

Highlights

Global	Global risk sentiments are likely to remain supported on market optimism that US-China trade talks will extend to this week in Washington (amid reports that both parties had reached consensus on key issues), coupled with US president Trump's signing of a spending bill to avert another partial government shutdown, albeit he also declared a national emergency on border security. S&P500 closed up 1.09% while the 10-year UST bond yield ended at 2.67% on Friday. With US financial markets closed for Presidents' Day holiday today, Asian markets may still trade with a firmer tone this morning given positive Friday leads from Wall Street. With only Thailand's 4Q18 GDP growth data on tap today, the main focus may be on Singapore's 2019 Budget announcement at 3.30pm today. For the week ahead, look for RBA minutes tomorrow, FOMC minutes on Wednesday, BOC governor Poloz speech on Thursday and RBA governor Lowe's parliamentary testimony on Friday – any dovish hints from any of these fronts will likely to be risk-supportive in the short-term.
US	Industrial production slipped 0.6% mom in January, dragged down by the autos sectors, while the December data was also revised down to 0.1% mom. Meanwhile, the University of Michigan sentiments improved more than expected from 91.2 to 95.5 in February, amid stronger current conditions (110.0 versus 108.8) and expectations (86.2 versus 79.9) gauges after the partial government shutdown ended. However, the 1-year and 5-10 year inflation gauges both softened to 2.5% and 2.3% respectively, down from 2.7% and 2.6% respectively, indicating that consumers do not expect higher wage costs to translate into higher consumer prices. Note that Fed rhetoric remained dovish - Daly opined that there is a good chance the central bank will stand pat on rates for all of this year, while Brainard suggested that the "balance-sheet normalization process probably should come to an end later this year" and "I'm comfortable waiting and learning" for the next rate move.
EU	ECB's Villeroy opined that the regional slowdown was "significant" and the central bank could alter its rates guidance if the situation is not temporary. This was echoed by Coeure who similarly described a "clearly stronger and broader" slowdown than expected, which sets the stage for ECB to tweak its interest rate trajectory to at least postpone from the initially planned summer of this year to year-end or later at the very least.
SG	January NODX contracted 10.1% yoy (-5.7% mom sa), worse than -8.5% yoy (-5.7% qoq sa) in December and below market expectations for -3.2% yoy (+7.0% mom sa). DBS reported higher 4Q profit of \$1.32b (+10%%), as lending income growth and a higher net interest margin offset a decline in fees from its treasury markets business (pretax loss of \$54m due to volatility). For 2019 budget expectations, please refer to https://www.ocbc.com/assets/pdf/regional%20focus/singapore/singapore%202019%20pre-budget%20thoughts.pdf . As 4Q18 GDP growth had slowed to just 1.9% yoy (1.4% qoq saar) and MTI said 2019 growth could come in slightly below the midpoint of its 1.5-3.5% forecast, market expectations for a larger fiscal boost could be somewhat heightened.

Major Markets

- **US:** Wall Street ended higher on Thursday, with the S&P500 advancing 1.1%. The DJIA rose 1.7%, while the Nasdaq composite increased 0.6%.
- **Singapore:** The STI declined 0.41% to close at 3239.74 on Friday, but may see a stronger open this morning, aided by positive cues from Wall Street on Friday amid hopes of light at the end of the tunnel for ongoing US-China trade talks. Kospi is also trading firmer this morning. STI's support and resistance are tipped at 3229 and 3267 respectively. With the UST bond market bear flattening on Friday, SGS bonds are likely to reverse Friday's gains.
- **China:** Jan credit data are positive as it shows all easing measures including monetary easing, fiscal easing and administrative easing are taking effect. There are three key takeaways. First, medium to long term loan as percentage of total new Yuan loan recovered to 64.9% benefiting from easing monetary policy. Second, fiscal deposit only increased CNY533.7 billion in January, much lower than CNY980.9 billion increase in January 2018. Given local government has issued more than CNY400 billion local government bonds in January, the slower than expected increase of fiscal deposit shows that China has stepped up fiscal spending. This may help stabilise the fixed investment. Third, off balance sheet lending started to recover. The return of trust financing to positive shows that China may ease its grip on shadow banking to support those reasonable shadow banking activities.
- **South Korea:** South Korea current account balance for Dec 2018 came in at \$4.82bn, lower than the prior of \$5.06bn, despite lower average oil prices. South Korea has posted contraction PMIs since November and exports have posted negative growth YoY since December. The poor exports out of South Korea probably outweighed the lower import oil prices in Dec.
- **Indonesia:** The latest trade data showed that imports contracted by 1.83% yoy for the month of January whilst exports continued to decline at 4.70% yoy. The trade deficit was slightly wider at US\$1.16bn for January compared to US\$1.10bn the prior month. BI will be holding its monthly policy meeting later this week with our expectations for the benchmark rate to hold.
- **Thailand:** Thailand 4Q GDP will be out today at 10.30am. We expect the Thai economy to have grown +3.8% YoY in 4Q 2018 vs a Bloomberg consensus of +3.6%. Estimates from the different research houses have varied widely, ranging from as low as +3.2% to as high as +4.3%, as the effects of the US-China trade tensions remain a wild card to the growth prospects of Thailand.
- **Commodities:**
 - Energy:** Oil prices continue their rally, with both WTI and Brent closing at their highest since mid-Nov. Both benchmarks enjoyed a rise in prices on Friday despite the lack of conclusive developments from the US-China trade talks in Beijing. Bullish sentiment has taken hold of markets since the OPEC report last Tuesday, which showed a deeper than expected production cut from Saudi Arabia, and no news is seen as good news in the current buoyant market. If WTI and Brent can stay above their key support rates of \$55/bbl and \$65/bbl this week, that may invite more bullish sentiment into play from a technical perspective.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, trading 0-2bps lower across the shorter tenors and ~3bps lower across the longer tenors. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 146bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 4bps to 508bps. 10Y UST yields rose 1bps to close the trading session at 2.66% with pressure on treasuries from February's New York Fed Empire Index rising more than expected and positive sentiment towards trade discussions between the US and China.
- **New Issues:** Wanda Properties Global Co. Limited has scheduled investor meetings and calls on 19-20 Feb for its potential USD bond issuance. E-House (China) Enterprise Holdings Ltd. has organised roadshows from 18 Feb for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	96.904	-0.08%	USD-SGD	1.3566	-0.10%
USD-JPY	110.470	-0.01%	EUR-SGD	1.5325	-0.08%
EUR-USD	1.1296	0.01%	JPY-SGD	1.2281	-0.07%
AUD-USD	0.7141	0.49%	GBP-SGD	1.7484	0.58%
GBP-USD	1.2889	0.67%	AUD-SGD	0.9690	0.42%
USD-MYR	4.0860	0.27%	NZD-SGD	0.9310	0.28%
USD-CNY	6.7732	0.02%	CHF-SGD	1.3491	-0.15%
USD-IDR	14149	0.42%	SGD-MYR	3.0111	0.48%
USD-VND	23202	0.02%	SGD-CNY	4.9857	0.01%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3680	--	O/N	2.3870	0.0042
2M	-0.3360	--	1M	2.4804	-0.0010
3M	-0.3080	--	2M	2.5843	-0.0063
6M	-0.2320	-0.0010	3M	2.6829	-0.0110
9M	-0.1940	--	6M	2.7538	0.0098
12M	-0.1080	--	12M	2.9060	-0.0107

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	2.4%	2.9%	2.9%	94.7%	2.4%
07/31/2019	3.9%	2.9%	2.9%	93.2%	3.9%
09/18/2019	4.4%	2.9%	2.8%	92.8%	4.3%
10/30/2019	5.8%	2.8%	2.8%	91.4%	5.6%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	55.59	2.17%	Coffee (per lb)	0.980	0.10%
Brent (per barrel)	66.25	2.60%	Cotton (per lb)	0.7022	0.13%
Heating Oil (per gallon)	2.0203	2.47%	Sugar (per lb)	0.1314	4.20%
Gasoline (per gallon)	1.5729	4.27%	Orange Juice (per lb)	1.1520	-2.12%
Natural Gas (per MMBtu)	2.6250	2.02%	Cocoa (per mt)	2,307	3.36%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	5.0425	-0.54%
Nickel (per mt)	12,321.0	1.65%	Soybean (per bushel)	9.075	0.44%
Aluminium (per mt)	1,825.8	0.23%	Corn (per bushel)	3.7475	--
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,318.1	0.63%	Crude Palm Oil (MYR/MT)	2,200.0	--
Silver (per oz)	15.743	1.38%	Rubber (JPY/KG)	179.9	-1.32%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,883.25	443.86
S&P	2,775.60	29.87
Nasdaq	7,472.41	45.45
Nikkei 225	20,900.63	-239.08
STI	3,239.74	-13.42
KLCI	1,688.83	-0.23
JCI	6,389.09	-30.93
Baltic Dry	639.00	11.00
VIX	14.91	-1.31

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.94 (-0.02)	2.51 (+0.02)
5Y	1.97 (-0.04)	2.49 (+0.02)
10Y	2.12 (-0.03)	2.66 (+0.01)
15Y	2.37 (-0.03)	--
20Y	2.43 (-0.03)	--
30Y	2.58 (-0.02)	2.99 (--)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.37	0.02
TED	35.36	--

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
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 07:00	SK BoP Goods Balance	Dec	--	\$6529m	\$7974m	\$7486m
02/15/2019 07:50	JN Japan Buying Foreign Bonds	Feb-08	--	¥992.4b	¥915.3b	¥915.6b
02/15/2019 07:50	JN Japan Buying Foreign Stocks	Feb-08	--	¥114.3b	¥395.1b	--
02/15/2019 07:50	JN Foreign Buying Japan Bonds	Feb-08	--	¥906.1b	¥638.3b	--
02/15/2019 07:50	JN Foreign Buying Japan Stocks	Feb-08	--	¥102.0b	¥123.8b	¥124.0b
02/15/2019 08:00	SI GDP SAAR QoQ	4Q F	1.50%	1.40%	1.60%	--
02/15/2019 08:00	SI GDP YoY	4Q F	2.10%	1.90%	2.20%	--
02/15/2019 09:30	CH CPI YoY	Jan	1.90%	1.70%	1.90%	--
02/15/2019 09:30	CH PPI YoY	Jan	0.30%	0.10%	0.90%	--
02/15/2019 10:00	ID Exports YoY	Jan	-3.37%	-4.70%	-4.62%	-3.57%
02/15/2019 10:00	ID Imports YoY	Jan	-2.10%	-1.83%	1.16%	1.72%
02/15/2019 10:00	ID Trade Balance	Jan	-\$917m	-\$1159m	-\$1102m	-\$1032m
02/15/2019 12:30	JN Industrial Production MoM	Dec F	--	-0.10%	-0.10%	--
02/15/2019 12:30	JN Capacity Utilization MoM	Dec	--	-1.90%	1.00%	--
02/15/2019 12:30	JN Industrial Production YoY	Dec F	--	-1.90%	-1.90%	--
02/15/2019 13:16	PH Overseas Remittances YoY	Dec	2.50%	3.90%	2.80%	--
02/15/2019 13:16	PH Overseas Workers Remittances	Dec	\$2807m	\$2849m	\$2326m	--
02/15/2019 15:00	CH New Yuan Loans CNY	Jan	3000.0b	3230.0b	1080.0b	--
02/15/2019 15:00	EC EU27 New Car Registrations	Jan	--	-4.60%	-8.40%	--
02/15/2019 15:01	CH Money Supply M2 YoY	Jan	8.20%	8.40%	8.10%	--
02/15/2019 15:02	CH Money Supply M1 YoY	Jan	1.90%	0.40%	1.50%	--
02/15/2019 15:02	CH Money Supply M0 YoY	Jan	10.00%	17.20%	3.60%	--
02/15/2019 15:30	TH Foreign Reserves	Feb-08	--	\$210.3b	\$209.2b	--
02/15/2019 16:00	TA Exports YoY	Jan	-3.50%	-0.30%	-3.00%	--
02/15/2019 16:00	TA Imports YoY	Jan	-3.70%	6.80%	2.20%	--
02/15/2019 16:00	TA Trade Balance	Jan	\$3.24b	\$0.91b	\$4.71b	--
02/15/2019 17:00	IT Trade Balance Total	Dec	--	3658m	3843m	3847m
02/15/2019 17:30	UK Retail Sales Ex Auto Fuel MoM	Jan	0.20%	1.20%	-1.30%	-1.00%
02/15/2019 17:30	UK Retail Sales Ex Auto Fuel YoY	Jan	3.20%	4.10%	2.60%	2.90%
02/15/2019 17:30	UK Retail Sales Inc Auto Fuel MoM	Jan	0.20%	1.00%	-0.90%	-0.70%
02/15/2019 17:30	UK Retail Sales Inc Auto Fuel YoY	Jan	3.40%	4.20%	3.00%	3.10%
02/15/2019 18:00	EC Trade Balance SA	Dec	15.7b	15.6b	15.1b	15.8b
02/15/2019 20:36	IN Imports YoY	Jan	--	0.00%	-2.40%	--
02/15/2019 20:36	IN Exports YoY	Jan	--	3.70%	0.30%	--
02/15/2019 21:30	CA Int'l Securities Transactions	Dec	--	-18.96b	9.45b	10.24b
02/15/2019 21:30	US Empire Manufacturing	Feb	7	8.8	3.9	--
02/15/2019 21:30	US Import Price Index MoM	Jan	-0.20%	-0.50%	-1.00%	--
02/15/2019 21:30	US Import Price Index YoY	Jan	-1.60%	-1.70%	-0.60%	-0.50%
02/15/2019 21:40	KZ GDP YTD YoY	4Q P	4.10%	4.10%	4.10%	--
02/15/2019 22:15	US Industrial Production MoM	Jan	0.10%	-0.60%	0.30%	0.10%
02/15/2019 22:15	US Capacity Utilization	Jan	78.70%	78.20%	78.70%	78.80%
02/15/2019 23:00	US Mortgage Delinquencies	4Q	--	4.06%	4.47%	--
02/15/2019 23:00	US U. of Mich. Sentiment	Feb P	93.7	95.5	91.2	--
02/16/2019 05:00	US Net Long-term TIC Flows	Dec	--	-\$48.3b	\$37.6b	\$32.0b
02/16/2019 05:00	US Total Net TIC Flows	Dec	--	-\$33.1b	\$31.0b	\$32.1b
02/18/2019 07:50	JN Core Machine Orders MoM	Dec	-1.00%	--	0.00%	--
02/18/2019 07:50	JN Core Machine Orders YoY	Dec	3.40%	--	0.80%	--
02/18/2019 08:01	UK Rightmove House Prices MoM	Feb	--	--	0.40%	--
02/18/2019 08:01	UK Rightmove House Prices YoY	Feb	--	--	0.40%	--
02/18/2019 08:30	SI Non-oil Domestic Exports SA MoM	Jan	7.00%	--	-5.70%	--
02/18/2019 08:30	SI Non-oil Domestic Exports YoY	Jan	-3.20%	--	-8.50%	--
02/18/2019 08:30	SI Electronic Exports YoY	Jan	--	--	-11.20%	--
02/18/2019 10:30	TH GDP YoY	4Q	3.60%	--	3.30%	--
02/18/2019 10:30	TH GDP SA QoQ	4Q	0.70%	--	0.00%	--
02/15/2019 02/20	SL Exports YoY	Dec	--	--	4.10%	--
02/15/2019 02/20	SL Imports YoY	Dec	--	--	-9.10%	--
02/18/2019 02/23	TH Car Sales	Jan	--	--	113581	--
02/15/2019 02/18	VN Domestic Vehicle Sales YoY	Jan	--	--	35.70%	--

Source: Bloomberg

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