

Highlights

Global	<p>Global risk sentiments may be somewhat subdued today as the US markets were closed yesterday and Europe saw a mixed session. The EU had threatened to retaliate if the US imposed tariffs on imported vehicles amid national security concerns, whilst market players are still awaiting the outcome of US-China trade talks ahead of the 1 March deadline for the 90-day truce. Elsewhere, seven members of the UK Parliament also called it quits from the opposition Labour party to stand as independents amid dissension on issues including Brexit.</p> <p>Given the confluence of geopolitical uncertainties and the lingering shadow of trade tensions, Asian markets may tread a more cautious path today. The economic calendar comprises of US' NAHB housing market index, EU/German ZEW survey, and UK's ILO unemployment rate and jobless claims. Speakers included EBC's Guindos and Praet, and Fed's Mester.</p>
UK	<p>While UK and EU officials are working on a new legal text for the Brexit deal, European Commission president Juncker has warned that "we are in God's hands". Meanwhile, UK cabinet ministers have warned PM May to stop threatening a no-deal.</p>
EU	<p>ECB's Praet has opined that "if the euro-area economy were to slow more sharply, we could adapt or forward guidance on interest rates and this could be complemented by other measures". Praet also indicated that TLTROs "have been a very useful tool to deal with impairments in the transmission of monetary policy". This reinforced the dovish tilt on the ECB's part and the initially planned summer rate hike is evaporating faster than an ice cream on a hot summer's day.</p>
SG	<p>Singapore will run an expansionary overall budget deficit of \$3.5b (equivalent to 0.7% of GDP) in 2019, compared to a 2018 outturn of \$2.1b (0.4% of GDP). The key highlights of the "Strong and United Singapore" themed budget were including digital defence as the sixth pillar of Total Defence (which will now account for 30% of expenditure), building deep enterprise capabilities (through a new Scale-up SG programme and positioning S'pore as a global-Asia node of technology and innovation etc), and promoting a caring and inclusive society (through a \$1b Bicentennial bonus and the highly awaited new \$6.1b Merdeka package to address healthcare costs for seniors aged 50-59). However, the two-step reduction of services sector dependency ratio ceilings from 40% to 35% between 2020-2021 and the S Pass sub-DRC from 15% to 10% for the same period may weigh on SMEs. Singaporeans travelling abroad will also see reduced GST import relief and alcohol duty-free concessions.</p>
ID	<p>The government has announced that it seeks to exclude several goods from latest import tax rate increase, particularly for goods needed to produce export-oriented products.</p>

Major Markets

- **US:** The market was closed for Washington's Birthday.
- **Singapore:** The STI added 0.81% to close up at 3265.97 yesterday, but may give back some ground today amid weak morning cues from Kospi. STI may consolidate towards its support at 3229, with resistance tipped at 3267. With the UST bond market closed yesterday, SGS bonds are likely to await today's issue size announcement of the upcoming 30-year SGS bond re-opening which will be auctioned on 26b February and issued on 1 March.
- **Hong Kong:** China announced the long-awaited Greater Bay Area Development Plan. According to the plan, in the longer term, Hong Kong will enhance and improve the role as an international center for finance, shipping, trading and aviation while Shenzhen will become a city of innovation and creativity. Besides, Macau will develop an international recreation and leisure center while Guangzhou will be a center connecting global commerce and be a transportation junction linking to the bay area's major trading partners. As these are the long-term development goals, we expect the plan will do little to revive the area's growth at this juncture, especially against the backdrop of global economic slowdown and lingering trade war risks. On a positive note, the plan points out the bay area's support to a slew of infrastructure projects, including the construction of the third runway of HK airport and the expansion of the airports of Guangzhou and Shenzhen. This may help to cushion to the area's economic slowdown in the near term and pave way for the expectedly free flow of human resources, consumption, investments, tourism, etc. across the area in the longer-term.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with 10-year swap rates and below trading ~1bps higher while the longer tenors progressively traded lower to around 6bps lower for the 20-year and 30-year swap rates. The Bloomberg Barclays Asia USD IG Bond Index average OAS and the Bloomberg Barclays Asia USD HY Bond Index average OAS were unchanged yesterday at 146bps and 508bps respectively. 10Y UST yields remain unchanged at 2.66% as US markets were closed for a public holiday.
- **New Issues:** Ronshine China Holdings Ltd has priced a USD207.8mn 2.5yr bond (guaranteed by certain restricted subsidiaries of Ronshine China Holdings Ltd incorporated outside of the PRC) at 11.25% (reoffer at 101.721 to yield 10.45%) to exchange for its RONXIN 11.25% '21s. Yuzhou Properties Co Ltd has priced a USD500mn 5NC3 bond (subsidiary guarantors: certain restricted subsidiaries outside of the PRC) at 8.5%, tighter than initial price guidance of 8.875% area.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	96.904	--	USD-SGD	1.3566	--
USD-JPY	110.620	0.14%	EUR-SGD	1.5345	0.13%
EUR-USD	1.1311	0.13%	JPY-SGD	1.2264	-0.14%
AUD-USD	0.7130	-0.15%	GBP-SGD	1.7533	0.28%
GBP-USD	1.2924	0.27%	AUD-SGD	0.9673	-0.18%
USD-MYR	4.0858	0.00%	NZD-SGD	0.9291	-0.20%
USD-CNY	6.7667	-0.10%	CHF-SGD	1.3506	0.11%
USD-IDR	14107	-0.30%	SGD-MYR	3.0133	0.07%
USD-VND	23201	0.00%	SGD-CNY	4.9889	0.06%

Interbank Offer Rates (%)

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

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	4.1%	2.9%	2.9%	93.0%	4.1%
10/30/2019	4.8%	2.9%	2.8%	92.3%	4.8%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	55.59	--	Coffee (per lb)	0.980	--
Brent (per barrel)	66.50	0.38%	Cotton (per lb)	0.7022	--
Heating Oil (per gallon)	2.0203	--	Sugar (per lb)	0.1314	--
Gasoline (per gallon)	1.5729	--	Orange Juice (per lb)	1.1520	--
Natural Gas (per MMBtu)	2.6250	--	Cocoa (per mt)	2,307	--
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	5.0425	--
Nickel (per mt)	12,321.0	--	Soybean (per bushel)	9.075	--
Aluminium (per mt)	1,825.8	--	Corn (per bushel)	3.7475	--
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,318.1	--	Crude Palm Oil (MYR/MT)	2,206.0	0.27%
Silver (per oz)	15.743	--	Rubber (JPY/KG)	184.2	2.39%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,883.25	--
S&P	2,775.60	--
Nasdaq	7,472.41	--
Nikkei 225	21,281.85	381.22
STI	3,265.97	26.23
KLCI	1,692.74	3.91
JCI	6,497.82	108.73
Baltic Dry	639.00	--
VIX	14.91	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.95 (+0.01)	2.51 (--)
5Y	1.98 (+0.01)	2.49 (--)
10Y	2.13 (+0.01)	2.66 (--)
15Y	2.37 (--)	--
20Y	2.42 (--)	--
30Y	2.58 (--)	2.99 (--)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.33	-0.04
TED	35.36	--

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
02/18/2019 05:30	NZ Performance Services Index	Jan	--	56.3	53	53.2
02/18/2019 07:50	JN Core Machine Orders MoM	Dec	-1.00%	-0.10%	0.00%	--
02/18/2019 07:50	JN Core Machine Orders YoY	Dec	3.40%	0.90%	0.80%	--
02/18/2019 08:01	UK Rightmove House Prices MoM	Feb	--	0.70%	0.40%	--
02/18/2019 08:01	UK Rightmove House Prices YoY	Feb	--	0.20%	0.40%	--
02/18/2019 08:30	SI Non-oil Domestic Exports SA MoM	Jan	7.00%	-5.70%	-5.70%	-4.00%
02/18/2019 08:30	SI Non-oil Domestic Exports YoY	Jan	-3.20%	-10.10%	-8.50%	--
02/18/2019 08:30	SI Electronic Exports YoY	Jan	--	-15.90%	-11.20%	--
02/18/2019 10:30	TH GDP YoY	4Q	3.60%	3.70%	3.30%	3.20%
02/18/2019 10:30	TH GDP SA QoQ	4Q	0.70%	0.80%	0.00%	-0.30%
02/18/2019 10:30	TH GDP Annual YoY	2018	4.10%	4.10%	3.90%	4.00%
02/19/2019 05:00	SK Export Price Index MoM	Jan	--	-1.00%	-2.00%	-2.40%
02/19/2019 05:00	SK Export Price Index YoY	Jan	--	-1.40%	-0.60%	-0.90%
02/19/2019 05:00	SK Import Price Index YoY	Jan	--	2.50%	3.20%	3.00%
02/19/2019 05:00	SK Import Price Index MoM	Jan	--	0.10%	-3.40%	-3.50%
02/19/2019 06:30	AU Confidence Index	Feb-17	--	115.2	114.1	--
02/19/2019 08:30	AU RBA Minutes of Feb. Policy Meeting					
02/19/2019 10:00	NZ Non Resident Bond Holdings	Jan	--	--	54.60%	--
02/19/2019 12:00	JN Tokyo Condominium Sales YoY	Jan	--	--	15.20%	--
02/19/2019 17:00	EC ECB Current Account SA	Dec	--	--	20.3b	--
02/19/2019 17:00	IT Current Account Balance	Dec	--	--	4806m	--
02/19/2019 17:00	IT Industrial Sales WDA YoY	Dec	--	--	0.60%	--
02/19/2019 17:00	IT Industrial Sales MoM	Dec	--	--	0.10%	--
02/19/2019 17:00	IT Industrial Orders NSA YoY	Dec	--	--	-2.00%	--
02/19/2019 17:00	IT Industrial Orders MoM	Dec	--	--	-0.20%	--
02/19/2019 17:30	UK Claimant Count Rate	Jan	--	--	2.80%	--
02/19/2019 17:30	UK Jobless Claims Change	Jan	--	--	20.8k	--
02/19/2019 17:30	UK Average Weekly Earnings 3M/YoY	Dec	3.50%	--	3.40%	--
02/19/2019 17:30	UK Weekly Earnings ex Bonus 3M/YoY	Dec	3.40%	--	3.30%	--
02/19/2019 17:30	UK ILO Unemployment Rate 3Mths	Dec	4.00%	--	4.00%	--
02/19/2019 17:30	UK Employment Change 3M/3M	Dec	151k	--	141k	--
02/19/2019 18:00	EC Construction Output MoM	Dec	--	--	-0.10%	--
02/19/2019 18:00	EC Construction Output YoY	Dec	--	--	0.90%	--
02/19/2019 18:00	GE ZEW Survey Current Situation	Feb	20	--	27.6	--
02/19/2019 18:00	GE ZEW Survey Expectations	Feb	-13.6	--	-15	--
02/19/2019 18:00	EC ZEW Survey Expectations	Feb	--	--	-20.9	--
02/19/2019 23:00	CA Bloomberg Nanos Confidence	Feb-15	--	--	54.3	--
02/19/2019 23:00	US NAHB Housing Market Index	Feb	59	--	58	--
02/19/2019	HK Composite Interest Rate	Jan	--	--	0.89%	--
02/19/2019	PH BoP Overall	Jan	--	--	\$2442m	--
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	--
02/19/2019 02/20	VN Domestic Vehicle Sales YoY	Jan	--	--	35.70%	--

Source: Bloomberg

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