

Highlights

Global	<p>Overnight news that US President Trump has issued an executive order blocking Broadcom Ltd's bid for Qualcomm Inc on the recommendation of the Committee on Foreign Investment in the US (CFIUS) as it may impair the national security of the US. This reinforces the tough stance the Trump administration regarding technology transfer on national security concerns. Meanwhile, UST bonds were supported as US\$49b of 3- and 10-year bond auctions attracted investors with high yields. Elsewhere, watch if Japanese Finance Minister Aso's Moritomo land scandal and doctoring of official documents may also weigh on PM Abe's chances of winning a third term as LDP president at the Sep party elections.</p> <p>Expect Asian bourses to trade on a more cautious tone this morning, as market players weigh potential investment curbs in addition to trade tariffs as impediments to growth. On the economic data front, watch for US CPI and NFIB small business optimism, industrial production for Malaysia and HK. Speakers include BOC governor Poloz and RBA's Kent.</p>
US	<p>The US budget deficit ballooned to US\$215b in Feb, the largest in six years, as fiscal revenue fell 9% yoy to US\$156b while expenditure rose 2% to US\$371b.</p>
SG	<p>Retail sales slumped 8.4% yoy (-5.4% mom sa) in January 2018, disappointing Bloomberg consensus forecast of 2.2% yoy (-0.9% mom sa) and also our forecast of 2.4% yoy (-2.1% mom sa). This also marked the lowest print since February 2014 and the worst January showing since 2009. Notably, motor vehicle sales plunged 9.8% yoy (-20.9% mom sa). Excluding autos, retail sales also declined 8.1% yoy (-1.5% mon sa) in January 2018, following a revised 2.6% yoy reading for December 2017. Similarly, this is the worst print since February 2016. Key contributors to the retail sales drag were wearing apparel & footwear (-17.7% yoy), food retailers (-16.3% yoy), supermarkets & hypermarkets (-16.1% yoy), department stores (-14.3% yoy), and watches & jewellery (-10.5% yoy). Since these segments largely reflect discretionary spending and private consumption should still be supported by the healthy labour market, there is no reason to suspect this is an ominous sign at this juncture for the retail sector going ahead. While the seasonal Chinese New Year festive season could have skewed how retail sales performed for the start of this year, nevertheless, the magnitude of the drop is still eye-boggling and stands somewhat at odds with the generally improved domestic economic sentiments. Therefore, the February and March retail sales data would bear watching ahead.</p>
CH	<p>The country is expected to merge banking regulator CBRC and insurance regulator CIRC to form a new regulatory body China banking and insurance regulatory commission according to the proposal.</p>
CMD	<p>Oil prices remain range-bound around its \$60/bbl on a rather quiet trading day, save for US government data which forecasted another month of higher production in April. Safe haven demand especially in gold continue to ebb, seen from gold testing its \$1,320/oz handle, after falling from \$1,360/oz earlier this year. In Asia, palm oil prices rose slightly as market-watchers digested the lower oil production and overall stockpile prints from Malaysia, although exports fell to 1.31 million tons in February, down from 1.51 million tons in January.</p>

Major Market

- **US:** Equities had a mixed start to the week, with a retreat in industrials and healthcare stocks facing gains in dividend and tech stocks. Overall, the S&P 500 and Dow slipped 0.13% and 0.62% respectively. The Nasdaq Composite, however, added 0.36%. VIX closed higher at 15.78, compared to 14.64 previously. Meanwhile, short end US Treasuries were weaker after a bumper auction of Treasury bills. The 2y yield rose to 2.262%. Gains were seen in the long end, with the 10y yield softening to 2.868%. The CPI release tonight will be closely watched. Another strong outcome may consolidate the view that the Fed is behind the curve in terms of rate hikes.
- **Singapore:** The STI rallied 1.57% to close up at 3540.19 yesterday, but may consolidate within a range of 3500-3556 today given mixed cues by Wall Street overnight and morning slippage by Kospi. With UST bond yields reversing lower overnight, SGS bond yields may similarly retrace as well today. LTA's recent bumper \$1.2b tranche comprising of \$300m 10-year and \$900 30-year bonds carrying coupons of 2.75% and 3.35% may take time for market to digest.
- **China:** In addition, the draft of key regulation on banking and insurance sector as well as macro prudential oversight rules will be under PBoC. This suggests that China is moving towards a super regulatory model to avoid regulatory arbitrage, a step to deepening de-leverage campaign.
- **Indonesia:** Finance Minister Sri Mulyani told reporters yesterday that the 2017 government budget deficit is estimated to be at 2.49% of GDP. The legal cap for the budget deficit is at 3.0% of GDP.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates for the shorter tenors trading 1-2bps while the longer tenors traded 3-6bps higher. In the broader dollar space, the Bloomberg Barclays Asia USD IG Bond Index average OAS traded widened 1bps to 116bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 1bps to 354bps. 10Y UST fell 3bps to 2.87% as 10Y UST notes drew its highest yield at auction since 2014.
- **New issues:** Commonwealth Bank of Australia (CBAAU) has priced a USD2.25bn deal across three-tranches with the USD500mn 5-year FXD at CT5+85bps, tightening from its initial price guidance of CT5+95bps area; the USD750mn 5-year FRN priced at 3mL+70bps, in line with its initial price guidance and the USD1bn 10-year FXD priced at CT10+105bps, tightening from its initial price guidance of CT10+115bps area. The expected issue ratings are 'AA-/Aa3/AA-'. Kookmin Bank (CITNAT) has priced a USD300mn 5-year FRN priced at 3mL+78bps area, tightening from its initial price guidance of 3mL+78-80bps area. The expected issue ratings are 'NR/A1/NR'. NPTC Ltd (NTPCIN) has priced a USD400mn 10-year bond at CT10+170bps, tightening from its initial price guidance of CT10+180bps area. The expected issue ratings are 'BBB-/Baa2/BBB-'. Toyota Industries Corp (TOYAUT) has priced a USD1bn deal across two-tranches, with the USD500mn 5-year bond at CT5+60bps, tightening from its initial price guidance of CT5+70-75bps area and the USD500mn 10-year bond at CT10+70bps, tightening from its initial price guidance of CT10+85bps area. The expected issue ratings are 'AA-/A1/NR'. Xinyuan Real Estate Co Ltd (XIN) has priced a USD200mn 2-year bond (guaranteed by certain of the issuer's restricted subsidiaries

outside of the PRC) at 9.875%, in line with its initial guidance. The expected issue ratings are 'B-/NR/B'. Land Transport Authority of Singapore has priced a SGD1.2bn dual-tranche deal with the SGD300mn 10-year bond priced at 2.75% and the SGD900mn 30-year bond priced at 3.35%. China Huayang Economic and Trade Group Co Ltd has scheduled for investor meetings from 13 Mar for its potential USD bond issuance. The expected issue ratings are 'B+/NR/NR'. Gangtai Group Co Ltd has scheduled for investor meetings from 13 Mar for its potential USD 3-year bond issuance. The expected issue ratings are 'NR/NR/B'. JSW Steel Ltd has scheduled for investor meetings from 12 Mar for its potential USD 5-year/10-year bond issuance. The expected issue ratings are 'NR/Ba2/BB'. Rh International (Singapore) Corp Pte Ltd has scheduled for investor meetings from 15 Mar for its potential USD 10-year bond issuance (guaranteed by Ratchaburi Electricity Generating Holding Public Co Ltd).

- **Rating changes:** Moody's has affirmed the 'Baa3' issuer ratings for Nan Fung International Holdings Ltd, the 'Baa3' perpetual capital security rating of Nan Fung Treasury (II) Ltd and the 'Baa3' senior unsecured ratings. The outlook has been revised to stable from negative. The rating action reflects Moody's expectation that Nan Fung's financial position will improve over the next 12-18 months because of the stronger cash inflow projected from its latest residential presales pipeline. Moody's has affirmed Bumi Serpong Damai Tbk PT (BSD)'s 'Ba3' corporate family rating and the 'Ba3' backed senior unsecured rating of the 2020 notes and 2023 notes issued by Global Prime Capital Pte Ltd. The outlook has been revised to positive from stable. The rating action reflects BSD's established position as one of the largest property developers in Indonesia, with diversification across multiple projects and property segments. Moody's has cut Daiichi Sankyo Co Ltd's rating to 'A2' from 'A1' on patent expiry of Olmesartan. The rating action reflects weaker than expected sales growth in new products that could make the drug maker more reliant on the Japan market, where pricing pressure will likely increase due to regulatory reforms of the drug pricing system.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	89.895	-0.22%	USD-SGD	1.3129	-0.28%
USD-JPY	106.420	-0.37%	EUR-SGD	1.6193	-0.06%
EUR-USD	1.2334	0.22%	JPY-SGD	1.2337	0.06%
AUD-USD	0.7873	0.37%	GBP-SGD	1.8256	0.16%
GBP-USD	1.3906	0.40%	AUD-SGD	1.0336	0.05%
USD-MYR	3.9045	-0.18%	NZD-SGD	0.9579	-0.06%
USD-CNY	6.3295	-0.08%	CHF-SGD	1.3855	0.12%
USD-IDR	13765	-0.23%	SGD-MYR	2.9702	0.08%
USD-VND	22759	-0.01%	SGD-CNY	4.8175	0.07%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.4469	--
2M	-0.3400	--	1M	1.7503	--
3M	-0.3270	--	2M	1.8715	--
6M	-0.2710	--	3M	2.0888	--
9M	-0.2230	--	6M	2.2686	--
12M	-0.1910	--	12M	2.5445	--

Fed Rate Hike Probability

Meeting	Prob Hike	1.5-1.75	1.75-2	2-2.25	2.25-2.5
03/21/2018	100.0%	86.0%	14.0%	0.0%	0.0%
05/02/2018	100.0%	80.5%	18.6%	0.9%	0.0%
06/13/2018	100.0%	21.3%	64.1%	13.9%	0.7%
08/01/2018	100.0%	19.1%	59.7%	19.1%	2.0%
09/26/2018	100.0%	8.1%	36.3%	42.5%	11.9%
11/08/2018	100.0%	7.0%	32.4%	41.7%	16.1%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	61.36	-1.10%	Copper (per mt)	6,887.2	-0.38%
Brent (per barrel)	64.95	-0.82%	Nickel (per mt)	13,625.5	-1.36%
Heating Oil (per gallon)	1.8647	-1.16%	Aluminium (per mt)	2,072.5	-1.52%
Gasoline (per gallon)	1.8940	-0.54%			
Natural Gas (per MMBtu)	2.7780	1.68%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,381.0	0.21%
			Rubber (JPY/KG)	192.7	1.53%
Precious Metals	Futures	% chg			
Gold (per oz)	1,320.8	-0.24%			
Silver (per oz)	16.536	-0.43%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,178.61	-157.13
S&P	2,783.02	-3.55
Nasdaq	7,588.33	27.51
Nikkei 225	21,824.03	354.83
STI	3,540.19	54.62
KLCI	1,861.22	17.30
JCI	6,500.69	67.36
Baltic Dry	1,197.00	--
VIX	15.78	1.14

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.80 (+0.03)	2.26 (--)
5Y	2.13 (+0.03)	2.64 (-0.02)
10Y	2.48 (+0.03)	2.87 (-0.03)
15Y	2.78 (+0.04)	--
20Y	2.82 (+0.04)	--
30Y	2.97 (+0.04)	3.13 (-0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	44.23	1.30
EURIBOR-OIS	2.30	-0.77
TED	42.95	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
03/12/2018 07:50	JN BSI Large All Industry QoQ	1Q	--	3.3	6.2	--
03/12/2018 07:50	JN BSI Large Manufacturing QoQ	1Q	--	2.9	9.7	--
03/12/2018 08:30	AU Credit Card Purchases	Jan	--	A\$26.5b	A\$27.9b	--
03/12/2018 08:30	AU Credit Card Balances	Jan	--	A\$51.6b	A\$52.9b	--
03/12/2018 09:57	VN Domestic Vehicle Sales YoY	Feb	--	-28.80%	29.40%	--
03/12/2018 13:00	SI Retail Sales YoY	Jan	2.20%	-8.40%	4.60%	6.30%
03/12/2018 14:00	JN Machine Tool Orders YoY	Feb P	--	39.50%	48.80%	--
03/12/2018 20:00	IN CPI YoY	Feb	4.70%	4.44%	5.07%	--
03/12/2018 20:00	IN Industrial Production YoY	Jan	6.40%	7.50%	7.10%	--
03/12/2018 22:00	CA Bloomberg Nanos Confidence	Mar-09	--	56.7	57.7	--
03/13/2018 00:01	TA Manpower Survey	2Q	--	27%	22%	--
03/13/2018 00:01	SI Manpower Survey	2Q	--	16%	9%	--
03/13/2018 02:00	US Monthly Budget Statement	Feb	-\$216.0b	-\$215.2b	-\$192.0b	--
03/13/2018 05:45	NZ Food Prices MoM	Feb	--	-0.50%	1.20%	--
03/13/2018 07:50	JN PPI YoY	Feb	2.50%	--	2.70%	--
03/13/2018 08:01	JN Manpower Survey	2Q	--	--	24	--
03/13/2018 08:01	AU Manpower Survey	2Q	--	--	13%	--
03/13/2018 08:01	NZ Manpower Survey	2Q	--	--	16%	--
03/13/2018 08:01	CH Manpower Survey	2Q	--	--	8%	--
03/13/2018 08:01	IN Manpower Survey	2Q	--	--	21%	--
03/13/2018 08:30	AU Home Loans MoM	Jan	-1.00%	--	-2.30%	--
03/13/2018 08:30	AU Investment Lending	Jan	--	--	-2.60%	--
03/13/2018 08:30	AU Owner-Occupier Loan Value MoM	Jan	--	--	-1.00%	--
03/13/2018 08:30	AU NAB Business Conditions	Feb	--	--	19	--
03/13/2018 08:30	AU NAB Business Confidence	Feb	--	--	12	--
03/13/2018 10:45	HK Manpower Survey	2Q	--	--	16%	--
03/13/2018 12:00	MA Industrial Production YoY	Jan	6.80%	--	2.90%	--
03/13/2018 12:00	MA Manufacturing Sales Value YoY	Jan	--	--	9.40%	--
03/13/2018 12:30	JN Tertiary Industry Index MoM	Jan	-0.30%	--	-0.20%	--
03/13/2018 14:30	FR Total Payrolls	4Q	0.20%	--	0.20%	--
03/13/2018 14:30	FR Private Sector Payrolls QoQ	4Q F	0.30%	--	0.30%	--
03/13/2018 16:30	HK Industrial Production YoY	4Q	--	--	0.30%	--
03/13/2018 16:30	HK PPI YoY	4Q	--	--	3.70%	1.30%
03/13/2018 17:00	IT Unemployment Rate Quarterly	4Q	11.00%	--	11.20%	--
03/13/2018 18:00	US NFIB Small Business Optimism	Feb	107.1	--	106.9	--
03/13/2018 20:30	US CPI MoM	Feb	0.20%	--	0.50%	--
03/13/2018 20:30	US CPI Ex Food and Energy MoM	Feb	0.20%	--	0.30%	--
03/13/2018 20:30	US CPI Index NSA	Feb	248.933	--	247.867	--
03/13/2018 20:30	US CPI Core Index SA	Feb	255.8	--	255.287	--
03/13/2018 20:30	US Real Avg Weekly Earnings YoY	Feb	--	--	0.40%	0.60%
03/13/2018 20:30	US Real Avg Hourly Earning YoY	Feb	--	--	0.80%	0.70%
03/12/2018 03/18	CH Foreign Direct Investment YoY CNY	Feb	--	--	0.30%	--

Source: Bloomberg

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