

Highlights

Global	Global risk sentiment retreated slightly on Thursday as a result of much weaker than expected December US retail sales data and mixed message from the US-China trade talk. On the positive note, the US government shutdown could be behind us in the near term after President Trump agreed to sign a government funding bill without funding for his “great wall” promised in his 2016 election campaign. Nevertheless, President Trump was reluctant to concede defeat and may declare a national emergency as early as today to fund his border wall without the approval from the Congress. This may trigger another round of political battle in Washington such as potential lawsuit in court though it is expected to have limited economic consequence. On US-China trade talk, White House Economic Advisor Kudlow said no decision to extend a March 1 deadline has been made. In addition, details on how China will cut down its subsidy remain unclear though Beijing has pledged to comply with the WTO rules on industry subsidy program. China’s structural reform and enforcement of trade deal remain two most challenging parts for the trade talk. Market will continue to watch out for the details.
US	Retail sales fell by 1.2% mom in December 2018, the largest decline since September 2009 missing market consensus of a small gain of 0.2% mom. The core retail sales excluding auto, gas building materials and food services showed the decline of 1.7%, largest in more than 17 year. This fuelled the concern about the cooling consumer spending in the fourth quarter, which led to the downward revision of GDP forecast for 4Q 2018. Nevertheless, given the strong online sales reported by Amazon in December, some argued that the retail sales data, which was initially scheduled to be released on 25 Jan, may be distorted by 35-day long partial government shutdown. Market may need more data to gauge the healthiness of US domestic growth momentum.
UK	PM May suffered a defeat in the Commons, 303 to 258, as MPs voted against her current negotiating strategy with the EU. While the defeat is non-binding, it may undermine her pitch to the EU to renegotiate Brexit deal. It seems unlikely that the commons will back the deal, even if the EU were to offer concessions on the Irish backstop. PM May will attempt to put a renegotiated deal to vote on 27 Feb.
CH	China’s Jan trade data surprised the market on the upside with export in dollar term rebounding by 9.1%. However, given the deceleration of global PMI and the weak Korean trade data, it might be pre-mature to conclude that the trade prospect has improved in China just based on Jan number alone.
SG	Singapore’s 4Q GDP slid to 1.9% YoY, vs the preliminary estimate of 2.2% and lower than our estimate of 2.1%. It was a tale of two halves for Singapore’s GDP, which grew 4.4% in 1H2018, only to see its growth slow to 2.1% in 2H2018 as escalated US-China trade tensions beginning June 2018 resulted in global business uncertainty. Overall, Singapore’s economy grew 3.2% in 2018, a somewhat subdued ending given that the growth registered in 1H2018 of 4.4% was the highest since 2012.
MY	Malaysia’s 4Q GDP grew 4.7% YoY, beating estimates of 4.5%. Overall the economy grew 4.7% for the entire 2018 amid slower government spending as huge infrastructure projects were halted on the new government’s directive. PM Mahathir expects growth at 4.9% in 2019 while Bank Negara has pledged to keep monetary policy accommodative.

Major Markets

- **US:** Wall Street ended mixed on Thursday, with the S&P500 declining 0.3%. The DJIA fell 0.4%, while the Nasdaq composite increased 0.1%.
- **Singapore:** Most of the lackluster growth came once again from the construction sector, contracting -3.4% YoY to continue its decline from 2017, when it slumped -10.2%. Overall, every other sector in the economy – other than infocomms, finance and business services – all saw slower growth YoY.
Looking forward, with the global economic climate still uncertain from the ongoing US-China trade tensions, we expect growth to remain subdued in 2019. MTI's official range of forecast remains at 1.5-3.5% growth, with Permanent Secretary Loh Khum Yean mentioning this morning that they expect growth to come in slightly below that midpoint i.e marginally below 2.5%. We maintain our forecast 2019 Singapore GDP growth of 2.3% against the current Bloomberg consensus of 2.6%.
- **China:** The latest recovery may be partially distorted by the Chinese New Year effect as this year's CNY was slightly earlier as compared to last year. Some of the trade may be brought forward to Jan, which led to stronger than expected trade figures. As such, we might need to wait for Feb data for more details. An aggregate Jan and Feb reading could be a better gauge.
- **Thailand:** Bank of Thailand Governor Veerathai says the central bank is ready to intervene in the event of excessive baht movements. Heightened political risks from the upcoming elections have caused 5Y Thai CDS to spike while there have been foreign fund outflows from Thailand in 4 of 5 days since the bid by Princess Ubolratana to run for PM.
- **Commodities:**
Energy: Oil prices rallied despite the slew of negative headlines from the US-China trade talks. Concerns over OPEC supply cuts have dominated the market since the release of the OPEC report on Tuesday, resulting in an oil market rally yesterday in spite of data showing the largest contraction since sept'09 in MoM US retail sales last night. WTI closed at \$54.41/bbl (+1.0%) after touching a high of \$54.68/bbl, while Brent ended at \$64.57/bbl (+1.5%) after registering a highest of \$64.81/bbl.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded little change yesterday, with most tenors trading unchanged (with the exception of the 12-year and 30-year swap rate trading 1bps lower). The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 147bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 1bps to 512bps. 10Y UST yields fell 4bps to close the trading session at 2.65%, on the back of safe haven demand as US retail sales dropped 1.2% in December, the largest drop in more than 9 years, signalling a slowdown in economic activity at the end of 2018. Germany's gross domestic product was also lower than economists' expectations, weighing in negatively on market sentiments. US consumer sentiment data will be released later today, as investors await for further signs regarding the strength of the US economy.
- **New Issues:** China Cinda Finance (2017) I Limited has priced a USD1.0bn deal (guarantor: China Cinda (HK) Holdings Co Ltd) across three tranches, with the

USD200mn 3-year bond at CT3+135bps (tightening from IPT +160bps area), the USD200mn 5-year bond at CT5+170bps (tightening from IPT +205bps area) and the USD600mn 10-year bond at CT10+210bps (tightening from IPT of +245bps area). CIFI Holdings (Group) Co Ltd has priced a USD300mn 4NC2 bond (sub guarantors: certain non-PRC subsidiaries of issuer) at 7.625%, tightening from price guidance of 8.0% area. Jiangxi Railway Investment Group Corporation has priced a USD300mn 3-year bond at 4.85%, tightening from IPT of 5.25% area. China CITIC Bank International Ltd has scheduled investor calls from 15 Feb for its potential USD Tier 2 bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	96.978	-0.16%	USD-SGD	1.3580	-0.13%
USD-JPY	110.480	-0.48%	EUR-SGD	1.5338	0.18%
EUR-USD	1.1295	0.30%	JPY-SGD	1.2289	0.33%
AUD-USD	0.7106	0.23%	GBP-SGD	1.7384	-0.46%
GBP-USD	1.2803	-0.33%	AUD-SGD	0.9649	0.10%
USD-MYR	4.0750	0.18%	NZD-SGD	0.9284	0.45%
USD-CNY	6.7720	0.17%	CHF-SGD	1.3511	0.29%
USD-IDR	14090	0.23%	SGD-MYR	2.9966	-0.17%
USD-VND	23197	-0.03%	SGD-CNY	4.9852	0.08%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3670	--	O/N	2.3844	--
2M	-0.3360	--	1M	2.4888	--
3M	-0.3080	--	2M	2.5989	--
6M	-0.2310	--	3M	2.6838	--
9M	-0.1940	--	6M	2.7433	--
12M	-0.1080	--	12M	2.9158	--

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%	3.0%	3.0%	97.0%	0.0%
06/19/2019	0.1%	3.0%	3.0%	96.9%	0.1%
07/31/2019	2.0%	2.9%	2.9%	95.1%	2.0%
09/18/2019	2.0%	2.9%	2.9%	95.0%	2.0%
10/30/2019	2.0%	3.9%	3.9%	94.1%	2.0%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	54.41	0.95%	Coffee (per lb)	0.979	-1.06%
Brent (per barrel)	64.57	1.51%	Cotton (per lb)	0.7013	0.39%
Heating Oil (per gallon)	1.9716	1.69%	Sugar (per lb)	0.1261	-1.10%
Gasoline (per gallon)	1.5085	2.96%	Orange Juice (per lb)	1.1770	-1.18%
Natural Gas (per MMBtu)	2.5730	-0.08%	Cocoa (per mt)	2,232	-0.71%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	5.0700	-2.92%
Nickel (per mt)	12,328.0	--	Soybean (per bushel)	9.035	-1.42%
Aluminium (per mt)	1,836.5	--	Corn (per bushel)	3.7475	-1.06%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,309.8	-0.08%	Crude Palm Oil (MYR/MT)	2,200.0	1.10%
Silver (per oz)	15.528	-0.79%	Rubber (JPY/KG)	182.3	0.05%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,439.39	-103.88
S&P	2,745.73	-7.30
Nasdaq	7,426.96	6.58
Nikkei 225	21,139.71	-4.77
STI	3,253.16	8.39
KLCI	1,689.06	3.76
JCI	6,420.02	0.90
Baltic Dry	608.00	--
VIX	16.22	0.57

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.96 (--)	2.49 (-0.04)
5Y	2.01 (--)	2.47 (-0.05)
10Y	2.15 (--)	2.65 (-0.05)
15Y	2.40 (--)	--
20Y	2.46 (--)	--
30Y	2.60 (+0.01)	3.00 (-0.03)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.35	0.03
TED	35.36	--

Economic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
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%	0.30%	-0.60%	-0.70%
02/14/2019 07:50	JN	GDP Annualized SA QoQ	4Q P	1.40%	1.40%	-2.50%	-2.60%
02/14/2019 07:50	JN	GDP Deflator YoY	4Q P	-0.40%	-0.30%	-0.30%	-0.40%
02/14/2019 08:01	UK	RICS House Price Balance	Jan	-20%	-22%	-19%	--
02/14/2019 11:02	CH	Trade Balance	Jan	\$34.30b	\$39.16b	\$57.06b	--
02/14/2019 11:02	CH	Exports YoY	Jan	-3.30%	9.10%	-4.40%	--
02/14/2019 11:02	CH	Imports YoY	Jan	-10.20%	-1.50%	-7.60%	--
02/14/2019 12:00	MA	GDP YoY	4Q	4.50%	4.70%	4.40%	--
02/14/2019 14:30	IN	Wholesale Prices YoY	Jan	3.70%	2.76%	3.80%	--
02/14/2019 15:00	GE	GDP SA QoQ	4Q P	0.10%	0.00%	-0.20%	--
02/14/2019 15:00	GE	GDP NSA YoY	4Q P	0.80%	0.90%	1.10%	--
02/14/2019 15:00	GE	GDP WDA YoY	4Q P	0.70%	0.60%	1.10%	--
02/14/2019 18:00	EC	GDP SA QoQ	4Q P	0.20%	0.20%	0.20%	--
02/14/2019 18:00	EC	GDP SA YoY	4Q P	1.20%	1.20%	1.20%	--
02/14/2019 21:30	CA	Manufacturing Sales MoM	Dec	0.40%	-1.30%	-1.40%	-1.70%
02/14/2019 21:30	US	PPI Final Demand MoM	Jan	0.10%	-0.10%	-0.20%	-0.10%
02/14/2019 21:30	CA	New Housing Price Index MoM	Dec	0.00%	0.00%	0.00%	--
02/14/2019 21:30	US	PPI Ex Food and Energy MoM	Jan	0.20%	0.30%	-0.10%	0.00%
02/14/2019 21:30	US	PPI Final Demand YoY	Jan	2.10%	2.00%	2.50%	--
02/14/2019 21:30	US	PPI Ex Food and Energy YoY	Jan	2.50%	2.60%	2.70%	--
02/14/2019 21:30	US	Initial Jobless Claims	Feb-09	225k	239k	234k	235k
02/14/2019 21:30	US	Retail Sales Advance MoM	Dec	0.10%	-1.20%	0.20%	0.10%
02/15/2019 05:30	NZ	BusinessNZ Manufacturing PMI	Jan	--	53.1	55.1	54.8
02/15/2019 07:00	SK	BoP Current Account Balance	Dec	--	\$4819.3m	\$5063.4m	\$5223.6m
02/15/2019 07:50	JN	Japan Buying Foreign Bonds	Feb-08	--	--	¥915.3b	--
02/15/2019 07:50	JN	Foreign Buying Japan Stocks	Feb-08	--	--	¥123.8b	--
02/15/2019 08:00	SI	GDP SAAR QoQ	4Q F	1.50%	--	1.60%	--
02/15/2019 08:00	SI	GDP YoY	4Q F	2.10%	--	2.20%	--
02/15/2019 09:30	CH	CPI YoY	Jan	1.90%	--	1.90%	--
02/15/2019 09:30	CH	PPI YoY	Jan	0.30%	--	0.90%	--
02/15/2019 12:00	ID	Trade Balance	Jan	-\$917m	--	-\$1102m	--
02/15/2019 12:00	ID	Exports YoY	Jan	-3.37%	--	-4.62%	--
02/15/2019 12:30	JN	Industrial Production MoM	Dec F	--	--	-0.10%	--
02/15/2019 12:30	JN	Capacity Utilization MoM	Dec	--	--	1.00%	--
02/15/2019 12:30	JN	Industrial Production YoY	Dec F	--	--	-1.90%	--
02/15/2019 15:30	TH	Foreign Reserves	Feb-08	--	--	\$209.2b	--
02/15/2019 16:00	TA	Exports YoY	Jan	-3.50%	--	-3.00%	--
02/15/2019 16:00	TA	Imports YoY	Jan	-3.70%	--	2.20%	--
02/15/2019 16:00	TA	Trade Balance	Jan	\$3.24b	--	\$4.71b	--
02/15/2019 17:30	UK	Retail Sales Ex Auto Fuel MoM	Jan	0.20%	--	-1.30%	--
02/15/2019 17:30	UK	Retail Sales Ex Auto Fuel YoY	Jan	3.20%	--	2.60%	--
02/15/2019 17:30	UK	Retail Sales Inc Auto Fuel MoM	Jan	0.20%	--	-0.90%	--
02/15/2019 17:30	UK	Retail Sales Inc Auto Fuel YoY	Jan	3.40%	--	3.00%	--
02/15/2019 21:30	CA	Int'l Securities Transactions	Dec	--	--	9.45b	--
02/15/2019 21:30	US	Empire Manufacturing	Feb	7	--	3.9	--
02/15/2019 21:30	US	Import Price Index MoM	Jan	-0.20%	--	-1.00%	--
02/15/2019 22:15	US	Industrial Production MoM	Jan	0.10%	--	0.30%	--
02/15/2019 22:15	US	Capacity Utilization	Jan	78.70%	--	78.70%	--
02/15/2019 23:00	US	U. of Mich. Sentiment	Feb P	93.5	--	91.2	--
02/15/2019	CH	New Yuan Loans CNY	Jan	3000.0b	--	1080.0b	--
02/15/2019	CH	Money Supply M2 YoY	Jan	8.20%	--	8.10%	--
02/15/2019	IN	Exports YoY	Jan	--	--	0.30%	--
02/15/2019	PH	Overseas Remittances YoY	Dec	2.50%	--	2.80%	--
02/15/2019	PH	Overseas Workers Remittances	Dec	\$2807m	--	\$2326m	--
02/13/2019 02/20	SL	Exports YoY	Dec	--	--	4.10%	--
02/15/2019 02/18	VN	Domestic Vehicle Sales YoY	Jan	--	--	35.70%	--

Source: Bloomberg

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