

Highlights

Global	<p>Slightly more hawkish rhetoric from two Fed speakers (albeit non-voters) overnight that stressed that a rate hike in April's meeting was still live kept global risk appetite at bay. Lockhart opined that "there is sufficient momentum evidenced by the economic data to justify a further step at one of the coming meetings, possibly as early as the meeting scheduled for end of April", while Williams also noted that "all else equal, assuming everything else is basically the same and the data flow continues the way I hope and expect, then April or June would definitely be potential times to have an increase in interest rates". Recent inflation expectations have started to rekindle amid the commodity price rebound and the current hot weather bout which has lifted agricultural prices. Elsewhere, the IMF is said to be pressuring China to release more data on its derivative holdings such as forwards, which have become the main financial instrument for currency intervention, according to a WSJ report. For today, expect Asian markets to be somewhat sidelined ahead of the spate of manufacturing and services PMI prints.</p> <p>Today's data calendar comprises the Market manufacturing and services PMIs for Europe, German IFO and ZEW survey, and US' Markit manufacturing PMI. Canada is also announcing its federal budget. RBA governor Stevens is also speaking.</p>
US	<p>Existing home sales fell more than expected by 7.1% mom in Feb to 5.08m amid cold winter weather, especially in the Northeast and Midwest. Elsewhere, Wall Street rose yesterday, with the Dow +0.12%, S&P500 +0.10% and Nasdaq +0.28%. VIX 1.64% to 13.79. The UST bonds sold off yesterday amid more hawkish Fed speak, with the 2- and 10-year bond yields up at 0.88% and 1.92% respectively.</p>
Singapore	<p>The 2-year SGS bond re-opening will be \$2.6b (with MAS taking \$200m), for auction on 29 March and issue on 1 April. The STI slid 0.90% to close at 2880.69 yesterday, and may consolidate today given positive leads from Wall Street on Friday and modest morning gains by Kospi. STI could trade in a 2880-2920 range today. Meanwhile, SGS bonds may tread more cautiously today, given the negative cue from UST bonds overnight after more hawkish Fed speak. At the front-end, SOR has collapsed in line with the SGD strength, but SIBOR has been relatively stable.</p>
China	<p>PBoC dismissed market interpretation that Governor Zhou encouraged individuals to invest their savings in stock market after he said increasing portion of national savings can be used for equity capital financing on Sunday. Instead PBoC said equity capital financing has a broader definition including direct investment, private equity as well as stock investment.</p>
Commodities	<p>Crude oil rallied with WTI and Brent closing at \$39.91/bbl and \$41.54/bbl respectively. Market-watchers however, pushed WTI higher in early morning trading today after market intelligence firm Genscape commented that US oil inventories in Cushing had fallen in the week ended 18 March 2016. Gold faded lower below its \$1,250/oz on another stronger dollar session.</p>

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Major Market

- **Hong Kong:** Headline inflation increased further from 2.7% to 3.1% in February. Due to the extremely cold weather and the Lunar New Year, food inflation skyrocketed from 4.4% to 5.6% in February. However, housing rental inflation remained low at 3.9% amid sour market sentiment and prospect of increasing supply. On the other hand, clothing prices deflated for the 11th consecutive month to -1.7% in February, while alcoholic drinks and tobacco inflation also fell to 5-month low of 0.2%. Soft data of clothing and tobacco inflation were due to sluggish inbound tourist activities which propel retailers to slash price to clear inventory. Looking forward, we expect the upside risks on HK's inflation to be limited this year given dampened consumption sentiment amid a dimmer economic outlook.
- **Macau:** CPI accelerated to 3.88% in February. However, this figure might have been distorted by the Lunar New Year Holiday and extremely cold weather, as the surge in the price index of Food & Non-Alcoholic Beverages was offset the further deceleration in price growth of Housing & Fuels. Looking ahead, with the festive season effects fading, we expect the headline inflation to slow in the coming months. We also believe that the CPI will stay low around 4% in 1H amid renewed reduction in charges for package tours after Lunar New Year Holidays and slower inflation of housing & fuels.

Bond Market Updates

- **Market Commentary:** The entire SGD swap curve traded higher yesterday with the curve 4bps-6bps higher at the shorter end while the long-end rates traded up 3-4bps. In the broader dollar space, JACI IG corporates spread continued to be somewhat range bound widening by 1bp to 232bps, while the yield on the JACI HY corporates decreased by 2bps to 7.79%. 10y UST widened by 4bps to 1.91% amidst comments by Fed officials that a rate hike could come sooner rather than later, a continuing rally in equity markets and strengthening oil prices.
- **New Issues:** The Republic of Indonesia sold a dual tranche sukuk with the USD750m 5-year priced at 3.4% against IPT in the 3.7% area and the USD1.75bn 10-year tranche priced at 4.55%, tighter than IPT 4.8% area. BreadTalk Group Limited launched and priced a SGD75mn bond at 4.6%, tightening from IPT of 4.75%. Aspial Corporation Limited announced an offer of up to SGD75mn of 4 yr bonds at 5.3%. PSA International is arranging investor update meetings in Asia and Europe over March 28-30.
- **Rating Changes:** Moody's has placed the ratings on Deutsche Bank AG and its supported affiliates on review for downgrade given the rising execution hurdles facing the Bank to improve profitability over the next three years due to the bank's internal and external environment. Moody's also downgraded the senior unsecured ratings on Statoil ASA, Norway's national oil company, to "Aa3" from "Aa2" and its baseline credit assessment to "a2" from "a1" given the ongoing influence of weaker oil prices on earnings and cash flows. Outlook is stable.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.288	0.21%	USD-SGD	1.3599	0.13%
USD-JPY	111.950	0.36%	EUR-SGD	1.5287	-0.18%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2147	-0.30%
AUD-USD	0.7578	-0.39%	GBP-SGD	1.9540	-0.63%
GBP-USD	1.4369	-0.74%	AUD-SGD	1.0306	-0.24%
USD-MYR	4.0588	0.14%	NZD-SGD	0.9196	-0.50%
USD-CNY	6.4845	0.20%	CHF-SGD	1.4021	0.03%
USD-IDR	13152	0.27%	SGD-MYR	2.9874	0.13%
USD-VND	22295	0.01%	SGD-CNY	4.7734	0.09%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3240	--	O/N	0.3743	--
2M	-0.2750	--	1M	0.4283	--
3M	-0.2350	--	2M	0.5142	--
6M	-0.1310	--	3M	0.6243	--
9M	-0.0690	--	6M	0.8912	--
12M	-0.0030	--	12M	1.2115	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.65	-0.90	2.93
Italy	-0.02	-0.10	1.25
Ireland	-0.35	-0.30	0.85
Greece*	9.76	85.40	8.72
Spain	0.02	-1.10	1.44
Russia^	3.28	0.90	5.49

* 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	17,623.87	21.60
S&P	2,051.60	2.00
Nasdaq	4,808.87	13.20
Nikkei 225	16,724.81	--
STI	2,880.69	-26.10
KLCI	1,718.36	2.00
JCI	4,885.16	-0.50
Baltic Dry	398.00	3.00
VIX	13.79	-0.20

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.94 (+0.01)	0.87 (+0.04)
5Y	1.74 (+0.04)	1.38 (+0.04)
10Y	2.07 (+0.04)	1.92 (+0.04)
15Y	2.44 (+0.04)	--
20Y	2.55 (+0.03)	--
30Y	2.72 (+0.03)	2.72 (+0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.93	-0.51
EURIBOR-OIS	11.05	-0.05
TED	32.45	-1.49

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	39.91	1.19%	Coffee (per lb)	1.316	-1.72%
Brent (per barrel)	41.54	0.83%	Cotton (per lb)	0.5817	1.77%
Heating Oil (per gallon)	1.237	-0.14%	Sugar (per lb)	0.1629	2.00%
Gasoline (per gallon)	1.46	2.21%	Orange Juice (per lb)	1.2790	0.12%
Natural Gas (per MMBtu)	1.828	-4.14%	Cocoa (per mt)	3,072	-1.48%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,064.0	0.44%	Wheat (per bushel)	4.6650	0.76%
Nickel (per mt)	8,742	1.25%	Soybean (per bushel)	9.020	0.50%
Aluminium (per mt)	1,500.0	-0.63%	Corn (per bushel)	3.6950	0.68%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,244.2	-0.81%	Crude Palm Oil (MYR/MT)	2,634.0	0.04%
Silver (per oz)	15.841	0.22%	Rubber (JPY/KG)	165.1	0.00%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
03/21/2016 08:01	UK Rightmove House Prices MoM	Mar	--	1.30%	2.90%	--
03/21/2016 08:01	UK Rightmove House Prices YoY	Mar	--	7.60%	7.30%	--
03/21/2016 10:00	NZ Credit Card Spending YoY	Feb	--	7.30%	8.90%	8.30%
03/21/2016 10:31	MU CPI Composite YoY	Feb	--	3.88%	3.81%	--
03/21/2016 16:00	TA Export Orders YoY	Feb	-10.00%	-7.40%	-12.40%	--
03/21/2016 16:30	HK CPI Composite YoY	Feb	2.60%	3.10%	2.70%	--
03/21/2016 20:30	US Chicago Fed Nat Activity Index	Feb	0.25	-0.29	0.28	0.41
03/21/2016 22:00	US Existing Home Sales	Feb	5.31m	5.08m	5.47m	--
03/21/2016 22:00	US Existing Home Sales MoM	Feb	-3.00%	-7.10%	0.40%	--
03/21/2016 23:00	EC Consumer Confidence	Mar A	-8.3	-9.7	-8.8	--
03/22/2016 08:30	TA Unemployment Rate	Feb	3.93%	--	3.91%	--
03/22/2016 10:00	JN Nikkei Japan PMI Mfg	Mar P	50.5	--	50.1	--
	All Industry Activity Index					
03/22/2016 12:30	JN MoM	Jan	1.90%	--	-0.90%	--
	Markit France Manufacturing					
03/22/2016 16:00	FR PMI	Mar P	50.2	--	50.2	--
03/22/2016 16:00	FR Markit France Services PMI	Mar P	49.5	--	49.2	--
03/22/2016 16:00	FR Markit France Composite PMI	Mar P	49.7	--	49.3	--
	Markit/BME Germany					
03/22/2016 16:30	GE Manufacturing PMI	Mar P	50.8	--	50.5	--
03/22/2016 16:30	GE Markit Germany Services PMI	Mar P	55	--	55.3	--
	Markit/BME Germany					
03/22/2016 16:30	GE Composite PMI	Mar P	54.1	--	54.1	--
03/22/2016 17:00	GE IFO Business Climate	Mar	106	--	105.7	--
03/22/2016 17:00	GE IFO Current Assessment	Mar	112.7	--	112.9	--
03/22/2016 17:00	GE IFO Expectations	Mar	99.5	--	98.8	--
	Markit Eurozone					
03/22/2016 17:00	EC Manufacturing PMI	Mar P	51.4	--	51.2	--
03/22/2016 17:00	EC Markit Eurozone Services PMI	Mar P	53.3	--	53.3	--
	Markit Eurozone Composite					
03/22/2016 17:00	EC PMI	Mar P	53	--	53	--
03/22/2016 17:30	UK CPI MoM	Feb	0.40%	--	-0.80%	--
03/22/2016 17:30	UK CPI YoY	Feb	0.40%	--	0.30%	--
03/22/2016 17:30	UK CPI Core YoY	Feb	1.20%	--	1.20%	--
03/22/2016 17:30	UK Retail Price Index	Feb	260.2	--	258.8	--
03/22/2016 17:30	UK RPI MoM	Feb	0.50%	--	-0.70%	--
03/22/2016 17:30	UK RPI YoY	Feb	1.30%	--	1.30%	--
03/22/2016 17:30	UK PPI Output NSA MoM	Feb	0.00%	--	-0.10%	--
03/22/2016 17:30	UK PPI Output NSA YoY	Feb	-1.20%	--	-1.00%	--
03/22/2016 17:30	UK ONS House Price YoY	Jan	--	--	6.70%	--
03/22/2016 17:30	UK PSNB ex Banking Groups	Feb	5.9b	--	-11.2b	--
03/22/2016 18:00	GE ZEW Survey Current Situation	Mar	53	--	52.3	--
03/22/2016 18:00	GE ZEW Survey Expectations	Mar	5.4	--	1	--
03/22/2016 18:00	EC ZEW Survey Expectations	Mar	--	--	13.6	--
03/22/2016 18:00	MA Foreign Reserves	Mar-15	--	--	\$95.6b	--
03/22/2016 21:00	US FHFA House Price Index MoM	Jan	0.50%	--	0.40%	--
03/22/2016 21:45	US Markit US Manufacturing PMI	Mar P	51.9	--	51.3	--
03/22/2016 22:00	US Richmond Fed Manufact. Index	Mar	0	--	-4	--

Source: Bloomberg

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