

### Highlights

<b>Global</b>	<p>Market sentiment consolidated overnight affected by multiple factors including higher yields, mixed earnings, still solid US growth data and eased sanctions on Russian aluminium producer Rusal. The US 10-year Treasury yield ended closer to 3%, temporarily paused the further flattening of yield curve. Although the flattening yield curve has raised the concerns about potential economic slowdown in the coming years, the recent data from the US shows that the near term outlook remains solid. The flash April manufacturing PMI rose to three and a half year high of 56.5 from 55.5 in March. The rising PMI was also partially attributable to higher raw material prices as a result of rising commodity prices and trade tensions. Market will watch out for Australia 1Q CPI and April German IFO business sentiment data. Note that German IFO has been declining for four consecutive months. Should April's reading weaken further, market may question the European recovery ahead of the ECB meeting. The widening growth divergent story may continue to support the rebound of US dollar in the near term.</p>
<b>SI</b>	<p>Headline CPI inflation moderated to 0.2% yoy (-0.2% mom nsa) in March, after recording 0.5% yoy (+0.5% mom nsa) in February which was the festive season of Chinese New Year. The March prints came in below market expectations of 0.5% yoy, but matched our forecast of 0.2% yoy, amid slower price increases in food (1.4% yoy) and services (1.4% yoy). Given the resilient growth in 1Q18 and the improving labour market conditions, headline and core inflation are likely to simmer in the coming months/quarters. While the US-China trade tensions continue to hover in the background, so far the detrimental effect on global GDP growth and trade growth has been limited. We maintain our headline and core inflation forecast for 2018 at 0.5% and 1.5% yoy respectively. Notwithstanding the March moderation in inflation readings, MAS' recent decision to slightly steepen the S\$NEER slope without a change to the bandwidth or the level at which it is centered, suggests that the inflation trajectory is still likely upward, albeit within the 0-1% (headline inflation) and 1-2% (core inflation) forecast ranges set out by MAS.</p>
<b>CH</b>	<p>In its latest CPC Politburo meeting, China's top policy makers said the country will use market based measures to reduce over capacity. Meanwhile, China will give support to new sectors and new business models though it did not specify the details. In addition, China reiterated to stick to proactive fiscal policy and prudent monetary policy. Three key areas including containing financial risk, targeted poverty reduction and fighting pollution will be the key focus.</p>
<b>CMD</b>	<p>Safe haven demand in gold ebbed significantly, with news of US Treasury Secretary Mnuchin having a "cautiously optimistic" view on reaching an agreement with China, while N. Korea's comment to freeze weapon testing also aided in diminishing geopolitical concerns. More so, the US Treasury Department extended its sanctions against Rusal to 23<sup>rd</sup> Oct (instead of 5<sup>th</sup> Jun) and highlights its intention to lift sanctions if Oleg Deripaska ceded control of the company, and also adding that the department will not impose secondary sanctions on non-US entities engaged with Rusal or its subsidiaries. Note that base metal prices slumped at the above news, especially with aluminium falling 7.6% overnight.</p>

## Major Market

- **US:** Equities ended mixed Monday as investor concerns centred around higher yields, tech woes as well as weaker than expected earnings reports. The Dow fell 0.06% to close down at 24,448.69 while the Nasdaq composite slid 0.25%. On the other hand, the S&P 500 was flat at +0.01%. VIX fell 3.2% to 16.34, lower than the 16.88 seen on Friday. The 2y benchmark treasury yield rose 2bps to close at 2.476%. Meanwhile, the 10y yield approached the elusive 3% handle, rising 5bps to close at 2.975%, its highest since 2014. Supported by the rising yields, the dollar rose to its highest since Jan'18.
- **Singapore:** The STI rose 0.17% on yesterday's closing, led by gains seen in Singapore Exchange (+1.85%), Hongkong Land Holdings (+1.42%) and Venture Corp (+1.11%), although losses in YZJ Shipbuilding (-1.65%), UOL Group (-1.13%) and Jardine C&C (-0.91%) cushioned the gains. Overall, do look for another day of range-trading today, especially with Wall Street mixed overnight while market-watchers evaluate risk appetite following new developments on the geopolitical front.
- Also, note the Prime Minister Lee Hsien Loong commented that a Cabinet reshuffle could take place in a day or two, suggesting that Singapore could see more concrete details of a reshuffle latest by Wednesday. Note that the reshuffle will involve almost 16 ministries, while Straits Times reported that Trade and Industry (Trade) Minister Lim Hng Kiang, 64; Manpower Minister Lim Swee Say, 63; and Communications and Information Minister Yaacob Ibrahim, 62, are expected to step down.
- **Hong Kong:** Inflation decelerated from 3.1% to 2.6% in March 2018 as the effect of Lunar New Year abated. For the most heavily-weighted item, food inflation held up well at 3.7% as the inflation of basic foodstuffs accelerated to its strongest level since March 2016 at 5%. However, as China's food inflation slowed down from its highest level since mid-2016, we expect HK's food price pressures to remain contained in the coming months. In addition, the inflation of miscellaneous services reached 2.9%, mainly driven by higher charges for package tour amid the different timing of Easter holiday between this year and last year. On the other hand, as the low base effect caused by special fuel rebate waned, the utility inflation moderated from 10.9% to 4.3%. Moving forward, a weaker HKD and higher commodity prices may bring some imported inflationary pressure to HK. Also, US-China trade tension could translate into inflationary risks. However, muted inflation data across major economies suggests that companies may not fully pass through price pressures to consumers. Therefore, HK's overall CPI growth is expected to print slightly above 2% this year.
- **Macau:** Total visitor arrivals continued to increase by 9.3% yoy in March 2018. Besides, the share of overnight visitors (+10.2% yoy) rebounded to 53.1% after the effect of Lunar New Year Holiday drove it down to a two-year low of 45.5% in February. Tourism sector registered broad-based improvement as compared to the same month last year. Notably, tourists from Hong Kong (+9.3% yoy) marked two consecutive months of growth and exhibited the strongest year-on-year growth since April 2017, probably due to a low base effect caused by the different timing of Easter Holidays between this year and last year. This indicates that the year-on-year growth of HK tourists could decelerate in April. Despite that, we hold onto our view that Macau's overall tourism activities will continue to gain growth momentum in the coming months given a weaker MOP, infrastructure improvement and a new wave of mega project openings. This will in turn benefit both retail sector and mass-market segment of gaming sector.
- **Thailand:** Exports growth surprised higher at 7.1% in March, versus market estimate of 6.0%. Imports grew 9.5%, down from a 16% print in February and bringing March's

trade balance to \$1.27bn. Despite the surprisingly higher export print, the pace of growth is at its 13-month low (vs Feb-17's export growth of -2.7%). The export print across industries suggests that recovery is not broad-based, but rather concentrated in the manufacturing and industrial sectors. Across the export products, mineral and fuel products grew at double-digit growth rate (+49.8% y/y), the fastest growth since Jan 2017. Exports of manufacturing and industrial products also expanded into March, although agricultural product shipments fell to its lowest (-9.7% y/y) since July 2016.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates for the shorter tenors trading 5bps higher while the longer tenors traded roughly 6-9bps higher. The 12 year swap rates continue to put a kink in the curve spiking up by ~16bps. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 2bps to 1.28% while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 3bps to 353bps. 10Y UST yields rose 2bps to 2.98%, as concerns about inflation returned. Investors are taking the view that the global inflation climate is worsening with the combination of trade friction and sanctions leading to higher prices for oil, metal and other goods that are hit with tariffs.
- **New issues:** Global Prime Capital Pte Ltd has priced a USD250mn 3NC2 bond (guaranteed by PT Bumi Serpong Damai Tbk and certain of its subsidiaries) at 7.25%, in line with its initial price guidance. BOC Aviation Ltd has priced a USD500mn 3-year FRN at 3mL+105bps, tightening from its initial price guidance of 3mL+130bps area. MCC Holding Hong Kong Corp Ltd has priced a USD500mn Perp NC3 bond (guaranteed by Metallurgical Corp of China Ltd) at 4.95%, tightening from its initial price guidance of 5.125%. Ausgrid Finance Pty Ltd has priced a USD1bn deal across 2 tranches, with the USD500mn 5-year bond at CT5+105bps (tightening from its initial price guidance of CT5+120bps) and the USD500mn 10.25-year tranche at CT10+140bps (tightening from its initial price guidance of CT10+150bps area). CNOOC Finance (2015) U.S.A LLC has scheduled for investor meetings from 23 Apr for its potential USD bond issuance (guaranteed by CNOOC Ltd). Central China Real Estate Ltd is proposing to issue Singapore Dollar senior notes.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	90.946	0.70%	<b>USD-SGD</b>	1.3254	0.69%
<b>USD-JPY</b>	108.710	0.98%	<b>EUR-SGD</b>	1.6181	0.02%
<b>EUR-USD</b>	1.2209	-0.64%	<b>JPY-SGD</b>	1.2194	-0.25%
<b>AUD-USD</b>	0.7605	-0.87%	<b>GBP-SGD</b>	1.8476	0.28%
<b>GBP-USD</b>	1.3940	-0.43%	<b>AUD-SGD</b>	1.0079	-0.17%
<b>USD-MYR</b>	3.8977	--	<b>NZD-SGD</b>	0.9473	-0.18%
<b>USD-CNY</b>	6.3170	0.33%	<b>CHF-SGD</b>	1.3549	0.17%
<b>USD-IDR</b>	13975	0.59%	<b>SGD-MYR</b>	2.9473	-0.58%
<b>USD-VND</b>	22770	-0.02%	<b>SGD-CNY</b>	4.7684	-0.37%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3720	--	<b>O/N</b>	1.7031	--
<b>2M</b>	-0.3410	--	<b>1M</b>	1.8970	--
<b>3M</b>	-0.3280	--	<b>2M</b>	2.0581	--
<b>6M</b>	-0.2710	--	<b>3M</b>	2.3592	--
<b>9M</b>	-0.2200	--	<b>6M</b>	2.5113	--
<b>12M</b>	-0.1890	--	<b>12M</b>	2.7603	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	1.75-2	2-2.25	2.25-2.5	2.5-2.75
05/02/2018	32.1%	32.1%	0.0%	0.0%	0.0%
06/13/2018	91.8%	63.6%	28.2%	0.0%	0.0%
08/01/2018	92.3%	60.2%	30.4%	1.7%	0.0%
09/26/2018	98.0%	21.4%	52.4%	22.9%	1.3%
11/08/2018	98.2%	19.3%	49.0%	26.1%	3.6%
12/19/2018	99.0%	11.8%	36.2%	36.0%	13.3%

#### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	68.64	0.38%	Copper (per mt)	6,903.8	-0.76%
Brent (per barrel)	74.71	0.88%	Nickel (per mt)	14,223.5	-3.84%
Heating Oil (per gallon)	2.1409	0.84%	Aluminium (per mt)	2,296.0	-7.61%
Gasoline (per gallon)	2.1237	1.33%			
Natural Gas (per MMBtu)	2.7400	0.04%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,408.0	-0.25%
			Rubber (JPY/KG)	188.8	0.91%
Precious Metals	Futures	% chg			
Gold (per oz)	1,324.0	-1.07%			
Silver (per oz)	16.658	-3.27%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	24,448.69	-14.25
<b>S&amp;P</b>	2,670.29	0.15
<b>Nasdaq</b>	7,128.60	-17.52
<b>Nikkei 225</b>	22,088.04	-74.20
<b>STI</b>	3,579.54	6.16
<b>KLCI</b>	1,880.36	-7.39
<b>JCI</b>	6,308.15	-29.55
<b>Baltic Dry</b>	1,281.00	--
<b>VIX</b>	16.34	-0.54

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.97 (+0.04)	2.48 (+0.02)
<b>5Y</b>	2.20 (+0.06)	2.82 (+0.02)
<b>10Y</b>	2.55 (+0.06)	2.98 (+0.02)
<b>15Y</b>	2.78 (+0.06)	--
<b>20Y</b>	2.78 (+0.06)	--
<b>30Y</b>	2.91 (+0.05)	3.14 (--)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	56.43	-0.44
<b>EURIBOR-OIS</b>	3.29	1.09
<b>TED</b>	55.95	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
<b>04/23/2018 08:30</b>	<b>JN Nikkei Japan PMI Mfg</b>	<b>Apr P</b>	--	<b>53.3</b>	<b>53.1</b>	--
04/23/2018 11:00	NZ Credit Card Spending YoY	Mar	--	7.20%	7.00%	--
<b>04/23/2018 11:00</b>	<b>TH Customs Exports YoY</b>	<b>Mar</b>	<b>6.00%</b>	<b>7.06%</b>	<b>10.30%</b>	<b>10.26%</b>
04/23/2018 11:00	TH Customs Imports YoY	Mar	11.60%	9.47%	16.00%	--
04/23/2018 11:00	TH Customs Trade Balance	Mar	\$660m	\$1268m	\$808m	--
<b>04/23/2018 13:00</b>	<b>SI CPI YoY</b>	<b>Mar</b>	<b>0.50%</b>	<b>0.20%</b>	<b>0.50%</b>	--
<b>04/23/2018 15:00</b>	<b>FR Markit France Manufacturing PMI</b>	<b>Apr P</b>	<b>53.5</b>	<b>53.4</b>	<b>53.7</b>	--
04/23/2018 15:00	FR Markit France Services PMI	Apr P	56.5	57.4	56.9	--
04/23/2018 15:00	FR Markit France Composite PMI	Apr P	55.9	56.9	56.3	--
<b>04/23/2018 15:27</b>	<b>MU Visitor Arrivals</b>	<b>Mar</b>	--	<b>2733t</b>	<b>3071t</b>	--
<b>04/23/2018 15:30</b>	<b>GE Markit Germany Manufacturing PMI</b>	<b>Apr P</b>	<b>57.5</b>	<b>58.1</b>	<b>58.2</b>	--
04/23/2018 15:30	GE Markit Germany Services PMI	Apr P	53.7	54.1	53.9	--
04/23/2018 15:30	GE Markit/BME Germany Composite PMI	Apr P	54.8	55.3	55.1	--
<b>04/23/2018 16:00</b>	<b>EC Markit Eurozone Manufacturing PMI</b>	<b>Apr P</b>	<b>56.1</b>	<b>56</b>	<b>56.6</b>	--
04/23/2018 16:00	TA Industrial Production YoY	Mar	2.10%	3.09%	-1.93%	-2.22%
04/23/2018 16:00	TA Unemployment Rate	Mar	3.70%	3.67%	3.70%	--
04/23/2018 16:00	EC Markit Eurozone Services PMI	Apr P	54.6	55	54.9	--
04/23/2018 16:00	EC Markit Eurozone Composite PMI	Apr P	54.8	55.2	55.2	--
<b>04/23/2018 16:30</b>	<b>HK CPI Composite YoY</b>	<b>Mar</b>	<b>2.50%</b>	<b>2.60%</b>	<b>3.10%</b>	--
04/23/2018 20:30	CA Wholesale Trade Sales MoM	Feb	0.80%	-0.80%	0.10%	0.30%
04/23/2018 20:30	US Chicago Fed Nat Activity Index	Mar	0.28	0.1	0.88	0.98
<b>04/23/2018 21:45</b>	<b>US Markit US Manufacturing PMI</b>	<b>Apr P</b>	<b>55.2</b>	<b>56.5</b>	<b>55.6</b>	--
04/23/2018 21:45	US Markit US Services PMI	Apr P	54.1	54.4	54	--
04/23/2018 21:45	US Markit US Composite PMI	Apr P	--	54.8	54.2	--
<b>04/23/2018 22:00</b>	<b>US Existing Home Sales</b>	<b>Mar</b>	<b>5.55m</b>	<b>5.60m</b>	<b>5.54m</b>	--
04/23/2018 22:00	US Existing Home Sales MoM	Mar	0.20%	1.10%	3.00%	--
04/24/2018 07:50	JN PPI Services YoY	Mar	0.50%	--	0.60%	--
<b>04/24/2018 09:30</b>	<b>AU CPI QoQ</b>	<b>1Q</b>	<b>0.50%</b>	--	<b>0.60%</b>	--
04/24/2018 09:30	AU CPI Trimmed Mean QoQ	1Q	0.50%	--	0.40%	--
04/24/2018 09:30	AU CPI Weighted Median QoQ	1Q	0.50%	--	0.40%	--
04/24/2018 13:00	JN Leading Index CI	Feb F	--	--	105.8	--
04/24/2018 13:00	JN Coincident Index	Feb F	--	--	115.6	--
04/24/2018 14:00	JN Machine Tool Orders YoY	Mar F	--	--	28.10%	--
<b>04/24/2018 14:45</b>	<b>FR Manufacturing Confidence</b>	<b>Apr</b>	<b>110</b>	--	<b>111</b>	--
04/24/2018 14:45	FR Production Outlook Indicator	Apr	25	--	27	--
04/24/2018 14:45	FR Own-Company Production Outlook	Apr	10	--	11	--
<b>04/24/2018 16:00</b>	<b>GE IFO Business Climate</b>	<b>Apr</b>	<b>102.8</b>	--	<b>103.2</b>	--
<b>04/24/2018 16:00</b>	<b>GE IFO Expectations</b>	<b>Apr</b>	<b>99.5</b>	--	<b>100.1</b>	--
<b>04/24/2018 16:00</b>	<b>GE IFO Current Assessment</b>	<b>Apr</b>	<b>106</b>	--	<b>106.5</b>	--
<b>04/24/2018 16:00</b>	<b>IT Manufacturing Confidence</b>	<b>Apr</b>	<b>108.8</b>	--	<b>109.1</b>	--
<b>04/24/2018 16:00</b>	<b>IT Consumer Confidence Index</b>	<b>Apr</b>	<b>116.9</b>	--	<b>117.5</b>	--
04/24/2018 16:00	IT Economic Sentiment	Apr	--	--	106	--
04/24/2018 16:30	UK PSNB ex Banking Groups	Mar	3.0b	--	1.3b	--
04/24/2018 21:00	US FHFA House Price Index MoM	Feb	0.60%	--	0.80%	--
<b>04/24/2018 22:00</b>	<b>US New Home Sales</b>	<b>Mar</b>	<b>630k</b>	--	<b>618k</b>	--
04/24/2018 22:00	US Richmond Fed Manufact. Index	Apr	16	--	15	--
<b>04/24/2018 22:00</b>	<b>US Conf. Board Consumer Confidence</b>	<b>Apr</b>	<b>126</b>	--	<b>127.7</b>	--
04/24/2018	PH Budget Balance PHP	Mar	--	--	-61.7b	--
04/23/2018 04/25	TH Car Sales	Mar	--	--	75466	--

Source: Bloomberg

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