

**Highlights**

Global	Global risk sentiments nudged higher amid news that UK PM May is considering delaying Brexit beyond 29 March and will chair a Cabinet discussion today. This followed news that US president Trump had also extended the 90-day trade truce deadline of 1 March with China, albeit he also cautioned that a deal “might not happen at all”. Wall Street edged higher overnight and the 10-year UST bond yield closed higher at 2.67% (+2bps), while crude oil prices tumbled after Trump tweeted that they were too high and urged OPEC to “relax and take it easy”. Asian markets may tread water today, awaiting Fed chair Powell’s Congressional testimony today and tomorrow, while Trump is also meeting Kim Jong Un for a second summit in Vietnam on 27-28 February. The economic calendar comprises of US’ building permits, house prices and Conference Board’s consumer confidence, S’pore’s industrial production, Hong Kong’s trade data for January and Taiwan’s unemployment rate. ECB’s Lane and BOE’s Carney, Ramden, Vlieghe and Haskel are speaking today.
US	Former Fed chair Yellen criticised Trump as “I doubt that he would even be able to say that the Fed’s goals are maximum employment and price stability” and “comments like that show a lack of understanding of the impact of the Fed on the economy, and appropriate policy goals”. She also opined that “the economy is doing well”.
UK	Labour leader Corbyn said he will back a public vote on Brexit to prevent a no deal and oppose a damaging Tory Brexit based on Theresa May’s overwhelmingly rejected deal. Meanwhile, PM May’s office will publish government estimates of the economic impact from a no-deal Brexit shortly.
CH	China’s banking and insurance regulator said yesterday that China has achieved its structural deleverage target. The growth of leverage has stabilized last year.
SG	Headline and MAS core inflation eased to 0.4% yoy and 1.7% yoy respectively in January 2019, down from 0.5% yoy and 1.9% yoy in December 2018. Notably, the cost of electricity and gas rose at a slower pace (6.5% yoy versus 14.6% previously due to the phased launch of the Open Electricity Market) and mitigated faster services inflation (1.7% yoy versus 1.5% previously due to an increase in public transport fares). Accommodation costs fell 1.9% yoy in January, the same as December, while private road transport cost also declined by 3.4% yoy (compared to -3.7% in December). The 2019 inflation outlook has turned more benign as global oil prices are expected to be lower this year compared to 2018. While the domestic labour market should be supportive and underpin wage growth, this may be mitigated by greater market competition in several consumer segments like telecommunications, electricity and retail. Budget 2019 will also disburse \$132 million of S&CC rebates (1.5-3.5 months) for eligible Singaporean households to benefit about 930,000 households. MAS has revised its headline inflation forecast for 2019 down from 1-2% yoy to 0.5-1.5% yoy, but kept its MAS core inflation forecast unchanged at 1.5-2.5%. Conviction levels for a further tightening (via a S\$NEER slope steepening) is evaporating. The easing in headline inflation, coupled with the global tide of monetary policy intentions turning more dovish, may give the central bank more room to manoeuvre.

## Major Markets

- **US:** Wall Street ended higher on Monday, with the S&P500 increasing 0.12%. The DJIA rose 0.23%, while the Nasdaq composite jumped 0.36%.
- **Singapore:** The 2020 inflation outlook may deviate from a benign 2019: The phased tightening of the Dependency Ratio Ceiling (DRC) for the services sector from 1 January 2020 may exacerbate services inflation from next year if firms pass on the potentially labour crunch to consumers. The STI gained slightly by 0.07% to close at 3272.35 yesterday, and may range trade today between 3260-3300. While Wall Street rose overnight, KOSPI is opening a tad softer this morning. With UST bond yields a tad firmer overnight, SGS bonds may also trade with a soft tone today. The auction of the \$1.6b (with MAS taking \$100m) 30-year SGS re-opening will close at noon today. The last two 30-year SGS bond auctions fetched very different bid-cover ratios of 2.21x (for the \$1.7b March 2018 auction) and 1.57x (for the \$1.5b June 2017 auction) and also cut-off yields of 2.94% and 2.55% respectively. The March 2046 SGS bond is currently trading around 2.57%, which suggests that demand may be supportive amid a dovish FOMC environment and given there are \$8.7b maturity of the 10-year SGS in June 2019, but the auction outcome may bear a closer similarity to that of the June 2017 auction rather than the March 2018 auction.
- **China:** RMB broke the psychological level of 6.70 on Monday on the back of positive headline from the US-China trade talk. Speculation on mini Plaza Accord heightened following the news that US wants China to notify the US before intervening the currency market. However, we think market may over read the news and the currency pact is similar to the clause in the US Canada and Mexico trade agreement.
- **Indonesia:** The government will be holding a conventional bond auction today with our expectations that appetite should be decent given Bank Indonesia's less hawkish tone last week.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates trading 1bps lower across most tenors. The Bloomberg Barclays Asia USD IG Bond Index average OAS and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 1bps to 143bps and 512bps respectively. 10Y UST rose 1bps to 2.66%, as President Donald Trump postponed an increase in tariffs on China and the US Treasury Department is set to sell a new USD168bn supply of notes.
- **New Issues:** Ronshine China Holdings Ltd has priced a USD300mn 3-year bond (subsidiary guarantors: certain of company's restricted subsidiaries incorporated outside the PRC) at 10.5%, tightening from IPT of 10.875% area. Redsun Properties Group Ltd has priced a USD300mn 2-year bond (subsidiary guarantors: certain of company's restricted subsidiaries incorporated outside the PRC) at 12.625%, tightening from IPT of 13.0% area. Guorui Properties Ltd has priced a USD160mn 3-year bond at 14.5% (13.5% at 97.0 reoffer). Golden Wheel Tiandi Holdings Co Ltd has priced a USD160mn re-tap of its existing GWTH 7.0%'21s (subsidiary guarantors: certain of company's restricted subsidiaries incorporated outside the PRC) at 13.85%, tightening from IPT of 14.0% area. Woodside Finance Ltd has priced a USD1.5bn 10-year bond (guarantors: Woodside Petroleum Ltd and Woodside Energy Ltd) at CT10+185bps, tightening from IPT of +205bps area. Commonwealth Bank of Australia has priced a USD1.25bn 2-

tranche deal, with the USD750mn 5.25-year bond priced at CT5+88bps (tightening from IPT of +100bps area) and the USD500mn 5.25-year FRN priced at 3-month LIBOR +82bps (in line with IPT). Jubilant Life Sciences Ltd has scheduled investor meetings from 26 Feb for its potential USD bond issuance. China Bright (Hong Kong) Ltd (guarantor: Beijing Easyhome Investment Holding Group Co Ltd) has scheduled investor meetings from 26 Feb for its potential USD bond issuance. Delta Merlin Dunia Tekstil PT has scheduled investor meetings from 26 Feb for its potential USD bond issuance. Industrial & Commercial Bank of China Ltd has mandated banks for its potential USD bond issuance. Far East Horizon Ltd has mandated banks for its potential USD bond issuance. AMP Group Finance Services Ltd has scheduled investor meeting ending 27 Feb for its potential USD bond issuance.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	96.413	-0.10%	<b>USD-SGD</b>	1.3498	-0.10%
<b>USD-JPY</b>	111.060	0.33%	<b>EUR-SGD</b>	1.5333	0.12%
<b>EUR-USD</b>	1.1358	0.20%	<b>JPY-SGD</b>	1.2152	-0.40%
<b>AUD-USD</b>	0.7167	0.53%	<b>GBP-SGD</b>	1.7677	0.26%
<b>GBP-USD</b>	1.3097	0.34%	<b>AUD-SGD</b>	0.9674	0.46%
<b>USD-MYR</b>	4.0670	-0.26%	<b>NZD-SGD</b>	0.9292	0.45%
<b>USD-CNY</b>	6.6891	-0.37%	<b>CHF-SGD</b>	1.3487	-0.13%
<b>USD-IDR</b>	14018	-0.28%	<b>SGD-MYR</b>	3.0138	-0.04%
<b>USD-VND</b>	23217	0.01%	<b>SGD-CNY</b>	4.9584	-0.19%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3670	--	<b>O/N</b>	2.3879	--
<b>2M</b>	-0.3360	--	<b>1M</b>	2.4844	--
<b>3M</b>	-0.3100	--	<b>2M</b>	2.5764	--
<b>6M</b>	-0.2310	--	<b>3M</b>	2.6463	--
<b>9M</b>	-0.1940	--	<b>6M</b>	2.7060	--
<b>12M</b>	-0.1080	--	<b>12M</b>	2.8916	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	2-2.25%	2.25-2.5%	2.5-2.75%
03/20/2019	1.7%	0.0%	0.0%	98.3%	1.7%
05/01/2019	1.6%	2.0%	2.0%	96.3%	1.6%
06/19/2019	1.5%	7.4%	7.3%	91.0%	1.5%
07/31/2019	1.5%	7.7%	7.6%	90.7%	1.5%
09/18/2019	1.5%	8.6%	8.4%	89.8%	1.5%
10/30/2019	1.5%	9.5%	9.2%	89.0%	1.5%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	55.48	-3.11%	Coffee (per lb)	0.964	-0.05%
Brent (per barrel)	64.76	-3.52%	Cotton (per lb)	0.7193	0.13%
Heating Oil (per gallon)	1.9746	-2.78%	Sugar (per lb)	0.1310	-2.02%
Gasoline (per gallon)	1.5452	-4.10%	Orange Juice (per lb)	1.1845	-2.35%
Natural Gas (per MMBtu)	2.8360	4.38%	Cocoa (per mt)	2,247	-0.97%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	4.6675	-4.11%
Nickel (per mt)	12,939.5	--	Soybean (per bushel)	9.118	0.16%
Aluminium (per mt)	1,897.5	--	Corn (per bushel)	3.7050	-1.27%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,325.9	-0.25%	Crude Palm Oil (MYR/MT)	2,020.0	-5.52%
Silver (per oz)	15.830	-0.53%	Rubber (JPY/KG)	193.9	1.73%

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

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	26,091.95	60.14
<b>S&amp;P</b>	2,796.11	3.44
<b>Nasdaq</b>	7,554.46	26.92
<b>Nikkei 225</b>	21,528.23	102.72
<b>STI</b>	3,272.35	2.45
<b>KLCI</b>	1,724.58	3.16
<b>JCI</b>	6,525.36	23.98
<b>Baltic Dry</b>	634.00	--
<b>VIX</b>	14.85	1.34

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.94 (-0.01)	2.51 (+0.01)
<b>5Y</b>	2.00 (--)	2.48 (+0.01)
<b>10Y</b>	2.17 (--)	2.66 (+0.01)
<b>15Y</b>	2.40 (+0.01)	--
<b>20Y</b>	2.45 (+0.01)	--
<b>30Y</b>	2.60 (+0.02)	3.03 (+0.01)

#### Financial Spread (bps)

	Value	Change
<b>EURIBOR-OIS</b>	5.18	-0.02
<b>TED</b>	35.36	--

### Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
02/25/2019 05:45	NZ Retail Sales Ex Inflation QoQ	4Q	0.50%	1.70%	0.00%	0.30%
02/25/2019 07:50	JN PPI Services YoY	Jan	1.10%	1.10%	1.10%	--
02/25/2019 13:00	SI CPI NSA MoM	Jan	0.10%	-0.30%	0.10%	--
<b>02/25/2019 13:00</b>	<b>SI CPI YoY</b>	<b>Jan</b>	<b>0.60%</b>	<b>0.40%</b>	<b>0.50%</b>	--
02/25/2019 13:00	SI CPI Core YoY	Jan	1.80%	1.70%	1.90%	--
02/25/2019 13:00	JN Leading Index CI	Dec F	--	97.5	97.9	--
02/25/2019 13:00	JN Coincident Index	Dec F	--	101.8	102.3	--
02/25/2019 16:26	KZ Money Supply M3 MoM	Jan	--	2.90%	4.60%	--
02/25/2019 21:30	US Chicago Fed Nat Activity Index	Jan	0.1	-0.43	0.27	0.05
02/25/2019 23:00	CA Bloomberg Nanos Confidence	Feb-22	--	54.4	54.8	--
<b>02/25/2019 23:00</b>	<b>US Wholesale Inventories MoM</b>	<b>Dec P</b>	<b>0.40%</b>	<b>1.10%</b>	<b>0.30%</b>	<b>0.40%</b>
02/25/2019 23:00	US Wholesale Trade Sales MoM	Dec	-0.30%	-1.00%	-0.60%	-1.20%
02/25/2019 23:30	US Dallas Fed Manf. Activity	Feb	4.7	13.1	1	--
02/26/2019 05:00	SK Consumer Confidence	Feb	--	99.5	97.5	--
	ANZ Roy Morgan Weekly Consumer Confidence Index	Feb-24	--	114.1	115.2	--
02/26/2019 06:30	AU Confidence Index	Feb-24	--	114.1	115.2	--
02/26/2019 11:30	TH Mfg Production Index ISIC NSA YoY	Jan	1.10%	--	0.75%	--
02/26/2019 11:30	TH Capacity Utilization ISIC	Jan	--	--	66.88	--
02/26/2019 13:00	SI Industrial Production SA MoM	Jan	1.50%	--	-5.60%	--
<b>02/26/2019 13:00</b>	<b>SI Industrial Production YoY</b>	<b>Jan</b>	<b>-3.10%</b>	--	<b>2.70%</b>	--
02/26/2019 15:00	GE GfK Consumer Confidence	Mar	10.8	--	10.8	--
<b>02/26/2019 15:45</b>	<b>FR Consumer Confidence</b>	<b>Feb</b>	<b>92</b>	--	<b>91</b>	--
02/26/2019 16:00	TA Industrial Production YoY	Jan	-1.70%	--	-1.22%	--
02/26/2019 16:00	TA Unemployment Rate	Jan	3.70%	--	3.70%	--
02/26/2019 16:20	TA Money Supply M2 Daily Avg YoY	Jan	--	--	3.07%	--
02/26/2019 16:20	TA Money Supply M1B Daily Avg YoY	Jan	--	--	5.69%	--
<b>02/26/2019 16:30</b>	<b>HK Exports YoY</b>	<b>Jan</b>	<b>-2.80%</b>	--	<b>-5.80%</b>	--
02/26/2019 16:30	HK Imports YoY	Jan	-2.20%	--	-7.00%	--
02/26/2019 16:30	HK Trade Balance HKD	Jan	-30.1b	--	-51.2b	--
02/26/2019 17:30	UK UK Finance Loans for Housing	Jan	38441	--	38779	--
<b>02/26/2019 21:30</b>	<b>US Housing Starts</b>	<b>Dec</b>	<b>1256k</b>	--	<b>1256k</b>	--
02/26/2019 21:30	US Building Permits	Dec	1290k	--	1328k	1322k
02/26/2019 21:30	US Housing Starts MoM	Dec	-0.10%	--	3.20%	--
02/26/2019 21:30	US Building Permits MoM	Dec	-2.60%	--	5.00%	4.50%
02/26/2019 22:00	US House Price Purchase Index QoQ	4Q	--	--	1.30%	--
02/26/2019 22:00	US FHFA House Price Index MoM	Dec	0.40%	--	0.40%	--
02/26/2019 22:00	US S&P CoreLogic CS 20-City MoM SA	Dec	0.30%	--	0.30%	--
02/26/2019 22:00	US S&P CoreLogic CS 20-City YoY NSA	Dec	4.50%	--	4.68%	--
02/26/2019 22:00	US S&P CoreLogic CS 20-City NSA Index	Dec	--	--	213.66	--
02/26/2019 22:00	US S&P CoreLogic CS US HPI YoY NSA	Dec	--	--	5.19%	--
02/26/2019 22:00	US S&P CoreLogic CS US HPI NSA Index	Dec	--	--	205.85	--
02/26/2019 23:00	US Richmond Fed Manufact. Index	Feb	5	--	-2	--
<b>02/26/2019 23:00</b>	<b>US Conf. Board Consumer Confidence</b>	<b>Feb</b>	<b>124.9</b>	--	<b>120.2</b>	--
02/26/2019 23:00	US Conf. Board Present Situation	Feb	--	--	169.6	--
02/26/2019 23:00	US Conf. Board Expectations	Feb	--	--	87.3	--
<b>02/26/2019</b>	<b>MU Visitor Arrivals</b>	<b>Jan</b>	--	--	<b>3570t</b>	--
02/26/2019	MU CPI Composite YoY	Jan	--	--	--	--
02/25/2019 03/04	SL Exports YoY	Dec	--	--	4.10%	--
02/25/2019 03/04	SL Imports YoY	Dec	--	--	-9.10%	--

Source: Bloomberg

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