

Highlights

Global	<p>Market sentiments regarding Brexit improved overnight as May and Juncker made “meaningful” adjustments to the deal that will go to the House of Commons today. PM May called the changes “legally binding changes” whereas Juncker warned “it is this deal, or Brexit may not happen at all”. Wall Street climbed overnight, buoyed by tech stocks and notwithstanding the Boeing retreat following the 737 Max flight crash, whilst the 10-year UST bond yield closed up slightly at 2.64%.</p> <p>Asian markets may attempt to rally today to build on fragile Brexit hopes that may not sustain pending the result of the UK Parliament vote. A relatively busy day lies ahead, with US’ CPI and NFIB small business optimism, India’s CPI and industrial production, UK’ industrial production and trade balance, S’pore’s retail sales, and Thai consumer confidence. ECB’s Lautenschlaeger and Fed’s Brainard are also speaking.</p>
US	Retail sales rose more than expected by 0.2% mom in Jan, following a revised 1.6% decline in Dec. Retail sales excluding autos also rebounded 0.9% mom after a 2.1% slump. Meanwhile, business inventories rose 0.6%.
HK	After the HKMA intervened for the first time since last Aug and bought HK\$1.507 from the spot market, HIBOR rose on a broad basis with 1M HIBOR ticking up 6bps to 1.41%. As the intervention was rather moderate and there is no large IPO or seasonality, we expect HKD liquidity to remain flushed in the coming sessions. As such, US\$HKD may continually touch 7.85 and even trigger further liquidity withdrawal in the coming week. However, given the very cautious carry trade, any further liquidity withdrawal will likely remain moderate.
MY	The IMF expects Malaysia’s growth to come out at 4.7% yoy for 2019 whilst they see that “over the medium term, growth was expected to converge to potential (about 4.75%) and inflation will remain subdued”. The IMF also supported Malaysia’s broadly neutral monetary policy stance.
SG	Retail sales likely rebounded 2.6% yoy (-3.2% mom sa) in Jan, with retail sales excluding autos falling 0.2% yoy. This is compared to Dec18’s readings of -6.0% yoy (-3.4% mom sa) and -3.0% yoy respectively. Meanwhile, the Manpower employment outlook survey suggested that 2Q19 may improve to 11% from 9% in 1Q19, but remains below the 13% seen in 4Q18. The industries registering an uptick include finance/insurance/real estate, services, public admin/education, with the key exception of manufacturing (which slipped from 15% to 6%).

Major Markets

- **US:** Wall Street ended higher on Monday, with the S&P500 jumping 1.5%. The DJIA rose 0.8%, and the Nasdaq composite increased 2.0%.
- **Singapore:** The STI fell 0.14% to close at a fresh five-week low of 3191.42 yesterday, but may regain the 3200 resistance handle today amid renewed Brexit hopes and Wall Street's recovery overnight. With UST bond yields trading a tad higher overnight, the SGS bond market may also remain on the backseat for today.
- **Hong Kong:** Aggregate balance may hold around HK\$60 billion by end of this month. When we approach quarter-end, the seasonal factor is expected to temporarily push 1M and 3M HIBOR up above 2%, drag the USDHKD away from 7.85 and sideline the carry trade.
- **Indonesia:** The government will be targeting to sell Rp15tn of bonds in today's conventional bond auction. The government will also be offering new notes maturing in June 2019 and March 2020.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with most tenors trading 1bps higher, while the shorter tenors traded little change. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 140bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 495bps. 10Y UST yields rose 1bps to 2.64% after falling for four consecutive sessions, with risk sentiment improving as technology stocks led the rally on the equity markets. The upcoming pipeline of corporate and government supply this week also induced investors to sell treasuries in a bid to push treasury prices lower and hedge against large interest rate movements.
- **New Issues:** Chongqing Energy Investment Group Co Ltd has priced a USD500mn 3-year bond at 5.78%, tightening from price guidance of 6.25% area. AMTD Group Co Ltd has priced a USD57.92mn re-tap of its existing AMTDGC 5.0%'22s at par. China National Travel Service Group Corp Ltd has scheduled investor meetings from 11 Mar for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.215	-0.09%	USD-SGD	1.3580	-0.06%
USD-JPY	111.210	0.04%	EUR-SGD	1.5270	0.03%
EUR-USD	1.1245	0.09%	JPY-SGD	1.2210	-0.11%
AUD-USD	0.7070	0.35%	GBP-SGD	1.7856	0.98%
GBP-USD	1.3150	1.04%	AUD-SGD	0.9601	0.34%
USD-MYR	4.0903	0.01%	NZD-SGD	0.9275	0.32%
USD-CNY	6.7265	0.08%	CHF-SGD	1.3437	-0.26%
USD-IDR	14291	-0.17%	SGD-MYR	3.0102	0.08%
USD-VND	23199	--	SGD-CNY	4.9494	0.04%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3670	--	O/N	2.3869	--
2M	-0.3360	--	1M	2.4915	--
3M	-0.3080	--	2M	2.5701	--
6M	-0.2320	--	3M	2.5966	--
9M	-0.1940	--	6M	2.6790	--
12M	-0.1090	--	12M	2.8636	--

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
03/20/2019	0.8%	0.0%	0.0%	0.0%	99.2%
05/01/2019	0.8%	1.0%	0.0%	1.0%	98.2%
06/19/2019	0.7%	3.8%	0.0%	3.7%	95.5%
07/31/2019	0.7%	3.9%	0.0%	3.9%	95.3%
09/18/2019	0.7%	4.9%	0.1%	4.8%	94.4%
10/30/2019	0.7%	6.8%	0.2%	6.6%	92.5%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	56.79	1.3%	Corn (per bushel)	3.5250	-0.6%
Brent (per barrel)	66.58	1.3%	Soybean (per bushel)	8.778	-0.7%
Heating Oil (per gallon)	1.9942	-0.3%	Wheat (per bushel)	4.2225	-2.4%
Gasoline (per gallon)	1.8260	1.3%	Crude Palm Oil (MYR/MT)	1,962.0	-0.5%
Natural Gas (per MMBtu)	2.7720	-3.2%	Rubber (JPY/KG)	181.3	-0.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	6,395	--	Gold (per oz)	1,291.1	-0.6%
Nickel (per mt)	13,090	--	Silver (per oz)	15.197	-0.5%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,650.88	200.64
S&P	2,783.30	40.23
Nasdaq	7,558.06	149.92
Nikkei 225	21,125.09	99.53
STI	3,191.42	-4.45
KLCI	1,664.63	-15.27
JCI	6,366.43	-16.63
Baltic Dry	645.00	-4.00
VIX	14.33	-1.72

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.96 (--)	2.48 (+0.01)
5Y	2.03 (+0.01)	2.44 (+0.01)
10Y	2.19 (+0.01)	2.64 (+0.01)
15Y	2.42 (+0.01)	--
20Y	2.48 (+0.01)	--
30Y	2.63 (+0.01)	3.03 (+0.02)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.10	-0.05
TED	35.36	--

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
03/11/2019 15:00	GE Industrial Production WDA YoY	Jan	-3.30%	-3.30%	-3.90%	-2.70%
03/11/2019 20:30	US Retail Sales Advance MoM	Jan	0.00%	0.20%	-1.20%	-1.60%
03/12/2019 09:00	PH Exports YoY	Jan	-4.30%	--	-12.30%	--
03/12/2019 13:00	SI Retail Sales YoY	Jan	2.60%	--	-6.00%	--
03/12/2019 17:30	UK Trade Balance	Jan	-£3500m	--	-£3229m	--
03/12/2019 17:30	UK Industrial Production MoM	Jan	0.20%	--	-0.50%	--
03/12/2019 17:30	UK Manufacturing Production MoM	Jan	0.20%	--	-0.70%	--
03/12/2019 20:00	IN CPI YoY	Feb	2.40%	--	2.05%	--
03/12/2019 20:00	IN Industrial Production YoY	Jan	2.20%	--	2.40%	--
03/12/2019 20:30	US CPI MoM	Feb	0.20%	--	0.00%	--

Source: Bloomberg

OCBC Treasury Research	
<u>Macro Research</u> Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Tommy Xie Dongming XieD@ocbc.com Terence Wu TerenceWu@ocbc.com Howie Lee HowieLee@ocbc.com Alan Lau AlanLau@ocbc.com	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@ocbc.com Seow Zhi Qi ZhiQiSeow@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).