

Highlights

Global	<p>Whilst awaiting Trump's speech, Fed officials Dudley and Williams sounded relatively hawkish, with the former noting that "the risks to the outlook are now starting to tilt to the upside" and "I think the case for monetary policy tightening has become a lot more compelling" while the latter also opined that a March hike would see "serious consideration". Expect Asian markets to tread cautiously to start, barring any surprises from Trump later this morning. Today's focus will be on Trump's speech, China's PMIs, Bank of Canada policy meeting (likely static at 0.5%), US' manufacturing ISM and personal spending data, Fed's Beige Book, and German unemployment and CPI. Speakers include ECB's Weidmann and Fed's Kaplan and Brainard.</p>
US	<p>4Q16 GDP growth was unchanged at 1.9% qoq annualised in the second reading, even as personal consumption was revised up to 3.0% but was offset by weaker non-residential fixed investments and a net export drag amid a stronger USD. Still, the Chicago PMI printed higher at 57.4 in Feb, up from 50.3 in Jan (highest since Jan15), reflecting improved demand. Meanwhile, the Conference Board's consumer confidence also surged from a revised 111.6 in Jan to 114.8 in Feb, with the present situation and expectation gauges both tipped higher at 133.4 (previously 130.0) and 102.4 (previously 99.3). However, wholesale inventories unexpectedly shrank 0.1% mom in Jan, down from a revised 0.9% gain in Dec, pointing to leaner inventories, whereas the Richmond Fed manufacturing index rose more than expected from 12 to 17 in Feb.</p>
SG	<p>S'pore's bank loans grew for the fourth straight month by 2.8% yoy in Jan, slightly slower than Dec16's reading of 2.9% yoy. However, bank loans eased slightly from \$617.35b to \$617.09b amid a marginal slowdown in momentum for business loans. Business loans rose for the second consecutive month by 2.6% yoy, led by business services (+13.1% yoy), financial institutions (+11.6% yoy) and building and construction (+2.1% yoy). Consumer loans, on the other hand, remained resilient and expanded by the same clip of +3.1% yoy for the second month. Our bank loans growth outlook is fairly upbeat, with 1Q17 and full-year 2017 forecasts at 4.0% yoy and 7% yoy respectively, given the low base last year and the turnaround in business loans sentiments from 4Q16.</p>
MA	<p>Saudi Aramco reportedly signed a deal with state-owned Petroliaam Nasional Bhd to develop an oil refinery and naphtha cracker in Johor. This deal coincides with a visit by Saudi Arabian King Salman bin Abdulaziz, in which Malaysian and Saudi Arabian companies had signed memorandums of understanding worth a total of MYR9.74 billion in areas including construction, aerospace, halal and hajj-related industries, according to the Malaysia's trade ministry.</p>
Commodities	<p>Investors will surely cheer on sustained compliance by the OPEC cartel, especially given the recent Reuters survey which found that the OPEC members are already 94% compliant in its February production levels as compared to its production-curb agreement made late last year. The compliance act, in our view, remains to be a positive surprise for the markets given that OPEC has been mired in cheating behaviour via overproduction in the past. Gold remained flat overnight as market-watchers await Trump's congress speech later this morning.</p>

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Major Markets

- **US:** Equities halted its rally on Tuesday as markets awaited Trump's address to the Congress later in the Asian morning. Investors will be looking out for policy specifics on healthcare, tax and infrastructure spending. Consumer discretionary and industrial stock led losses, with Nasdaq seeing the heaviest decline at 0.62%. Meanwhile, the S&P 500 and Dow were also down 0.26% and 0.12% respectively. VIX perked up in recent sessions, adding another 6.8%. This signaled market's edginess ahead of the Trump address. US Treasuries slumped on Fed rhetoric, as Williams and Dudley stepped up the hawkish script, seemingly to manage market expectations for the March FOMC towards a rate hike. Market-implied probability for a March hike rose to over 70%, from evens on Monday. Short-end yields were noticeably higher, with the 2-year benchmark yields up 7 bps to 1.26%. 10-year yields were also up 2 bps to 2.40%.
- **Singapore:** STI slipped 0.39% yesterday and could continue to consolidate in a 3080-3120 range in the interim amid mixed morning cues from Nikkei and Kospi and while awaiting cues from Trump. As UST bonds repriced the probabilities of a March FOMC rate hike, the shorter-dated SGS bonds are also likely to track higher for now.
- **Hong Kong:** As banks continued to cut mortgage rates, new residential mortgage loans approved jumped by 81.4% yoy to HKD28.2 billion in January. However, higher interest rates ahead may limit the growth in residential mortgage loans. On the contrary, the increasing dominance of primary housing market amidst last year's housing cooling measures is expected to underpin the loan demand of property developers for land purchases. Therefore, loans for use in Hong Kong (+8.8% yoy in January) are likely to grow moderately in 2017. On the other hand, loans for use outside Hong Kong continued to grow robustly by 8.1% yoy in January as Mainland corporates are increasingly turning to offshore market for fund raising. The supporting factors includes the tightening bias of the PBOC, credit expansion controls in onshore market and policy support to offshore financing may continue to bolster HK loan businesses related to Mainland activities. Elsewhere, RMB deposits were down further to the lowest level since April 2011 due to China's tightening measures on cross border RMB payments as well as lingering concerns about a renewed RMB depreciation. Adding on the tightening bias of the PBOC, CNH liquidity will likely remain volatile this year while the gap between CNH and CNY may persist.
- **Macau:** The number of hotel guests rose to 15.6% yoy to 1.04 million in January. Given strong hotel bookings during the Lunar New Year Holiday, hotel occupancy rate (81.6%) increased by 4.4 percentage points in January from the same month last year. At this juncture, we believe that the attractiveness of the new hotels opened in the past two years may diminish. As such, hotel room glut is likely to intensify again. Furthermore, a stronger MOP and the lack of low-end hotels may drag on the hotel sector. The government's plan to build budget hotels may help to alleviate the drag. Therefore, we expect hotel guests and average hotel occupancy rate to stabilize.
- **Thailand:** Market-watchers will likely eye closely on Thailand's inflation prints (market est: 1.6%) later today. The data will mark the first inflation print for the year 2017, and could suggest impending rise in inflationary pressures into the year given the low base seen last year amid higher oil prices of late.
- **South Korea:** BOK Lee Ju-yeol commented that domestic political uncertainty can affect sentiment and have a negative impact on consumption and investment. He further reiterated that the risk of rapid fund outflow is low provided that the Fed hikes its rate in a gradual and predictable fashion.

Bond Market Updates

- **Market Commentary:** The SGD swap curve was relatively flattish yesterday, with the exception of the longer tenors (15 -30 year) which traded lower at around 2bps. In the broader dollar space, the spread on JACI IG corporates rose 3bps to 195bps while the yield on JACI HY corporates fell 6bps to 6.60%. 10y UST yields rose 3bps to 2.39%, after Federal Reserve officials showed hawkish signals; Federal Reserve Bank of San Francisco President John Williams said he expects an interest-rate increase to receive “serious consideration” at the March meeting, while Federal Reserve Bank of New York President William Dudley said the case for tightening “has become a lot more compelling,” with most data consistent with above-trend economic growth.
- **New Issues:** CALC Bond 3 Ltd. priced a USD500mn two-tranche deal (guaranteed by China Aircraft Leasing Group Holdings Ltd.) with the USD300mn 5-year piece priced at 4.7% (tightening from initial guidance of 5%) and the USD200mn 7-year piece priced at 5.5% (tightening from initial guidance of 5.75%). Grand China Air (Hong Kong Ltd) Ltd. priced a USD450mn 2-year bond (guaranteed by Grand China Air Co.) at 6.5%, tightening from initial guidance of 7%. BOS Funding Limited priced a USD500mn 5-year bond (guaranteed by Bank of Sharjah) at MS+225bps, tightening from initial guidance of MS+250bps. The expected issue ratings are ‘NR/NR/BBB+’. Eros International PLC scheduled investor roadshows from 1 March for a potential USD bond issuance. The expected issue ratings are ‘B+/NR/NR’. Trafigura Group Pte Ltd. scheduled investor roadshows from 6-10 March for a potential USD Perp issuance.
- **Rating Changes:** S&P assigned Gome Electrical Appliances Holdings Ltd. (Gome) a ‘BB’ corporate credit rating, with a stable outlook. In addition, S&P assigned a ‘BB-’ issue rating to Gome’s proposed U.S dollar-denominated senior unsecured notes. The rating actions reflect Gome’s operations in the highly competitive electronics and appliance retail industry in China and its moderate product differentiation, which has resulted in weak profitability. However, the company’s satisfactory market position, strong brand name, and extensive distribution network temper these weaknesses. S&P assigned Yanfeng Global Automotive Interior Systems Co. Ltd. (YFAI) a ‘BBB-’ corporate credit rating, with a stable outlook. The rating action reflects S&P’s view of the company’s sound market position in the auto-interior sector and its low leverage. However, S&P notes that “YFAI’s concentration in commodity-like auto-interior products and its short record of operating as a combined entity pose some uncertainty to its profitability and cash flow over the next 12-24 months”. At the same time, Moody’s assigned a ‘(P)Baa3’ issuer rating to YFAI, with a stable outlook. The provisional status of the rating will be removed once YFAI publishes 2016 audited financials that are in line with Moody’s expectations.

Key Financial Indicators

Foreign Exchange						Equity and Commodity		
	Day Close	% Change		Day Close	% Change	Index	Value	Net change
DXY	101.120	-0.01%	USD-SGD	1.4032	-0.08%	DJIA	20,812.24	-25.20
USD-JPY	112.770	0.06%	EUR-SGD	1.4842	-0.17%	S&P	2,363.64	-6.11
EUR-USD	1.0576	-0.10%	JPY-SGD	1.2441	-0.15%	Nasdaq	5,825.44	-36.46
AUD-USD	0.7657	-0.21%	GBP-SGD	1.7378	-0.54%	Nikkei 225	19,118.99	11.52
GBP-USD	1.2380	-0.50%	AUD-SGD	1.0743	-0.30%	STI	3,096.61	-12.01
USD-MYR	4.4405	0.05%	NZD-SGD	1.0091	-0.09%	KLCI	1,693.77	-0.07
USD-CNY	6.8670	-0.06%	CHF-SGD	1.3951	0.27%	JCI	5,386.69	3.82
USD-IDR	13338	-0.02%	SGD-MYR	3.1663	0.35%	Baltic Dry	859.00	-19.00
USD-VND	22764	-0.08%	SGD-CNY	4.9132	0.29%	VIX	12.92	0.83

Interbank Offer Rates (%)						Government Bond Yields (%)		
Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change	Tenor	SGS (chg)	UST (chg)
1M	-0.3710	--	O/N	0.6833	--	2Y	1.23 (-)	1.26 (+0.07)
2M	-0.3410	--	1M	0.7844	--	5Y	1.59 (-)	1.93 (+0.06)
3M	-0.3290	--	2M	0.8517	--	10Y	2.31 (-0.02)	2.39 (+0.02)
6M	-0.2380	--	3M	1.0546	--	15Y	2.43 (-0.02)	--
9M	-0.1710	--	6M	1.3613	--	20Y	2.41 (-0.01)	--
12M	-0.1130	--	12M	1.7398	--	30Y	2.44 (-0.01)	3.00 (+0.01)

Eurozone & Russia Update						Financial Spread (bps)		
	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread			Value	Change	
Portugal	0.02	--	3.88	-0.20	3.67	LIBOR-OIS	28.98	-2.02
Italy	-0.02	-1.70	2.09	-4.80	1.88	EURIBOR-OIS	2.10	-0.30
Ireland	-0.44	1.80	0.89	-0.90	0.68	TED	56.22	--
Greece	8.14	20.40	7.15	1.10	6.94			
Spain	-0.12	-0.50	1.66	-0.40	1.45			
Russia	1.81	-0.80	4.12	0.80	3.92			

Commodities Futures					
	Futures	% chg		Futures	% chg
Energy			Soft Commodities		
WTI (per barrel)	54.01	-0.07%	Coffee (per lb)	1.407	1.15%
Brent (per barrel)	55.59	-0.61%	Cotton (per lb)	0.7533	0.48%
Heating Oil (per gallon)	1.6208	-1.16%	Sugar (per lb)	0.1931	1.15%
Gasoline (per gallon)	1.5120	-1.35%	Orange Juice (per lb)	1.6480	1.70%
Natural Gas (per MMBtu)	2.7740	3.01%	Cocoa (per mt)	1,943	-3.62%
Base Metals			Grains		
Copper (per mt)	5,973.0	0.66%	Wheat (per bushel)	4.2475	1.43%
Nickel (per mt)	10,937.5	-0.60%	Soybean (per bushel)	10.250	1.38%
Aluminium (per mt)	1,921.3	1.15%	Corn (per bushel)	3.6675	1.80%
Precious Metals			Asian Commodities		
Gold (per oz)	1,253.9	-0.39%	Crude Palm Oil (MYR/MT)	2,898.0	-0.75%
Silver (per oz)	18.420	0.36%	Rubber (JPY/KG)	296.3	-1.89%

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

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised	
02/28/2017	03:20	UK	GfK Consumer Confidence	Feb	-6	-6	-5	--
02/28/2017	05:00	SK	Business Survey Manufacturing	Mar	--	81	76	--
02/28/2017	05:45	NZ	Trade Balance NZD	Jan	-25m	-285m	-41m	-36m
02/28/2017	05:45	NZ	Exports NZD	Jan	3.90b	3.91b	4.38b	--
02/28/2017	05:45	NZ	Imports NZD	Jan	3.90b	4.19b	4.42b	--
02/28/2017	07:50	JN	Industrial Production YoY	Jan P	4.30%	3.20%	3.20%	--
02/28/2017	07:50	JN	Retail Trade YoY	Jan	1.00%	1.00%	0.60%	0.70%
02/28/2017	08:00	NZ	ANZ Business Confidence	Feb	--	16.6	21.7	--
02/28/2017	08:30	AU	BoP Current Account Balance	4Q	-A\$4.0b	-A\$3.9b	-A\$11.4b	-A\$10.2b
02/28/2017	08:30	AU	Private Sector Credit YoY	Jan	5.60%	5.40%	5.60%	--
02/28/2017	10:30	VN	CPI YoY	Feb	5.40%	5.02%	5.22%	--
02/28/2017	10:45	VN	Exports YTD YoY	Feb	--	15.40%	7.60%	--
02/28/2017	11:05	MU	Hotel Occupancy Rate	Jan	--	81.6	89.7	--
02/28/2017	15:30	TH	Exports YoY	Jan	--	8.50%	5.60%	--
02/28/2017	15:30	TH	BoP Current Account Balance	Jan	\$2216m	\$5008m	\$3719m	--
02/28/2017	15:45	FR	CPI EU Harmonized YoY	Feb P	1.70%	1.40%	1.60%	--
02/28/2017	15:45	FR	CPI YoY	Feb P	1.50%	1.20%	1.30%	--
02/28/2017	15:45	FR	GDP YoY	4Q P	1.10%	1.20%	1.10%	--
02/28/2017	18:00	IT	CPI NIC incl. tobacco YoY	Feb P	1.30%	1.50%	0.90%	1.00%
02/28/2017	18:00	IT	CPI EU Harmonized YoY	Feb P	1.30%	1.60%	1.00%	--
02/28/2017	19:45	PH	Bank Lending YoY	Jan	--	16.20%	16.00%	16.10%
02/28/2017	21:30	US	GDP Annualized QoQ	4Q S	2.10%	1.90%	1.90%	--
02/28/2017	21:30	US	Personal Consumption	4Q S	2.60%	3.00%	2.50%	--
02/28/2017	21:30	US	GDP Price Index	4Q S	2.10%	2.00%	2.10%	--
02/28/2017	21:30	CA	Industrial Product Price MoM	Jan	0.50%	0.40%	0.40%	0.30%
02/28/2017	21:30	US	Core PCE QoQ	4Q S	1.30%	1.20%	1.30%	--
02/28/2017	21:30	US	Wholesale Inventories MoM	Jan P	0.40%	-0.10%	1.00%	0.90%
02/28/2017	22:45	US	Chicago Purchasing Manager	Feb	53.5	57.4	50.3	--
02/28/2017	23:00	US	Conf. Board Consumer	Feb	111	114.8	111.8	111.6
02/28/2017	23:00	US	Richmond Fed Manufact. Index	Feb	10	17	12	--
03/01/2017	00:00	NZ	QV House Prices YoY	Feb	--	13.50%	13.50%	--
03/01/2017	07:50	JN	Capital Spending YoY	4Q	0.80%	--	-1.30%	--
03/01/2017	08:00	SK	Exports YoY	Feb	13.60%	--	11.20%	--
03/01/2017	08:00	SK	Imports YoY	Feb	21.20%	--	18.60%	--
03/01/2017	08:30	AU	GDP YoY	4Q	2.00%	--	1.80%	--
03/01/2017	08:30	ID	Nikkei Indonesia PMI Mfg	Feb	--	--	50.4	--
03/01/2017	08:30	VN	Nikkei Vietnam PMI Mfg	Feb	--	--	51.9	--
03/01/2017	08:30	JN	Nikkei Japan PMI Mfg	Feb F	--	--	53.5	--
03/01/2017	08:30	TA	Nikkei Taiwan PMI Mfg	Feb	--	--	55.6	--
03/01/2017	09:00	CH	Mfg PMI	Feb	51.2	--	51.3	--
03/01/2017	09:45	CH	Caixin China PMI Mfg	Feb	50.8	--	51	--
03/01/2017	11:30	TH	CPI YoY	Feb	1.60%	--	1.55%	--
03/01/2017	13:00	IN	Nikkei India PMI Mfg	Feb	--	--	50.4	--
03/01/2017	13:00	JN	Vehicle Sales YoY	Feb	--	--	8.60%	--
03/01/2017	13:30	AU	Commodity Index AUD	Feb	--	--	120.9	--
03/01/2017	13:30	AU	Commodity Index SDR YoY	Feb	--	--	55.70%	--
03/01/2017	15:00	UK	Nationwide House Px NSA YoY	Feb	4.10%	--	4.30%	--
03/01/2017	16:45	IT	Markit/ADACI Italy Mfg PMI	Feb	53.5	--	53	--
03/01/2017	16:50	FR	Markit France Mfg PMI	Feb F	52.3	--	52.3	--
03/01/2017	16:55	GE	Markit/BME Germany Mfg PMI	Feb F	57	--	57	--
03/01/2017	16:55	GE	Unemployment Claims Rate SA	Feb	5.90%	--	5.90%	--
03/01/2017	17:00	EC	Markit Eurozone Mfg PMI	Feb F	55.5	--	55.5	--
03/01/2017	17:30	UK	Markit UK PMI Mfg SA	Feb	55.8	--	55.9	--
03/01/2017	17:30	UK	Mortgage Approvals	Jan	68.7k	--	67.9k	--
03/01/2017	20:00	US	MBA Mortgage Applications	Feb-24	--	--	-2.00%	--
03/01/2017	21:00	GE	CPI YoY	Feb P	2.10%	--	1.90%	--
03/01/2017	21:00	GE	CPI EU Harmonized YoY	Feb P	2.10%	--	1.90%	--
03/01/2017	21:30	CA	Current Account Balance	4Q	-\$9.75b	--	-\$18.30b	--
03/01/2017	21:30	US	Personal Income	Jan	0.30%	--	0.30%	--
03/01/2017	21:30	US	Personal Spending	Jan	0.30%	--	0.50%	--
03/01/2017	22:30	CA	Markit Canada Mfg PMI	Feb	--	--	53.5	--
03/01/2017	22:45	US	Markit US Mfg PMI	Feb F	54.5	--	54.3	--
03/01/2017	23:00	CA	Bank of Canada Rate Decision	Mar-01	0.50%	--	0.50%	--
03/01/2017	23:00	US	ISM Manufacturing	Feb	56.2	--	56	--
03/01/2017	23:00	US	ISM Prices Paid	Feb	68	--	69	--
03/01/2017	23:00	US	Construction Spending MoM	Jan	0.60%	--	-0.20%	--
03/01/2017		ID	CPI YoY	Feb	3.90%	--	3.49%	--

Source: Bloomberg

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