

### Highlights

Global	<p><b>Global risk sentiments may take a backseat today, as market players await the ECB policy decision.</b> OECD had cut its 2019 global outlook again from 3.5% to 3.3%, warning that “growth outcomes could be weaker still if downside risks materialise or interact”. Wall Street closed lower overnight while the 10-year UST bond yield declined to 2.69%, as the Fed’s Beige Book also noted that the “government shutdown had led to slower economic activity in some sectors” and “manufacturing contacts conveyed concerns about weakening global demand, higher costs due to tariffs, and ongoing trade policy uncertainty”, even though “economic activity continued to expand in late January and February”.</p> <p><b>Asian markets may trade with a mixed tone today, awaiting the ECB policy meeting, with market speculation now revolving around a fresh TLTRO round amid likely growth and inflation forecast downgrades, but the odds are split if it will materialise today.</b> Note the OECD had slashed the Eurozone’s growth forecast from 1.8% to 1% (Germany: from 1.6% to 0.7%) and warned that “monetary policy alone cannot resolve the downturn in Europe or improve the modest medium-term growth prospects”. On the economic data front, there are the US’ initial jobless claims, 4Q nonfarm productivity and unit labor costs, Eurozone’s final 4Q18 GDP growth, foreign reserves for China and Malaysia.</p>
US	<p><b>US’ ADP employment change eased more than expected to 183k in Feb,</b> from an upwardly revised 300k in Jan, but still implied a likely healthy NFP tomorrow with broad-based gains across sectors. Meanwhile, mortgage applications shrank 2.5% last week.</p>
CA	<p><b>The Bank of Canada’s (BOC) dovish outlook whipsawed the CAD.</b> While BOC left its policy rate steady at 1.75% as expected, nevertheless it warned of “increased uncertainty about the timing of future rate increases” and said it “will be watching closely developments in household spending, oil markets and global trade policy”. Watch Deputy governor Patterson’s economic progress report today which may lend weight to the actual extent of dovishness.</p>
UK	<p>The OECD also cut UK’s 2019 growth forecast from 1.4% to 0.8%, warning of “sizeable negative spillovers” on other countries. Meanwhile, the May administration has outlined plans ahead of a 12 Mar vote in the House of Commons to avoid a hard border with Ireland even if it is unable to negotiate a Brexit deal with the EU.</p>

## Major Markets

- **US:** Wall Street ended lower on Wednesday, with the S&P500 declining 0.7%. The DJIA fell 0.5%, while the Nasdaq composite tumbled 0.9%.
- **Singapore:** The STI extended declines to close down 0.35% at 3222.84 yesterday and may consolidate further to the 3200 support today amid a myriad of market worries. With risk appetite taking a step back and the UST bond market rallying overnight, the SGS bond market may also continue to gain today and extend the rally seen in longer-dated tenors previously, with a flattening bias. COE premiums closed slightly higher for categories A, B and E in the latest tender.
- **China:** China's economic planning agency National Development and Reform Commission head said that China is drafting the new policy to recycle the old cars and old home appliances. The targeted investment by government suggests that there is no need to flood the economy with the excessive liquidity. In addition, the NDRC also said it will unveil the new lists of companies for mixed ownership reform to further encourage private capital to play a bigger role in the economy.
- **Hong Kong:** Retail sales growth surprised to the upside and printed at 7.1% yoy in January 2019. As the Lunar New Year came earlier this year than last year, the number might have been distorted. Zooming in, as households brought forward consumption ahead of Chinese New Year, the sales of food, alcoholic drink and tobacco surged by 13% yoy while those of goods in supermarket and department stores jumped by 8.6% yoy and 15.1% yoy respectively. On the other hand, the recent rally in RMB and risky asset prices might have lent renewed support to visitors' purchasing power. As such, with new infrastructure projects luring more visitors (total visitor arrivals grew by 27.2% yoy in January 2019), the sales of clothing, footwear and allied products as well as those of jewelry, watches and clocks advanced by 5.5% yoy and 4.7% yoy respectively. Nevertheless, the sales of consumer durable goods dropped further by 4.6% yoy. This suggests that it is premature to conclude that the retail sector has bottomed out. We may need more data to gauge the outlook of the sector and remain wary of the headwinds including global economic slowdown, strong HKD and lingering trade war risks.
- **Indonesia:** According to Bloomberg, Finance Minister Sri Mulyani Indrawati said the government will announce the key budget assumptions for 2020 after the next cabinet meeting. The 2020 budget is still the responsibility of the current government regardless of the election result. Bloomberg also reported that the country will be targeting GDP Growth at 5.3% - 5.5% for 2020.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with the shorter tenors trading 1bps lower while the longer tenors traded 1-2bps lower (with the exception of the 30-year swap rates trading 4bps lower). The Bloomberg Barclays Asia USD IG Bond Index average OAS traded little change at 139bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 3bps to 487bps. 10Y UST yields fell 2bps to 2.69%, on the back of weakening equity performance and lowered expectations of an interest rate hike in the short term after comments by New York Federal Reserve President John Williams regarding the current low inflation levels.

- **New Issues:** Santos Finance Ltd has priced a USD600mn 10-year bond (guarantor: Santos Ltd) at CT10+265bps, tightening from IPT of +290bps area. CES Treasury Pte Ltd has priced a SGD100mn 3-year bond (guarantor: Chip Eng Seng Co Ltd) at 6.0%.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	96.873	0.01%	<b>USD-SGD</b>	1.3575	0.14%
<b>USD-JPY</b>	111.770	-0.11%	<b>EUR-SGD</b>	1.5349	0.13%
<b>EUR-USD</b>	1.1307	-0.01%	<b>JPY-SGD</b>	1.2145	0.24%
<b>AUD-USD</b>	0.7032	-0.73%	<b>GBP-SGD</b>	1.7880	0.08%
<b>GBP-USD</b>	1.3170	-0.06%	<b>AUD-SGD</b>	0.9546	-0.60%
<b>USD-MYR</b>	4.0915	0.36%	<b>NZD-SGD</b>	0.9189	-0.23%
<b>USD-CNY</b>	6.7113	0.06%	<b>CHF-SGD</b>	1.3508	0.07%
<b>USD-IDR</b>	14144	0.11%	<b>SGD-MYR</b>	3.0148	0.19%
<b>USD-VND</b>	23200	--	<b>SGD-CNY</b>	4.9427	-0.01%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3670	--	<b>O/N</b>	2.3906	--
<b>2M</b>	-0.3360	--	<b>1M</b>	2.4809	--
<b>3M</b>	-0.3080	--	<b>2M</b>	2.5606	--
<b>6M</b>	-0.2310	--	<b>3M</b>	2.6066	--
<b>9M</b>	-0.1940	--	<b>6M</b>	2.6848	--
<b>12M</b>	-0.1080	--	<b>12M</b>	2.8836	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	2-2.25%	2.25-2.5%	2.5-2.75%
03/20/2019	0.8%	0.0%	0.0%	99.2%	0.8%
05/01/2019	0.8%	0.0%	0.0%	99.2%	0.8%
06/19/2019	4.5%	0.0%	0.0%	95.5%	4.4%
07/31/2019	4.4%	1.7%	1.7%	94.0%	4.4%
09/18/2019	7.7%	1.6%	1.6%	90.7%	7.5%
10/30/2019	7.6%	2.0%	2.0%	90.3%	7.5%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	56.22	-0.6%	Corn (per bushel)	3.6250	-1.0%
Brent (per barrel)	65.99	0.2%	Soybean (per bushel)	8.898	-1.3%
Heating Oil (per gallon)	2.0162	0.0%	Wheat (per bushel)	4.4050	-3.0%
Gasoline (per gallon)	1.7890	1.2%	Crude Palm Oil (MYR/MT)	2,000.0	0.4%
Natural Gas (per MMBtu)	2.8410	-1.5%	Rubber (JPY/KG)	195.9	0.2%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	6,478	--	Gold (per oz)	1,287.6	0.2%
Nickel (per mt)	13,650	--	Silver (per oz)	15.003	-0.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,673.46	-133.17
<b>S&amp;P</b>	2,771.45	-18.20
<b>Nasdaq</b>	7,505.92	-70.44
<b>Nikkei 225</b>	21,596.81	-129.47
<b>STI</b>	3,222.84	-11.23
<b>KLCI</b>	1,686.82	1.20
<b>JCI</b>	6,457.96	16.68
<b>Baltic Dry</b>	663.00	--
<b>VIX</b>	15.74	1.00

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.97 (-0.01)	2.52 (-0.03)
<b>5Y</b>	2.03 (-0.02)	2.50 (-0.03)
<b>10Y</b>	2.22 (-0.02)	2.69 (-0.02)
<b>15Y</b>	2.44 (-0.02)	--
<b>20Y</b>	2.49 (-0.02)	--
<b>30Y</b>	2.64 (-0.02)	3.07 (-0.01)

#### Financial Spread (bps)

	Value	Change
<b>EURIBOR-OIS</b>	5.20	-0.02
<b>TED</b>	35.36	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
03/06/2019 08:30	AU GDP YoY	4Q	2.60%	2.30%	2.80%	2.70%
03/06/2019 20:00	US MBA Mortgage Applications	Mar-01	--	-2.50%	5.30%	--
03/06/2019 21:15	US ADP Employment Change	Feb	190k	183k	213k	300k
03/06/2019 23:00	CA Bank of Canada Rate Decision	Mar-06	1.75%	1.75%	1.75%	--
03/07/2019 08:30	AU Retail Sales MoM	Jan	0.30%	--	-0.40%	--
03/07/2019 15:00	MA Foreign Reserves	Feb-28	--	--	\$102.3b	--
03/07/2019 18:00	EC GDP SA YoY	4Q F	1.20%	--	1.20%	--
03/07/2019 20:45	EC ECB Main Refinancing Rate	Mar-07	0.00%	--	0.00%	--
03/07/2019 20:45	EC ECB Deposit Facility Rate	Mar-07	-0.40%	--	-0.40%	--
03/07/2019 21:30	US Initial Jobless Claims	Mar-02	225k	--	225k	--

Source: Bloomberg

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