

Highlights

Global	<p>FOMC decided to hike its policy rate by 25bps, as widely expected by the market. The committee opted to keep its total projected rate hikes for this year at 3 times, unchanged from its guidance three months ago, versus a nascent market expectation of a hawkish shift towards a total of 4 hikes this year. In her press conference, Chair Janet Yellen said that the Fed was willing to tolerate inflation temporarily overshooting its 2% target and that it wants to keep its policy accommodative for some time. For good measure, she added that the Fed will keep its stance of gradual rate increases. Meanwhile, over in Europe, exit poll for the Dutch election indicate that the incumbent Liberal Party managed to potentially win 31 seats against challenger anti-Euro PVV party which is likely to win just 19 seats. This provided relief against market concerns of a rise in populist politics and the prospect of Eurozone break-up. As a result, Euro rallied to its highest level in more than a month. Note Bank of Japan and Bank Indonesia's benchmark rate meeting later.</p>
SG	<p>An improving economic backdrop has led analysts upgrading Singapore's growth outlook to 2.3% for this year, up from 1.5%, according to the quarterly survey released by the Monetary Authority of Singapore (MAS). In addition, the survey pencils growth to be at 2.6% in 1Q17, and 2.4% in 2018. The drivers for growth remains to be Singapore's manufacturing sector, with the survey indicating an upgrade of manufacturing growth to 4.5% this year, up from 1.1% in the previous survey, while expectations for important service industries such as the Finance & Insurance and Wholesale & Retail Trade also edged higher. Regarding inflation, overall domestic prices are expected to rise by 1.0% this year, unchanged from previous estimates, while core inflation expectations edged up slightly to 1.5%, up from 1.3%.</p>
CH	<p>Premier Li Keqiang said yesterday in his press conference that China will launch the bond connect soon. The new bond connect will broaden the channel for offshore investors to participate in China's onshore bond market.</p>
ID	<p>Bank Indonesia is due to announce its monetary policy decision today. We expect the central bank to keep its policy rate unchanged at 4.75% given a build-up in domestic inflation concerns and the fact that it had signaled the end of easing cycle.</p>
Commodities	<p>Further signs of economic confidence (US Federal Reserve upgraded GDP growth in 2018 and PCE inflation in 2017), unexpected fall in US crude oil inventories and a weakening greenback all led to higher crude oil prices this morning. Indeed, with crude oil being a growth-related commodity and its sensitivity to US oil stocks, investors will likely continue stay vigilant over oil supply-demand fundamentals to determine how prices may trend into the weeks to come. Elsewhere, gold prices tuned higher to \$1,220/oz on dollar as a less-than-expected hawkish Fed indicates rates to rise to 1.375% at the end of this year, according to its new dot-plot chart. In the palm oil space, some upside in prices are seen given increased concern over an early re-emergence of an El Nino phenomenon later this year, amid some recovery in Malaysia's palm oil export at +1.1% m/m over the first two weeks of March, according to Intertek data. Note that Malaysia has also reduced its CPO export tax to 7.5% into April (from 8.0% in March).</p>

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Major Markets

- **US:** The Fed delivered what was considered a dovish hike, telegraphing a gradual hiking path with two more possible hikes in 2017. Repercussions were noted across asset markets. Equities notched strong gains, with the S&P 500 leading with a 0.84% gain. The Dow and Nasdaq rose 0.54% and 0.74% respectively. However, the sectors leading gains ahead of Fed, such as financials, underperformed utilities and telecoms. Energy shares also outperformed on the back of recovering oil prices. VIX ended lower at 11.63. Meanwhile, US Treasuries also reversed its downtrend on Fed comments, with the 2- and 10-year benchmark yields lower by 8-11 bps at 1.30% and 2.49%. Overall, the dovish hike signaled by the Fed appear to turn recent market expectations on its head. A reversal from near-term trends in asset markets may be in line going forward.
- **Singapore:** According to the Ministry of Manpower's labour market report, Singapore's seasonally-adjusted job vacancies have fallen to a four-year low, dropping to 47,600 in December 2016, while redundancies rose to 5440 over the period from 3Q16 to 4Q16. Meanwhile, the number of job-seekers continues to exceed the number of jobs (77 jobs for every 100 job-seekers) for the third straight quarter, as layoffs numbered 19,170 for the whole of last year, 23% higher than 2015. All-in-all, unemployment rate for citizens and permanent residents edged to 3.0% last year, up from a four-year average of 2.8%.
- STI closed lower yesterday by 0.19%, accentuating previous day's losses of 0.12%. The index fell to 3137.43, dragged by Hutchison Port Holdings Trust (-2.5%) and SATS Ltd (-1.4%), while gains in Wilmar International (+1.7%) and Golden Agri-Resources (+1.3%) effectively cushioned the fall.
- **China:** Since China opened its onshore currency market to offshore investors to hedge their currency risk associated with bond holdings two weeks ago, the bond connect could be more appealing.
- **Hong Kong:** The USD/HKD 12-month forward dropped to its lowest since Oct 2011 while the USD/HKD spot rate briefly rose beyond 7.77. A slightly widened gap between the short-end USD LIBOR and HIBOR has encouraged arbitrage and driven up the USD/HKD spot rate. However, HK's banking system is flush with liquidity. Therefore, the market believes that the rise in HIBOR will continue to lag as compared to the increase in USD LIBOR. In this case, the greenback may have to depreciate against the HKD in the long term. Nevertheless, gradual outflows following the Fed's March rate hike are expected to reverse the downward trend in 12-month USD/HKD forward price.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 1-5bps lower across all tenors. In the broader dollar space, the spread on JACI IG corporates rose 1bps to 192bps while the yield on JACI HY corporates fell 1bps to 6.78%. 10y UST yields dipped 10bps yesterday, after the Federal Open Market Committee raised (FOMC) interest rates as expected, but maintained forecasts for additional increases for the next two years, dashing expectations it might signal a quicker pace of hikes. After yesterday's raise, the benchmark rate target range by the U.S Central Bank is now 0.75 to 1 percent.
- **New Issues:** Fujian Zhanglong Group Co. Ltd. priced a USD200mn tap of its bond due 2019 at 4.8%. The expected issue rating is 'NR/NR/BB+'.
- **Rating Changes:** Moody's affirmed West China Cement Limited's (WCC) 'B1' corporate family rating and 'B1' senior unsecured bond rating. In addition, Moody's revised the outlook on WCC to stable from negative. The rating action reflects an improvement in WCC's profitability and liquidity, owing to higher cement prices in its key markets.

Key Financial Indicators

Foreign Exchange						Equity and Commodity		
	Day Close	% Change		Day Close	% Change	Index	Value	Net change
DXY	100.740	-0.94%	USD-SGD	1.4012	-1.01%	DJIA	20,950.10	112.73
USD-JPY	113.380	-1.19%	EUR-SGD	1.5042	0.21%	S&P	2,385.26	19.81
EUR-USD	1.0734	1.23%	JPY-SGD	1.2359	0.18%	Nasdaq	5,900.05	43.23
AUD-USD	0.7709	1.98%	GBP-SGD	1.7225	0.10%	Nikkei 225	19,577.38	-32.12
GBP-USD	1.2291	1.14%	AUD-SGD	1.0803	0.95%	STI	3,137.43	-5.97
USD-MYR	4.4488	-0.02%	NZD-SGD	0.9872	0.79%	KLCI	1,717.36	-5.11
USD-CNY	6.9149	0.00%	CHF-SGD	1.4009	-0.03%	JCI	5,432.38	0.80
USD-IDR	13364	-0.04%	SGD-MYR	3.1484	0.12%	Baltic Dry	1,147.00	35.00
USD-VND	22828	0.10%	SGD-CNY	4.8970	0.17%	VIX	11.63	-0.67

Interbank Offer Rates (%)						Government Bond Yields (%)		
Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change	Tenor	SGS (chg)	UST (chg)
1M	-0.3720	--	O/N	0.6869	--	2Y	1.29 (-0.01)	1.30 (-0.08)
2M	-0.3400	--	1M	0.9283	--	5Y	1.67 (-0.03)	2.00 (-0.13)
3M	-0.3300	--	2M	0.9772	--	10Y	2.43 (-0.05)	2.49 (-0.11)
6M	-0.2410	--	3M	1.1373	--	15Y	2.56 (-0.05)	--
9M	-0.1680	--	6M	1.4324	--	20Y	2.60 (-0.05)	--
12M	-0.1080	--	12M	1.8234	--	30Y	2.62 (-0.05)	3.11 (-0.07)

Eurozone & Russia Update						Financial Spread (bps)		
	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread			Value	Change	
Portugal	0.01	2.10	3.99	2.60	3.58	LIBOR-OIS	23.34	0.29
Italy	-0.02	-3.90	2.30	-3.90	1.89	EURIBOR-OIS	1.90	-0.03
Ireland	-0.36	-1.70	1.12	-1.70	0.70	TED	36.02	--
Greece	8.28	0.90	7.33	4.50	6.92			
Spain	-0.17	-4.70	1.84	-3.20	1.42			
Russia	2.09	-1.20	4.34	-2.70	3.93			

Commodities Futures					
	Futures	% chg	Soft Commodities	Futures	% chg
Energy					
WTI (per barrel)	48.86	2.39%	Coffee (per lb)	1.392	-0.29%
Brent (per barrel)	51.81	1.75%	Cotton (per lb)	0.7808	1.21%
Heating Oil (per gallon)	1.5124	1.37%	Sugar (per lb)	0.1823	0.39%
Gasoline (per gallon)	1.5834	-0.01%	Orange Juice (per lb)	1.7810	1.60%
Natural Gas (per MMBtu)	2.9810	1.46%	Cocoa (per mt)	2,048	-2.06%
Base Metals			Grains		
Copper (per mt)	5,832.3	0.82%	Wheat (per bushel)	4.3600	5.83%
Nickel (per mt)	10,166.5	-0.26%	Soybean (per bushel)	9.980	1.09%
Aluminium (per mt)	1,881.3	1.54%	Corn (per bushel)	3.6350	2.76%
Precious Metals			Asian Commodities		
Gold (per oz)	1,200.7	-0.16%	Crude Palm Oil (MYR/MT)	3,020.0	1.17%
Silver (per oz)	16.888	--	Rubber (JPY/KG)	287.3	0.91%

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

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
03/15/2017	05:45	NZ BoP Current Account Bal NZD	4Q	-2.425b	-2.335b	-4.891b	-5.029b
03/15/2017	07:00	SK Unemployment rate SA	Feb	3.90%	4.00%	3.60%	--
03/15/2017	07:30	AU Westpac Cons Conf SA MoM	Mar	--	0.10%	2.30%	--
03/15/2017	08:30	AU New Motor Vehicle Sales YoY	Feb	--	-4.10%	-0.90%	--
03/15/2017	10:00	JN Tokyo Condominium Sales YoY	Feb	--	3.30%	-7.40%	--
03/15/2017	12:00	ID Exports YoY	Feb	16.06%	11.16%	27.71%	27.87%
03/15/2017	12:15	ID Imports YoY	Feb	15.11%	10.61%	14.54%	14.34%
03/15/2017	12:15	ID Trade Balance	Feb	\$1322m	\$1319m	\$1396m	\$1433m
03/15/2017	12:30	JN Industrial Production MoM	Jan F	--	-0.40%	-0.80%	--
03/15/2017	12:30	JN Industrial Production YoY	Jan F	--	3.70%	3.20%	--
03/15/2017	12:30	JN Capacity Utilization MoM	Jan	--	0.10%	0.60%	--
03/15/2017	14:29	PH Overseas Remittances YoY	Jan	5.30%	8.60%	3.60%	--
03/15/2017	15:45	FR CPI EU Harmonized YoY	Feb F	1.40%	1.40%	1.40%	--
03/15/2017	15:45	FR CPI YoY	Feb F	1.20%	1.20%	1.20%	--
03/15/2017	16:00	SI Automobile COE Open Bid Cat A	Mar-15	--	50789	49430	--
03/15/2017	16:00	SI Automobile COE Open Bid Cat B	Mar-15	--	53300	50621	--
03/15/2017	17:00	IT Retail Sales MoM	Jan	0.20%	1.40%	-0.50%	--
03/15/2017	17:00	IT Retail Sales YoY	Jan	0.80%	-0.10%	-0.20%	--
03/15/2017	17:30	UK Claimant Count Rate	Feb	--	2.10%	2.10%	2.20%
03/15/2017	17:30	UK Jobless Claims Change	Feb	--	-11.3k	-42.4k	-41.4k
03/15/2017	17:30	UK ILO Unemployment Rate 3Mths	Jan	4.80%	4.70%	4.80%	--
03/15/2017	18:00	IT CPI EU Harmonized YoY	Feb F	1.60%	1.60%	1.60%	--
03/15/2017	19:00	US MBA Mortgage Applications	Mar-10	--	3.10%	3.30%	--
03/15/2017	20:30	US Empire Manufacturing	Mar	15	16.4	18.7	--
03/15/2017	20:30	US CPI MoM	Feb	0.00%	0.10%	0.60%	--
03/15/2017	20:30	US CPI Ex Food and Energy MoM	Feb	0.20%	0.20%	0.30%	--
03/15/2017	20:30	US CPI YoY	Feb	2.70%	2.70%	2.50%	--
03/15/2017	20:30	US CPI Ex Food and Energy YoY	Feb	2.20%	2.20%	2.30%	--
03/15/2017	20:30	US Retail Sales Advance MoM	Feb	0.10%	0.10%	0.40%	0.60%
03/15/2017	20:30	US Retail Sales Ex Auto and Gas	Feb	0.20%	0.20%	0.70%	1.10%
03/15/2017	21:15	IN Exports YoY	Feb	--	17.50%	4.30%	--
03/15/2017	21:15	IN Imports YoY	Feb	--	21.80%	10.70%	--
03/15/2017	22:00	US NAHB Housing Market Index	Mar	65	71	65	--
03/16/2017	02:00	US FOMC Rate Decision (Upper)	Mar-15	1.00%	1.00%	0.75%	--
03/16/2017	02:00	US FOMC Rate Decision (Lower)	Mar-15	0.75%	0.75%	0.50%	--
03/16/2017	04:00	US Total Net TIC Flows	Jan	--	\$110.4b	-\$42.8b	-\$65.3b
03/16/2017	04:00	US Net Long-term TIC Flows	Jan	--	\$6.3b	-\$12.9b	--
03/16/2017	05:45	NZ GDP SA QoQ	4Q	0.70%	0.40%	1.10%	0.80%
03/16/2017	05:45	NZ GDP YoY	4Q	3.20%	2.70%	3.50%	3.30%
03/16/2017	07:50	JN Japan Buying Foreign Bonds	Mar-10	--	--	¥1130.6b	--
03/16/2017	07:50	JN Foreign Buying Japan Bonds	Mar-10	--	--	¥608.3b	--
03/16/2017	07:50	JN Foreign Buying Japan Stocks	Mar-10	--	--	¥167.1b	--
03/16/2017	08:30	AU Employment Change	Feb	16.0k	--	13.5k	13.7k
03/16/2017	08:30	AU Unemployment Rate	Feb	5.70%	--	5.70%	--
03/16/2017	08:30	AU Full Time Employment Change	Feb	--	--	-44.8k	-44.5k
03/16/2017	08:30	AU Participation Rate	Feb	64.60%	--	64.60%	--
03/16/2017	08:30	AU RBA FX Transactions Market	Feb	--	--	A\$557m	--
03/16/2017	10:00	NZ Non Resident Bond Holdings	Feb	--	--	62.50%	--
03/16/2017	14:00	JN Machine Tool Orders YoY	Feb F	--	--	9.10%	--
03/16/2017	15:00	EC EU27 New Car Registrations	Feb	--	--	10.20%	--
03/16/2017	16:30	HK Unemployment Rate SA	Feb	3.30%	--	3.30%	--
03/16/2017	18:00	EC CPI MoM	Feb	0.40%	--	--	--
03/16/2017	18:00	EC CPI YoY	Feb F	2.00%	--	2.00%	--
03/16/2017	18:00	EC CPI Core YoY	Feb F	0.90%	--	0.90%	--
03/16/2017	20:00	UK Bank of England Bank Rate	Mar-16	0.25%	--	0.25%	--
03/16/2017	20:00	UK BOE Asset Purchase Target	Mar	435b	--	435b	--
03/16/2017	20:30	CA Int'l Securities Transactions	Jan	--	--	10.23b	--
03/16/2017	20:30	US Housing Starts	Feb	1264k	--	1246k	--
03/16/2017	20:30	US Building Permits	Feb	1268k	--	1285k	1293k
03/16/2017	20:30	US Initial Jobless Claims	Mar-11	240k	--	243k	--
03/16/2017	20:30	US Continuing Claims	Mar-04	2050k	--	2058k	--
03/16/2017	20:30	US Philadelphia Fed BizOutlook	Mar	30	--	43.3	--
03/16/2017	21:45	US Bloomberg Consumer Comfort	Mar-12	--	--	50.6	--
03/16/2017	21:45	US Bloomberg Eco Expectations	Mar	--	--	50	--
03/16/2017		ID BI 7D Reverse Repo	Mar-16	4.75%	--	4.75%	--
03/16/2017		JN BOJ Policy Balance Rate	Mar-16	-0.10%	--	-0.10%	--
03/16/2017		JN BOJ 10-Yr Yield Target	Mar-16	0.00%	--	0.00%	--

Source: Bloomberg

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