

Highlights

Global	<p>Market hopes for a peaceful resolution to the US-China trade tensions were dashed overnight amid news that the Trump administration is considering investment curbs by the Chinese on sensitive technologies by invoking the "International Emergency Economic Powers Act". US Commerce Secretary Ross also hinted at "limitations on foreign investment" and pending legislation to bulk up the Committee on Foreign Investment in the US. Wall Street tanked again, while the 10-year Treasury bond yield fell below the 2.8% handle to 2.77 on the flight to quality. Elsewhere, China confirmed that North Korean leader Kim Jong Un met with President Xi on a four-day trip. Kim reportedly told Xi he was committed to denuclearization of the Korean peninsula, and was willing to hold a summit with the US.</p> <p>Asian bourses are likely to tilt lower today, amid the re-emergence of US-China trade tensions overnight and negative cues from Wall Street. BOT is likely to keep its policy rate unchanged at 1.5%. Today's economic data calendar will centre around US' final 4Q17 GDP reading, pending home sales, wholesale inventories and mortgage applications.</p>
US	<p>The Conference Board's consumer confidence retreated from 130.0 in Feb to 127.7 in Mar, dragged down by both the present situation gauge (161.2 to 159.9) and the expectations gauge (109.2 to 106.2). The Richmond Fed manufacturing index also softened from 28 to 15 during the same period, as new orders fell from 27 to 17.</p>
EZ	<p>The Euro-area's economic confidence slid for the third month from a 17-year high in Dec, amid signs of a cooling in the momentum. More firms are anticipating investment cuts as a consequence of Brexit.</p>
SG	<p>Yesterday's 2- and 4-year SGS bond re-openings saw relatively healthy demand of 1.95x and 2.16x bod-cover ratios with cut-off yields of 1.966% and 2.08% respectively. Next up is a new 10-year SGS bond issue on 2 May, with the announcement of its issue size on 19 Apr and auction on 26 Apr.</p>
CH	<p>China's Vice Premier Liu He reiterated prudent monetary policy during his meeting with China's major financial regulators including PBoC, CBIRC and CSRC. In addition, China's total industrial profit growth decelerated slightly to 16.1% in the first two months of 2018 from 21% in 2017 probably due to easing producer prices. Nevertheless, the double digit growth shows that the rising profit may continue to improve China's debt structure.</p>
ID	<p>The World Bank made mention that Indonesia needs to improve revenue collection to ensure that the budget can sustainably achieve inclusive growth. The International Organization also said that the government needs to enhance the effectiveness of spending particularly in Education aside spending more in priority areas such as infrastructure and social assistance. Whilst such concerns are justified, we don't see the Indonesian government being able to effectively carry out any major budget reforms this year or next year given upcoming elections. Meanwhile, the Financial Services Authority has told the country's systemically important banks to create a tier-1 capital surcharge of between 1% and 3.5% of risk weighted assets, depending on the size and perceived riskiness of the lender. This move may conflict with the government's efforts to reverse a slowdown in lending and bolster the economy.</p>

Major Market

- **US:** Equities swung back into the red on Wednesday, as the latest headlines from the White House suggests that the Trump administration is considering an emergency law on Chinese investments. This goes some way in reflecting the sensitivity of markets to the political developments, which themselves appear to be flip-flopping on a day-to-day basis. The rout was worst amongst the tech megacaps, dragging the Nasdaq Composite down 2.93%. The S&P 500 and Dow were also lower by 1.73% and 1.43% respectively. VIX shot higher to 22.50, from 21.03 previously.
- Meanwhile, investors continue to look for havens amid heightened equity volatility. The 10y US Treasury yield closed at 2.775%, slipping 8 bps, breaking down from a range that persisted since early-February. We may expect continued downward pressure on UST yields. The 2y benchmark yield slipped to 2.264%.
- **Singapore:** The STI rebounded 0.79% to close at 3439.35 yesterday but the recovery story may be short-lived as illustrated by Wall Street overnight, especially since Kospi is off to a softer start this morning too. STI could still trade in a range of 3400-3450. With risk appetite again dampened by potential adversarial investment curbs by US against China, UST bonds rallied with yields lower by up to 8bps overnight, SGS bond may also gain today.
- **Malaysia:** The government is working to pass both a fake news and re-delineation bill respectively this coming week. Both bills are meeting strong resistance from both the opposition and civil society leaders in Malaysia. It has been commonly reported that parliament will be dissolved for elections once these bills are passed.
- **Hong Kong:** The exports surged by 1.7% yoy while the imports decreased by 3.2% yoy in February 2018. As a result, trade deficit widened to HK\$42.7 billion. Due to the high base effect and calendar effect of Chinese New Year, the performance of trade activities, including exports and imports, slowed down. The external demand from Asian trading partners was mixed. Specifically, exports to Mainland China and Vietnam dropped by 10.5% yoy and 26.8% yoy respectively while exports to India and Taiwan surged by 3.2% yoy and 3.7% yoy. On the other hand, imports decreased on a broad basis, excluding the imports from Malaysia. Moving forward, positive economic outlook across the globe and a weaker HKD may lend some supports to Hong Kong's trade activities, leading to a moderate economic growth. Instead, we remain wary of the rising trade conflicts between US and China, which may cause some adverse impacts on Hong Kong's trade outlook.
- **Macau:** Unemployment rate increased slightly to 1.9% while the total employed population ticked up for the fourth consecutive three-month period to 378,300 in the three months through February. Labour force participation rate surged to 70.2%. Supported by further improvement in the tourism sector, the employment of hotels, restaurants and similar activities sector picked up by 3.37% mom. Despite that, the employment of the wholesale and retail trade sector maintained the downtrend for the third straight three-month period and fell by 0.4% mom. Moving forward, given a positive economic outlook, the labour market is likely to remain steady. Specifically, a weaker MOP and the scheduled opening of new entertainment projects may promote the persistent improvement in tourism sector. As such, we expect that a further rebound in labour force participation rate and higher labour demand in tourism-related industries may be observed. Due to the construction of new projects to be completed progressively, hiring sentiment of construction sector is likely to linger on a weaker

position. Under this circumstance, the jobless rate may stabilize around the current level in the coming months.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 4bps lower across most tenors. In the broader dollar space, the Bloomberg Barclays Asia USD IG Bond Index average OAS traded little changed at 124bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 4bps to 380bps. 10Y UST yield fell 8bps to 2.78%, hitting its lowest levels in over six weeks as investors sought safe haven upon Wall Street stocks souring. This was driven by the technology sector faltering on government scrutiny over political consultants' use of Facebook's user data.
- **New issues:** Baoxin Auto Finance I Ltd has priced a USD300mn 364-day note (guaranteed by China Grand Automotive Services Co Ltd) at 6.625%, tightening from its initial price guidance of 6.875%. Ease Trade Global Ltd has priced a USD350mn 3-year bond (guaranteed by Poly Property Group Cop Ltd, keepwell provider: China Poly Group Corp Ltd) at 5.2%, tightening from its initial price guidance of 5.3% area.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	89.372	0.39%	USD-SGD	1.3101	0.08%
USD-JPY	105.340	-0.07%	EUR-SGD	1.6249	-0.25%
EUR-USD	1.2403	-0.33%	JPY-SGD	1.2438	0.14%
AUD-USD	0.7679	-0.89%	GBP-SGD	1.8548	-0.41%
GBP-USD	1.4157	-0.51%	AUD-SGD	1.0061	-0.79%
USD-MYR	3.8770	-0.47%	NZD-SGD	0.9531	-0.24%
USD-CNY	6.2830	0.16%	CHF-SGD	1.3839	-0.03%
USD-IDR	13742	0.03%	SGD-MYR	2.9636	-0.29%
USD-VND	22814	0.03%	SGD-CNY	4.8006	0.29%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3700	--	O/N	1.6975	--
2M	-0.3410	--	1M	1.8769	--
3M	-0.3290	--	2M	1.9969	--
6M	-0.2710	--	3M	2.2950	--
9M	-0.2200	--	6M	2.4538	--
12M	-0.1910	--	12M	2.6720	--

Fed Rate Hike Probability

Meeting	Prob Hike	1.75-2	2-2.25	2.25-2.5	2.5-2.75
05/02/2018	25.7%	25.7%	0.0%	0.0%	0.0%
06/13/2018	79.4%	60.9%	18.6%	0.0%	0.0%
08/01/2018	80.7%	58.4%	21.2%	1.2%	0.0%
09/26/2018	91.1%	37.3%	41.2%	11.9%	0.6%
11/08/2018	91.8%	35.0%	40.9%	14.3%	1.5%
12/19/2018	94.9%	24.9%	38.7%	24.4%	6.4%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	65.25	-0.46%	Copper (per mt)	6,615.0	1.03%
Brent (per barrel)	70.11	-0.01%	Nickel (per mt)	12,955.0	0.34%
Heating Oil (per gallon)	2.0224	0.37%	Aluminium (per mt)	2,027.3	-0.44%
Gasoline (per gallon)	2.0135	0.15%			
Natural Gas (per MMBtu)	2.6910	2.79%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,431.0	-0.12%
			Rubber (JPY/KG)	179.4	1.64%
Precious Metals	Futures	% chg			
Gold (per oz)	1,347.9	-0.96%			
Silver (per oz)	16.541	-0.86%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	23,857.71	-344.89
S&P	2,612.62	-45.93
Nasdaq	7,008.81	-211.74
Nikkei 225	21,317.32	551.22
STI	3,439.35	26.89
KLCI	1,862.45	2.54
JCI	6,209.35	9.18
Baltic Dry	1,126.00	--
VIX	22.50	1.47

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.83 (-0.05)	2.26 (-0.01)
5Y	2.14 (-0.03)	2.57 (-0.07)
10Y	2.38 (-0.03)	2.78 (-0.08)
15Y	2.66 (-0.03)	--
20Y	2.71 (-0.03)	--
30Y	2.86 (-0.04)	3.03 (-0.06)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	57.76	-0.99
EURIBOR-OIS	3.09	0.99
TED	53.31	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
03/27/2018 05:00	SK Consumer Confidence	Mar	--	108.1	108.2	--
03/27/2018 07:50	JN PPI Services YoY	Feb	0.70%	0.60%	0.70%	--
03/27/2018 10:59	MU Unemployment Rate	Feb	--	1.90%	1.80%	--
03/27/2018 14:00	GE Import Price Index MoM	Feb	-0.30%	-0.60%	0.50%	--
03/27/2018 16:00	EC M3 Money Supply YoY	Feb	4.60%	4.20%	4.60%	4.50%
03/27/2018 16:00	IT Manufacturing Confidence	Mar	109.9	109.1	110.6	110.4
03/27/2018 16:00	IT Consumer Confidence Index	Mar	115	117.5	115.6	115.7
03/27/2018 16:00	IT Economic Sentiment	Mar	--	106	108.7	108.5
03/27/2018 16:30	HK Exports YoY	Feb	7.00%	1.70%	18.10%	--
03/27/2018 16:30	HK Imports YoY	Feb	2.30%	-3.20%	23.80%	--
03/27/2018 16:30	HK Trade Balance HKD	Feb	-40.0b	-42.7b	-31.9b	--
03/27/2018 17:00	EC Economic Confidence	Mar	113.3	112.6	114.1	114.2
03/27/2018 17:00	EC Business Climate Indicator	Mar	1.36	1.34	1.48	--
03/27/2018 17:00	EC Industrial Confidence	Mar	6.9	6.4	8	--
03/27/2018 17:00	EC Consumer Confidence	Mar F	0.1	0.1	0.1	--
03/27/2018 21:00	US S&P CoreLogic CS 20-City NSA Index	Jan	--	205.1	204.45	204.48
03/27/2018 21:00	US S&P CoreLogic CS 20-City YoY NSA	Jan	6.15%	6.40%	6.30%	6.31%
03/27/2018 21:00	US S&P CoreLogic CS US HPI NSA Index	Jan	--	196.31	196.23	196.22
03/27/2018 21:00	US S&P CoreLogic CS US HPI YoY NSA	Jan	--	6.18%	6.27%	6.28%
03/27/2018 22:00	US Richmond Fed Manufact. Index	Mar	22	15	28	--
03/27/2018 22:00	US Conf. Board Consumer Confidence	Mar	131	127.7	130.8	130
03/28/2018 07:00	SK GDP YoY	4Q F	3.00%	2.80%	3.00%	--
03/28/2018 08:00	NZ ANZ Business Confidence	Mar	--	--	-19	--
03/28/2018 14:00	GE GfK Consumer Confidence	Apr	10.7	--	10.8	--
03/28/2018 14:45	FR Consumer Confidence	Mar	100	--	100	--
03/28/2018 15:05	TH BoT Benchmark Interest Rate	Mar-28	1.50%	--	1.50%	--
03/28/2018 16:00	IT Industrial Sales MoM	Jan	--	--	2.50%	--
03/28/2018 16:00	IT Industrial Orders MoM	Jan	--	--	6.50%	--
03/28/2018 19:00	US MBA Mortgage Applications	Mar-23	--	--	-1.10%	--
03/28/2018 20:30	US GDP Annualized QoQ	4Q T	2.70%	--	2.50%	--
03/28/2018 20:30	US Personal Consumption	4Q T	3.80%	--	3.80%	--
03/28/2018 20:30	US GDP Price Index	4Q T	2.30%	--	2.30%	--
03/28/2018 20:30	US Core PCE QoQ	4Q T	1.90%	--	1.90%	--
03/28/2018 20:30	US Wholesale Inventories MoM	Feb P	0.50%	--	0.80%	--
03/28/2018 22:00	US Pending Home Sales MoM	Feb	2.00%	--	-4.70%	--
03/28/2018	MU Trade Balance	Feb	--	--	-7200m	--
03/28/2018	PH Bank Lending YoY	Feb	--	--	18.30%	18.40%
03/28/2018	PH Bank Lending Net of RRP's YoY	Feb	--	--	19.10%	19.00%

Source: Bloomberg

OCBC Treasury Research	
Macro Research Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Tommy Xie Dongming XieD@ocbc.com Barnabas Gan BarnabasGan@ocbc.com Terence Wu TerenceWu@ocbc.com	Credit Research Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@ocbc.com

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