

Highlights

Global	<p>Global risk appetite has turned more sober post-FOMC as traders digested Powell's "transient" inflation trajectory and are awaiting tonight's key US nonfarm payrolls, unemployment and wage data (with market eyeing 190k, 3.8% and 3.3% yoy respectively, versus March readings of 182k, 3.8% and 3.2% yoy). The S&P500 closed lower again amid oil price slippage on supply concerns, while the 10-year UST bond yield was little changed at 2.54%. The Bank of England unanimously kept interest rates steady at 0.75% and its asset purchase program unchanged too, but raised its growth forecasts (from 1.2% to 1.5% this year) while reducing its inflation forecasts largely reflecting lower expected retail energy prices. BOE governor Carney reiterated his hawkish bias if Brexit is smoothly resolved, "it will require more and more frequent interest rate increases than the market currently expects".</p> <p>Asian markets may open mixed this morning amid weak US market performance overnight, with China and Japan markets still closed and investors likely to sit on the sidelines awaiting the US labor market report. Also on tap on the economic data calendar are US' non-manufacturing ISM, services and composite PMI and wholesale inventories, Eurozone's CPI and PPI, HK retail sales, and Malaysia's March trade data. Speakers include Fed's Clarida, Williams, Bullard, Daly, Kaplan, Bowman, Evans and Mester, ECB's Praet and Bundesbank's Weidmann.</p>
US	<p>US' factory orders rebounded more than expected by 1.9% in March, marking its first expansion in three months and up from a revised 0.3% decline in February. Meanwhile, initial jobless claims were steady at 230k, while Challenger job cuts surged 10.9% yoy despite a large hiring in the retail sector. 1Q19 nonfarm productivity also jumped 3.6%, following a downwardly revised 1.3% in 4Q18, while unit labor costs fell 0.9%. Meanwhile, Stephen Moore withdrew from the Fed's nomination consideration. Other potential candidates include Judy Shelton, reportedly conservative economist and Craig Philips, Counselor to the Secretary.</p>
SG	<p>The manufacturing PMI is likely to ease from March's 50.8 reading, but the electronics PMI may still contract for the sixth month.</p>
CMD	<p>Energy: Brent prices continue their recent downward slide to close at \$70.75/bbl, while WTI closed at its lowest in a month at \$61.81/bbl. The political scene of crude oil remains uncertain as buyers are waiting to see if Saudi will attempt to fill the supply void left by Iran and Venezuela. The recent downtrend may be attributed mainly to profit taking. Fundamentals remain tight and if Saudi does not step in to fill the production gap, upward pressure is likely to act on crude prices again.</p>

Major Markets

- **US:** Wall Street ended lower on Thursday, with the S&P500 declining 0.2%. The DJIA tumbled 0.5%, and the Nasdaq composite fell 0.2%.
- **Singapore:** The STI slide 0.20% to close at 3393.33 yesterday, and may extend its consolidation streak amid weak cues from Wall Street overnight and Kospi this morning as well. STI's resistance and support are tipped at 3400 and 3362 respectively. With UST bond yields climbing further by up to 5bps, the SGS bond market may also see further selling pressure especially for the longer tenors.
- **Hong Kong:** 1Q GDP growth missed expectations and slowed down further to 0.5% yoy, the lowest since 3Q 2009. The economic growth for 4Q 2018 was revised down from 1.3% yoy to 1.2% yoy. The slowdown was mainly due to high base effect, faltering global growth and lingering trade war risks. First, exports of goods shrank for the second consecutive quarter by 4.2% yoy due to weak external demand. Second, private consumption growth decelerated notably to 0.1% yoy while investment dropped by 7% yoy as consumer and investor sentiments remained very cautious amid external uncertainties. Moving into the coming quarters, with high base effect to abate gradually, we expect economic growth to rebound moderately. Domestically, domestic consumer sentiment may improve on the back of the tight labor market and the wealth effect from stock market and property market rally. Also, private investment may regain some traction owing to China's green shoots, trade war optimism and the revival of property market. Externally, inbound tourism may continue to gather momentum amid China's economic stabilization and stable RMB. However, the upside for growth may still be capped by global headwinds. In conclusion, we believe that GDP will grow at a rate below 10-year average (2.7%) in 2019.
- **Indonesia:** According to Bloomberg, Bank Indonesia has said that it will adopt accommodative macroprudential policy by balancing the efforts to boost banking intermediation, while at the same time maintaining the financial system resilience. The news portal also reported that BI also believes that there is sufficient liquidity in the banking sector, although some banks show a lack of liquidity. Meanwhile, headline inflation was slightly higher at 2.83% yoy for April as there larger price increases in the food category. We expect price increases for the food category to continue to edge up higher as the country enters the festive season and hence, headline inflation should also increase going forward. Overall, we still see headline inflation for the entire 2019 to average at 3.2% yoy.
- **Commodities:**
Soybeans: No new US crop sales were recorded to China for the week ended 25 Apr, marking it the 6th consecutive week that China has not bought any new soybean crop from the US. With planting season well underway in the US, soybean prices may feel increasing downward pressure from a lack of Chinese demand.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened on yesterday, with the shorter tenors trading within 1bps, while the belly and longer tenors (above 10-year) traded 3bps and 2bps higher respectively. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 2bps to 128bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 5bps to 462bps. 10Y UST yields rose 4bps to

2.54%, on the back of reduced sentiments of a rate cut this year after Fed Chairman Jerome Powell's bullish comments on the economy. He maintained that economic and job growth has been stronger than expected, amidst a weak inflation climate which may be temporary and due to transitory factors.

- **New Issues:** Medco Oak Tree Pte Ltd has priced a USD650mn 7NC4 bond (parent guarantor: Medco Energi Internasional Tbk PT) at 7.70% (priced at 98.266), tightening from IPT of 8.0% area. SD International Sukuk Ltd has priced a USD300mn 3-year bond (parent guarantor: Serba Dinamik Holdings Berhad) at 6.30%, tightening from IPT of 6.625% area. Serba Dinamik Holdings Berhad has priced a Barito Pacific Tbk PT has scheduled investor meetings from 3 May for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.832	0.15%	USD-SGD	1.3626	0.12%
USD-JPY	111.510	0.12%	EUR-SGD	1.5224	-0.09%
EUR-USD	1.1172	-0.21%	JPY-SGD	1.2222	0.01%
AUD-USD	0.7000	-0.21%	GBP-SGD	1.7755	-0.03%
GBP-USD	1.3032	-0.14%	AUD-SGD	0.9538	-0.13%
USD-MYR	4.1380	0.08%	NZD-SGD	0.9017	0.01%
USD-CNY	6.7349	--	CHF-SGD	1.3368	-0.04%
USD-IDR	14252	-0.05%	SGD-MYR	3.0397	-0.10%
USD-VND	23263	-0.07%	SGD-CNY	4.9420	-0.30%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.3670	--	O/N	2.3919	--
2M	-0.3360	--	1M	2.4833	--
3M	-0.3100	--	2M	2.5244	--
6M	-0.2310	--	3M	2.5755	--
9M	-0.1940	--	6M	2.6115	--
12M	-0.1140	--	12M	2.7104	--

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
06/19/2019	0.0%	7.9%	0.0%	7.9%	92.1%
07/31/2019	0.0%	16.2%	0.7%	15.5%	83.8%
09/18/2019	0.0%	29.9%	3.1%	26.7%	70.1%
10/30/2019	0.0%	36.7%	5.4%	30.8%	63.3%
12/11/2019	0.0%	50.9%	11.1%	38.2%	49.1%
01/29/2020	0.0%	56.1%	14.0%	39.3%	43.9%

Equity and Commodity

Index	Value	Net change
DJIA	26,307.79	-122.35
S&P	2,917.52	-6.21
Nasdaq	8,036.77	-12.87
Nikkei 225	22,258.73	--
STI	3,393.33	-6.87
KLCI	1,632.24	-10.05
JCI	6,374.42	-80.93
Baltic Dry	1,031.00	--
VIX	14.42	-0.38

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.94 (+0.03)	2.34 (+0.04)
5Y	2.02 (+0.04)	2.35 (+0.05)
10Y	2.23 (+0.06)	2.54 (+0.04)
15Y	2.43 (+0.07)	--
20Y	2.50 (+0.08)	--
30Y	2.66 (+0.07)	2.93 (+0.03)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.40	--
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	2.54
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	61.81	-2.8%	Corn (per bushel)	3.6200	0.6%
Brent (per barrel)	70.75	-2.0%	Soybean (per bushel)	8.305	-1.1%
Heating Oil (per gallon)	2.0778	-0.8%	Wheat (per bushel)	4.3325	1.9%
Gasoline (per gallon)	2.0183	-2.2%	Crude Palm Oil (MYR/MT)	1,919.0	-3.2%
Natural Gas (per MMBtu)	2.5890	-1.2%	Rubber (JPY/KG)	188.6	0.0%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	6,167	-1.1%	Gold (per oz)	1,272.0	-1.0%
Nickel (per mt)	12,124	-0.3%	Silver (per oz)	14.540	-0.7%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
05/02/2019 08:30	SK Nikkei South Korea PMI Mfg	Apr	--	50.2	48.8
05/02/2019 08:30	ID Nikkei Indonesia PMI Mfg	Apr	--	50.4	51.2
05/02/2019 12:03	ID CPI YoY	Apr	2.67%	2.83%	2.48%
05/02/2019 16:30	HK GDP YoY	1Q A	1.90%	0.50%	1.30%
05/02/2019 19:00	UK Bank of England Bank Rate	May-02	0.75%	0.75%	0.75%
05/02/2019 20:30	US Initial Jobless Claims	Apr-27	215k	230k	230k
05/02/2019 22:00	US Factory Orders	Mar	1.60%	1.90%	-0.50%
05/02/2019 22:00	US Durable Goods Orders	Mar F	--	2.60%	2.70%
05/03/2019 15:30	TH Foreign Reserves	Apr-26	--	--	\$209.7b
05/03/2019 16:30	HK Retail Sales Value YoY	Mar	3.00%	--	-10.10%
05/03/2019 20:30	US Change in Nonfarm Payrolls	Apr	190k	--	196k
05/03/2019 20:30	US Unemployment Rate	Apr	3.80%	--	3.80%
05/03/2019 20:30	US Wholesale Inventories MoM	Mar P	0.20%	--	0.20%

Source: Bloomberg

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