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Highlights

| | |
|------------------|---|
| Global | <p>Divisions within the FOMC of the future direction for the rate trajectory remains rife ahead of next week's FOMC meeting - Fed governor Brainard's dovish comments that "given weak and decelerating foreign demand, it is critical to carefully protect and preserve the progress we have made here at home through prudent adjustments to the policy path" were contrasted with Fischer's opinion that "we may well at present be seeing the first stirrings of an increase in the inflation rate – something that we would like to happen". The other key developments overnight were the bounce in Brent above US\$40 per barrel handle for the first time this year and China's FX reserves which saw a less than expected decline of US\$39b to US\$3.2t. Expect the risk momentum to sustain in Asia today.</p> <p>Today's data focus will be on China's trade data, US' NFIB small business optimism, Eurozone's 4Q GDP prints, German industrial production, and Japan's Eco Watchers survey for Feb. Speakers scheduled includes BOE's Carney.</p> |
| US | <p>Brainard also added that "we should not take the strength in the US labor market and consumption for granted" amid the challenging transition in China's economy as "sources of robust demand around the globe are few, and sources of weakness relatively greater".</p> <p>Wall Street closed mostly flattish yesterday, with the Dow +0.40%, S&P500 +0.09% and Nasdaq -0.19%. VIX +2.91% to 17.35. The UST bond market continued to slip, with the 2- and 10-year bond yields up at 0.91% and 1.91% respectively. There is a US\$24b 3-year notes auction today, followed by US\$20b 10-year notes tomorrow, and US\$12b 30-year bonds on Thursday.</p> |
| JP | <p>4Q15 GDP growth was a tad better at -0.3% qoq sa, with -1.1% annualised qoq, amid a modest upward revision in business spending.</p> |
| Singapore | <p>S'pore's 2Q net employment outlook edged up slightly from 9% in 1Q16 to 2%, but still below the 14% a year ago. This suggests some stabilisation to employers' hiring intentions, mainly due to with the finance/insurance/real estate and services sectors. Elsewhere, the STI closed lower yesterday at 2823.51, marking a -0.48% decline. Given the recent oil recovery, we see Sembcorp Marine Ltd and Keppel Corp Ltd extending gains by 1.98% and 1.64% respectively. Noble Group was the key beneficiary of oil rally, coming in as Monday's top gainer, rising by 7.14% to close at \$0.45. SGS bonds may face selling pressure amid the global risk appetite improvement and nervousness seen in UST bond market overnight.</p> |
| China | <p>China's foreign exchange reserves fell slower than expected by US\$28.6 billion on a monthly basis to US\$3.20 trillion as of end February. The slowdown was mainly attributed to seasonal factors, capital controls and the easing of concerns over the depreciation of the RMB.</p> |
| Indonesia | <p>Darmin Nasution, the Economics Minister, has reportedly said that the government does not want the currency to strengthen above its fundamentals. This has come after its currency gained significant strength against the USD, trading below 13,100 level this week. Meanwhile, the central bank published its foreign exchange reserves figure for the month of February at USD 104.4bn, compared to 102.1bn previously.</p> |

Bond Market Updates

- **Market Commentary:** The SGD swap curve was relatively unchanged yesterday, with the short-end rates trading 0.5bp-1bp lower while the long-end rates traded 0.5bp higher. In the broader dollar space, JACI IG corporates spread tightened by 2bps to 241bps, while the yield on the JACI HY corporates fell by 3bps to 7.96%. 10y UST widened by 3bps to 1.91% on better market sentiment which flowed through to energy prices with WTI closing at its highest level this year following the sharp fall at the start of January.
- **New Issues:** Fitch upgraded Commerzbank AG long-term issuer default rating to “BBB+” from “BBB”. The upgrade reflects Commerzbank’s improved profitability and capitalisation, aided by ongoing de-risking, which resulted in a steady narrowing of losses from the bank’s non-core-assets segment. Moody’s downgraded Standard Chartered Bank’s long-term deposits and senior unsecured debt ratings to “Aa3” from “Aa2”, and Standard Chartered PLC’s senior unsecured debt rating to “A1” from “Aa3”. Moody’s cited deteriorating asset quality and profitability in 2015, which is affected by Standard Chartered’s commodities and Indian exposures. This led to an increase in problem loan ratio to 4.8% at end-2015 from 2.7% at end-2014. The group also reported a net loss of \$2.2billion for 2015. Outlook is negative. Moody’s downgraded Vedanta Resources PLC corporate family rating to “B2” from “Ba2”, driven by low commodity price environment that will keep earnings improvement distant, and a slower correction in leverage metrics than initially anticipated. Outlook is negative.
- **Rating Changes:** TD Bank priced a USD1.75bn 5-year covered bond at MS+95, widening from an initial guidance of MS+90. The expected rating is “NR/Aaa/NR”. Hyundai Capital priced a USD500mn 5-year green bond at CT5+150bps, tightening from an initial guidance of CT5+165bps. The expected rating for the issue is “A-/Baa1/NR”. Courts Asia priced a SGD75mn 3-year bond at 5.75%, with the net proceeds to be used for refinancing the existing SGD125mn 4.75’16s due in May. Ascendas Pte Ltd priced a SGD100mn 5-year bond at 2.965%, receiving more than SGD100mn book orders. Both the Courts Asia and Ascendas issues are unrated.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 97.071 | -0.28% | USD-SGD | 1.3783 | 0.26% |
| USD-JPY | 113.460 | -0.25% | EUR-SGD | 1.5181 | 0.32% |
| EUR-USD | 1.1132 | 0.00% | JPY-SGD | 1.2149 | 0.55% |
| AUD-USD | 0.7469 | 0.40% | GBP-SGD | 1.9663 | 0.53% |
| GBP-USD | 1.4265 | 0.25% | AUD-SGD | 1.0294 | 0.62% |
| USD-MYR | 4.0963 | -0.39% | NZD-SGD | 0.9373 | 0.11% |
| USD-CNY | 6.5168 | 0.14% | CHF-SGD | 1.3848 | -0.04% |
| USD-IDR | 13085 | -0.36% | SGD-MYR | 2.9594 | -0.67% |
| USD-VND | 22295 | 0.01% | SGD-CNY | 4.7225 | -0.09% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.2810 | -- | O/N | 0.3720 | -- |
| 2M | -0.2460 | -- | 1M | 0.4380 | -- |
| 3M | -0.2150 | -- | 2M | 0.5233 | -- |
| 6M | -0.1360 | -- | 3M | 0.6335 | -- |
| 9M | -0.0810 | -- | 6M | 0.8921 | -- |
| 12M | -0.0280 | -- | 12M | 1.1940 | -- |

Eurozone & Russia Update

| | 2Y Bond Ylds (bpschg) | | 10Y Bond Ylds (bpschg) | | 10Y Bund Spread % |
|-----------------|-----------------------|--------|------------------------|-------|-------------------|
| Portugal | 0.66 | 3.30 | 3.14 | 4.00 | 2.91 |
| Italy | -0.06 | -0.70 | 1.46 | -0.20 | 1.24 |
| Ireland | -0.33 | -3.50 | 0.93 | -2.20 | 0.71 |
| Greece* | 9.89 | -96.60 | 9.80 | 4.00 | 9.58 |
| Spain | -0.01 | -0.90 | 1.59 | 3.00 | 1.37 |
| Russia^ | 3.41 | -1.30 | 5.66 | -2.00 | 5.44 |

* Greece's bond yields data reflect 3-year (instead of 2-year) tenor

^ Russia's bond yields data reflects 3-year and 15-year tenors instead

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 17,073.95 | 67.20 |
| S&P | 2,001.76 | 1.80 |
| Nasdaq | 4,708.25 | -8.80 |
| Nikkei 225 | 16,911.32 | -103.50 |
| STI | 2,823.51 | -13.50 |
| KLCI | 1,697.93 | 5.40 |
| JCI | 4,831.58 | -19.30 |
| Baltic Dry | 354.00 | 5.00 |
| VIX | 17.35 | 0.50 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 1.01 (--) | 0.91 (+0.04) |
| 5Y | 1.78 (--) | 1.42 (+0.04) |
| 10Y | 2.15 (-0.03) | 1.91 (+0.03) |
| 15Y | 2.56 (-0.03) | -- |
| 20Y | 2.63 (-0.02) | -- |
| 30Y | 2.78 (-0.01) | 2.71 (+0.01) |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| LIBOR-OIS | 22.85 | -0.31 |
| EURIBOR-OIS | 14.10 | -0.10 |
| TED | 36.14 | -0.76 |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|---------|--------|-------------------------|---------|--------|
| WTI (per barrel) | 37.90 | 5.51% | Coffee (per lb) | 1.187 | -0.13% |
| Brent (per barrel) | 40.84 | 5.48% | Cotton (per lb) | 0.5892 | -0.02% |
| Heating Oil (per gallon) | 1.223 | 5.27% | Sugar (per lb) | 0.1466 | -1.15% |
| Gasoline (per gallon) | 1.39 | 4.55% | Orange Juice (per lb) | 1.1395 | -4.88% |
| Natural Gas (per MMBtu) | 1.69 | 1.44% | Cocoa (per mt) | 2,994 | -0.23% |
| Base Metals | Futures | % chg | Grains | Futures | % chg |
| Copper (per mt) | 5,000.0 | -0.55% | Wheat (per bushel) | 4.5775 | 0.66% |
| Nickel (per mt) | 9,362 | 0.45% | Soybean (per bushel) | 8.735 | 0.34% |
| Aluminium (per mt) | 1,592.0 | 0.55% | Corn (per bushel) | 3.5500 | 0.14% |
| Precious Metals | Futures | % chg | Asian Commodities | Futures | % chg |
| Gold (per oz) | 1,264.0 | -0.53% | Crude Palm Oil (MYR/MT) | 2,495.0 | 1.26% |
| Silver (per oz) | 15.623 | -0.37% | Rubber (JPY/KG) | 165.0 | 2.61% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

| Date Time | Event | Survey | Actual | Prior | Revised | |
|-------------------------|--|-------------|-----------------|------------------|------------------|----------------|
| 03/07/2016 08:30 | AU ANZ Job Advertisements MoM | Feb | -- | -1.20% | 1.00% | 0.90% |
| 03/07/2016 13:00 | JN Leading Index CI | Jan P | 101.6 | 101.4 | 102.1 | 101.8 |
| 03/07/2016 13:25 | PH Foreign Reserves | Feb | -- | \$81.3b | \$80.2b | \$80.7b |
| 03/07/2016 15:00 | GE Factory Orders MoM | Jan | -0.30% | -0.10% | -0.70% | -0.20% |
| 03/07/2016 15:00 | GE Factory Orders WDA YoY | Jan | 0.00% | 1.10% | -2.70% | -2.20% |
| 03/07/2016 16:00 | TA Trade Balance | Feb | \$3.55b | \$4.16b | \$3.51b | -- |
| 03/07/2016 16:00 | TA Exports YoY | Feb | -11.70% | -11.80% | -13.00% | -12.90% |
| 03/07/2016 16:00 | TA Imports YoY | Feb | -8.30% | -13.10% | -11.70% | -11.50% |
| 03/07/2016 16:10 | CH Foreign Reserves | Feb | \$3190.0b | \$3202.3b | \$3230.9b | -- |
| 03/07/2016 16:30 | HK Foreign Reserves | Feb | -- | \$359.9b | \$357.0b | -- |
| 03/07/2016 17:00 | SI Foreign Reserves | Feb | -- | \$244.01b | \$244.86b | -- |
| 03/07/2016 17:00 | IT PPI MoM | Jan | -- | -0.80% | -0.70% | -0.60% |
| 03/07/2016 17:00 | IT PPI YoY | Jan | -- | -3.00% | -4.00% | -3.90% |
| 03/07/2016 17:20 | ID Foreign Reserves | Feb | -- | \$104.54b | \$102.13b | -- |
| 03/07/2016 18:00 | MA Foreign Reserves | Feb-29 | -- | \$95.6b | \$95.6b | -- |
| 03/08/2016 05:45 | NZ Mfg Activity SA QoQ | 4Q | -- | -1.90% | 4.20% | 3.60% |
| 03/08/2016 07:50 | JN GDP SA QoQ | 4Q F | -0.40% | -0.30% | -0.40% | -- |
| 03/08/2016 07:50 | JN GDP Annualized SA QoQ | 4Q F | -1.50% | -1.10% | -1.40% | -- |
| 03/08/2016 07:50 | JN GDP Nominal SA QoQ | 4Q F | -0.30% | -0.20% | -0.30% | -- |
| 03/08/2016 07:50 | JN GDP Deflator YoY | 4Q F | 1.50% | -- | 1.50% | -- |
| 03/08/2016 07:50 | JN BoP Current Account Balance | Jan | ¥715.5b | ¥520.8b | ¥960.7b | -- |
| 03/08/2016 07:50 | JN Trade Balance BoP Basis | Jan | -¥530.0b | -- | ¥188.7b | -- |
| 03/08/2016 08:30 | TA CPI YoY | Feb | 0.80% | -- | 0.81% | -- |
| 03/08/2016 08:30 | AU NAB Business Conditions | Feb | -- | -- | 5 | -- |
| 03/08/2016 08:30 | AU NAB Business Confidence | Feb | -- | -- | 2 | -- |
| 03/08/2016 14:00 | JN Eco Watchers Survey Current | Feb | 47.4 | -- | 46.6 | -- |
| 03/08/2016 14:00 | JN Eco Watchers Survey Outlook | Feb | 49.3 | -- | 49.5 | -- |
| 03/08/2016 15:00 | GE Industrial Production SA MoM | Jan | 0.50% | -- | -1.20% | -- |
| 03/08/2016 15:00 | GE Industrial Production WDA YoY | Jan | -1.60% | -- | -2.20% | -- |
| 03/08/2016 15:45 | FR Trade Balance | Jan | -4100m | -- | -3943m | -- |
| 03/08/2016 18:00 | EC GDP SA QoQ | 4Q P | 0.30% | -- | 0.30% | -- |
| 03/08/2016 18:00 | EC GDP SA YoY | 4Q P | 1.50% | -- | 1.50% | -- |
| 03/08/2016 18:00 | EC Household Cons QoQ | 4Q | 0.30% | -- | 0.40% | -- |
| 03/08/2016 19:00 | US NFIB Small Business Optimism | Feb | 94 | -- | 93.9 | -- |
| 03/08/2016 21:15 | CA Housing Starts | Feb | 180.0k | -- | 165.9k | -- |
| 03/08/2016 21:30 | CA Building Permits MoM | Jan | -2.30% | -- | 11.30% | -- |
| 03/08/2016 | CH Trade Balance | Feb | \$51.00b | -- | \$63.29b | -- |
| 03/08/2016 | CH Exports YoY | Feb | -14.50% | -- | -11.20% | -- |
| 03/08/2016 | CH Imports YoY | Feb | -12.00% | -- | -18.80% | -- |
| 03/07/2016 03/11 | PH Budget Balance PHP | Dec | -- | -- | 6.0b | -- |
| 03/08/2016 03/13 | VN Domestic Vehicle Sales YoY | Feb | -- | -- | 36.50% | -- |

Source: Bloomberg

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