 1 Yr Inflation	Feb P	--	2.70%	2.70%	--
02/16/2018 23:00	US U. of Mich. 5-10 Yr Inflation	Feb P	--	2.50%	2.50%	--
02/19/2018 05:30	NZ Performance Services Index	Jan	--	55.8	56	--
02/19/2018 07:50	JN Trade Balance	Jan	-¥1003.6b	--	¥359.0b	¥358.7b
02/19/2018 07:50	JN Trade Balance Adjusted	Jan	¥143.9b	--	¥86.8b	--
02/19/2018 07:50	JN Exports YoY	Jan	9.40%	--	9.30%	--
02/19/2018 07:50	JN Imports YoY	Jan	7.70%	--	14.90%	--
02/19/2018 08:01	UK Rightmove House Prices MoM	Feb	--	--	0.70%	--
<b>02/19/2018 10:30</b>	<b>TH GDP YoY</b>	<b>4Q</b>	<b>4.30%</b>	<b>--</b>	<b>4.30%</b>	<b>--</b>
02/19/2018 17:00	EC ECB Current Account SA	Dec	--	--	32.5b	--
02/19/2018 17:00	IT Current Account Balance	Dec	--	--	4881m	--
02/19/2018 18:00	EC Construction Output MoM	Dec	--	--	0.50%	--
02/19/2018	PH BoP Overall	Jan	--	--	\$917m	--
02/14/2018 02/20	ID Motorcycle Sales	Dec	--	--	550303	--
02/14/2018 02/20	ID Local Auto Sales	Dec	--	--	96148	--
02/19/2018 02/24	TH Car Sales	Jan	--	--	104302	--
02/19/2018 02/24	TH Customs Trade Balance	Jan	\$156m	--	-\$278m	--
<b>02/19/2018 02/24</b>	<b>TH Customs Exports YoY</b>	<b>Jan</b>	<b>11.00%</b>	<b>--</b>	<b>8.60%</b>	<b>--</b>
02/19/2018 02/24	TH Customs Imports YoY	Jan	15.00%	--	16.60%	--

Source: Bloomberg

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