

### Highlights

Global	Global risk sentiments may remain rangebound post-holidays. Wall Street closed lower overnight, dragged down by Walmart. Both German ZEW current sentiments and expectations gauges retreated less than expected to 92.3 and 17.8 respectively in Feb, versus Jan prints of 95.2 and 20.4, and suggested a continued positive outlook for the German economy. Elsewhere, South Korea has launched a complaint to WTO to challenge US' use of anti-subsidy and anti-dumping duties on steel products and transformers. For the day ahead, Asian bourses may continue to trade cautiously. Market watchers are likely to turn their attention to the slew of manufacturing and services PMIs out from Europe, UK's jobless claims and unemployment rate, US' existing home sales, and FOMC minutes from the 31 Jan meeting. Speakers include Fed's Harker and Kashkari, BOE's Carney, Broadbent and Haldane.
US	As part of its US\$258b auction deluge this week, the US Treasury sold US\$179b to replenish its cash coffers, and 3- and 6-month bill yields hit 2008 highs of 1.64% and 1.82% respectively. The 2-year bond auction also yielded 2.255% (highest since the Aug 08 auction).
SG	Singapore's hike in the stamp duty on the portion of a property's price above \$1m from 3% to 4% effective 20 Feb was aimed at making duties more equitable rather than a market cooling measure, according to Minister of Trade and Industry Iswaran.
KR	In a clear signal for future rate trajectory, BOK governor Lee Ju-yeol commented that policy-makers need not follow every Fed hike. Rather, the decision to adjust interest rate will largely depend on the Fed policy's impact on South Korea's economy and inflation prospects. Elsewhere, producer prices in Jan decelerated to 1.2% y/y, down from Dec's 2.2%, suggesting that overall inflation pressures still appear tame into early 2018.
ID	BI announced that it will consider introducing pricing guidelines for the Jakarta Interbank Offered Rate (JIBOR) in an attempt to strengthen credibility and governance of the system. The new guidelines will aim to create a more uniform perception among lenders on the interest rate set for each tenor. It will look into stipulating which transaction data must be submitted to BI every morning. However, the central bank did not provide any timeframe for implementation.
TH	Thailand is slated to see custom trade data later this afternoon; market is expecting trade to accelerate further with export growth to return to its double-digit growth print in Jan.
CMD	Is WTI getting costly again? US stockpiles at Cushing, Oklahoma has slid since November 2017 to its Jan 2015 levels. The falling stockpiles are reportedly led by stronger global demand for US oils, as well as new pipelines that facilitate transport and eventual exports. Note that the spread between WTI and Brent has narrowed further to \$3.4/bbl at yesterday's closing. Still Brent's decline (-0.64%) to \$65.3/bbl suggest sustained profit-taking behaviour with little news to trade on yesterday. In Asia, palm oil futures bucked its two day rally after falling below its psychologically important MYR2,500/MT support. Market-watchers essentially shrugged off Malaysia's expanding export growth of 9.5% in the first twenty days of February, even as the ringgit weakened to its MYR3.9 handle against the greenback.

## Major Market

- **US:** Equities returned from the long weekend in the red, after investors re-focused on the impact of rising Treasury yields on corporate earnings. All industry sectors declined, with the exception of tech stocks, as investors contemplated the possibility of a revisit to the lows seen two weeks ago. Overall, the S&P 500 lost 0.58%, while the Dow ended 1.01% lower. The Nasdaq Composite was only marginally weaker as the gain in tech stocks cushioned the slide. VIX surfaced above 20 again, closing at 20.6, compared to 19.46 previously.
- This week will see a deluge of new Treasury auctions, starting last night. A new \$28b offering of 2y notes yielded 2.255%, highest in a decade. Meanwhile, short end yields are rising faster than the long end, with 2y and 10y benchmark yields at 2.219% and 2.890% at NY close. Going forward, we may see a concerted push in the 10y yield towards the 3.0% handle.
- **Singapore:** The STI slipped 0.33% to close at 3476.53 yesterday, and may stick to the 3450-3480 range today, amid soft cues from Wall Street and morning slippage in Kospi. With the supply deluge weighing on the UST bond market this week, especially at the front end of the curve, the SGS bond market may remain nervous today, extending yesterday's sell-off in the belly to longer tenors in anticipation of the upcoming \$1.7b 30-year re-opening.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened higher yesterday, with swap rates trading 8bps higher across most tenors. In the broader dollar space, the Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 111bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 5bps to 343bps. 10Y UST yield rose 2bps to 2.89%. Yields rose to a high of 2.92%, as the government began a record week of auctions with USD151bn of short-term bills and USD28bn of two-year notes. Yields however fell 3bps to close at 2.89% as money managers are reportedly looking at the highest US yields in years as buying opportunities in a world where Japanese and German notes still carry negative yields.
- **New issues:** Sprint Corp priced USD1.5bn in 8-year senior notes at 7.625%, inside of initial guidance of 7.75% and upsized from USD1bn.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	89.716	0.69%	<b>USD-SGD</b>	1.3187	0.40%
<b>USD-JPY</b>	107.330	0.69%	<b>EUR-SGD</b>	1.6272	-0.16%
<b>EUR-USD</b>	1.2337	-0.56%	<b>JPY-SGD</b>	1.2292	-0.24%
<b>AUD-USD</b>	0.7883	-0.38%	<b>GBP-SGD</b>	1.8457	0.36%
<b>GBP-USD</b>	1.3996	-0.03%	<b>AUD-SGD</b>	1.0398	0.05%
<b>USD-MYR</b>	3.9035	0.32%	<b>NZD-SGD</b>	0.9692	0.09%
<b>USD-CNY</b>	6.3415	--	<b>CHF-SGD</b>	1.4089	-0.35%
<b>USD-IDR</b>	13615	0.41%	<b>SGD-MYR</b>	2.9591	-0.24%
<b>USD-VND</b>	22704	--	<b>SGD-CNY</b>	4.8119	-0.27%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3690	--	<b>O/N</b>	1.4450	--
<b>2M</b>	-0.3410	--	<b>1M</b>	1.5956	--
<b>3M</b>	-0.3290	--	<b>2M</b>	1.7331	--
<b>6M</b>	-0.2740	--	<b>3M</b>	1.8921	--
<b>9M</b>	-0.2190	--	<b>6M</b>	2.1186	--
<b>12M</b>	-0.1930	--	<b>12M</b>	2.3981	--

### 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%	80.5%	18.5%	1.0%	0.0%
06/13/2018	100.0%	27.8%	59.1%	12.5%	0.7%
08/01/2018	100.0%	23.2%	53.9%	20.2%	2.6%
09/26/2018	100.0%	13.1%	40.6%	34.8%	10.2%
11/08/2018	100.0%	11.3%	36.8%	35.6%	13.6%

### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	61.90	0.36%	Copper (per mt)	7,084.5	-1.68%
Brent (per barrel)	65.25	-0.64%	Nickel (per mt)	13,575.0	0.24%
Heating Oil (per gallon)	1.9277	0.91%	Aluminium (per mt)	2,186.0	-3.45%
Gasoline (per gallon)	1.7503	-0.03%			
Natural Gas (per MMBtu)	2.6160	2.27%	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,485.0	-1.19%
			Rubber (JPY/KG)	183.8	0.66%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,331.2	-1.84%			
Silver (per oz)	16.513	-1.68%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	24,964.75	-254.63
<b>S&amp;P</b>	2,716.26	-15.96
<b>Nasdaq</b>	7,234.31	-5.16
<b>Nikkei 225</b>	21,925.10	-224.11
<b>STI</b>	3,476.53	-11.35
<b>KLCI</b>	1,855.99	-1.33
<b>JCI</b>	6,662.88	-26.41
<b>Baltic Dry</b>	1,087.00	--
<b>VIX</b>	20.60	1.14

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.61 (+0.04)	2.22 (+0.03)
<b>5Y</b>	2.04 (+0.08)	2.64 (+0.02)
<b>10Y</b>	2.38 (+0.08)	2.89 (+0.01)
<b>15Y</b>	2.69 (+0.08)	--
<b>20Y</b>	2.76 (+0.07)	--
<b>30Y</b>	2.86 (+0.07)	3.15 (+0.02)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	30.66	0.59
<b>EURIBOR-OIS</b>	2.88	0.18
<b>TED</b>	30.71	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
02/20/2018 05:45	NZ PPI Output QoQ	4Q	--	1.00%	1.00%	--
02/20/2018 05:45	NZ PPI Input QoQ	4Q	--	0.90%	1.00%	1.10%
02/20/2018 08:30	AU RBA February Meeting Minutes					
02/20/2018 14:00	JN Machine Tool Orders YoY	Jan F	--	48.80%	48.80%	--
02/20/2018 15:00	JN Convenience Store Sales YoY	Jan	--	0.10%	-0.30%	--
02/20/2018 15:00	GE PPI MoM	Jan	0.30%	0.50%	0.20%	--
02/20/2018 17:41	ID Local Auto Sales	Jan	--	95892	85098	--
02/20/2018 17:41	ID Motorcycle Sales	Jan	--	482537	415996	--
<b>02/20/2018 18:00</b>	<b>GE ZEW Survey Current Situation</b>	<b>Feb</b>	<b>93.9</b>	<b>92.3</b>	<b>95.2</b>	<b>--</b>
<b>02/20/2018 18:00</b>	<b>GE ZEW Survey Expectations</b>	<b>Feb</b>	<b>16</b>	<b>17.8</b>	<b>20.4</b>	<b>--</b>
02/20/2018 18:00	EC ZEW Survey Expectations	Feb	--	29.3	31.8	--
02/20/2018 21:30	CA Wholesale Trade Sales MoM	Dec	0.40%	-0.50%	0.70%	0.30%
<b>02/20/2018 23:00</b>	<b>EC Consumer Confidence</b>	<b>Feb A</b>	<b>1</b>	<b>0.1</b>	<b>1.3</b>	<b>1.4</b>
02/21/2018 05:00	SK PPI YoY	Jan	--	1.20%	2.30%	2.20%
<b>02/21/2018 07:30</b>	<b>AU Westpac Leading Index MoM</b>	<b>Jan</b>	<b>--</b>	<b>--</b>	<b>0.27%</b>	<b>--</b>
02/21/2018 08:30	AU Wage Price Index QoQ	4Q	0.50%	--	0.50%	--
02/21/2018 08:30	AU Construction Work Done	4Q	-10.00%	--	15.70%	--
<b>02/21/2018 08:30</b>	<b>JN Nikkei Japan PMI Mfg</b>	<b>Feb P</b>	<b>--</b>	<b>--</b>	<b>54.8</b>	<b>--</b>
<b>02/21/2018 12:30</b>	<b>JN All Industry Activity Index MoM</b>	<b>Dec</b>	<b>0.40%</b>	<b>--</b>	<b>1.00%</b>	<b>--</b>
02/21/2018 12:30	TH Customs Trade Balance	Jan	\$433m	--	-\$278m	--
<b>02/21/2018 12:30</b>	<b>TH Customs Exports YoY</b>	<b>Jan</b>	<b>11.05%</b>	<b>--</b>	<b>8.60%</b>	<b>--</b>
02/21/2018 12:30	TH Customs Imports YoY	Jan	15.00%	--	16.60%	--
02/21/2018 13:30	JN Nationwide Dept Sales YoY	Jan	--	--	-0.60%	--
02/21/2018 13:30	JN Tokyo Dept Store Sales YoY	Jan	--	--	0.90%	--
<b>02/21/2018 16:00</b>	<b>FR Markit France Manufacturing PMI</b>	<b>Feb P</b>	<b>58</b>	<b>--</b>	<b>58.4</b>	<b>--</b>
02/21/2018 16:00	SI Automobile COE Open Bid Cat A	Feb-21	--	--	40000	--
02/21/2018 16:00	SI Automobile COE Open Bid Cat B	Feb-21	--	--	42322	--
02/21/2018 16:00	SI Automobile COE Open Bid Cat E	Feb-21	--	--	39903	--
02/21/2018 16:00	FR Markit France Services PMI	Feb P	59	--	59.2	--
02/21/2018 16:00	FR Markit France Composite PMI	Feb P	59.2	--	59.6	--
<b>02/21/2018 16:30</b>	<b>GE Markit Germany Manufacturing PMI</b>	<b>Feb P</b>	<b>60.5</b>	<b>--</b>	<b>61.1</b>	<b>--</b>
02/21/2018 16:30	GE Markit Germany Services PMI	Feb P	57	--	57.3	--
02/21/2018 16:30	GE Markit Germany Composite PMI	Feb P	58.5	--	59	--
<b>02/21/2018 17:00</b>	<b>EC Markit Eurozone Manufacturing PMI</b>	<b>Feb P</b>	<b>59.2</b>	<b>--</b>	<b>59.6</b>	<b>--</b>
02/21/2018 17:00	EC Markit Eurozone Services PMI	Feb P	57.6	--	58	--
02/21/2018 17:00	EC Markit Eurozone Composite PMI	Feb P	58.4	--	58.8	--
<b>02/21/2018 17:30</b>	<b>UK Claimant Count Rate</b>	<b>Jan</b>	<b>--</b>	<b>--</b>	<b>2.40%</b>	<b>--</b>
<b>02/21/2018 17:30</b>	<b>UK Jobless Claims Change</b>	<b>Jan</b>	<b>--</b>	<b>--</b>	<b>8.6k</b>	<b>--</b>
02/21/2018 17:30	UK Average Weekly Earnings 3M/YoY	Dec	2.50%	--	2.50%	--
02/21/2018 17:30	UK Weekly Earnings ex Bonus 3M/YoY	Dec	2.40%	--	2.40%	--
<b>02/21/2018 17:30</b>	<b>UK ILO Unemployment Rate 3Mths</b>	<b>Dec</b>	<b>4.30%</b>	<b>--</b>	<b>4.30%</b>	<b>--</b>
02/21/2018 17:30	UK Employment Change 3M/3M	Dec	165k	--	102k	--
02/21/2018 17:30	UK Public Finances (PSNCR)	Jan	--	--	25.1b	--
02/21/2018 17:30	UK Central Government NCR	Jan	--	--	18.8b	--
02/21/2018 17:30	UK Public Sector Net Borrowing	Jan	-11.4b	--	1.0b	--
02/21/2018 17:30	UK PSNB ex Banking Groups	Jan	-9.5b	--	2.6b	--
<b>02/21/2018 20:00</b>	<b>US MBA Mortgage Applications</b>	<b>Feb-16</b>	<b>--</b>	<b>--</b>	<b>-4.10%</b>	<b>--</b>
<b>02/21/2018 22:45</b>	<b>US Markit US Manufacturing PMI</b>	<b>Feb P</b>	<b>55.5</b>	<b>--</b>	<b>55.5</b>	<b>--</b>
02/21/2018 22:45	US Markit US Services PMI	Feb P	53.7	--	53.3	--
02/21/2018 22:45	US Markit US Composite PMI	Feb P	--	--	53.8	--
02/21/2018 23:00	US Revisions: Existing Home Sales					
<b>02/21/2018 23:00</b>	<b>US Existing Home Sales</b>	<b>Jan</b>	<b>5.60m</b>	<b>--</b>	<b>5.57m</b>	<b>--</b>
02/21/2018	HK Composite Interest Rate	Jan	--	--	0.38%	--
02/21/2018	SK Imports 20 Days YoY	Feb	--	--	14.10%	--
02/21/2018	SK Exports 20 Days YoY	Feb	--	--	9.20%	--
02/20/2018 02/24	TH Car Sales	Jan	--	--	104302	--

Source: Bloomberg

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