

Highlights

Global	<p>Global risk sentiments received a short reprieve as the US granted Huawei a 90-day relief period for certain US broadband companies using their equipment. Wall Street rose overnight, with the UST bond yields higher amid a bear-flattening bias on the back of slightly easing trade tensions while quickly digesting the OECD downgrade of 2019 global growth forecast from 3.3% to 3.2%. Meanwhile, UK PM May is again offering Parliament a guaranteed vote on whether to call for a second referendum if her Brexit deal passes, but quickly faced pushback from the opposition.</p> <p>Asian markets may capitalise on the slight improvement in risk appetite overnight and attempt to reclaim some lost ground today, while awaiting the release of Fed minutes. The economic calendar comprises US' mortgage applications, UK' CPI/PPI/RPI, Thai trade and Taiwan's unemployment rate. Speakers include ECB's Draghi, Visco and Praet, as well as Fed's Williams and Bostic.</p>
US	<p>Fed's Bullard opined that the central bank may have "slightly overdone it" by hiking rates in December and "if anything we are a little restrictive", but "I was pleased that the committee pivoted". Meanwhile, Rosengren suggested that "while my baseline forecast assumes that a trade agreement will occur without seriously disrupting global trade or global economies, it may be some time before that uncertainty is resolved", still "I see no clarion call to alter current policy in the near term". Separately, the Trump administration is preparing a fresh aid round for farmers affected by retaliatory tariffs on US agricultural products. On the data front, existing home sales fell 0.4% mom in April to 5.19m annual pace, adding to signs that 2Q growth may disappoint.</p>
EU	<p>Chancellor Merkel is supposedly focused on Germany securing the presidency of the European Commission or the ECB.</p>
CH	<p>China's central bank announced to issue additional central bank bill in the offshore market, signalling that China may step up its indirect influence to smooth currency volatility via mopping up the offshore liquidity. The USDCNH retreated after the news.</p>
SG	<p>MAS will announce the sizes of the scheduled 2-year SGS bond re-opening and the mini-auction of the SGS bond maturing in 2033 later today, for auction on 29 May and issue on 3 June.</p>

Major Markets

- **US:** Wall Street ended higher on Tuesday, with the S&P500 jumping 0.9%. The DJIA advanced 0.8%, and the Nasdaq composite rose 1.1%.
- **Singapore:** The STI declined 0.69% to close down at 3183.26 yesterday, but may see some stabilization today amid positive cues from Wall Street overnight and morning gains in Nikkei. STI support and resistance are tipped 3160 and 3200 respectively. With the UST bond yield curve bear flattening overnight as front-end yields rose by up to 3bps, SGS bond yields which rose around 2bps yesterday may continue to be under pressure today as well, especially if the auction sizes for the upcoming 2- and 15-year re-openings are larger than expected.
- **Hong Kong:** Unemployment rate has stayed unchanged at 2.8% for one year till the three-month through Apr 2019. Nevertheless, analyzing by industry, the employment was not so strong as shown by the overall jobless rate. Specifically, the unemployment rate of the trade sector increased notably from 2.2% in 1Q to 2.5% for the three-month period ended Apr 2019, a level last seen in the three-month through Aug 2018. Besides, the unemployment rate of financial sector increased from 2.1% to 2.2%, a level unseen since 2Q 2018. On a positive note, the resilient inbound tourism allowed the unemployment rate of the tourism-related sector to remain static at 3.6%. Moving ahead, as a lagging indicator, overall unemployment rate may be sticky at 2.8% for a while. However, it is posed towards 2.9% in 2H 2019 given the already rising jobless rate of major industries and the lingering external headwinds including trade war escalation.
- **Thailand:** Q1 GDP at 2.8% YoY came in-line with expectations and below our forecast of 3.2%. Soft exports were a drag on the economy, with all four of its top-value segments – electronics, automotive, machinery and petrochemicals – all seeing a YoY contraction in export demand. The figure was also partially propped up by a larger-than-average fiscal spending, which according to our estimates, raised GDP growth by 0.2pp to 2.8%. For the rest of 2019, we revise our forecast for Thailand GDP down to 3.4% from 3.8%, consistent with NESDC's latest forecast of 3.3%-3.8%.

Bond Market Updates

- **Market Commentary:** The SGD swap curve was higher again yesterday, with most tenors trading up 2bps aside from the shorter tenors (2y and less) trading between 0-2bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 133bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 1bps yesterday to 484bps. 10Y UST yields widened 2bps to 2.43%, following gilts which traded lower and on some recovery in US stock markets led by technology as the US Commerce Department granted a 90-day relief to certain U.S. companies and customers using Huawei Technologies equipment.
- **New Issues:** China Huadian Overseas Development Management Company Ltd has priced a USD500mn NC5-perpetual bond (Guarantor - China Huadian Corporation Ltd) at 4.0%, tightening from IPT of 4.5%. Lee & Man Paper Manufacturing Ltd has priced a USD300mn NC5-perpetual bond at 5.5%, tightening from IPT of 5.625% area. SDG FINANCE I LIMITED has priced a USD100mn NC3-perpetual bond (Guarantor - Shandong Gold Group Co., Ltd.) at 5.3%, tightening from IPT of 5.7% area. China Huarong Asset Management Co., Ltd. has scheduled investor meetings from 22 May for a potential USD bond issuance. Yiwu State-owned Capital Operation Co., Ltd. and

Chongqing Nan'an Urban Construction & Development (Group) Co., Ltd. scheduled investor calls from 21 May for potential USD bond issuances. Land Transport Authority of Singapore has priced a SGD1.4bn 35-year bond at 3.3%, in line with its initial price guidance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.062	0.13%	USD-SGD	1.3770	0.03%
USD-JPY	110.500	0.40%	EUR-SGD	1.5367	-0.03%
EUR-USD	1.1161	-0.04%	JPY-SGD	1.2462	-0.36%
AUD-USD	0.6883	-0.36%	GBP-SGD	1.7495	-0.13%
GBP-USD	1.2706	-0.16%	AUD-SGD	0.9479	-0.32%
USD-MYR	4.1858	0.22%	NZD-SGD	0.8959	-0.40%
USD-CNY	6.9020	-0.15%	CHF-SGD	1.3619	-0.21%
USD-IDR	14480	0.15%	SGD-MYR	3.0361	0.00%
USD-VND	23396	-0.10%	SGD-CNY	5.0118	-0.22%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.3680	--	O/N	2.3594	--
2M	-0.3360	--	1M	2.4360	--
3M	-0.3140	--	2M	2.4883	--
6M	-0.2410	--	3M	2.5234	--
9M	-0.1940	--	6M	2.5598	--
12M	-0.1350	--	12M	2.6469	--

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
06/19/2019	0.0%	6.3%	0.0%	6.3%	93.7%
07/31/2019	0.0%	15.7%	0.6%	15.1%	84.3%
09/18/2019	0.0%	39.9%	4.8%	35.0%	60.1%
10/30/2019	0.0%	48.5%	9.1%	38.5%	51.5%
12/11/2019	0.0%	69.0%	20.8%	43.7%	31.0%
01/29/2020	0.0%	74.6%	25.0%	41.4%	25.4%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	62.99	-0.2%	Corn (per bushel)	3.9425	1.3%
Brent (per barrel)	72.18	0.3%	Soybean (per bushel)	8.220	-1.2%
Heating Oil (per gallon)	2.0794	0.3%	Wheat (per bushel)	4.7875	0.1%
Gasoline (per gallon)	2.0193	0.5%	Crude Palm Oil (MYR/MT)	2,008.0	-2.0%
Natural Gas (per MMBtu)	2.6130	-2.2%	Rubber (JPY/KG)	205.4	2.4%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	5,996	-0.5%	Gold (per oz)	1,273.2	-0.3%
Nickel (per mt)	12,071	0.8%	Silver (per oz)	14.373	-0.2%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,877.33	197.43
S&P	2,864.36	24.13
Nasdaq	7,785.72	83.35
Nikkei 225	21,272.45	-29.28
STI	3,183.26	-22.20
KLCI	1,603.74	-1.62
JCI	5,951.37	44.25
Baltic Dry	1,041.00	--
VIX	14.95	-1.36

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.95 (--)	2.25 (+0.03)
5Y	1.99 (+0.02)	2.23 (+0.02)
10Y	2.17 (+0.01)	2.43 (+0.01)
15Y	2.44 (+0.01)	--
20Y	2.51 (+0.01)	--
30Y	2.69 (+0.02)	2.84 (+0.01)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.20	-0.03
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	2.39
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Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
05/21/2019 08:00	SI GDP YoY	1Q F	1.40%	1.20%	1.30%	--
05/21/2019 08:00	SI GDP SAAR QoQ	1Q F	2.30%	3.80%	2.00%	--
05/21/2019 10:30	TH GDP YoY	1Q	2.80%	2.80%	3.70%	3.60%
05/21/2019 22:00	EC Consumer Confidence	May A	-7.7	-6.5	-7.9	-7.3
05/21/2019 22:00	US Existing Home Sales	Apr	5.35m	5.19m	5.21m	--
05/22/2019 07:50	JN Core Machine Orders MoM	Mar	0.00%	3.80%	1.80%	--
05/22/2019 11:30	TH Customs Exports YoY	Apr	-2.00%	--	-4.88%	--
05/22/2019 16:30	UK CPI MoM	Apr	0.70%	--	0.20%	--
05/22/2019 16:30	UK CPI YoY	Apr	2.20%	--	1.90%	--
05/22/2019 16:30	UK CPI Core YoY	Apr	1.90%	--	1.80%	--
05/22/2019 16:30	UK PPI Output NSA MoM	Apr	0.30%	--	0.30%	--
05/22/2019 16:30	UK PPI Output NSA YoY	Apr	2.30%	--	2.40%	--
05/22/2019 19:00	US MBA Mortgage Applications	May-17	--	--	-0.60%	--

Source: Bloomberg

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