

Highlights

| | |
|--------|---|
| Global | <p>Global risk appeared buoyant as S&P 500 and Nasdaq marked record highs on the back of favourable earnings from Twitter, Hasbro and Lockheed Martin. The USD and crude oil prices also climbed and the UST yield curve bull steepened with the 10-year bond yield at 2.57%. With the stars aligned, Asian markets may be off to a firmer start this morning. Today's economic data calendar comprises of Australia's 1Q19 CPI, German IFO business climate, and US' mortgage applications. Bank of Canada is likely to keep its interest rate static at 1.75%, but the question is whether the extent of the dovish rhetoric is likely to satisfy market expectations.</p> |
| US | <p>New home sales unexpectedly rose 4.5% in March to a 16-month high of 692k, following a revised 5.9% in February, lifted by better supply, attractive pricing and lower interest rates. However, the Richmond Fed's manufacturing index slipped from 10 to 3 in April, amid slippage in the new orders gauge.</p> |
| UK | <p>PM May is considering a vote on the Brexit withdrawal agreement to Parliament next week.</p> |
| CH | <p>China's central bank paused its open market operation again yesterday after the impact of tax payment on liquidity fades. Meanwhile, PBoC also denied the rumor again that it will deliver a targeted RRR cut for rural banks.</p> |
| SG | <p>Headline CPI edged up slightly to 0.6% yoy but fell 0.1% mom nsa in March, down from 0.5% yoy (+0.5% mom nsa) in February. However, core CPI eased further from 1.5% yoy (+0.2% mom) in February to 1.4% yoy (-0.2% mom) in March. This was attributed to smaller hikes in retail items (following the dissipation of the higher tobacco excise duty introduced in February 2018) and electricity & gas prices (following the phased nationwide launch of the Open Electricity Market), which negated higher services (due to higher holiday expenses) and food (due to higher prepared meals and non-cooked food items) inflation. For 1Q19, the headline and core inflation averaged 0.5% yoy and 1.6% yoy, and our forecast is for 0.5% yoy and 1.5% yoy for the full year. Meanwhile, Finance minister Heng was promoted to DPM from 1 May in the latest cabinet reshuffle with DPM Teo Chee Hean and Tharman Shanmugaratnam relinquishing their DPM appointments and being appointed as Senior Ministers.</p> |
| CMD | <p>WTI rose 75 points while Brent rose 207 points, as the US decision to tighten the screw on Iran's exports pressures crude supply from the North Sea more than the US. WTI-Brent spread has widened to 9.66 c/lb, the largest in a month. Saudi Arabia says it will continue to observe the pace of Iranian exports before deciding whether to increase its production, signalling that there may be a period of dry supply lasting one to two months.</p> |

Major Markets

- **US:** Wall Street ended higher on Tuesday, with the S&P500 increasing by 0.9%. The DJIA rose 0.6%, and the Nasdaq composite jumped 1.3%.
- **Singapore:** The STI slipped 0.13% to close at 3353.47 yesterday, but may stage a rally today amid buoyant risk mood following S&P500's record close overnight. STI may see resistance and support at 3370 and 3340. With the UST bond yields falling by up to 3bps overnight, SGS bonds may fare better today, albeit the back end of the curve may remain relatively heavy due to the upcoming auction for the \$2.4 b re-opening of the 10-year SGS bond on 26 April.
- **Malaysia:** Headline CPI data for March would be due out later with our expectation for it to turn positive at 0.2% yoy. This moderate level of price increase may provide some space for the OPR rates to be cut by 25bps for 2019 (possibly as early as July).
- **Thailand:** Thailand exports in the month of March slid -4.9%, more than the Bloomberg poll of -3.3%, as the US-China trade tension continues to take its toll on exports in the region. Within most of the ASEAN-5 space as well as South Korea and Taiwan, a clear pattern of weak electronic exports to China has emerged over the last quarter, showing the drag on the regional economy that the trade tension is currently producing. A pick up in China's economic fortunes ought to lift demand for electronic goods in the region and beyond.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with the shorter tenors trading within 1bps higher while the belly and longer tenors traded 1-2bps higher (exception being the 12-year swap rate at 4bps higher). The Bloomberg Barclays Asia USD IG Bond Index average OAS traded little change at 130bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 4bps to 469bps. 10Y UST yields fell 2bps to 2.57%, on the back of strong demand for the new US treasury debt supply ([USD40bn of 2 year notes](#)) which was in turn fuelled by the rise in yields from the lows in late-March with improvement in economic outlook.
- **New Issues:** Redco Properties Group Ltd has priced a USD180mn 2-year bond (subsidiary guarantors: certain of company's restricted subsidiaries incorporated outside the PRC) at 99.337 (yield: 10.25%), tightening from IPT of 10.5%. Metro Holdings Ltd/Singapore has priced a SGD35mn re-tap of its existing METRO 4.3%'24s at par (yield: 4.3%), in line with IPT. PT Medco Energi Internasional Tbk PT has scheduled investor meetings from 24 April for its potential USD bond issuance. Korea Electric Power Corp has mandated banks for its potential USD bond issuance. Serba Dinamik Holdings Bhd has scheduled investor meetings from 24 April for its potential USD Sukuk bond issuance.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 97.636 | 0.36% | USD-SGD | 1.3570 | 0.07% |
| USD-JPY | 111.860 | -0.07% | EUR-SGD | 1.5235 | -0.20% |
| EUR-USD | 1.1227 | -0.27% | JPY-SGD | 1.2131 | 0.13% |
| AUD-USD | 0.7102 | -0.45% | GBP-SGD | 1.7556 | -0.28% |
| GBP-USD | 1.2938 | -0.34% | AUD-SGD | 0.9637 | -0.38% |
| USD-MYR | 4.1278 | -0.09% | NZD-SGD | 0.9033 | -0.29% |
| USD-CNY | 6.7259 | 0.21% | CHF-SGD | 1.3302 | -0.40% |
| USD-IDR | 14080 | 0.01% | SGD-MYR | 3.0419 | -0.20% |
| USD-VND | 23217 | 0.01% | SGD-CNY | 4.9528 | 0.09% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD Libor | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.3680 | -- | O/N | 2.3911 | -- |
| 2M | -0.3360 | -- | 1M | 2.4809 | -- |
| 3M | -0.3110 | -- | 2M | 2.5411 | -- |
| 6M | -0.2320 | -- | 3M | 2.5811 | -- |
| 9M | -0.1940 | -- | 6M | 2.6290 | -- |
| 12M | -0.1120 | -- | 12M | 2.7464 | -- |

Fed Rate Hike Probability

| Meeting | Prob Hike | Prob Cut | 1.75-2% | 2-2.25% | 2.25-2.5% |
|------------|-----------|----------|---------|---------|-----------|
| 05/01/2019 | 0.5% | 0.0% | 0.0% | 0.0% | 99.5% |
| 06/19/2019 | 0.4% | 19.8% | 0.0% | 19.8% | 79.7% |
| 07/31/2019 | 0.4% | 23.1% | 0.8% | 22.3% | 76.5% |
| 09/18/2019 | 0.3% | 38.3% | 5.1% | 33.1% | 61.4% |
| 10/30/2019 | 0.3% | 42.1% | 6.8% | 34.8% | 57.6% |
| 12/11/2019 | 0.2% | 55.0% | 13.1% | 39.9% | 44.8% |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|----------------|--------------|-------------------------|----------------|--------------|
| WTI (per barrel) | 66.30 | 0.9% | Corn (per bushel) | 3.5125 | -1.0% |
| Brent (per barrel) | 74.51 | 0.6% | Soybean (per bushel) | 8.620 | -1.7% |
| Heating Oil (per gallon) | 2.1180 | 0.7% | Wheat (per bushel) | 4.3875 | 0.7% |
| Gasoline (per gallon) | 2.1316 | 0.1% | Crude Palm Oil (MYR/MT) | 2,079.0 | -0.5% |
| Natural Gas (per MMBtu) | 2.4550 | -2.7% | Rubber (JPY/KG) | 187.7 | 0.9% |
| Base Metals | Futures | % chg | Precious Metals | Futures | % chg |
| Copper (per mt) | 6,407 | -1.1% | Gold (per oz) | 1,269.3 | -0.3% |
| Nickel (per mt) | 12,391 | -2.2% | Silver (per oz) | 14.791 | -1.2% |

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 26,656.39 | 145.34 |
| S&P | 2,933.68 | 25.71 |
| Nasdaq | 8,120.82 | 105.56 |
| Nikkei 225 | 22,259.74 | 41.84 |
| STI | 3,353.47 | -4.23 |
| KLCI | 1,627.44 | 5.38 |
| JCI | 6,462.82 | 48.08 |
| Baltic Dry | 790.00 | -- |
| VIX | 12.28 | -0.14 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 1.89 (+0.01) | 2.36 (-0.02) |
| 5Y | 2.00 (+0.02) | 2.36 (-0.03) |
| 10Y | 2.20 (+0.02) | 2.57 (-0.02) |
| 15Y | 2.39 (+0.02) | -- |
| 20Y | 2.44 (+0.03) | -- |
| 30Y | 2.62 (+0.02) | 2.98 (-0.01) |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| EURIBOR-OIS | 5.32 | -0.05 |
| TED | 35.36 | -- |

Secured Overnight Fin. Rate

| | |
|-------------|------|
| SOFR | 2.46 |
|-------------|------|

Economic Calendar

| Date Time | Event | Survey | Actual | Prior | Revised |
|------------------|------------------------------------|------------|--------|--------|---------|
| 04/23/2019 13:00 | SI CPI YoY | Mar 0.70% | 0.60% | 0.50% | -- |
| 04/23/2019 16:30 | HK CPI Composite YoY | Mar 2.20% | 2.10% | 2.10% | -- |
| 04/23/2019 22:00 | US Richmond Fed Manufact. Index | Apr 10 | 3 | 10 | -- |
| 04/23/2019 22:00 | EC Consumer Confidence | Apr A -7 | -7.9 | -7.2 | -- |
| 04/23/2019 22:00 | US New Home Sales | Mar 649k | 692k | 667k | 662k |
| 04/24/2019 12:00 | MA CPI YoY | Mar 0.30% | -- | -0.40% | -- |
| 04/24/2019 12:30 | JN All Industry Activity Index MoM | Feb -0.20% | -- | -0.20% | -- |
| 04/24/2019 16:00 | GE IFO Business Climate | Apr 99.9 | -- | 99.6 | -- |
| 04/24/2019 16:00 | GE IFO Expectations | Apr 96.1 | -- | 95.6 | -- |
| 04/24/2019 16:00 | GE IFO Current Assessment | Apr 103.5 | -- | 103.8 | -- |
| 04/24/2019 16:30 | UK PSNB ex Banking Groups | Mar 0.4b | -- | 0.2b | -- |
| 04/24/2019 19:00 | US MBA Mortgage Applications | Apr-19 -- | -- | -3.50% | -- |

Source: Bloomberg

| <u>OCBC Treasury Research</u> | |
|--|--|
| <p><u>Macro Research</u></p> <p>Selena Ling LingSSSelena@ocbc.com</p> <p>Emmanuel Ng NgCYEmmanuel@ocbc.com</p> <p>Tommy Xie Dongming XieD@ocbc.com</p> <p>Terence Wu TerenceWu@ocbc.com</p> <p>Howie Lee HowieLee@ocbc.com</p> <p>Alan Lau AlanLau@ocbc.com</p> | <p><u>Credit Research</u></p> <p>Andrew Wong WongVKAM@ocbc.com</p> <p>Ezien Hoo EzienHoo@ocbc.com</p> <p>Wong Hong Wei WongHongWei@ocbc.com</p> <p>Seow Zhi Qi ZhiQiSeow@ocbc.com</p> |

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