

**Highlights**

<b>Global</b>	<p>Risk sentiment consolidated last night as the weak US data outweighed the positive headline from the US-China trade talk. The US-China trade negotiations resumed on Thursday in Washington a week before the deadline. It was reported by Bloomberg that China proposes the purchases of US\$30 billion more US Agriculture products. Meanwhile, President Trump plans to meet with China's Vice Premier Liu He on Friday fuelling hopes that talks are making progress. The focus will move to two important medium term issues including China's structural reform and enforcement of deals. The Reuters report shows that the six MoUs on structural issues are being outlined.</p> <p>Elsewhere, the news that China's Dalian port had banned imports of Australian coal since the start of Feb caught the market attention sending the Australian dollar down by more than 1% due to concerns that the move could be political motivated in retaliation to Australia's ban on Huawei. We think market may overact to the news and both countries are likely to re-engage after the US-China trade talk.</p>
<b>US</b>	<p>Durable goods orders accelerated to 1.2% in December, but short of market expectation of 1.7%. Meanwhile, orders for non-defense capital goods excluding aircraft fell by 0.7% in December after the decline in November was revised to 1% from previously 0.6%. In addition, the unexpected drop of Philadelphia Fed Business Outlook to -4.1 from 17 also darkened the manufacturing outlook in the region. The bad news from the economic data capped the dollar gain.</p>
<b>EU</b>	<p>ECB top officials were worried about the slowdown in economic growth, which might be "deeper and more broad-based" than previously expected. ECB also said that it was prepared to use all available tools should the outlook further worsen.</p>
<b>UK</b>	<p>UK officials have played down the likelihood of a revised deal being agreed by next week after Chancellor Philip Hammond had hinted that such a deal could be presented to parliament soon. The EU is said to expect that Theresa May will request a three-month extension to the Brexit deadline and they also stated that further talks will occur. Talks that had taken place in Brussels between the EU chief negotiator, the UK attorney general and Brexit Secretary though did not produce any major breakthrough. All this happens as Theresa May faces a revolt from within her own party.</p>
<b>MY</b>	<p>According to Malaysiakini, China's ambassador to Malaysia Bai Tian said China Construction Bank had proposed to issue Panda bonds in China for Malaysia to help ease Malaysia's financial stress.</p>
<b>IND</b>	<p>Bank Indonesia (BI) held the benchmark rate at 6.00% as expected. The central bank also mentioned that going forward, they will look to adopt more accommodative macro prudential policies but details on this were not disclosed. BI itself also did not commit to a hawkish or dovish stance during the press conference. Going forward, we believe that the central bank will keep the benchmark rate on hold for 2019.</p>

## Major Markets

- **US:** Wall Street ended lower on Thursday, with the S&P500 declining 0.35%. The DJIA fell 0.40%, while the Nasdaq composite tumbled 0.39%.
- **China:** Reuters reported that benchmark rate cut is the last resort for China quoting sources from the PBoC. We agreed. Although the constraints, such as property market and leverage, to China's benchmark rate cut have been weakening, we think China still has plenty of toolkits to stimulate the economy such as RRR cut and MLF rate cut before eventually cutting its benchmark interest rate.
- **Hong Kong:** Unemployment rate kept static at an over two-decade low of 2.8% during the three months through January 2019. Delving into details, with inbound tourism gaining further momentum from the recent infrastructure improvement, the unemployment rate of retail sector dropped further from 3.6% to decade-low of 3.5%. Besides, the unemployment rate of trade sector edged down from 2.2% to decade-low of 2%. Despite that, we doubt the sustainability of the rosy job data given the faltering economic growth. Specifically, in spite of the positive headlines about recent trade talks, neither US nor China is likely to remove the existing tariff. As such, the worsening outlook of the trade sector is expected to weigh on the sector's employment. Besides, against the backdrop of global economic slowdown and the lingering trade war risks, local consumption and tourist spending are likely to remain subdued and cloud the jobs outlook of tourism-related sector. Sluggish economic outlook of HK may also hit overall hiring sentiments. Overall speaking, we expect the unemployment rate will climb to 2.9% in the near term.
- **Malaysia:** The news portal also reported that the Finance Minister Lim Guan Eng had said the proposal had been presented to him, and the Prime Minister Dr Mahathir Mohamad and Cabinet were informed, but it was still in discussions. Malaysiakini further mentioned that Lim Guan Eng had said that the offer is a positive sign that foreign countries and foreign investors are confident with the new government under the leadership of Mahathir. CPI and reserve data due later.
- **Indonesia:** Meanwhile, the government has reported that it successfully collected Rp89.8tn (amounting to 5% of its entire year target tax revenue) in the month of January 2019, which compares to Rp82.6tn during the same period last year. Non-tax revenue for January 2019 was at Rp18.3tn, which is lower than the Rp19.1tn collected in the same period last year. Finance Minister Sri Mulyani noted that revenue from oil and gas were lower in January 2019 due to declining crude oil prices and a strong IDR exchange rate. Overall, the budget deficit was at Rp45.8tn for the month of January 2019. The Finance Ministry has also realized Rp122.5tn of IDR financing for January.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with the shorter tenors trading within 1-2bps higher while the belly and longer tenors traded 2-3 bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 144bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 501bps. 10Y UST yields rose 5bps to 2.69%, on the back of encouraging signs of progress in the US-China trade talks and despite the soft US economic data released, which was attributed to the idiosyncratic events of the US government shutdown and the ongoing trade war.

- **New Issues:** The Chugoku Electric Power Co. has priced a USD300mn 5-year bond CT5+100bps (reoffer at 100 to yield 3.488%), tightening from IPT of +130bps. Shui On Development (Holding) Ltd has priced a USD500mn 2-year, 9-month bond (guarantor: Shui On Land Ltd) at 6.25%, tightening from IPT of 6.5% area. E-House (China) Enterprise Holdings Ltd has priced a USD200mn 2-year bond (subsidiary guarantors: certain existing subsidiaries incorporated outside the PRC) at 8.625%, tightening from IPT of 8.75% area. CFLD (Cayman) Investment Ltd has priced a USD530mn 2-year bond (guarantor: China Fortune Land Development Co.) at 8.625%, tightening from IPT of 9.25% area. KWG Group Holdings Ltd has priced a USD350mn 4.5NC2.5 bond (subsidiary guarantors: certain non-PRC subsidiaries of issuer) at 7.875%, tightening from IPT of 8.0% area. Henderson Land MTN Ltd has priced a USD300mn 10-year bond (guarantor: Henderson Land Development Co. Ltd) at CT10+140bps, tightening from IPT of +160bps area. Indian Railway Finance Corp has mandated banks for its potential USD bond issuance. Sunrise (Cayman) Ltd has scheduled for investor meetings from 22 Feb for its potential USD bond issuance. Canara Bank has issued a request for proposals from banks for its potential USD bond issuance.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	96.605	0.16%	<b>USD-SGD</b>	1.3533	0.12%
<b>USD-JPY</b>	110.700	-0.14%	<b>EUR-SGD</b>	1.5342	0.09%
<b>EUR-USD</b>	1.1336	-0.02%	<b>JPY-SGD</b>	1.2229	0.29%
<b>AUD-USD</b>	0.7092	-1.02%	<b>GBP-SGD</b>	1.7653	0.07%
<b>GBP-USD</b>	1.3043	-0.05%	<b>AUD-SGD</b>	0.9598	-0.89%
<b>USD-MYR</b>	4.0773	0.22%	<b>NZD-SGD</b>	0.9206	-0.67%
<b>USD-CNY</b>	6.7226	0.02%	<b>CHF-SGD</b>	1.3521	0.11%
<b>USD-IDR</b>	14071	0.21%	<b>SGD-MYR</b>	3.0142	0.11%
<b>USD-VND</b>	23209	0.04%	<b>SGD-CNY</b>	4.9659	-0.20%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3670	--	<b>O/N</b>	2.3846	--
<b>2M</b>	-0.3360	--	<b>1M</b>	2.4811	--
<b>3M</b>	-0.3080	--	<b>2M</b>	2.5735	--
<b>6M</b>	-0.2320	--	<b>3M</b>	2.6634	--
<b>9M</b>	-0.1940	--	<b>6M</b>	2.6934	--
<b>12M</b>	-0.1080	--	<b>12M</b>	2.8743	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	2-2.25%	2.25-2.5%	2.5-2.75%
03/20/2019	1.9%	0.0%	0.0%	98.1%	1.9%
05/01/2019	1.9%	2.0%	2.0%	96.1%	1.9%
06/19/2019	1.9%	2.4%	2.4%	95.7%	1.9%
07/31/2019	3.2%	2.4%	2.3%	94.4%	3.2%
09/18/2019	3.2%	2.8%	2.8%	93.9%	3.2%
10/30/2019	3.2%	3.3%	3.3%	93.5%	3.2%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	56.96	0.07%	Coffee (per lb)	0.961	-1.49%
Brent (per barrel)	67.07	-0.01%	Cotton (per lb)	0.7219	2.72%
Heating Oil (per gallon)	2.0363	0.89%	Sugar (per lb)	0.1324	-1.49%
Gasoline (per gallon)	1.6144	1.02%	Orange Juice (per lb)	1.2005	0.17%
Natural Gas (per MMBtu)	2.6970	2.31%	Cocoa (per mt)	2,256	-1.83%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	4.8650	1.20%
Nickel (per mt)	12,856.0	--	Soybean (per bushel)	9.110	0.94%
Aluminium (per mt)	1,855.0	--	Corn (per bushel)	3.7550	1.28%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,323.5	-1.47%	Crude Palm Oil (MYR/MT)	2,145.0	0.52%
Silver (per oz)	15.801	-2.32%	Rubber (JPY/KG)	198.1	2.38%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,850.63	-103.81
<b>S&amp;P</b>	2,774.88	-9.82
<b>Nasdaq</b>	7,459.71	-29.36
<b>Nikkei 225</b>	21,464.23	32.74
<b>STI</b>	3,277.91	-0.47
<b>KLCI</b>	1,730.68	4.50
<b>JCI</b>	6,537.77	24.98
<b>Baltic Dry</b>	622.00	--
<b>VIX</b>	14.46	0.44

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.94 (--)	2.53 (+0.03)
<b>5Y</b>	1.98 (+0.01)	2.51 (+0.05)
<b>10Y</b>	2.14 (+0.02)	2.69 (+0.05)
<b>15Y</b>	2.37 (+0.01)	--
<b>20Y</b>	2.42 (+0.01)	--
<b>30Y</b>	2.57 (+0.01)	3.05 (+0.05)

#### Financial Spread (bps)

	Value	Change
<b>EURIBOR-OIS</b>	5.35	0.02
<b>TED</b>	35.36	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
02/21/2019 08:30	JN Nikkei Japan PMI Mfg	Feb P	--	48.5	50.3	--
02/21/2019 08:30	AU Employment Change	Jan	15.0k	39.1k	21.6k	16.9k
02/21/2019 08:30	AU Unemployment Rate	Jan	5.00%	5.00%	5.00%	--
02/21/2019 08:30	AU Participation Rate	Jan	65.60%	65.70%	65.60%	--
02/21/2019 12:30	JN All Industry Activity Index MoM	Dec	-0.20%	-0.40%	-0.30%	-0.50%
02/21/2019 15:00	GE CPI MoM	Jan F	-0.80%	-0.80%	-0.80%	--
02/21/2019 15:00	GE CPI YoY	Jan F	1.40%	1.40%	1.40%	--
02/21/2019 15:00	GE CPI EU Harmonized MoM	Jan F	-1.00%	-1.00%	-1.00%	--
02/21/2019 15:00	GE CPI EU Harmonized YoY	Jan F	1.70%	1.70%	1.70%	--
02/21/2019 15:17	ID Bank Indonesia 7D Reverse Repo	Feb-21	6.00%	6.00%	6.00%	--
02/21/2019 15:45	FR Manufacturing Confidence	Feb	103	103	103	--
02/21/2019 15:45	FR CPI EU Harmonized YoY	Jan F	1.40%	1.40%	1.40%	--
02/21/2019 15:45	FR CPI MoM	Jan F	-0.50%	-0.40%	-0.50%	--
02/21/2019 15:45	FR CPI YoY	Jan F	1.20%	1.20%	1.20%	--
02/21/2019 16:15	FR Markit France Manufacturing PMI	Feb P	51	51.4	51.2	--
02/21/2019 16:15	FR Markit France Services PMI	Feb P	48.5	49.8	47.8	--
02/21/2019 16:15	FR Markit France Composite PMI	Feb P	48.9	49.9	48.2	--
	<b>Markit/BME Germany Manufacturing</b>					
02/21/2019 16:30	GE PMI	Feb P	49.8	47.6	49.7	--
02/21/2019 16:30	GE Markit Germany Services PMI	Feb P	52.9	55.1	53	--
02/21/2019 16:30	GE Markit/BME Germany Composite PMI	Feb P	52	52.7	52.1	--
02/21/2019 16:30	HK Unemployment Rate SA	Jan	2.80%	2.80%	2.80%	--
02/21/2019 17:00	EC Markit Eurozone Manufacturing PMI	Feb P	50.3	49.2	50.5	--
02/21/2019 17:00	EC Markit Eurozone Services PMI	Feb P	51.3	52.3	51.2	--
02/21/2019 17:00	EC Markit Eurozone Composite PMI	Feb P	51.1	51.4	51	--
02/21/2019 17:00	IT CPI EU Harmonized YoY	Jan F	0.90%	0.90%	0.90%	--
02/21/2019 17:30	UK PSNB ex Banking Groups	Jan	-10.0b	-14.9b	3.0b	--
02/21/2019 21:30	US Philadelphia Fed Business Outlook	Feb	14	-4.1	17	--
02/21/2019 21:30	US Initial Jobless Claims	Feb-16	228k	216k	239k	--
02/21/2019 21:30	US Continuing Claims	Feb-09	1743k	1725k	1773k	1780k
02/21/2019 21:30	US Durable Goods Orders	Dec P	1.70%	1.20%	0.70%	1.00%
02/21/2019 21:30	US Durables Ex Transportation	Dec P	0.30%	0.10%	-0.40%	-0.20%
02/21/2019 22:45	US Bloomberg Consumer Comfort	Feb-17	--	59.6	60	--
02/21/2019 22:45	US Markit US Manufacturing PMI	Feb P	54.8	53.7	54.9	--
02/21/2019 22:45	US Markit US Services PMI	Feb P	54.3	56.2	54.2	--
02/21/2019 22:45	US Markit US Composite PMI	Feb P	--	55.8	54.4	--
02/21/2019 23:00	US Leading Index	Jan	0.10%	-0.10%	-0.10%	0.00%
02/21/2019 23:00	US Existing Home Sales	Jan	5.00m	4.94m	4.99m	5.00m
02/22/2019 07:30	JN Natl CPI YoY	Jan	0.20%	0.20%	0.30%	--
02/22/2019 07:30	JN Natl CPI Ex Fresh Food YoY	Jan	0.80%	0.80%	0.70%	--
02/22/2019 10:00	NZ Credit Card Spending YoY	Jan	--	--	4.50%	--
02/22/2019 10:00	SL CBSL Standing Deposit Rate	Feb-22	8.00%	--	8.00%	--
02/22/2019 11:30	TH Customs Exports YoY	Jan	-2.10%	--	-1.72%	--
02/22/2019 12:00	MA CPI YoY	Jan	-0.40%	--	0.20%	--
02/22/2019 15:00	GE GDP SA QoQ	4Q F	0.00%	--	0.00%	--
02/22/2019 15:00	GE GDP NSA YoY	4Q F	0.90%	--	0.90%	--
02/22/2019 15:00	GE GDP WDA YoY	4Q F	0.60%	--	0.60%	--
02/22/2019 15:30	TH Foreign Reserves	Feb-15	--	--	\$210.3b	--
02/22/2019 16:00	TA Export Orders YoY	Jan	-8.70%	--	-10.50%	--
02/22/2019 16:30	HK CPI Composite YoY	Jan	2.60%	--	2.50%	--
02/22/2019 17:00	GE IFO Business Climate	Feb	98.9	--	99.1	--
02/22/2019 17:00	GE IFO Expectations	Feb	94.3	--	94.2	--
02/22/2019 17:00	GE IFO Current Assessment	Feb	103.9	--	104.3	--
02/22/2019 18:00	EC CPI Core YoY	Jan F	1.10%	--	1.10%	--
02/22/2019 18:00	EC CPI MoM	Jan	-1.10%	--	0.00%	0.00%
02/22/2019 18:00	EC CPI YoY	Jan F	1.40%	--	1.60%	1.60%
02/22/2019 21:30	CA Retail Sales MoM	Dec	-0.30%	--	-0.90%	--
02/22/2019 21:30	CA Retail Sales Ex Auto MoM	Dec	-0.30%	--	-0.60%	--
02/20/2019 02/28	SL Exports YoY	Dec	--	--	4.10%	--

Source: Bloomberg

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