

Highlights

Global	<p>Global risk sentiments are likely to take a backseat today after the IMF shaved its 2019 global growth forecast again from 3.5% to 3.3% (lowest since 2009). Overnight, S&P500 closed lower amid growing concerns that US-EU trade relations will take a turn for the worse with the US plan to levy about US\$11b of tariffs on European goods to retaliate on the Airbus issue, while UST bonds rallied with the 10-year yield at 2.5%. Meanwhile, EU leaders will consider the duration of the next Brexit extension, with a preference for a flexible extension for up to a year yet allow for Brexit when an agreement is settled. Wall Street ended mixed overnight, with the Dow lower but S&P500 up, while UST bonds drifted lower in a quiet session as investors awaited Saudi Aramco's maiden bond issue and the upcoming US\$78b of UST bond and note auctions. The 10-year UST bond yield continued to tread around 2.52%. Separately, Saudi Aramco sold US\$12b of debt. Main market focus today will be the ECB policy decision where no changes to its policy settings are anticipated, even the speculated "tiering", but the ECB may attempt to dismiss the recent soft patch for the Eurozone's economic data as transitory, so Draghi's press conference will be key. Asian markets may trade with a more consolidative tone today. Today's data calendar comprises US' CPI, and UK's industrial production and trade data. RBA's Debelle is speaking and may shed light on how RBA will set monetary policy to support sustainable growth going forward. Other speakers include BOJ's Kuroda, Fed's Quarles and ECB's Coeure.</p>
US	<p>NFIB small business optimism edged up from 101.7 in Feb to 101.8 in Mar, but the JOLTS job openings saw a sharp drop from a revised print of 7625 in Jan to 7087 in Feb. Meanwhile, Fed's Clarida opined that the current 3.8% unemployment rate could be above full employment and inflation expectations remain anchored, while Quarles argued that recent dissents in Fed votes are healthy and White House comments do not feature in interest rate decisions.</p>
IMF	<p>The IMF also pared the 2019 global trade growth in goods and services from 4% to 3.4%, softer than the 3.8% seen last year. The IMF also cut the growth forecast for US from 2.5% to 2.3%, Euro area from 1.6% to 1.3%, and UK from 1.5% to 1.2%, but upgraded China by 0.1% point to 6.3%.</p>
MY	<p>According to Bloomberg, Felda, would be requesting about RM6bn from the government when the Felda white paper is tabled today in parliament. Full details on the needs of the fund are still limited but Bloomberg did report that the funds are needed in order to help Felda turnaround. This lack of details also mean that it is difficult to fully determine the impact on the government's financial situation at this point but it may be spread out over a period as Bloomberg did mention too that an unnamed source had said that the funds would likely be disbursed in stages.</p>
CMD	<p>Russia President Vladimir Putin said that the country is not ready to commit to further extend its OPEC+ curbs beyond the initial deadline of June, as current prices offer little incentive to cut production further. Brent fell -0.7% but still stayed above the crucial \$70/bbl.</p>

Major Markets

- **US:** Wall Street ended lower on Tuesday, with the S&P500 declining 0.6%. The DJIA fell 0.7%, and the Nasdaq composite tumbled 0.6%.
- **Singapore:** The STI added 0.31% to close at 3325.60 yesterday, but given overnight slippage in Wall Street, the STI may consolidate towards the 3300 support today. With the mild pullback in risk appetite driving UST bond yields up to 2bps lower overnight, SGS bonds are likely to be better bid today as well.
- **China:** China's passenger car sales fell by 12.1% yoy in March although new energy car sales doubled in March ahead of government's plan to reduce the subsidy to new energy car. Even after taking the sale of new energy car into account, the decline of overall passenger car implies sluggish retail sales in the first quarter, which could weigh down on the economic growth. We think China may launch a fresh set of stimulus measures to support auto sales, which is one of the important pillars of the growth.
- **Indonesia:** The government has sold Rp15.72tn of bonds although there wasn't much of an upsize given their target was Rp15tn. Bids did come in at Rp31.8tn, well exceeding the issuance level.
- **Malaysia:** Meanwhile, the Malaysian Ministry of Finance announced that the cabinet has approved the decision to extend the deadline for the 10 percent special reduced rate of penalty under the Special Voluntary Disclosure Program (SVDP) to June 30 from March 31 for the first phase of regularization.
- **Commodities:**
 - **Energy:** Meanwhile, Saudi Aramco's blockbuster bond offering saw its \$12bn issue more than 8x oversubscribed, garnering over \$100bn of orders. Yields on the bonds were reportedly lower than Saudi sovereigns.

Gold: The precious metal broke above \$1,300/oz yesterday for the first time in two weeks, after US President Donald Trump threatened a new trade war with the EU and IMF downgraded global growth forecasts from 3.5% to 3.3%. The uncertain economic environment – softened only by recent signs of China's economic bottoming out – has spurred gold higher. In the short-term, continued business uncertainty may drive gold prices up to \$1,350/oz, a level that was nearly reached just two months ago.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, as most tenors traded 1bps lower, with the exception of the 7-year and 12-year swap rate trading little change and at 2bps lower respectively. The Bloomberg Barclays Asia USD IG Bond Index average OAS was little changed at 135bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 3bps to 469bps. 10Y UST yields fell 2bps to close the session at 2.50%, on the back of renewed trade tensions between the United States and the European Union and the International Monetary Fund's lacklustre growth forecasts for 2019, given the ongoing trade disputes and Britain's potential exit from the EU.
- **New Issues:** 21Vianet Group Inc has priced a USD300mn 2.5-year bond at 99.722 (yield: 8.0%), tightening from IPT of 8.5% area. DBS Group Holdings Ltd has priced a

USD750mn 3-year bond at T+58bps, tightening from IPT of T+75bps area. Societe Generale SA has priced a SGD750mn perpetual-bond at 6.125%. Bank of China Ltd has scheduled investor meetings from 9 April for its potential multi-currency bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.006	-0.05%	USD-SGD	1.3536	-0.07%
USD-JPY	111.140	-0.30%	EUR-SGD	1.5245	-0.07%
EUR-USD	1.1263	--	JPY-SGD	1.2178	0.23%
AUD-USD	0.7124	-0.04%	GBP-SGD	1.7668	-0.11%
GBP-USD	1.3052	-0.07%	AUD-SGD	0.9642	-0.11%
USD-MYR	4.0935	-0.10%	NZD-SGD	0.9128	-0.04%
USD-CNY	6.7119	-0.07%	CHF-SGD	1.3536	-0.16%
USD-IDR	14133	-0.24%	SGD-MYR	3.0265	0.17%
USD-VND	23198	0.00%	SGD-CNY	4.9587	0.03%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.3670	--	O/N	2.3918	--
2M	-0.3360	--	1M	2.4813	--
3M	-0.3100	--	2M	2.5476	--
6M	-0.2310	--	3M	2.5840	--
9M	-0.1940	--	6M	2.6316	--
12M	-0.1120	--	12M	2.7499	--

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
03/20/2019	0.0%	2.6%	0.0%	2.6%	97.4%
05/01/2019	0.0%	13.6%	0.3%	13.3%	86.4%
06/19/2019	0.0%	18.4%	1.0%	17.4%	81.6%
07/31/2019	0.0%	34.3%	4.2%	29.8%	65.7%
09/18/2019	0.0%	38.6%	5.9%	32.2%	61.4%
10/30/2019	0.0%	53.1%	12.1%	39.1%	46.9%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	63.98	-0.7%	Corn (per bushel)	3.6000	--
Brent (per barrel)	70.61	-0.7%	Soybean (per bushel)	8.988	--
Heating Oil (per gallon)	2.0449	-0.6%	Wheat (per bushel)	4.5950	-1.2%
Gasoline (per gallon)	1.9990	0.6%	Crude Palm Oil (MYR/MT)	2,120.0	0.4%
Natural Gas (per MMBtu)	2.6990	-0.3%	Rubber (JPY/KG)	184.3	-1.1%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	6,487	0.2%	Gold (per oz)	1,303.5	0.5%
Nickel (per mt)	13,196	0.1%	Silver (per oz)	15,211	0.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	26,150.58	-190.44
S&P	2,878.20	-17.57
Nasdaq	7,909.28	-44.61
Nikkei 225	21,802.59	40.94
STI	3,325.60	10.18
KLCI	1,641.94	-2.41
JCI	6,484.35	58.61
Baltic Dry	714.00	--
VIX	14.28	1.10

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.87 (--)	2.35 (-0.01)
5Y	1.92 (--)	2.31 (-0.02)
10Y	2.08 (--)	2.50 (-0.02)
15Y	2.29 (--)	--
20Y	2.35 (-0.01)	--
30Y	2.54 (--)	2.91 (-0.01)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.48	-0.02
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	2.46
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Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
04/10/2019 07:00	SK Unemployment rate SA	Mar 3.90%	3.80%	3.70%	--
04/10/2019 07:50	JN PPI YoY	Mar 1.00%	1.30%	0.80%	0.90%
04/10/2019 07:50	JN Core Machine Orders MoM	Feb 2.80%	1.80%	-5.40%	--
04/10/2019 16:30	UK Trade Balance	Feb -£3789m	--	-£3825m	--
04/10/2019 16:30	UK Industrial Production MoM	Feb 0.10%	--	0.60%	--
04/10/2019 16:30	UK Industrial Production YoY	Feb -0.90%	--	-0.90%	--
04/10/2019 19:00	US MBA Mortgage Applications	Apr-05 --	--	18.60%	--
04/10/2019 19:45	EC ECB Main Refinancing Rate	Apr-10 0.00%	--	0.00%	--
04/10/2019 19:45	EC ECB Marginal Lending Facility	Apr-10 0.25%	--	0.25%	--
04/10/2019 19:45	EC ECB Deposit Facility Rate	Apr-10 -0.40%	--	-0.40%	--
04/10/2019 20:30	US CPI MoM	Mar 0.40%	--	0.20%	--
04/10/2019 04/15	CH Money Supply M2 YoY	Mar 8.20%	--	8.00%	--

Source: Bloomberg

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