

**Highlights**

<b>Global</b>	<p>Global risk appetite may remain tentative ahead of the FOMC policy decision mid-week. The G20 meeting in Buenos Aires is unlikely to see any consensus develop on trade issues, especially on steel and aluminium, but the spotlight will be on US Treasury Mnuchin, albeit the US spokesperson had clarified he misspoke that US-China talks have broken down. Meanwhile, it was no surprise that Russia's Putin won a record 4th 6-year term in the recent elections. Expect Asian bourses to trade with a cautious tone this morning. The economic data calendar is relatively light with only Eurozone's Jan trade balance and HK's Feb unemployment rate.</p> <p>For the week ahead, the elephant in the room would be the FOMC where a 25bp rate hike is already discounted, but the key is whether potentially the median dots graph is lifted from 3 to 4 hikes for 2018 (too early we think, albeit the economic assessment is likely brighter than back in Dec and given the pipeline of fiscal stimulus, Fed chair Powell may well set the stage now to do so at the June FOMC), the 2019 dots graph is moved from two to three hikes and/or the terminal rate also similarly raised to 3% (both plausible, but again with market anticipation running high, there may be room for some disappointment if it does not materialise should policymakers prefer to defer to more convincing inflation data in the interim). Other key central bank meetings to watch include RBNZ, BOE, BSP, BI and CBC all likely to be static amid the headwinds of global trade tensions.</p>
<b>US</b>	<p>Industrial production rebounded 1.1% mom in Feb 94.4% yoy which is the fastest pace in seven years), up from a revised -0.3% in Jan. The University of Michigan sentiments also surged from 99.7 in Feb to 102.0 in Mar, lifted by the current conditions gauge at 122.8 (previously 114.9), whereas the expectations gauge actually retreated to 88.6 (previously 90.0). Interestingly, the 1-year inflation gauge accelerated from 2.7% to 2.9%, but the 5-10 year one was unchanged at 2.5%.</p>
<b>CH</b>	<p>As expected, Wang Qishan was elected as China's Vice President, reinforcing President Xi's power. Nevertheless, Mr. Wang is facing a tough start for his job as key China's key negotiator for US-China relationship as the bilateral relationship is deteriorating at a faster than expected pace ahead of the US midterm election.</p>
<b>CMD</b>	<p>Crude oil prices regained lost territories, with WTI and Brent closing at \$62.3 and \$66.2/bbl, respectively. Market-watchers took comfort from Russia's commitment to seeing OPEC's pact to completion, according to energy minister Alexander Novak, adding that Russia will participate in discussions at the next June meeting, or even prolonging cuts into 2019. Elsewhere, gold took another tumble over the weekend, likely as investors eye on a potential FOMC rate hike this week. Note that gold prices have been pointing south this morning, and could trend in a bearish fashion until more clarity over the Fed's rate hike trajectory is seen in the week ahead. Closer to Asia, CPO prices continue to dip lower to its lowest since last week, on the back of a relatively stronger ringgit vs end 2017 levels, as well as market's expectation for Asia's production to pick up into 2Q18.</p>

## Major Market

- **US:** Equities closed a dismal week with a slight gain on Friday, supported by a series of better than expected data prints. The S&P 500 firmed by 0.17% after spending four consecutive days in the red. The Dow rose 0.29%, while the Nasdaq Composite closed unchanged. VIX stood at 15.80, compared to 16.59 previously. Expect equities to trade close to current levels ahead of the FOMC on Wednesday. A 25 bps hike is baked in for the FOMC, but the crucial piece of information will be in the dot plot. Watch for any acceleration in the Fed's rate hike path.
- Meanwhile, US Treasury yields firmed to close the week. The front end faced selling pressure ahead of the expected rate hike on Wednesday, as the 2y yield inched to 2.291%, the highest since 2008. The 10y yield also firmed to 2.845%.
- **Singapore:** The STI slipped 0.16% to close down at 3512.14 on Friday, and the 3500 support handle may remain vulnerable today amid weak morning cues from Nikkei and Kospi. STI may see a range of 3491-3520 today. With UST bond yields tipped 1-2bps higher on Friday, SGS bonds may similarly tread water ahead of FOMC. Investors are awaiting the issue size announcement for the mini-bond auction of the N517100F on 27 Mar and issue on 2 April.
- **China:** The PBoC net injected CNY377.5 billion last week via both reverse repo and MLF. The conduction of CNY327 billion MLF exceeded market expectation as only CNY189.5 billion expired last week. The higher than expected MLF injection shows PBoC's commitment to market stability to ease quarter-end funding volatility.
- **Korea:** Even in the midst of positive economic data out from S. Korea, including recent industrial production and trade, the rising household debt remains to be one of the key concerns both policy-makers and investors could have in the coming year. Note that household debt as a percentage of GDP has risen to record high to 94.4% in 3Q17, up from 92.8% at end 2016.
- **Malaysia:** The other opposition coalition Gagasan Sejahtera led by Islamic Party PAS released its manifesto yesterday which among other things promised to abolish GST and replace it with a tax on corporate savings and capital gains in Bursa Malaysia. It also promises assistance to certain first time car buyers and to review the toll rates by going through the toll concession agreements that exceed 15 years. The Islamic party PAS holds a high level of influence in the more rural northern Peninsula Malaysian states, particularly Kedah, Kelantan and Terengganu.
- **Indonesia:** For the coming week, BI's Board of Governors is set to meet on Wednesday – Thursday, 21-22 Mar to set the monetary policy stance. The decision to hike rates or not by BI in our opinion would be highly dependent on the interest rate movements of other Asian central banks and the Fed, due to the volatility and the pressures that the IDR is facing. However, even if the Fed is very likely to raise rates this coming Wednesday, we still believe that BI would hold out until a later period to hike rates as they await more certainty about interest rate movements globally. If anything, a rate hike by BI would more likely be in the latter half of this year. Indonesia's economy is only forecasted to grow at around 5.0% this year and the authorities are known to prefer an acceleration in growth. As a result, avoiding higher rates would very much be in their interest.

- **Hong Kong:** Financial Secretary Chan Mo Po said the government is considering imposing tax on vacant homes. He also pointed out that around 9500 completed flats remained unsold by end of 2017. According to HK Rating and Valuation Department, over 43000 units were vacant in 2016, representing 3.8% of total private housing units. In fact, the government of Victoria, Australia and that of Vancouver, Canada just introduced taxes on empty homes. The same is true to Macau. However, we doubt the measure's effectiveness as HK's vacancy rate in 2016 was lower than the average of 4.6% during 1985-2016. It seems like shortage of new homes is the main culprit of the overheated housing market. Therefore, instead of introducing tax on empty homes or some other property cooling measures, the government should focus more on increasing land supply and new home supply at a faster pace.

### Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened last Friday, with swap rates for the shorter tenors trading 1-2bps higher while the longer tenors traded 1bps higher (with the exception of 12Y swap rates which traded 2bps higher). In the broader dollar space, the Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 118bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS traded little changed at 356bps. 10Y UST yield rose 2bps to 2.85% last Friday.
- **New issues:** Yango Justice International Ltd has priced a USD200mn 1.5-year bond (guaranteed by Yango Group Ltd) at 9.5%, in line with its initial price guidance. Qinghai Provincial Investment Group Co Ltd has priced a USD250mn 3P2NC2 bond at 7.875%, tightening from its initial guidance of 8% area. First Abu Dhabi Bank PJSC has priced a CNH900mn 3-year bond at 4.8%, in line with its initial guidance. Shihan Bank has scheduled for investor meetings for its potential USD bond issuance. ICBC Financial Leasing Bank has scheduled for investor meetings from 20-23 Mar for its potential USD bond issuance. Tsinghua Tongfang Bank has scheduled for investor meetings from 19 Mar for its potential USD bond issuance.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	90.233	0.10%	<b>USD-SGD</b>	1.3177	0.32%
<b>USD-JPY</b>	106.010	-0.31%	<b>EUR-SGD</b>	1.6195	0.20%
<b>EUR-USD</b>	1.2290	-0.12%	<b>JPY-SGD</b>	1.2432	0.64%
<b>AUD-USD</b>	0.7713	-1.09%	<b>GBP-SGD</b>	1.8373	0.38%
<b>GBP-USD</b>	1.3942	0.04%	<b>AUD-SGD</b>	1.0165	-0.76%
<b>USD-MYR</b>	3.9072	-0.27%	<b>NZD-SGD</b>	0.9507	-0.54%
<b>USD-CNY</b>	6.3348	0.20%	<b>CHF-SGD</b>	1.3839	0.25%
<b>USD-IDR</b>	13751	0.01%	<b>SGD-MYR</b>	2.9805	-0.37%
<b>USD-VND</b>	22765	0.03%	<b>SGD-CNY</b>	4.8075	-0.33%

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	24,946.51	72.85
<b>S&amp;P</b>	2,752.01	4.68
<b>Nasdaq</b>	7,481.99	0.25
<b>Nikkei 225</b>	21,676.51	-127.44
<b>STI</b>	3,512.14	-5.59
<b>KLCI</b>	1,846.39	1.12
<b>JCI</b>	6,304.95	-16.95
<b>Baltic Dry</b>	1,169.00	--
<b>VIX</b>	15.80	-0.79

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3700	0.0010	<b>O/N</b>	1.4463	0.0012
<b>2M</b>	-0.3410	--	<b>1M</b>	1.8221	0.0139
<b>3M</b>	-0.3280	--	<b>2M</b>	1.9345	0.0184
<b>6M</b>	-0.2720	-0.0010	<b>3M</b>	2.2018	0.0242
<b>9M</b>	-0.2220	-0.0010	<b>6M</b>	2.3636	0.0219
<b>12M</b>	-0.1920	-0.0010	<b>12M</b>	2.6145	0.0131

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.75 (-0.01)	2.29 (+0.01)
<b>5Y</b>	2.05 (+0.01)	2.64 (+0.02)
<b>10Y</b>	2.37 (-)	2.84 (+0.02)
<b>15Y</b>	2.69 (-)	--
<b>20Y</b>	2.72 (-)	--
<b>30Y</b>	2.87 (-)	3.08 (+0.02)

#### 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%	82.0%	18.0%	0.0%	0.0%
05/02/2018	100.0%	76.7%	22.1%	1.2%	0.0%
06/13/2018	100.0%	23.3%	60.1%	15.7%	0.8%
08/01/2018	100.0%	20.4%	55.6%	21.2%	2.7%
09/26/2018	100.0%	9.1%	36.0%	40.3%	13.0%
11/08/2018	100.0%	7.6%	31.6%	39.6%	17.5%

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	51.18	2.30
<b>EURIBOR-OIS</b>	3.10	0.90
<b>TED</b>	43.27	-1.89

#### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	62.34	1.88%	Copper (per mt)	6,850.9	-0.64%
Brent (per barrel)	66.21	1.67%	Nickel (per mt)	13,569.0	-0.05%
Heating Oil (per gallon)	1.9118	1.00%	Aluminium (per mt)	2,064.5	0.01%
Gasoline (per gallon)	1.9459	1.10%			
Natural Gas (per MMBtu)	2.6880	0.26%	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,416.0	-1.19%
			Rubber (JPY/KG)	191.8	-1.74%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,312.3	-0.42%			
Silver (per oz)	16.272	-0.91%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### CFTC Commodities Futures and Options

For the week ended: 13 Mar 2018

	Current	Previous	Net Chg		Current	Previous	Net Chg
Corn	372,754	285,630	87,124	Sugar	-110,752	-72,146	-38,606
Natural Gas	-106,867	-119,455	12,588	Gold	174,563	193,337	-18,774
Cocoa	43,502	33,665	9,837	Nymex Crude	710,895	728,841	-17,946
Soybean	203,048	196,074	6,974	Heating Oil	7,326	18,713	-11,387
Cotton	102,911	99,903	3,008	Live Cattle	104,924	113,323	-8,399
RBOB Gasoline	80,249	81,030	-781	Lean Hogs	14,001	21,923	-7,922
Palladium	13,113	14,298	-1,185	Wheat	-11,206	-4,636	-6,570
Copper	39,667	41,534	-1,867	Silver	1,417	4,876	-3,459
Coffee	-42,401	-40,227	-2,174	Platinum	33,668	36,169	-2,501

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
03/16/2018 04:00	US Total Net TIC Flows	Jan	--	\$119.7b	-\$119.3b	-\$122.5b
03/16/2018 04:00	US Net Long-term TIC Flows	Jan	--	\$62.1b	\$27.3b	\$23.3b
<b>03/16/2018 05:30</b>	<b>NZ BusinessNZ Manufacturing PMI</b>	<b>Feb</b>	<b>--</b>	<b>53.4</b>	<b>55.6</b>	<b>54.4</b>
03/16/2018 08:30	SI Non-oil Domestic Exports SA MoM	Feb	0.10%	-2.60%	-0.30%	-0.40%
03/16/2018 08:30	SI Electronic Exports YoY	Feb	2.80%	-12.30%	-3.90%	--
<b>03/16/2018 08:30</b>	<b>SI Non-oil Domestic Exports YoY</b>	<b>Feb</b>	<b>4.80%</b>	<b>-5.90%</b>	<b>13.00%</b>	<b>12.90%</b>
03/16/2018 10:00	NZ Non Resident Bond Holdings	Feb	--	59.70%	60.00%	--
<b>03/16/2018 12:30</b>	<b>JN Industrial Production MoM</b>	<b>Jan F</b>	<b>--</b>	<b>-6.80%</b>	<b>-6.60%</b>	<b>--</b>
03/16/2018 12:30	JN Capacity Utilization MoM	Jan	--	-7.30%	2.80%	--
<b>03/16/2018 15:30</b>	<b>TH Foreign Reserves</b>	<b>Mar-09</b>	<b>--</b>	<b>\$212.6b</b>	<b>\$212.7b</b>	<b>\$213.3b</b>
<b>03/16/2018 17:00</b>	<b>IT CPI EU Harmonized YoY</b>	<b>Feb F</b>	<b>0.70%</b>	<b>0.50%</b>	<b>0.70%</b>	<b>--</b>
03/16/2018 18:00	EC CPI Core YoY	Feb F	1.00%	1.00%	1.00%	--
<b>03/16/2018 18:00</b>	<b>EC CPI YoY</b>	<b>Feb F</b>	<b>1.20%</b>	<b>1.10%</b>	<b>1.30%</b>	<b>1.30%</b>
03/16/2018 20:00	IN BoP Current Account Balance	4Q	-\$15.85b	-\$13.50b	-\$7.20b	-\$7.22b
03/16/2018 20:30	CA Manufacturing Sales MoM	Jan	-0.90%	-1.00%	-0.30%	-0.10%
03/16/2018 20:30	CA Int'l Securities Transactions	Jan	--	5.68b	-1.97b	-1.54b
<b>03/16/2018 20:30</b>	<b>US Housing Starts</b>	<b>Feb</b>	<b>1290k</b>	<b>1236k</b>	<b>1326k</b>	<b>1329k</b>
03/16/2018 20:30	US Building Permits	Feb	1320k	1298k	1396k	1377k
<b>03/16/2018 21:15</b>	<b>US Industrial Production MoM</b>	<b>Feb</b>	<b>0.40%</b>	<b>1.10%</b>	<b>-0.10%</b>	<b>-0.30%</b>
03/16/2018 21:15	US Capacity Utilization	Feb	77.70%	78.10%	77.50%	77.40%
03/16/2018 22:00	US JOLTS Job Openings	Jan	5917	6312	5811	5667
<b>03/16/2018 22:00</b>	<b>US U. of Mich. Sentiment</b>	<b>Mar P</b>	<b>99.3</b>	<b>102</b>	<b>99.7</b>	<b>--</b>
03/19/2018 07:50	JN Trade Balance	Feb	¥89.1b	--	¥943.4b	¥944.1b
03/19/2018 07:50	JN Exports YoY	Feb	1.40%	--	12.20%	12.30%
03/19/2018 08:01	UK Rightmove House Prices MoM	Mar	--	--	0.80%	--
<b>03/19/2018 16:30</b>	<b>HK Unemployment Rate SA</b>	<b>Feb</b>	<b>2.90%</b>	<b>--</b>	<b>2.90%</b>	<b>--</b>
<b>03/19/2018 17:00</b>	<b>IT Industrial Production MoM</b>	<b>Jan</b>	<b>-0.60%</b>	<b>--</b>	<b>1.60%</b>	<b>--</b>
03/19/2018 18:00	EC Trade Balance SA	Jan	22.3b	--	23.8b	--
03/19/2018 18:00	EC Construction Output MoM	Jan	--	--	0.10%	--
03/19/2018 18:00	IT Trade Balance Total	Jan	--	--	5253m	--
03/19/2018 18:00	IT Trade Balance EU	Jan	--	--	-974m	--
03/19/2018	HK Composite Interest Rate	Feb	--	--	0.37%	--
<b>03/19/2018</b>	<b>PH BoP Overall</b>	<b>Feb</b>	<b>--</b>	<b>--</b>	<b>-\$531m</b>	<b>--</b>
03/16/2018 03/18	CH Foreign Direct Investment YoY CNY	Feb	--	--	0.30%	--
03/19/2018 03/24	TH Car Sales	Feb	--	--	66545	--

Source: Bloomberg

<b>OCBC Treasury Research</b>	
<b>Macro Research</b> <b>Selena Ling</b> LingSSSelena@ocbc.com <b>Emmanuel Ng</b> NgCYEmmanuel@ocbc.com <b>Tommy Xie Dongming</b> XieD@ocbc.com <b>Barnabas Gan</b> BarnabasGan@ocbc.com <b>Terence Wu</b> TerenceWu@ocbc.com	<b>Credit Research</b> <b>Andrew Wong</b> WongVKAM@ocbc.com <b>Wong Liang Mian (Nick)</b> NickWong@ocbc.com <b>Ezien Hoo</b> EzienHoo@ocbc.com <b>Wong Hong Wei</b> WongHongWei@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).