

Highlights

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| Global | <p>Global risk appetite may sustain to start this week after the US economy expanded a better than expected 3.2% (forecast: 2.3%), aided by net exports (+1.03% point to growth) and rising private inventories (+0.65%). Friday's market action saw the S&P500 hitting a fresh record close, but the 10-year UST bond yield dipped 3bps to 2.5% as investors remained concerned that consumer spending had cooled for a third straight quarter to 1.3% (slowest since 2013) which suggested that growth momentum going ahead will ease. Over in Europe, S&P left Italy's rating unchanged on Friday, while Pedro Sanchez is likely to remain Spanish PM if he can garner a few remaining votes (from Catalans?) to form a ruling coalition following the weekend elections.</p> <p>Asian markets trade with a risk-on tone today. Today's economic data calendar comprises of US' March personal income and spending and core PCE deflator, Eurozone's consumer confidence, and Hong Kong's trade data. BOE governor Carney is also speaking. Despite a May-Day holiday-shortened week ahead, key for the week ahead include the FOMC decision on 2 May (while no changes to the policy setting is expected, nevertheless any indications of a dovish inclination given the upside surprise in 1Q19 growth momentum, especially since the futures market is still pricing in a rate cut by year-end, will be keenly monitored), China's PMI and Eurozone's 1Q GDP growth tomorrow, BOE policy meeting on Thursday (likely to be static, albeit possibly with Saunders as a potential dissenter, but also watch the updated economic forecasts and Carney's comments), US-China trade talks to continue in Beijing, earnings announcements from Apple, Alphabet, GE, HSBC, Shell and McDonalds, and US' nonfarm payrolls and unemployment data on Friday (with consensus forecast eyeing 185k and 3.8%).</p> |
| CH | <p>China concluded its second Belt and Road Forum of international cooperation. China announced 283 deliverable concrete results from the forum. In the list, China's Ministry of Finance will work with its BRI counterparties to enhance debt management and promote sustainable financing under Debt Sustainability Framework. The move is helpful to address the concern that China's BRI may lead to higher debt in emerging markets.</p> |
| MY | <p>Malaysia's Trade Minister Darell Leiking has said that the decision to resume the ECRL and the country's enthusiasm to work with Huawei shows Malaysia's interest in doing business with China. During Mahathir's visit to China, there was also the signing of two MoUs and a framework agreement to revive Bandar Malaysia. One of the MoUs aims to woo more Chinese investment along the ECRL route whilst the other looks to China buying an estimated extra RM4.56 billion worth of palm oil over a five-year period starting from this year.</p> |
| SG | <p>March industrial production shrank 4.8% yoy (-2.36% mom sa), worse than our forecast for 4.4% yoy (-2.0% mom sa). Meanwhile, the 1Q19 unemployment rate was steady at 2.2%. The \$2.4 b re-opening of the 10-year SGS bond maturing in May 2028 fetched a cut-off yield of 2.20% and an average yield of 1.96%, with a bid-cover ratio of 1.83x (or 2.0x if the \$200mn for MAS is excluded). The next SGS bond auction is a 2-year re-opening on 3 June, with the issue size announcement on 22 May and auction on 29 May.</p> |

Major Markets

- **US:** Wall Street ended higher on Friday, with the S&P500 advancing 0.5%. The DJIA jumped 0.3%, and the Nasdaq composite climbed 0.3%.
- **Singapore:** The STI slipped 0.20% to close at 3356.95 on Friday and may attempt to extend gains this morning amid strong earnings cues from DBS, Wall Street's gains on Friday and morning gains by Kospi. STI's resistance and support are tipped at 3377 and 3340. With UST bonds rallying on Friday to push yields down by up to 6bps for the shorter tenors, SGS bonds may unwind some of the declines seen on Friday as well, now that the 10-year re-opening auction is out of the way.
- **Commodities:** Prices fell after US President Donald Trump said he "called up OPEC" and told the oil-producing cartel that they "have got to bring them [prices] down." This is not the first time the US President has targeted OPEC everytime oil prices have crept higher; previously it had told OPEC to "take it [supply cuts] easy" and "increase the flow of Oil". Last week, Trump also tweeted that "Saudi Arabia and others in OPEC will more than make up the Oil Flow difference." A separate Bloomberg report, however, stated that Trump has yet to call anyone at OPEC's HQ in Vienna.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened last Friday, with the shorter tenors trading within 1bps lower while the belly and longer tenors traded within 1bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS was little changed at 131bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 5bps to 476bps. 10Y UST yields fell 3bps to 2.50%, on the back of weak inflation data after the US first quarter growth report. Albeit the increase in GDP at an annualised rate of 3.2%, which exceeded economists' estimates, core personal expenditures consumption price index figure, a common metric of inflation, increased at a slower rate quarter on quarter.
- **New Issues:** Chengdu Tianfu New Area Investment Group Co Ltd has priced a USD300mn 5-year bond at 4.65%, tightening from IPT of 5.0% area. Hanrui Overseas Investment Co Ltd has priced a USD280mn 3-year bond (guarantor: Jiangsu Hanrui Investment Holdings Co Ltd) at 7.95%. Azure Power Global Ltd has mandated banks for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 98.006 | -0.20% | USD-SGD | 1.3620 | -0.08% |
| USD-JPY | 111.580 | -0.04% | EUR-SGD | 1.5184 | 0.07% |
| EUR-USD | 1.1151 | 0.17% | JPY-SGD | 1.2207 | -0.03% |
| AUD-USD | 0.7042 | 0.38% | GBP-SGD | 1.7592 | 0.05% |
| GBP-USD | 1.2916 | 0.13% | AUD-SGD | 0.9589 | 0.28% |
| USD-MYR | 4.1318 | -0.12% | NZD-SGD | 0.9073 | 0.47% |
| USD-CNY | 6.7288 | -0.22% | CHF-SGD | 1.3358 | -0.01% |
| USD-IDR | 14190 | 0.02% | SGD-MYR | 3.0332 | 0.07% |
| USD-VND | 23280 | 0.18% | SGD-CNY | 4.9468 | -0.02% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD Libor | Change |
|------------|---------|---------|------------|-----------|---------|
| 1M | -0.3670 | -0.0010 | O/N | 2.4000 | 0.0006 |
| 2M | -0.3360 | 0.0006 | 1M | 2.4831 | 0.0046 |
| 3M | -0.3100 | 0.0046 | 2M | 2.5414 | -0.0040 |
| 6M | -0.2290 | -0.0040 | 3M | 2.5828 | 0.0004 |
| 9M | -0.1940 | 0.0004 | 6M | 2.6158 | 0.0033 |
| 12M | -0.1130 | 0.0033 | 12M | 2.7175 | 0.0013 |

Fed Rate Hike Probability

| Meeting | Prob Hike | Prob Cut | 1.75-2% | 2-2.25% | 2.25-2.5% |
|------------|-----------|----------|---------|---------|-----------|
| 05/01/2019 | 0.0% | 3.1% | 0.0% | 3.1% | 96.9% |
| 06/19/2019 | 0.0% | 21.3% | 0.6% | 20.7% | 78.7% |
| 07/31/2019 | 0.0% | 31.2% | 3.1% | 28.0% | 68.8% |
| 09/18/2019 | 0.0% | 51.1% | 10.3% | 39.8% | 48.9% |
| 10/30/2019 | 0.0% | 55.5% | 13.0% | 40.6% | 44.5% |
| 12/11/2019 | 0.0% | 66.3% | 19.7% | 41.5% | 33.7% |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|----------------|--------------|-------------------------|----------------|--------------|
| WTI (per barrel) | 63.30 | -2.9% | Corn (per bushel) | 3.5125 | 1.1% |
| Brent (per barrel) | 72.15 | -3.0% | Soybean (per bushel) | 8.538 | -0.6% |
| Heating Oil (per gallon) | 2.0512 | -2.2% | Wheat (per bushel) | 4.3500 | 0.1% |
| Gasoline (per gallon) | 2.1006 | -1.5% | Crude Palm Oil (MYR/MT) | 2,013.0 | -1.8% |
| Natural Gas (per MMBtu) | 2.5660 | 2.1% | Rubber (JPY/KG) | 187.1 | -1.1% |
| Base Metals | Futures | % chg | Precious Metals | Futures | % chg |
| Copper (per mt) | 6,400 | 0.5% | Gold (per oz) | 1,284.9 | 0.7% |
| Nickel (per mt) | 12,424 | 0.8% | Silver (per oz) | 15.005 | 0.8% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 26,543.33 | 81.25 |
| S&P | 2,939.88 | 13.71 |
| Nasdaq | 8,146.40 | 27.72 |
| Nikkei 225 | 22,258.73 | -48.85 |
| STI | 3,356.95 | 6.67 |
| KLCI | 1,638.38 | 2.70 |
| JCI | 6,401.08 | 28.29 |
| Baltic Dry | 889.00 | 20.00 |
| VIX | 12.73 | -0.52 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 1.93 (+0.03) | 2.28 (-0.05) |
| 5Y | 2.01 (+0.03) | 2.29 (-0.04) |
| 10Y | 2.19 (+0.03) | 2.50 (-0.03) |
| 15Y | 2.37 (+0.02) | -- |
| 20Y | 2.42 (+0.02) | -- |
| 30Y | 2.58 (+0.02) | 2.92 (-0.02) |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| EURIBOR-OIS | 5.45 | 0.20 |
| TED | 35.36 | -- |

Secured Overnight Fin. Rate

| | |
|-------------|------|
| SOFR | 2.45 |
|-------------|------|

Economic Calendar

| Date Time | Event | | Survey | Actual | Prior | Revised |
|------------------|--------------------------------|--------|--------|----------|----------|---------|
| 04/26/2019 07:30 | JN Jobless Rate | Mar | 2.40% | 2.50% | 2.30% | -- |
| 04/26/2019 07:30 | JN Tokyo CPI Ex-Fresh Food YoY | Apr | 1.10% | 1.30% | 1.10% | -- |
| 04/26/2019 07:50 | JN Industrial Production MoM | Mar P | 0.00% | -0.90% | 0.70% | -- |
| 04/26/2019 13:00 | SI Industrial Production YoY | Mar | -4.60% | -4.80% | 0.70% | 2.60% |
| 04/26/2019 15:30 | TH Foreign Reserves | Apr-19 | -- | \$209.7b | \$210.9b | -- |
| 04/26/2019 20:30 | US GDP Annualized QoQ | 1Q A | 2.30% | 3.20% | 2.20% | -- |
| 04/26/2019 20:30 | US GDP Price Index | 1Q A | 1.20% | 0.90% | 1.70% | -- |
| 04/26/2019 22:00 | US U. of Mich. Sentiment | Apr F | 97 | 97.2 | 96.9 | -- |
| 04/29/2019 16:00 | EC M3 Money Supply YoY | Mar | 4.20% | -- | 4.30% | -- |
| 04/29/2019 16:30 | HK Exports YoY | Mar | -2.60% | -- | -6.90% | -- |
| 04/29/2019 17:00 | EC Consumer Confidence | Apr F | -7.9 | -- | -7.9 | -- |
| 04/29/2019 20:30 | US Personal Income | Mar | 0.40% | -- | 0.20% | -- |
| 04/29/2019 20:30 | US Personal Spending | Mar | 0.70% | -- | -- | -- |

Source: Bloomberg

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