

Highlights

Global	<p>Geopolitical concerns came to the fore again over the weekend amid Friday night's strikes against Syria, and talk of fresh sanctions to be imposed on Russia in relation to Syria's reported use of chemical weapons. Wall Street slipped on Friday even though US bank earnings beat expectations, while oil prices climbed and the 2-10 year UST bond yield curve flattened to 45bps (tightest since Oct07). While the US-China trade tensions have taken a backseat for now, note that China is reportedly slowing reviews of M&A deals by Qualcomm Inc and Bain Capital.</p> <p>Asian bourses may tread water today, awaiting further news. Today's economic data calendar comprises US' retail sales, Empire manufacturing, and Indonesia's trade data. For the week ahead, keep an eye on more US earnings results (including Goldman Sachs and Morgan Stanley), China's key economic data (including 1Q18 GDP growth), a Fed cacophony (with Williams, Bostic, Kaplan, Kashkari, Quarles, Harker, Evans, Dudley, Brainard and Mester on tap), Trump meeting Japanese PM Abe at Mar-a-Lago (possibly touching on trade and North Korea), BOC policy meeting (likely unchanged at 1.25%) on Wed, BI policy meeting on Thu (likely to be static at 4.25%), and the IMF-World Bank spring meetings (with the World Economic Outlook due 17 Apr).</p>
US	<p>The US Treasury's semi-annual FX report did not name any nation as a FX manipulator, but added India to the existing five nations (China, Japan, Switzerland, Korea and Germany) on the watchlist and cited "the increasingly non-market direction of China's economic development poses growing risks to its major trading partners and the long-term global growth outlook". Meanwhile, Fed's Rosengren (non-voter) warned that "we have to be vigilant to make sure we're not overstimulating the economy".</p>
EZ	<p>Spain's sovereign credit rating was raised one notch to Baa1 with a stable outlook by Moody's, citing that "much has been done to address the weaknesses in the banking sector that emerged during the financial crisis" and "structural changes in the economy have changed the growth model to one that is broader-based and more sustainable than in past recoveries".</p>
CH	<p>Reuters reported that China's central bank will remove the informal guidance on the ceiling of commercial deposit rates. Although China announced to remove the ceiling of commercial deposit rate back in 2015, marking an important step of interest rate liberalization, most of deposit rate has been capped at 50% above benchmark interest rate, which is still way below the yield offered by wealth management products.</p>
CMD	<p>Market sentiment was clearly in risk-off territory overnight, seen from lower Wall Street and higher gold prices. Moreover, risk premium in crude oil prices surged overnight following US and its allied forces missile strike on Syria. Despite Syria's low oil production at merely 17k barrels per day, the intensity of the missile strike (described to be twice that of 2017's strike) has surged Brent prices beyond its \$72/bbl overnight. Still, we caution against the sustained rally in oil prices into the week ahead; geopolitical effects on commodity prices, especially oil, has proven to be short-lived.</p>

Major Market

- **US:** Equities eased on Friday to close a relatively strong week. Bank stocks bore the brunt of the declines, despite JPMorgan's earnings came in on the strong side. Overall, the S&P 500 closed down 0.29%, while the Dow and Nasdaq Composite lost 0.50% and 0.47% respectively. VIX slipped to 17.41. US Treasuries were mixed, with the short end seeing losses, but the long end marking gains. The 2y benchmark yield added 1 bp to 2.357%, while the 10y yield softened to 2.827%.
- This week, the earnings season will be in full swing. This earnings season may have great significance, as the markets look to it to potentially pull equities out of its recent weakness. Meanwhile, watch for Syrian tensions to drive risk sentiments. Signs from the Russian side appeared positive over the weekend. Fed-speak will also be on tap every day this week as well.
- **Singapore:** The STI added 0.94% to close at 3501.30 on Friday, but may test waters within a 3480-3520 range today, given Friday gains in Wall Street and morning gains in Nikkei and Kospi. With the flattening in the UST bond yield curve, SGS bonds may reverse the steepening bias seen on Friday.
- **China:** As China is fighting off balance sheet activity, the removal of informal guidance may facilitate banks to bring deposits back to balance sheet. On data, China's aggregate financing missed the market expectation despite new Yuan loan is in line with expectation. The weaker than expected aggregate social financing was mainly the result of shrink of off-balance sheet financing.
- **Indonesia:** BI is foreseeing a trade surplus in March of \$1.1bn. The central bank sees a current-account deficit of 2% of GDP in 1Q 2018 as they believe this forecasted trade surplus should offset deficits posted in January and February.
- **Commodities:** The rally could also be due to OPEC's alleged targeting of \$80/bbl according to anonymous sources to Bloomberg, although much of the rally in our view, must be underpinned by a drastic improvement in fundamentals led by the continued improvement of global economic growth. Till that happens, do expect market-watchers to return to fundamental-watching when geopolitical-led dust settles, which could normalise oil prices lower again very soon.

Bond Market Updates

- **Market Commentary:** The SGD swap curve rose last Friday, with swap rates for the shorter tenors trading 1-2bps higher while the longer tenors traded 2-5bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 127bps while the Bloomberg Barclays Asia USD HY Bond Index average widened 2bps to 344bps. 10Y UST yields fell 1bps lower to 2.83%, as Wall Street stocks slipped, as quarterly results from large banks led by JPMorgan failed to stoke investor enthusiasm.
- **New issues:** China Hongqiao Group Ltd has scheduled for investor meetings from 16 Apr for its potential USD bond issuance. Philippine National Bank has scheduled for investor meetings from 16 Apr for its potential USD 5-year bond issuance. China Overseas Finance (Cayman) VII Ltd has scheduled for investor meetings from 16 Apr for its potential USD 5-year bond issuance (guaranteed by China Overseas Land & Investment Ltd).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	89.800	0.05%	USD-SGD	1.3121	-0.04%
USD-JPY	107.350	0.02%	EUR-SGD	1.6179	-0.01%
EUR-USD	1.2331	0.03%	JPY-SGD	1.2222	-0.03%
AUD-USD	0.7764	0.13%	GBP-SGD	1.8680	0.03%
GBP-USD	1.4238	0.07%	AUD-SGD	1.0194	0.15%
USD-MYR	3.8798	0.09%	NZD-SGD	0.9649	-0.33%
USD-CNY	6.2750	-0.26%	CHF-SGD	1.3637	-0.01%
USD-IDR	13755	-0.17%	SGD-MYR	2.9580	0.01%
USD-VND	22775	-0.06%	SGD-CNY	4.7839	-0.19%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.7019	-0.0012
2M	-0.3410	--	1M	1.8955	-0.0014
3M	-0.3290	--	2M	2.0375	0.0020
6M	-0.2710	--	3M	2.3528	0.0051
9M	-0.2190	--	6M	2.4900	0.0081
12M	-0.1900	0.0010	12M	2.7309	0.0137

Fed Rate Hike Probability

Meeting	Prob Hike	1.75-2	2-2.25	2.25-2.5	2.5-2.75
05/02/2018	27.8%	27.8%	0.0%	0.0%	0.0%
06/13/2018	88.6%	65.2%	23.4%	0.0%	0.0%
08/01/2018	89.3%	61.9%	26.0%	1.5%	0.0%
09/26/2018	95.9%	30.2%	48.2%	16.6%	0.9%
11/08/2018	96.2%	28.1%	46.7%	19.2%	2.2%
12/19/2018	97.7%	18.9%	39.7%	29.6%	8.6%

Equity and Commodity

Index	Value	Net change
DJIA	24,360.14	-122.91
S&P	2,656.30	-7.69
Nasdaq	7,106.65	-33.60
Nikkei 225	21,778.74	118.46
STI	3,501.30	32.69
KLCI	1,868.47	-5.15
JCI	6,270.33	-40.47
Baltic Dry	1,014.00	21.00
VIX	17.41	-1.08

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.88 (-)	2.36 (+0.01)
5Y	2.06 (+0.01)	2.67 (-)
10Y	2.39 (+0.02)	2.83 (-0.01)
15Y	2.66 (+0.02)	--
20Y	2.72 (+0.02)	--
30Y	2.83 (+0.02)	3.03 (-0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	58.44	0.23
EURIBOR-OIS	2.10	-1.08
TED	60.42	-1.51

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	67.39	0.48%	Copper (per mt)	6,770.4	0.24%
Brent (per barrel)	72.58	0.78%	Nickel (per mt)	13,897.5	1.65%
Heating Oil (per gallon)	2.1002	0.79%	Aluminium (per mt)	2,291.0	-3.37%
Gasoline (per gallon)	2.0654	0.53%			
Natural Gas (per MMBtu)	2.7350	1.82%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,399.0	-0.99%
			Rubber (JPY/KG)	184.8	0.98%
Precious Metals	Futures	% chg			
Gold (per oz)	1,347.9	0.45%			
Silver (per oz)	16.658	1.12%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 10 Apr 2018

	Current	Previous	Net Chg		Current	Previous	Net Chg
Corn	317,816	289,676	28,140	Live Cattle	44,217	53,825	-9,608
Wheat	-20,425	-40,610	20,185	Gold	164,227	173,181	-8,954
Coffee	-48,418	-52,586	4,168	RBOB Gasoline	72,709	80,183	-7,474
Nymex Crude	742,570	738,456	4,114	Lean Hogs	1,768	7,234	-5,466
Cocoa	48,350	46,442	1,908	Platinum	18,194	22,851	-4,657
Copper	22,610	20,864	1,746	Palladium	8,135	10,229	-2,094
Silver	-16,812	-18,442	1,630	Natural Gas	-100,340	-98,849	-1,491
Sugar	-114,262	-115,350	1,088	Soybean	200,149	200,722	-573
Cotton	91,801	90,729	1,072	Heating Oil	16,058	15,186	872

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
04/13/2018 05:00	SK Import Price Index YoY	Mar	--	3.10%	0.40%	--
04/13/2018 05:00	SK Export Price Index YoY	Mar	--	-0.90%	-1.30%	--
04/13/2018 06:30	NZ BusinessNZ Manufacturing PMI	Mar	--	52.2	53.4	53.3
04/13/2018 08:00	SI GDP YoY	1Q A	4.30%	4.30%	3.60%	--
04/13/2018 08:00	SI GDP SAAR QoQ	1Q A	1.20%	1.40%	2.10%	--
04/13/2018 11:08	CH Exports YoY CNY	Mar	8.00%	-9.80%	36.20%	35.80%
04/13/2018 11:08	CH Imports YoY CNY	Mar	7.50%	5.90%	-0.20%	-0.40%
04/13/2018 11:09	CH Trade Balance	Mar	\$27.50b	-\$4.98b	\$33.74b	\$33.45b
04/13/2018 11:09	CH Exports YoY	Mar	11.80%	-2.70%	44.50%	44.10%
04/13/2018 11:09	CH Imports YoY	Mar	12.00%	14.40%	6.30%	6.10%
04/13/2018 14:00	GE CPI YoY	Mar F	1.60%	1.60%	1.60%	--
04/13/2018 14:00	GE CPI EU Harmonized YoY	Mar F	1.50%	1.50%	1.50%	--
04/13/2018 16:02	CH Money Supply M1 YoY	Mar	9.50%	7.10%	8.50%	--
04/13/2018 16:02	CH Money Supply M2 YoY	Mar	8.90%	8.20%	8.80%	--
04/13/2018 16:02	CH Aggregate Financing CNY	Mar	1800.0b	1330.0b	1170.0b	1173.6b
04/13/2018 16:02	CH New Yuan Loans CNY	Mar	1175.5b	1120.0b	839.3b	--
04/13/2018 16:02	CH Money Supply M0 YoY	Mar	7.90%	6.00%	13.50%	--
04/13/2018 16:30	IT General Government Debt	Feb	--	2286.5b	2279.9b	2286.6b
04/13/2018 17:00	EC Trade Balance SA	Feb	20.2b	21.0b	19.9b	20.2b
04/13/2018 17:00	EC Trade Balance NSA	Feb	--	18.9b	3.3b	--
04/13/2018 20:15	IN Exports YoY	Mar	--	-0.70%	4.50%	--
04/13/2018 20:15	IN Imports YoY	Mar	--	7.20%	10.40%	--
04/13/2018 21:00	CA Existing Home Sales MoM	Mar	--	1.30%	-6.50%	--
04/13/2018 22:00	US JOLTS Job Openings	Feb	6024	6052	6312	6228
04/13/2018 22:00	US U. of Mich. Sentiment	Apr P	100.3	97.8	101.4	--
04/16/2018 06:30	NZ Performance Services Index	Mar	--	58.8	55	55.3
04/16/2018 06:45	NZ Food Prices MoM	Mar	--	1.00%	-0.50%	--
04/16/2018 07:01	UK Rightmove House Prices MoM	Apr	--	0.40%	1.50%	--
04/16/2018 12:00	JN Tokyo Condominium Sales YoY	Mar	--	--	7.80%	--
04/16/2018 12:00	ID Imports YoY	Mar	12.40%	--	25.18%	--
04/16/2018 12:00	ID Exports YoY	Mar	2.95%	--	11.76%	--
04/16/2018 12:00	ID Trade Balance	Mar	-\$71m	--	-\$116m	--
04/16/2018 14:00	GE Wholesale Price Index MoM	Mar	--	--	-0.30%	--
04/16/2018 14:30	IN Wholesale Prices YoY	Mar	2.50%	--	2.48%	--
04/16/2018 20:30	US Empire Manufacturing	Apr	18.6	--	22.5	--
04/16/2018 20:30	US Retail Sales Advance MoM	Mar	0.40%	--	-0.10%	--
04/16/2018 20:30	US Retail Sales Ex Auto MoM	Mar	0.20%	--	0.20%	--
04/16/2018 20:30	US Retail Sales Ex Auto and Gas	Mar	0.40%	--	0.30%	--
04/16/2018 20:30	US Retail Sales Control Group	Mar	0.30%	--	0.10%	--
04/16/2018 22:00	CA Bloomberg Nanos Confidence	Apr-13	--	--	57.8	--
04/16/2018 22:00	US Business Inventories	Feb	0.60%	--	0.60%	--
04/16/2018 22:00	US NAHB Housing Market Index	Apr	70	--	70	--
04/16/2018	PH Overseas Workers Remittances	Feb	\$2400m	--	\$2379m	--
04/16/2018	PH Overseas Remittances YoY	Feb	10.70%	--	9.70%	--

Source: Bloomberg

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