

**Highlights**

<b>Global</b>	<p>The FOMC hiked rates by 25bps as widely expected, and sounded more upbeat in its growth and unemployment forecasts. For the dots plot, 7 members are now looking at 4 or more rate hikes this year, while 8 still tip 3 or less rate hikes, leaving the median unchanged for now, which posed a drag on USD and Wall Street. Nevertheless, the 2019-2020 dots trajectory had also been lifted higher (from 2 to 3 hikes in 2019, and 2 more hikes in 2020) in anticipation of the core PCE breaching 2% during that period. Fed chair Powell, in his maiden press conference, reiterated the need for further gradual policy normalisation, highlighting that “there is no sense in the data that we are on the cusp of an acceleration of inflation”.</p> <p>With the RBNZ keeping its OCR static at 1.75% this morning, the market focus will be on digesting FOMC implications for Asia as well as the other central bank meetings such as BSP, BOE (amid speculation of a May rate hike), CBC and BI who are all expected to keep their monetary policy settings static as well. Separately, the Trump administration is likely to act on China’s IP violations soon, according to Mnuchin and Lighthizer. Expect Asian bourses to trade softer in line with overnight Wall Street action. The economic data calendar comprises US’ initial jobless claims, manufacturing PMIs from US/Europe, and German IFO.</p>
<b>US</b>	<p>The FOMC statement noted that “economic outlook has strengthened in recent months”, partly attributable to stimulative fiscal policy, ongoing job gains that are boosting incomes and confidence, and accommodative financial conditions. On the whole, the FOMC came across as more confident, tipping a median fed funds rate of 2.1% (end-2018), 2.9% (end-2019) and 3.4% (end-2020), but with the caveat of watching how the economy evolves, and “if the outlook changes, we will adjust monetary policy appropriately”. FOMC now tips growth at 2.7% (2018), 2.4% (2019) and 2% (2020), with unemployment at 3.8% (4Q18) and 3.6% (2019-2020), but median inflation is only slightly higher at 1.9% (2018), 2% (2019) and 2.1% (2020). Meanwhile, existing home sales rebounded 3.0% mom in Feb, after a 3.2% mom dip in Jan.</p>
<b>SG</b>	COE tender premiums fell for categories A, B and E in yesterday’s exercise.
<b>CH</b>	The country unveiled its detailed plan to revamp the important Party institutions yesterday following the overhaul of the government institutions last week.
<b>CMD</b>	<p>The FOMC did deliver a 25bps rate hike overnight but it stuck to its three rate hikes projection in their latest dot-plot chart for the year ahead. The dollar index fell below its 90.0 handle given the less-than-expected hawkish rate hike trajectory outlook into 2018, though the weaker greenback invariably lifted dollar-denominated commodity prices such as energy and precious metals. Delving into the energy space, the surprising fall in US crude oil inventories by 2.6 million barrels brought overall inventories below its 5-year average. With demand likely to have supported prices (note US refinery utilisation rate rose 1.7%), market-watchers basically shrugged off the climbing US oil production to 10.41 million barrels per day (up from 10.38 million bpd in the previous week).</p>

## Major Market

- **US:** Equities shed their initial gains post-FOMC to close the day lower. Markets were perhaps disappointed that the underlying economy did not warrant a shift in the median outlook to four rate hikes. Overall, the indices were supported by energy stocks which outperformed on the back of a jump in crude prices, with the WTI re-surfacing above the US\$65 mark, but tech and consumer stocks still dragged them lower. The S&P 500 and Dow both shed 0.18%, while the Nasdaq Composite was down 0.26%. VIX faded to 17.86, compared to 18.2 previously. Meanwhile, US Treasury yields softened post-FOMC, with the 2y yield losing 4 bps to 2.306%, and the 10y at 2.883%.
- **Singapore:** The STI was flat (-0.06%) to close at 3511.13 yesterday, but may tread a cautious 3500-3520 range today amid weak overnight cues from Wall Street. With UST bonds rallying amid somewhat dampened expectations for four FOMC rate hikes this year, shorter-tenor SGS bonds may also reverse yesterday's losses.
- **China:** The move suggests the departure from the idea of separation of Party and Government designed by Deng Xiaoping in 1980s. Instead, Party will work closely with the government to solve the daily issues, a move reinforcing Communist Party's central leadership.
- **Korea:** The Bank of Korea commented that the Fed's decision to raise rates overnight is as expected and can be seen as "somewhat hawkish", though there will be little impact on domestic financial markets. BOK chief Lee however hinted that BOK's policy as being accommodative doesn't mean that rates will stay where they are today. Elsewhere, he added that it is difficult to recognise cryptocurrencies as legal tender.
- **Malaysia:** Headline CPI further moderated to 1.4% yoy in February (Jan 2018: 2.7% yoy) as costs in the transport category fell by 0.3%. This slowdown comes as little surprise as the base effects of oil prices has started to wear off this year. Lower inflation or declining costs though were also broadly experienced in almost all the main categories.
- **Indonesia:** BI will release its rates decision today with expectations that it would remain unchanged. This rate decision would be coming in the background of a volatile IDR but it appears that the central bank is committed to use its reserves instead to stabilize the IDR.
- **Thailand:** Feb exports surged 10.3%, defying market expectation for a mere one-digit growth projection. Imports also surprised higher at 16.0% (vs est. 15.4%), bringing total trade surplus to \$808 million. Across export products, agriculture exports only rose 0.3% y/y, although industrial exports shouldered most of the growth at 11.5%.
- **Macau:** Inflation accelerated to the strongest level since March 2016 and reached 3.12% in February 2018. In terms of the most heavily-weighted item, food inflation surged to 3.15%, the highest since April 2016. This is attributed to calendar effect and the effect of the Lunar New Year holiday which drove up the prices of fresh food and charges for eating out. Meanwhile, higher charges for package tours during the Chinese New Year boosted recreation & culture inflation to its strongest since February 2013 at 10.72%. Moving forward, new housing measures implemented by the government may increase the supply and reduce the demand in the housing rental market and in turn suppress rental prices. Also, improved infrastructure across the Greater Bay Area may

prompt more non-local and local workers to reside in Zhuhai. As such, despite low base effect, housing and fuel inflation may remain muted. Still, a weaker MOP and high commodity prices on synchronized global growth could bring imported inflation. Therefore, overall inflation is likely to stay above 2% in the coming months.

### Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with the swap rates for the shorter tenors trading 3-6bps higher while the longer tenors traded 1-3bps higher. In the broader dollar space, the Bloomberg Barclays Asia USD IG Bond Index average OAS traded little changed at 119bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 3bps to 363bps. 10Y UST yields fell 1bps to 2.88%, after a Fed decision that was less hawkish than some expected.
- **New issues:** Jinshine International Co Ltd has scheduled for investor meetings on 21 Mar for its potential USD bond issuance (guaranteed by Xuzhou Economic and Technology Development Zone State-owned Assets Management Co Ltd).

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	89.783	-0.65%	<b>USD-SGD</b>	1.3125	-0.50%
<b>USD-JPY</b>	106.050	-0.45%	<b>EUR-SGD</b>	1.6193	0.28%
<b>EUR-USD</b>	1.2338	0.78%	<b>JPY-SGD</b>	1.2376	-0.05%
<b>AUD-USD</b>	0.7765	1.07%	<b>GBP-SGD</b>	1.8560	0.53%
<b>GBP-USD</b>	1.4141	1.02%	<b>AUD-SGD</b>	1.0193	0.58%
<b>USD-MYR</b>	3.9255	0.18%	<b>NZD-SGD</b>	0.9488	0.13%
<b>USD-CNY</b>	6.3232	-0.17%	<b>CHF-SGD</b>	1.3821	0.22%
<b>USD-IDR</b>	13761	0.09%	<b>SGD-MYR</b>	2.9756	-0.06%
<b>USD-VND</b>	22767	-0.04%	<b>SGD-CNY</b>	4.8021	-0.13%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3700	--	<b>O/N</b>	1.4475	--
<b>2M</b>	-0.3410	--	<b>1M</b>	1.8538	--
<b>3M</b>	-0.3290	--	<b>2M</b>	1.9610	--
<b>6M</b>	-0.2730	--	<b>3M</b>	2.2481	--
<b>9M</b>	-0.2230	--	<b>6M</b>	2.4099	--
<b>12M</b>	-0.1910	--	<b>12M</b>	2.6514	--

#### 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	79.9%	59.9%	20.1%	0.0%	0.0%
08/01/2018	82.0%	55.8%	24.2%	2.1%	0.0%
09/26/2018	91.7%	35.5%	41.1%	13.9%	1.1%
11/08/2018	93.0%	31.0%	40.2%	18.4%	3.2%
12/19/2018	95.7%	22.0%	36.8%	26.6%	8.9%

#### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	65.17	2.79%	Copper (per mt)	6,742.8	0.67%
Brent (per barrel)	69.47	3.04%	Nickel (per mt)	13,424.0	0.04%
Heating Oil (per gallon)	2.0037	2.78%	Aluminium (per mt)	2,069.5	0.28%
Gasoline (per gallon)	2.0122	2.36%			
Natural Gas (per MMBtu)	2.6380	-1.38%	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,448.0	0.53%
			Rubber (JPY/KG)	187.0	0.00%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,327.3	0.74%			
Silver (per oz)	16.419	1.45%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	24,682.31	-44.96
<b>S&amp;P</b>	2,711.93	-5.01
<b>Nasdaq</b>	7,345.29	-19.02
<b>Nikkei 225</b>	21,380.97	--
<b>STI</b>	3,511.13	-2.18
<b>KLCI</b>	1,865.80	9.41
<b>JCI</b>	6,312.83	69.25
<b>Baltic Dry</b>	1,136.00	--
<b>VIX</b>	17.86	-0.34

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.91 (+0.05)	2.31 (-0.04)
<b>5Y</b>	2.18 (+0.03)	2.67 (-0.02)
<b>10Y</b>	2.43 (-0.01)	2.88 (-0.01)
<b>15Y</b>	2.73 (-0.01)	--
<b>20Y</b>	2.77 (-0.01)	--
<b>30Y</b>	2.91 (-0.01)	3.12 (-0.01)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	54.11	1.91
<b>EURIBOR-OIS</b>	2.10	--
<b>TED</b>	46.07	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
<b>03/21/2018 07:30</b>	<b>AU Westpac Leading Index MoM</b>	<b>Feb</b>	<b>--</b>	<b>0.29%</b>	<b>-0.24%</b>	<b>-0.27%</b>
03/21/2018 10:00	NZ Credit Card Spending YoY	Feb	--	7.00%	4.60%	--
<b>03/21/2018 11:30</b>	<b>TH Customs Exports YoY</b>	<b>Feb</b>	<b>9.20%</b>	<b>10.30%</b>	<b>17.60%</b>	<b>17.56%</b>
03/21/2018 11:30	TH Customs Imports YoY	Feb	15.35%	16.00%	24.30%	24.26%
03/21/2018 11:30	TH Customs Trade Balance	Feb	\$773m	\$808m	-\$119m	--
<b>03/21/2018 12:00</b>	<b>MA CPI YoY</b>	<b>Feb</b>	<b>1.90%</b>	<b>1.40%</b>	<b>2.70%</b>	<b>--</b>
03/21/2018 16:00	SI Automobile COE Open Bid Cat A	Mar-21	--	38000	38830	--
03/21/2018 16:00	SI Automobile COE Open Bid Cat B	Mar-21	--	37010	39001	--
<b>03/21/2018 17:30</b>	<b>UK Claimant Count Rate</b>	<b>Feb</b>	<b>--</b>	<b>2.40%</b>	<b>2.30%</b>	<b>--</b>
<b>03/21/2018 17:30</b>	<b>UK Jobless Claims Change</b>	<b>Feb</b>	<b>--</b>	<b>9.2k</b>	<b>-7.2k</b>	<b>-1.6k</b>
<b>03/21/2018 17:30</b>	<b>UK ILO Unemployment Rate 3Mths</b>	<b>Jan</b>	<b>4.40%</b>	<b>4.30%</b>	<b>4.40%</b>	<b>--</b>
03/21/2018 17:30	UK PSNB ex Banking Groups	Feb	1.8b	1.3b	-10.0b	-10.1b
<b>03/21/2018 19:00</b>	<b>US MBA Mortgage Applications</b>	<b>Mar-16</b>	<b>--</b>	<b>-1.10%</b>	<b>0.90%</b>	<b>--</b>
03/21/2018 20:30	US Current Account Balance	4Q	-\$125.0b	-\$128.2b	-\$100.6b	-\$101.5b
<b>03/21/2018 22:00</b>	<b>US Existing Home Sales</b>	<b>Feb</b>	<b>5.40m</b>	<b>5.54m</b>	<b>5.38m</b>	<b>--</b>
<b>03/22/2018 02:00</b>	<b>US FOMC Rate Decision (Upper Bound)</b>	<b>Mar-21</b>	<b>1.75%</b>	<b>1.75%</b>	<b>1.50%</b>	<b>--</b>
<b>03/22/2018 04:00</b>	<b>NZ RBNZ Official Cash Rate</b>	<b>Mar-22</b>	<b>1.75%</b>	<b>1.75%</b>	<b>1.75%</b>	<b>--</b>
<b>03/22/2018 08:30</b>	<b>AU Employment Change</b>	<b>Feb</b>	<b>20.0k</b>	<b>--</b>	<b>16.0k</b>	<b>--</b>
<b>03/22/2018 08:30</b>	<b>AU Unemployment Rate</b>	<b>Feb</b>	<b>5.50%</b>	<b>--</b>	<b>5.50%</b>	<b>--</b>
03/22/2018 08:30	AU Full Time Employment Change	Feb	--	--	-49.8k	--
<b>03/22/2018 08:30</b>	<b>AU Participation Rate</b>	<b>Feb</b>	<b>65.60%</b>	<b>--</b>	<b>65.60%</b>	<b>--</b>
<b>03/22/2018 08:30</b>	<b>JN Nikkei Japan PMI Mfg</b>	<b>Mar P</b>	<b>--</b>	<b>--</b>	<b>54.1</b>	<b>--</b>
<b>03/22/2018 12:30</b>	<b>JN All Industry Activity Index MoM</b>	<b>Jan</b>	<b>-1.80%</b>	<b>--</b>	<b>0.50%</b>	<b>--</b>
03/22/2018 13:30	JN Nationwide Dept Sales YoY	Feb	--	--	-1.20%	--
03/22/2018 15:00	MA Foreign Reserves	Mar-15	--	--	\$103.7b	--
<b>03/22/2018 15:45</b>	<b>FR Manufacturing Confidence</b>	<b>Mar</b>	<b>111</b>	<b>--</b>	<b>112</b>	<b>--</b>
<b>03/22/2018 16:00</b>	<b>FR Markit France Manufacturing PMI</b>	<b>Mar P</b>	<b>55.5</b>	<b>--</b>	<b>55.9</b>	<b>--</b>
<b>03/22/2018 16:00</b>	<b>PH BSP Overnight Borrowing Rate</b>	<b>Mar-22</b>	<b>3.00%</b>	<b>--</b>	<b>3.00%</b>	<b>--</b>
03/22/2018 16:00	TA Unemployment Rate	Feb	3.70%	--	3.68%	--
03/22/2018 16:00	FR Markit France Services PMI	Mar P	57	--	57.4	--
03/22/2018 16:00	FR Markit France Composite PMI	Mar P	57	--	57.3	--
<b>03/22/2018 16:30</b>	<b>GE Markit Germany Manufacturing PMI</b>	<b>Mar P</b>	<b>59.8</b>	<b>--</b>	<b>60.6</b>	<b>--</b>
03/22/2018 16:30	GE Markit Germany Services PMI	Mar P	55	--	55.3	--
03/22/2018 16:30	GE Markit/BME Germany Composite PMI	Mar P	57	--	57.6	--
<b>03/22/2018 17:00</b>	<b>EC Markit Eurozone Manufacturing PMI</b>	<b>Mar P</b>	<b>58.1</b>	<b>--</b>	<b>58.6</b>	<b>--</b>
<b>03/22/2018 17:00</b>	<b>GE IFO Business Climate</b>	<b>Mar</b>	<b>114.6</b>	<b>--</b>	<b>115.4</b>	<b>--</b>
<b>03/22/2018 17:00</b>	<b>GE IFO Expectations</b>	<b>Mar</b>	<b>104.4</b>	<b>--</b>	<b>105.4</b>	<b>--</b>
<b>03/22/2018 17:00</b>	<b>GE IFO Current Assessment</b>	<b>Mar</b>	<b>125.6</b>	<b>--</b>	<b>126.3</b>	<b>--</b>
03/22/2018 17:00	EC Markit Eurozone Services PMI	Mar P	56	--	56.2	--
03/22/2018 17:00	EC Markit Eurozone Composite PMI	Mar P	56.8	--	57.1	--
<b>03/22/2018 17:30</b>	<b>UK Retail Sales Ex Auto Fuel MoM</b>	<b>Feb</b>	<b>0.40%</b>	<b>--</b>	<b>0.10%</b>	<b>--</b>
<b>03/22/2018 17:30</b>	<b>UK Retail Sales Inc Auto Fuel MoM</b>	<b>Feb</b>	<b>0.40%</b>	<b>--</b>	<b>0.10%</b>	<b>--</b>
<b>03/22/2018 20:00</b>	<b>UK Bank of England Bank Rate</b>	<b>Mar-22</b>	<b>0.50%</b>	<b>--</b>	<b>0.50%</b>	<b>--</b>
03/22/2018 20:00	UK BOE Asset Purchase Target	Mar	435b	--	435b	--
<b>03/22/2018 20:30</b>	<b>US Initial Jobless Claims</b>	<b>Mar-17</b>	<b>225k</b>	<b>--</b>	<b>226k</b>	<b>--</b>
03/22/2018 20:30	US Continuing Claims	Mar-10	1870k	--	1879k	--
03/22/2018 21:00	US FHFA House Price Index MoM	Jan	0.40%	--	0.30%	--
<b>03/22/2018 21:45</b>	<b>US Markit US Manufacturing PMI</b>	<b>Mar P</b>	<b>55.5</b>	<b>--</b>	<b>55.3</b>	<b>--</b>
03/22/2018 21:45	US Markit US Services PMI	Mar P	56	--	55.9	--
03/22/2018 21:45	US Markit US Composite PMI	Mar P	--	--	55.8	--
<b>03/22/2018 22:00</b>	<b>US Leading Index</b>	<b>Feb</b>	<b>0.50%</b>	<b>--</b>	<b>1.00%</b>	<b>--</b>
<b>03/22/2018</b>	<b>TA CBC Benchmark Interest Rate</b>	<b>Mar-22</b>	<b>1.38%</b>	<b>--</b>	<b>1.38%</b>	<b>--</b>
03/22/2018	PH Budget Balance PHP	Jan	--	--	-107.1b	--
03/22/2018	ID Bank Indonesia 7D Reverse Repo	Mar-22	4.25%	--	4.25%	--

Source: Bloomberg

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