

Highlights

Global	<p>Market rallied overnight with US Wall Street rising across the board likely on the back of earning optimism as well as PBoC's reserve requirement ratio cut, overshadowing the jitter on Tuesday following the US's ban on Chinese telecommunications equipment and systems company ZTE. The trigger of a 7-year denial of export privileges on ZTE is a blow to the company as it is likely to miss its shipment without the chipsets from the US companies. Meanwhile, it may also create fresh concern that the US government may open new front to confront with China to extend the recent bilateral trade tensions. China's reaction is likely to be closely monitored to see whether the incident may trigger fresh rounds of escalation on trade tension which cooled down slightly last week. China's RRR cut is supportive of risk sentiment as banks profit is expected to improve with lower funding costs. On the geopolitical front, note that the North and South Korea are in talks to discuss a permanent end to their military conflict as early as this Friday.</p> <p>Elsewhere, the International Monetary Fund forecasts kept its global growth outlook unchanged at 3.9% this year, the fastest pace since 2011, while upgrading estimates for US and EU growth. They iterated that the upswing in global growth will be "supported by strong momentum, favourable market sentiment, accommodative financial conditions, and the domestic and international repercussions of expansionary policy in the United States."</p> <p>For today, look out for the Bank of Canada's rate decision, where market is pencilling in no change to rate at 1.25% and following the central bank's previous rate hike in January this year. In Asia, watch out for Malaysia's CPI and SG COE this afternoon.</p>
CH	<p>The economy decelerated slightly to 6.8% in 1Q in line with market expectation. However, recent data shows that the economy is likely to decelerate further as a result of higher funding costs and shrinking off-balance sheet lending activity. The PBoC announced to cut reserve requirement ratio for most Chinese banks by 1% effective from 25 April. The RRR cut is close to a universal cut, which will unfreeze about CNY1.3 trillion. However, CNY900 billion out of CNY1.3 trillion will be used to pay off the existing Medium-term lending facility (MLF). As such, the net liquidity injection is about CNY400 billion. The RRR cut with innovative debt swap feature to replace the MLF shows that China is unlikely to deviate from the path of prudent monetary policy. Nevertheless, the cut reinforced the consensus that China is unlikely to tighten further.</p>
CMD	<p>Crude oil ended higher as market-watchers digested news surrounding US crude oil inventory drawdown data reported by the American Petroleum Institute (API). Note that API reported a surprise drawdown of 1.05 million barrels for the week ended 13th April, against expectations for DOE crude stocks to gain 650 thousand barrels. Elsewhere, note that Kuwait surfaces to be the latest OPEC-related rhetoric to revisit extending the oil cut deal as early as the upcoming OPEC meeting in June. Note that we have published our latest Commodities Outlook (April 2018) which includes our latest commodity outlook for the year ahead.</p>

Major Market

- **US:** Wall Street clocked another session of gains as market focus shifted from ongoing trade tensions to the better-than-expected strong earnings reports from US industry heavyweights. The Dow, S&P 500 as well as the Nasdaq composite all inched higher to add 0.87%, 1.07% and 1.74%, respectively. VIX fell to 15.25, compared with 16.56 on Monday. US Treasuries saw the short end rise as the 2y yield added 2bp to close higher at 2.394%. Meanwhile, the 10y yield ended firmer at 2.829%.
- **Singapore:** The STI inched 0.03% up to close at 3,498.20 on Tuesday and may trade higher today amid overnight highs in Wall Street coupled with morning gains in Kospi. Counters in focus include Genting Singapore PLC (+1.71%) and Singapore Press Holdings Ltd (+1.56%). Meanwhile, CapitaLand and Commercial Trust (-1.63%) as well as Jardine Strategic Holdings Ltd (-1.40%) registered losses.
- **China:** The RRR cut will unfreeze more liquidity for those smaller banks with no direct access to the central bank liquidity facility, which may in turn better support the funding demand from SMEs. The RRR cut will also play a pre-emptive role in stabilizing China's credit expansion to ease the tighter monetary condition. More cuts with similar feature may come.
- **Indonesia:** BI's Board of Governors will be meeting for the next two days to set the monetary policy stance. Incoming Governor Perry Warjiyo had previously mentioned that Indonesia should try to achieve a growth rate of 6.0% or more. Inflation is also currently within the target range. With these items in mind, we expect BI would most likely choose to keep rates on hold at the moment. We still see though that other Asian central banks would raise rates later this year due to inflationary pressures and strong growth. Given this, we believe that BI would eventually feel the pressure to raise rates later in the year in order to close the interest rates differential. Meanwhile, Indonesia's foreign debt jumped 9.5% to US\$356.2bn at the end of February from US\$325.4bn a year earlier. External debt reportedly stands around 34% of GDP according to BI.
- **Macau:** VIP gaming revenue expanded 21% yoy with its share in total gaming revenue stabilizing at 56.1%. As junket operators continued to extend credits to high rollers and held events after the Lunar New Year to lure VIP gamblers, the VIP segment remained supported. On the other hand, mass-market segment's revenue grew 21% yoy while its share in total revenue rose slightly to 38.9%. Asia's resilient growth, a weak MOP, new hotel opening as well as the effect of Lunar New Year Holiday have been the major factors boosting tourism activities and bolstering mass-market segment. Moving forward, we remain wary of the sustainability of VIP segment's remarkable increase given lingering policy risks. Prospects for higher interest rates may also impede junket operator from lending to rich gamblers. In contrast, infrastructure improvement and a new wave of hotel openings will provide more impetus for the mass-market segment. Nevertheless, gaming growth driven by mass-market could be moderate as compared to that led by VIP demand. Adding on high base effect, we hold onto our view that total gaming revenue growth will slow to 10%-15% in 2018.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates for the shorter tenors trading 1bps higher while the longer tenors traded 1-3bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS traded little changed at 127

bps while the Bloomberg Barclays Asia USD HY Bond Index average widened 3bps to 349bps. 10Y UST yield traded little changed at 2.83%.

- **New issues:** The Republic of Indonesia has priced a USD1bn 10-year note at 4.13%, tightening from its initial price guidance of 4.4%. China Hongqiao Group Ltd has priced a USD450mn 363-day bond (guaranteed by China Hongqiao Investment Ltd, Hongqiao Investment (HK) Ltd, Hongqiao International Trading Ltd) at 6.85%, tightening from its initial price guidance of 7.125%. Easy Tactic Ltd has priced a USD600mn 3NC2 bond (Guangzhou R&F Properties Co., Ltd acting as guarantor and provider of benefit of a Keepwell Deed and Equity Interest Purchase Undertaking) at 7%, tightening from its initial price guidance of 7.125%. Syngenta Finance NV (SYNNVX) has priced a USD4.75bn deal (guaranteed by Syngenta AG) across 6-tranches, with the USD750mn 2-year Fxd priced at CT2+130bps, tightening from its initial price guidance of CT2+175bps area; the USD750mn 3-year Fxd priced at CT3+140bps, tightening from its initial price guidance of CT3+187.5bps area; the USD1bn 5-year Fxd priced at CT5+175bps, tightening from its initial price guidance of CT5+225bps area; the USD750mn 7-year Fxd priced at CT7+210bps area, tightening from its initial price guidance of CT7+250bps area; the USD1bn 10-year Fxd priced at CT10+235bps, tightening from its initial price guidance of CT10+275bps area, and the USD500mn 30-year Fxd priced at CT30+265bps, tightening from its initial price guidance of CT30+312.5bps area. SoftBank Group Corp has priced a USD2.45bn deal across 4 tranches (guaranteed by SoftBank Corp), with the USD300mn 5-year bond priced at 5.5%, in line with its initial price guidance; the USD450mn 7-year bond at 6.125%, in line with its initial price guidance; the EUR1bn 5-year bond priced at 4%, tightening from its initial price guidance of 4.125% and the EUR450mn 7-year bond priced at 4.5%, in line with its initial price guidance. Envision Energy Overseas Capital Co Ltd may price a USD 3-year bond as early as 18 Apr (guaranteed by Envision Energy International Ltd). PT MNC Investama has scheduled for investor meetings from 18 Apr for its potential USD bond issuance. State Grid Overseas Investment (2016) Ltd has scheduled for investor meetings from 18 Apr for its potential USD and EUR bond issuance (guaranteed by State Grid Corp of China).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	89.516	0.10%	USD-SGD	1.3114	0.09%
USD-JPY	107.000	-0.11%	EUR-SGD	1.6222	0.01%
EUR-USD	1.2370	-0.08%	JPY-SGD	1.2256	0.20%
AUD-USD	0.7766	-0.19%	GBP-SGD	1.8737	-0.27%
GBP-USD	1.4288	-0.36%	AUD-SGD	1.0184	-0.11%
USD-MYR	3.8902	0.06%	NZD-SGD	0.9628	-0.20%
USD-CNY	6.2825	0.10%	CHF-SGD	1.3572	-0.56%
USD-IDR	13766	-0.10%	SGD-MYR	2.9691	0.15%
USD-VND	22739	-0.18%	SGD-CNY	4.7926	0.15%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.7013	--
2M	-0.3410	--	1M	1.8943	--
3M	-0.3290	--	2M	2.0406	--
6M	-0.2700	--	3M	2.3551	--
9M	-0.2190	--	6M	2.5031	--
12M	-0.1890	--	12M	2.7441	--

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	96.4%	27.4%	46.2%	20.1%	2.6%
12/19/2018	97.7%	18.6%	39.2%	29.8%	9.1%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	66.52	0.45%	Copper (per mt)	6,840.9	-0.45%
Brent (per barrel)	71.58	0.22%	Nickel (per mt)	14,186.0	-0.85%
Heating Oil (per gallon)	2.0571	-0.64%	Aluminium (per mt)	2,412.0	0.04%
Gasoline (per gallon)	2.0412	0.06%			
Natural Gas (per MMBtu)	2.7380	-0.51%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,408.0	1.65%
			Rubber (JPY/KG)	180.2	0.56%
Precious Metals	Futures	% chg			
Gold (per oz)	1,349.5	-0.09%			
Silver (per oz)	16.787	0.66%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,786.63	213.59
S&P	2,706.39	28.55
Nasdaq	7,281.10	124.81
Nikkei 225	21,847.59	12.06
STI	3,498.20	1.01
KLCI	1,880.49	1.73
JCI	6,285.76	-0.99
Baltic Dry	1,025.00	--
VIX	15.25	-1.31

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.88 (-)	2.39 (+0.02)
5Y	2.05 (-0.01)	2.69 (+0.01)
10Y	2.38 (-0.01)	2.83 (-)
15Y	2.65 (-0.02)	--
20Y	2.70 (-0.02)	--
30Y	2.83 (-0.01)	3.02 (-)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	58.06	-0.38
EURIBOR-OIS	3.25	0.48
TED	59.83	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
04/17/2018 04:00	US Total Net TIC Flows	Feb	--	\$44.7b	\$119.7b	\$122.6b
04/17/2018 04:00	US Net Long-term TIC Flows	Feb	--	\$49.0b	\$62.1b	\$61.4b
04/17/2018 05:00	NZ REINZ House Sales YoY	Mar	--	-9.90%	1.20%	--
04/17/2018 08:30	SI Non-oil Domestic Exports SA MoM	Mar	2.40%	-1.80%	-2.60%	-2.70%
04/17/2018 08:30	SI Electronic Exports YoY	Mar	--	-7.10%	-12.30%	-12.70%
04/17/2018 08:30	SI Non-oil Domestic Exports YoY	Mar	1.20%	-2.70%	-5.90%	-6.00%
04/17/2018 10:00	CH GDP YoY	1Q	6.80%	6.80%	6.80%	--
04/17/2018 10:00	CH GDP YTD YoY	1Q	6.80%	6.80%	6.90%	--
04/17/2018 10:00	CH Retail Sales YoY	Mar	9.70%	10.10%	9.40%	--
04/17/2018 10:00	CH Industrial Production YoY	Mar	6.30%	6.00%	6.20%	--
04/17/2018 10:00	CH Fixed Assets Ex Rural YTD YoY	Mar	7.70%	7.50%	7.90%	--
04/17/2018 11:00	NZ Non Resident Bond Holdings	Mar	--	59.00%	59.70%	--
04/17/2018 12:30	JN Industrial Production MoM	Feb F	--	0.00%	4.10%	--
04/17/2018 12:30	JN Industrial Production YoY	Feb F	--	1.60%	1.40%	--
04/17/2018 12:30	JN Capacity Utilization MoM	Feb	--	1.30%	-7.30%	--
04/17/2018 16:07	IT CPI EU Harmonized YoY	Mar F	1.10%	0.90%	1.10%	--
04/17/2018 16:30	UK Claimant Count Rate	Mar	--	2.40%	2.40%	--
04/17/2018 16:30	UK Jobless Claims Change	Mar	--	11.6k	9.2k	15.1k
04/17/2018 16:30	UK Average Weekly Earnings 3M/YoY	Feb	3.00%	2.80%	2.80%	--
04/17/2018 16:30	UK ILO Unemployment Rate 3Mths	Feb	4.30%	4.20%	4.30%	--
04/17/2018 17:00	GE ZEW Survey Current Situation	Apr	88	87.9	90.7	--
04/17/2018 17:00	GE ZEW Survey Expectations	Apr	-1	-8.2	5.1	--
04/17/2018 17:00	EC ZEW Survey Expectations	Apr	--	1.9	13.4	--
04/17/2018 17:00	IT Trade Balance Total	Feb	--	3104m	-87m	-92m
04/17/2018 20:30	CA Int'l Securities Transactions	Feb	--	3.96b	5.68b	5.63b
04/17/2018 20:30	CA Manufacturing Sales MoM	Feb	0.80%	1.90%	-1.00%	-1.30%
04/17/2018 20:30	US Housing Starts	Mar	1267k	1319k	1236k	1295k
04/17/2018 20:30	US Building Permits	Mar	1321k	1354k	1298k	1321k
04/17/2018 21:15	US Industrial Production MoM	Mar	0.30%	0.50%	1.10%	1.00%
04/17/2018 21:15	US Capacity Utilization	Mar	77.90%	78.00%	78.10%	77.70%
04/18/2018 07:50	JN Trade Balance	Mar	¥499.2b	--	¥3.4b	¥2.6b
04/18/2018 07:50	JN Trade Balance Adjusted	Mar	¥104.0b	--	-¥201.5b	--
04/18/2018 07:50	JN Exports YoY	Mar	5.20%	--	1.80%	--
04/18/2018 08:30	AU Westpac Leading Index MoM	Mar	--	--	0.29%	--
04/18/2018 12:00	MA CPI YoY	Mar	1.60%	--	1.40%	--
04/18/2018 14:00	EC EU27 New Car Registrations	Mar	--	--	4.30%	--
04/18/2018 16:00	IT Industrial Sales MoM	Feb	--	--	-2.80%	--
04/18/2018 16:00	IT Industrial Orders MoM	Feb	--	--	-4.50%	--
04/18/2018 16:00	SI Automobile COE Open Bid Cat A	Apr-18	--	--	37000	--
04/18/2018 16:00	SI Automobile COE Open Bid Cat B	Apr-18	--	--	37605	--
04/18/2018 16:00	SI Automobile COE Open Bid Cat E	Apr-18	--	--	38039	--
04/18/2018 16:30	UK CPI YoY	Mar	2.70%	--	2.70%	--
04/18/2018 16:30	UK CPI Core YoY	Mar	2.50%	--	2.40%	--
04/18/2018 16:30	UK Retail Price Index	Mar	278.8	--	278.1	--
04/18/2018 16:30	UK RPI MoM	Mar	0.30%	--	0.80%	--
04/18/2018 16:30	UK PPI Input NSA YoY	Mar	4.30%	--	3.40%	--
04/18/2018 16:30	UK PPI Output NSA MoM	Mar	0.10%	--	0.00%	--
04/18/2018 16:30	UK PPI Output Core NSA YoY	Mar	2.20%	--	2.40%	--
04/18/2018 17:00	EC CPI Core YoY	Mar F	1.00%	--	1.00%	--
04/18/2018 17:00	EC CPI YoY	Mar F	1.40%	--	1.40%	1.10%
04/18/2018 19:00	US MBA Mortgage Applications	Apr-13	--	--	-1.90%	--
04/18/2018 22:00	CA Bank of Canada Rate Decision	Apr-18	1.25%	--	1.25%	--

Source: Bloomberg

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