

Highlights

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|---------------|--|
| Global | <p>With US president Trump changing his tune and now hinting that trade talks with China are “going along very well” and “they’re showing us tremendous respect”, Wall Street climbed overnight amid the improved market sentiments, whilst the 10-year UST bond yield rose to 2.70% even though inflation printed was muted at 0% mom (+1.6% yoy) in January versus market expectations for 0.1% mom (1.5% yoy).</p> <p>Asian markets may trade with a firmer tone today, while awaiting a heavy economic data calendar that comprises of Malaysia’s 4Q18 GDP growth, China’s January trade data, Eurozone’s preliminary 4Q18 GDP growth, and US’ retail sales, initial jobless claims and PPI. BOE’s Vlieghe is also speaking on the economic outlook.</p> |
| US | Fed’s Bostic opined that “we can take our time” to get to neutral rates, while Mester downplayed the impact of the Fed’s balance sheet unwinding. |
| CH | PBoC managed to auction CNY20 billion 3-month and 1-year PBoC bill in Hong Kong. The 3-month PBoC bill was priced at 2.45%, 134bps below the same issuance in November 2018, while 1-year PBoC bill was priced at 2.8%, 140bps below the similar issuance in November. The sharp decline of PBoC bill yields was the result of flush RMB liquidity. As a result, RMB swap points flipped to discount in the offshore market. |
| SG | <p>Tourism receipts rose 1.0% to \$27.1 billion, driven by 6.2% yoy growth in visitor arrivals to 18.5m, especially from China (+6%), Indonesia (+8%) and India (+13%). Business travel and MICE sector also saw revenue rise by 10% to \$3.44b as their visitor arrivals surged 14% yoy to two million. The cruise industry also jumped 35% yoy to 1.87 million total passenger throughput. However, visitor spending growth in sightseeing, entertainment & gaming was offset by declines in shopping, accommodation and F&B expenditure. For 2019, STB tips tourism receipts and visitor arrivals to grow by 1-3% and 1-4% yoy respectively to \$27.3-27.9b and 18.7-19.2m respectively.</p> <p>Meanwhile, median household income from work increased by 2.6% yoy in real terms (3.0% in nominal terms) in 2018. Households in all income deciles saw real growth in average income from work per household member, ranging from 2.3% (91-100th decile) to 4.0% (71-90th decile) yoy in 2018. The GINI coefficient was also stable at 0.458 compared to 0.459 in 2017 and 0.458 in 2016 (among the lowest in a decade), and fell from 0.458 to 0.404 after adjusting for government transfers and taxes.</p> |
| MY | GDP results would be due later today with our expectations for the 2018 entire year growth to come out at 4.5% yoy. According to the Borneo Post, Deputy Minister of International Trade and Industry Ong Kian Ming has said that Malaysia’s growth for 2018 is capable of achieving between 4.8% - 4.9% in 2018. |
| IND | According to the Jakarta Post, Bank Indonesia (BI) Governor Perry Warjiyo continued to hint that the central bank will maintain a tight monetary policy this year. The news portal quoted Perry as to saying, “If we see the current account deficit, we need a joint effort to narrow the deficit. We strictly maintain our nearly reaching the peak policy”. The government announced that it has raised over US\$2bn from sale of global dollar and green sukuk. |

Major Markets

- **US:** Wall Street ended higher on Wednesday, with the S&P500 advancing 0.30%. The DJIA rose 0.46%, while the Nasdaq composite increased 0.08%.
- **Singapore:** The STI added 1.36% to close at 3244.77 yesterday and may extend gains today amid more optimistic signals from Trump on the progress of US-China trade talks. STI's support is tipped at 3229 and resistance at 3267. With UST bonds selling off by another 1-3bps overnight, led by the shorter-dated tenors, SGS bonds are likely to reverse yesterday's gains.
- **New Zealand:** RBNZ kept its 1.75% official cash rate steady and tips this level to be unchanged through 2019-2020. While the statement tips "the direction of our next OCR move could be up or down" as "there are upside and downside risks to this outlook", nevertheless RBNZ disappointed market doves by signalling a rate hike in early 2021 (versus 3Q 2020 previously). Both NZD and rates moved higher post-RBNZ as governor Orr opined that the chance of a rate cut has not increased and reiterated its view that bank lending rates may rise by 20-40bps. RBNZ also trimmed its inflation forecasts to 1.4% in 2019 (previously 1.9%) and tips inflation not to reach 2% until late 2020.
- **Hong Kong:** The lower rates of the PBOC bills could be attributed to two major factors. First, due to the stronger RMB, demand for RMB assets in the offshore market improved. Second, as the PBOC rolled out a raft of stimulus measures, offshore RMB liquidity eased as well. Given the lower rates of offshore PBOC bills, commercial banks in HK may cut the RMB fixed-deposit rates in the near term. Nonetheless, we expect HK's RMB deposits will remain resilient in the near term. On one hand, as for time deposit, RMB rates are higher than those for USD or HKD. On the other hand, RMB outlook has improved somehow from late 2019.
- **Commodities:**
 - Energy:** WTI rallied +1.5% yesterday and has risen +2.8% in the last three days, buoyed by tighter supply cuts and a slew of positive trade talk developments. Data also shows imports of US crude from its three main sources – Canada, Venezuela and Saudi Arabia – all falling, suggesting that global supply is tightening. High level US-China trade talks begin today and are highly likely to move the oil market, together with China's trade data later and Eurozone GDP in the evening.
 - Gold:** Since touching \$1,320/oz on the last day of January, gold has retraced back to \$1,306 yesterday amid a string of positive comments from President Trump on the US-China trade talks as well as US Congress close to averting another shutdown. The precious metal is likely to be supported at \$1,300/oz and will most probably wait for further developments from the high-level trade talks commencing today before it makes its next big directional move.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, trading 1bps lower across most tenors (with the exception of the 12-year swap rate unchanged and the 30-year swap rate trading 2bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 2bps to 146bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 7bps to 511bps. 10Y UST yields rose 1bps to close the trading session at 2.70%, after data released showed a rise in inflation with core

consumer prices rising in January, indicating room for the Federal Reserve to continue its interest rate hike.

- **New Issues:** Shimao Property Holdings Ltd has priced a USD1.0bn 5NC3 bond (subsidiary guarantors: certain of company's restricted subsidiaries outside the PRC) at 6.125%, tightening from IPT of 6.5% area. Times China Holdings Limited has priced a USD500mn 3NC2 bond (subsidiary guarantors: certain of issuer's restricted subsidiaries incorporated outside the PRC) at 7.625%, tightening from IPT of 8.0% area. Airport Authority (statutory body wholly owned by the Government of Hong Kong) has priced a USD500mn 10-year bond at CT10+78bps, tightening from IPT of CT10+105bps area. Shriram Transport Finance Co. has scheduled investor meetings from 14 Feb for its potential USD bond issuance. China Resources Land Ltd has scheduled roadshows from 14-15 Feb for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 97.129 | 0.43% | USD-SGD | 1.3597 | 0.26% |
| USD-JPY | 111.010 | 0.48% | EUR-SGD | 1.5311 | -0.32% |
| EUR-USD | 1.1261 | -0.57% | JPY-SGD | 1.2248 | -0.21% |
| AUD-USD | 0.7090 | -0.07% | GBP-SGD | 1.7465 | -0.11% |
| GBP-USD | 1.2846 | -0.36% | AUD-SGD | 0.9639 | 0.18% |
| USD-MYR | 4.0675 | -0.25% | NZD-SGD | 0.9242 | 1.16% |
| USD-CNY | 6.7604 | -0.20% | CHF-SGD | 1.3472 | -0.01% |
| USD-IDR | 14058 | -0.08% | SGD-MYR | 3.0018 | 0.04% |
| USD-VND | 23203 | -0.03% | SGD-CNY | 4.9812 | -0.15% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.3680 | -- | O/N | 2.3835 | -- |
| 2M | -0.3360 | -- | 1M | 2.4938 | -- |
| 3M | -0.3080 | -- | 2M | 2.5911 | -- |
| 6M | -0.2310 | -- | 3M | 2.6929 | -- |
| 9M | -0.1940 | -- | 6M | 2.7405 | -- |
| 12M | -0.1100 | -- | 12M | 2.9153 | -- |

Fed Rate Hike Probability

| Meeting | Prob Hike | Prob Cut | 2-2.25% | 2.25-2.5% | 2.5-2.75% |
|------------|-----------|----------|---------|-----------|-----------|
| 03/20/2019 | 0.0% | 1.0% | 1.0% | 99.0% | 0.0% |
| 05/01/2019 | 0.0% | 2.0% | 2.0% | 98.0% | 0.0% |
| 06/19/2019 | 2.9% | 1.9% | 1.9% | 95.2% | 2.9% |
| 07/31/2019 | 4.9% | 1.9% | 1.9% | 93.2% | 4.8% |
| 09/18/2019 | 9.1% | 1.8% | 1.8% | 89.1% | 8.8% |
| 10/30/2019 | 9.5% | 1.8% | 1.8% | 88.7% | 9.2% |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|----------|--------|-------------------------|---------|--------|
| WTI (per barrel) | 53.90 | 1.51% | Coffee (per lb) | 0.989 | -1.54% |
| Brent (per barrel) | 63.61 | 1.91% | Cotton (per lb) | 0.6986 | 0.11% |
| Heating Oil (per gallon) | 1.9388 | 1.66% | Sugar (per lb) | 0.1275 | -0.78% |
| Gasoline (per gallon) | 1.4651 | 2.66% | Orange Juice (per lb) | 1.1910 | 0.17% |
| Natural Gas (per MMBtu) | 2.5750 | -4.20% | Cocoa (per mt) | 2,248 | 0.94% |
| Base Metals | Futures | % chg | Grains | Futures | % chg |
| Copper (per mt) | #N/A | #N/A | Wheat (per bushel) | 5.2225 | 0.43% |
| Nickel (per mt) | 12,332.5 | -- | Soybean (per bushel) | 9.165 | -0.11% |
| Aluminium (per mt) | 1,836.8 | -- | Corn (per bushel) | 3.7875 | 0.13% |
| Precious Metals | Futures | % chg | Asian Commodities | Futures | % chg |
| Gold (per oz) | 1,310.8 | 0.12% | Crude Palm Oil (MYR/MT) | 2,176.0 | -0.23% |
| Silver (per oz) | 15.652 | -0.24% | Rubber (JPY/KG) | 182.2 | -1.35% |

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 25,543.27 | 117.51 |
| S&P | 2,753.03 | 8.30 |
| Nasdaq | 7,420.38 | 5.76 |
| Nikkei 225 | 21,144.48 | 280.27 |
| STI | 3,244.77 | 43.62 |
| KLCI | 1,685.30 | -2.11 |
| JCI | 6,419.12 | -7.21 |
| Baltic Dry | 598.00 | -- |
| VIX | 15.65 | 0.22 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 1.96 (-0.02) | 2.53 (+0.02) |
| 5Y | 2.01 (-0.03) | 2.52 (+0.03) |
| 10Y | 2.15 (-0.03) | 2.70 (+0.01) |
| 15Y | 2.40 (-0.03) | -- |
| 20Y | 2.46 (-0.03) | -- |
| 30Y | 2.60 (-0.04) | 3.03 (+0.01) |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| EURIBOR-OIS | 5.32 | 0.02 |
| TED | 35.36 | -- |

Economic Calendar

| Date Time | Event | Survey | Actual | Prior | Revised | |
|------------------|-----------------------------------|--------|----------|----------|----------|--------|
| 02/13/2019 00:00 | NZ QV House Prices YoY | Jan | -- | 2.90% | 3.20% | -- |
| 02/13/2019 07:00 | SK Unemployment rate SA | Jan | 3.80% | 4.40% | 3.80% | -- |
| 02/13/2019 07:30 | AU Westpac Consumer Conf SA MoM | Feb | -- | 4.30% | -4.70% | -- |
| 02/13/2019 07:50 | JN PPI YoY | Jan | 1.00% | 0.60% | 1.50% | -- |
| 02/13/2019 07:50 | JN PPI MoM | Jan | -0.20% | -0.60% | -0.60% | -- |
| 02/13/2019 09:00 | NZ RBNZ Official Cash Rate | Feb-13 | 1.75% | 1.75% | 1.75% | -- |
| 02/13/2019 16:00 | TA GDP YoY | 4Q F | 1.80% | 1.78% | 1.76% | -- |
| 02/13/2019 17:30 | UK CPI MoM | Jan | -0.70% | -0.80% | 0.20% | -- |
| 02/13/2019 17:30 | UK CPI YoY | Jan | 1.90% | 1.80% | 2.10% | -- |
| 02/13/2019 17:30 | UK CPI Core YoY | Jan | 1.90% | 1.90% | 1.90% | -- |
| 02/13/2019 17:30 | UK Retail Price Index | Jan | 283.2 | 283 | 285.6 | -- |
| 02/13/2019 17:30 | UK RPI MoM | Jan | -0.80% | -0.90% | 0.40% | -- |
| 02/13/2019 17:30 | UK RPI YoY | Jan | 2.60% | 2.50% | 2.70% | -- |
| 02/13/2019 17:30 | UK RPI Ex Mort Int.Payments (YoY) | Jan | 2.60% | 2.50% | 2.70% | -- |
| 02/13/2019 17:30 | UK PPI Output NSA MoM | Jan | 0.00% | 0.00% | -0.30% | -- |
| 02/13/2019 17:30 | UK PPI Output NSA YoY | Jan | 2.20% | 2.10% | 2.50% | 2.40% |
| 02/13/2019 18:00 | EC Industrial Production SA MoM | Dec | -0.40% | -0.90% | -1.70% | -- |
| 02/13/2019 18:00 | EC Industrial Production WDA YoY | Dec | -3.30% | -4.20% | -3.30% | -3.00% |
| 02/13/2019 20:00 | US MBA Mortgage Applications | Feb-08 | -- | -3.70% | -2.50% | -- |
| 02/13/2019 21:09 | KZ Industrial Production YoY | Jan | -- | 1.90% | 0.10% | -- |
| 02/13/2019 21:30 | US CPI MoM | Jan | 0.10% | 0.00% | -0.10% | 0.00% |
| 02/13/2019 21:30 | US CPI Ex Food and Energy MoM | Jan | 0.20% | 0.20% | 0.20% | -- |
| 02/13/2019 21:30 | US CPI YoY | Jan | 1.50% | 1.60% | 1.90% | -- |
| 02/13/2019 21:30 | US CPI Ex Food and Energy YoY | Jan | 2.10% | 2.20% | 2.20% | -- |
| 02/14/2019 03:00 | US Monthly Budget Statement | Dec | -\$11.0b | -\$13.5b | -\$23.2b | -- |
| 02/14/2019 04:00 | NZ REINZ House Sales YoY | Jan | -- | -2.50% | -12.90% | -- |
| 02/14/2019 05:45 | NZ Food Prices MoM | Jan | -- | 1.00% | -0.20% | -- |
| 02/14/2019 07:50 | JN GDP SA QoQ | 4Q P | 0.40% | -- | -0.60% | -- |
| 02/14/2019 07:50 | JN GDP Annualized SA QoQ | 4Q P | 1.40% | -- | -2.50% | -- |
| 02/14/2019 07:50 | JN GDP Nominal SA QoQ | 4Q P | 0.40% | -- | -0.70% | -- |
| 02/14/2019 07:50 | JN GDP Deflator YoY | 4Q P | -0.40% | -- | -0.30% | -- |
| 02/14/2019 08:01 | UK RICS House Price Balance | Jan | -20% | -- | -19% | -- |
| 02/14/2019 12:00 | MA GDP YoY | 4Q | 4.50% | -- | 4.40% | -- |
| 02/14/2019 14:30 | IN Wholesale Prices YoY | Jan | 3.70% | -- | 3.80% | -- |
| 02/14/2019 15:00 | GE GDP SA QoQ | 4Q P | 0.10% | -- | -0.20% | -- |
| 02/14/2019 15:00 | GE GDP NSA YoY | 4Q P | 0.80% | -- | 1.10% | -- |
| 02/14/2019 15:00 | GE GDP WDA YoY | 4Q P | 0.70% | -- | 1.10% | -- |
| 02/14/2019 18:00 | EC GDP SA QoQ | 4Q P | 0.20% | -- | 0.20% | -- |
| 02/14/2019 18:00 | EC GDP SA YoY | 4Q P | 1.20% | -- | 1.20% | -- |
| 02/14/2019 21:30 | CA Manufacturing Sales MoM | Dec | 0.40% | -- | -1.40% | -- |
| 02/14/2019 21:30 | US PPI Final Demand MoM | Jan | 0.10% | -- | -0.20% | -0.10% |
| 02/14/2019 21:30 | CA New Housing Price Index MoM | Dec | 0.00% | -- | 0.00% | -- |
| 02/14/2019 21:30 | US PPI Ex Food and Energy MoM | Jan | 0.20% | -- | -0.10% | 0.00% |
| 02/14/2019 21:30 | US PPI Final Demand YoY | Jan | 2.10% | -- | 2.50% | -- |
| 02/14/2019 21:30 | US PPI Ex Food and Energy YoY | Jan | 2.50% | -- | 2.70% | -- |
| 02/14/2019 21:30 | US Initial Jobless Claims | Feb-09 | 225k | -- | 234k | -- |
| 02/14/2019 21:30 | US Continuing Claims | Feb-02 | 1740k | -- | 1736k | -- |
| 02/14/2019 21:30 | US Retail Sales Advance MoM | Dec | 0.10% | -- | 0.20% | -- |
| 02/14/2019 21:30 | US Retail Sales Ex Auto MoM | Dec | 0.00% | -- | 0.20% | -- |
| 02/14/2019 21:30 | US Retail Sales Ex Auto and Gas | Dec | 0.40% | -- | 0.50% | -- |
| 02/14/2019 22:45 | US Bloomberg Consumer Comfort | Feb-10 | -- | -- | 58.2 | -- |
| 02/14/2019 | CH Imports YoY | Jan | -10.20% | -- | -7.60% | -- |
| 02/14/2019 | CH Exports YoY | Jan | -3.30% | -- | -4.40% | -- |
| 02/14/2019 | CH Trade Balance | Jan | \$34.30b | -- | \$57.06b | -- |
| 02/13/2019 02/20 | SL Exports YoY | Dec | -- | -- | 4.10% | -- |
| 02/13/2019 02/15 | CH Money Supply M0 YoY | Jan | 8.40% | -- | 3.60% | -- |
| 02/13/2019 02/15 | CH Money Supply M1 YoY | Jan | 1.80% | -- | 1.50% | -- |
| 02/13/2019 02/15 | CH New Yuan Loans CNY | Jan | 3000.0b | -- | 1080.0b | -- |
| 02/13/2019 02/15 | CH Money Supply M2 YoY | Jan | 8.20% | -- | 8.10% | -- |
| 02/13/2019 02/15 | VN Domestic Vehicle Sales YoY | Jan | -- | -- | 35.70% | -- |

Source: Bloomberg

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