

Highlights

Global	<p>US financial markets were little changed overnight as investors awaited key US earnings results with JP Morgan and Wells Fargo due today, with the S&P500 flat and the 10-year UST bond yield stuck around the 2.5% handle. On the economic data front, China's CPI rose quickened its pace from 1.5% in February to 2.3% yoy in March, with the PPI also accelerating from 0.1% to 0.4%, whilst the US' PPI also picked up to 0.6% (previously 0.1%) and initial jobless claims fell to 196k (lowest since October 1969).</p> <p>Asian markets may tread water today. Key to watch would be China's March trade data, US' University of Michigan sentiments and import prices, Eurozone's industrial production, and S'pore's retail sales. Today's data calendar also comprises US' and PPI, German CPI, and Malaysia's Feb industrial production. ECB's Praet is also speaking.</p>
CH	<p>China's CPI reaccelerated to 2.3% yoy in March in line with market expectation. On mom reading, CPI fell by 0.4% in March, in line with seasonal pattern, as both food prices and non-food prices declined after the Chinese New Year holiday. Food CPI fell by 0.9% mom while non-food CPI fell by 0.2% mom. Despite the rise of petrol costs due to higher oil prices, the non-food prices were dragged down by the decline of travel costs after the end of Chinese New Year holiday season. Looking ahead, as Chinese New Year effect fades in the second quarter, China's CPI may face upward pressure due to rise of pork prices and oil prices. In addition, the contribution to CPI from low base effect will continue to go up in the second quarter and will only peak in June. We expect CPI to test 2.5% in April and may remain elevated around 2.5% in 2Q before coming off in the second half.</p>
SG	<p>Flash 1Q19 GDP growth softened to 1.3% yoy (2.0% qoq saar), lower than our forecast of 1.8% yoy (1.1% qoq saar) and also Bloomberg consensus forecast of 1.4% yoy (2.2% qoq saar). This is the weakest start to the year since 1Q09. Manufacturing growth was the main drag at -1.9% yoy (-12.0% qoq saar), which is also the worst performance since 1Q16. The only silver lining as construction which rebounded to expand for the first time after 10 consecutive quarters of decline by 1.4% yoy (7.8% qoq saar). Services momentum also improved slightly to 2.1% yoy (4.8% qoq saar). MAS kept its S\$NEER policy settings static as expected, citing the pace of growth will be slightly below potential this year, and downgraded the core inflation forecast from 1.5-2.5% to 1-2%, but noted it is likely to come in near the mid-point of the revised range. We revise our full-year 2019 GDP growth forecast to 1.8%-2.0% yoy, with headline and core inflation tipped at 0.5% and 1.5% yoy respectively given the worse than expected 1Q19 growth deterioration and weakening inflation dynamics. The February retail sales is due later today and likely rose 2.8% yoy (6.6% mom sa) with 1.8% excluding autos (Bloomberg consensus forecast: 2.5% yoy and 1.8% yoy excluding autos).</p>
MY	<p>A source from the Malaysian negotiation team has told Sin Chew Daily that the Malaysian Prime Minister's special envoy Daim Zainuddin had arrived in Beijing and was negotiating the final details of the East Coast Rail Link (ECRL) project with China. The two sides will reportedly be inking an agreement today with Daim Zainuddin set to hold a press conference at 2pm Beijing time.</p>

Major Markets

- **US:** Wall Street ended mixed on Thursday, with the S&P500 unchanged. The DJIA fell 0.1%, and the Nasdaq composite tumbled 0.2%.
- **Singapore:** The STI added 0.10% to end at 3330.82 yesterday and may trade a 3300-3340 range today. Given, UST bonds sold off overnight to push yields higher by up to 4bps, SGS bonds may also trade with a cautious tone today and unwind yesterday's gains.
- **Malaysia:** Meanwhile, the Malaysian industrial production index (IPI) expanded by 1.7% yoy for February, slower than the prior month at 3.2% yoy. This was mainly due to a decline in the mining sector index at 5.0% yoy whilst the manufacturing index still grew at 3.7% yoy. If the weaker readings continue to March, there would be a strong likelihood of a slow 1Q 2019.
- **Philippines:** BSP Governor Benjamin Diokno said in an interview that "it's not a matter whether we cut, it is when", before adding that he is "sure that's (considerations of a rate cut) on the agenda in the next monthly meeting." The BSP is possibly buoyed by the lower-than-expected headline inflation in March, which registered 3.3% vs the BSP upper inflation target of 4%. We expected BSP to conduct its first rate cut in its June meeting, but Diokno's dovish talk and the slowing inflation may prompt the central bank to act in their May meeting.
- **Macau:** Macau's housing market data disappointed in Feb. Average housing price dropped by 3% mom or 10.5% yoy to MOP98,618/square meter in Feb, the lowest since Dec 2017. Housing transaction volume fell for the sixth consecutive month by 79.4% yoy to a three-year low of 312 deals. Approved new mortgage loan dropped by 58.8% mom or 30% yoy to a seven-year low of MOP1.82 billion. The weakness of the housing market could be attributed to several factors. First, investment sentiment might have been muted around Lunar New Year. Second, last year prospective homebuyers brought forward their home purchase plan in anticipation of the unveiling of new control measures from late Feb 2018. This results in high base effect. Third, speculative demand has been dented by the housing control measures. Fourth, the demand of first-home local buyers (representing 89% of total local home buyers) may shrink gradually. Moving ahead, after high base effect abates, we expect the housing market to regain some momentum thanks to upbeat sentiments and low housing supply. However, in the medium term, the diminishing effect of supportive measures and the control measures may continue to cap the upside for the housing market.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with the shorter tenors and belly trading 3bps lower while the longer tenors from 12-year onwards traded 2bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps at 134bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 1bps to 469bps. 10Y UST yields rose 3bps to 2.50%, as safe haven demand waned after positive data on US jobless claims and producer prices assuaged worries of a US economic downturn.
- **New Issues:** Nuoxi Capital Ltd has priced a USD300mn 3.5-year bond (guarantor: Peking University Founder Group Co Ltd) at 7.45%, tightening from IPT of 7.875% area.

Vedanta Resources Finance II PLC (guarantor: Vedanta Resources Ltd) has priced a USD400mn 4-year bond at 8.0% (IPT of 8.25% area) and a USD600mn 7NC4 bond at 9.25% (IPT of 9.375% area). Huaibei City Construction Investment Holding Group Co Ltd has priced a USD150mn 3-year bond at 5.0%, in line with final price guidance. Eros International PLC has scheduled investor meetings from 12 April for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.177	0.24%	USD-SGD	1.3562	0.33%
USD-JPY	111.660	0.59%	EUR-SGD	1.5261	0.14%
EUR-USD	1.1253	-0.19%	JPY-SGD	1.2147	-0.25%
AUD-USD	0.7124	-0.66%	GBP-SGD	1.7709	0.07%
GBP-USD	1.3058	-0.25%	AUD-SGD	0.9662	-0.34%
USD-MYR	4.1132	0.13%	NZD-SGD	0.9126	-0.24%
USD-CNY	6.7194	0.05%	CHF-SGD	1.3518	0.25%
USD-IDR	14140	-0.09%	SGD-MYR	3.0404	0.24%
USD-VND	23198	-0.01%	SGD-CNY	4.9575	-0.15%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.3670	--	O/N	2.3885	--
2M	-0.3360	--	1M	2.4820	--
3M	-0.3100	--	2M	2.5485	--
6M	-0.2310	--	3M	2.6035	--
9M	-0.1940	--	6M	2.6270	--
12M	-0.1120	--	12M	2.7401	--

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
03/20/2019	0.0%	0.5%	0.0%	0.5%	99.5%
05/01/2019	0.0%	10.9%	0.1%	10.8%	89.1%
06/19/2019	0.0%	14.1%	0.4%	13.6%	85.9%
07/31/2019	0.0%	31.2%	3.1%	28.0%	68.8%
09/18/2019	0.0%	35.4%	4.6%	30.5%	64.6%
10/30/2019	0.0%	49.9%	10.4%	38.2%	50.1%

Equity and Commodity

Index	Value	Net change
DJIA	26,143.05	-14.11
S&P	2,888.32	0.11
Nasdaq	7,947.36	-16.88
Nikkei 225	21,711.38	23.81
STI	3,330.82	3.17
KLCI	1,624.23	-15.23
JCI	6,410.17	-68.16
Baltic Dry	734.00	--
VIX	13.02	-0.28

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.86 (-0.01)	2.35 (+0.03)
5Y	1.90 (-0.02)	2.31 (+0.04)
10Y	2.07 (-0.01)	2.50 (+0.03)
15Y	2.28 (-0.01)	--
20Y	2.34 (-0.01)	--
30Y	2.54 (--)	2.93 (+0.03)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.50	0.05
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	2.45
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	63.58	-1.6%	Corn (per bushel)	3.6000	-0.5%
Brent (per barrel)	70.83	-1.3%	Soybean (per bushel)	8.953	-0.7%
Heating Oil (per gallon)	2.0672	-1.0%	Wheat (per bushel)	4.6050	0.5%
Gasoline (per gallon)	2.0309	-1.9%	Crude Palm Oil (MYR/MT)	2,040.0	-0.8%
Natural Gas (per MMBtu)	2.6640	-1.3%	Rubber (JPY/KG)	184.0	-1.3%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	6,408	-0.9%	Gold (per oz)	1,288.6	-1.6%
Nickel (per mt)	12,976	-1.9%	Silver (per oz)	14.867	-2.5%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
04/11/2019 09:30	CH CPI YoY	Mar	2.30%	2.30%	1.50%	--
04/11/2019 09:30	CH PPI YoY	Mar	0.40%	0.40%	0.10%	--
04/11/2019 20:30	US PPI Final Demand MoM	Mar	0.30%	0.60%	0.10%	--
04/11/2019 20:30	US Initial Jobless Claims	Apr-06	210k	196k	202k	204k
04/12/2019 08:00	SI GDP SAAR QoQ	1Q A	2.20%	2.00%	1.40%	--
04/12/2019 08:00	SI GDP YoY	1Q A	1.40%	1.30%	1.90%	--
04/12/2019 13:00	SI Retail Sales YoY	Feb	2.50%	--	7.60%	--
04/12/2019 15:30	TH Foreign Reserves	Apr-05	--	--	\$212.2b	--
04/12/2019 20:30	US Import Price Index MoM	Mar	0.40%	--	0.60%	--
04/12/2019 22:00	US U. of Mich. Sentiment	Apr P	98.2	--	98.4	--
04/12/2019	CH Trade Balance	Mar	\$5.70b	--	\$4.12b	\$4.08b
04/12/2019	CH Exports YoY	Mar	6.50%	--	-20.70%	-20.80%
04/11/2019 04/15	CH Money Supply M2 YoY	Mar	8.20%	--	8.00%	--

Source: Bloomberg

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

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