

### Highlights

Global	<p><b>The ECB turned distinctly more dovish and revived its Targeted Longer-Term Refinancing Operations (TLTRO) earlier than expected, which likely spooked markets.</b> Although the ECB kept its policy rate steady and cut its growth forecasts (2019: 1.1% from 1.7%), the Euro slipped to its lowest since 2017. Wall Street also ended lower, dragged down by tech stocks, whilst the UST bonds and USD gained overnight. With a gloomier global growth outlook weighing on risk sentiments in the interim, especially for both Australia (with market speculation of RBA rate cuts on the horizon) and Europe, the only silver lining is the rapid emergence of more policy support. <b>A risk-off is tone likely to keep Asian markets in consolidation mode today</b> as investors await the US' key nonfarm payrolls report tonight. On the economic data front, there are the US' housing starts, unemployment rate, Japan's GDP, China's trade balance, foreign reserves for Thailand and Indonesia.</p>
US	<p>Initial jobless claims declined 3k to 223k, suggesting resilient labour market conditions. Meanwhile, 4Q18 nonfarm productivity unexpectedly accelerated from 1.8% in 3Q to 1.9%, and unit labour costs also rose from 1.6% to 2.0%.</p>
UK	<p>The EU is said to have made a new offer to the UK to break the Brexit impasse, but fell short of UK's demands, and talks will continue into the weekend. The House of Commons is voting next Tuesday on PM May's revised Brexit deal.</p>
CH	<p>China's FX reserve rose for the fourth consecutive month in February to US\$3.09 trillion from US\$3.087 trillion. Despite the mild appreciation of the US dollar, the increase of FX reserve shows that China has benefited from the return of capital inflows. In addition, China's Ministry of Finance said the reason why the MoF can keep fiscal deficit low despite larger amount of planned tax cut is that it will broaden its revenue base via the transfer of profit from big financial institutions to central government.</p>
CMD	<p><b>Energy:</b> Crude prices continue to trade range-bound in a tight corridor, with WTI fluctuating tightly around \$56.50 the entire week while Brent kept closely to the \$65.70 level. Nonfarm payrolls tonight will likely have the ability to swing prices with a larger deviation; beyond tonight's numbers, the OPEC report next week is likely to determine the next phase of directional moves for crude.</p> <p><b>Gold:</b> The precious metal is taking a breather at the moment, having tumbled from \$1,313/oz on the last day of Feb to \$1,286/oz as of yesterday, a -2% decline in a week. Strong NFP results tonight and further positive developments in US-China trade talks are likely to drive gold down to \$1,250/oz, which remains a key support level for gold; beyond that, it will take a lot more catalysts to push gold back to \$1,200 due to the Fed's recent change in monetary stance.</p>

## Major Markets

- **US:** Wall Street ended lower on Thursday, with both the S&P500 and the DJIA declining 0.8%. The Nasdaq composite tumbled 1.1%.
- **Singapore:** The STI added 0.21% to close at 3229.48 yesterday but looks set to consolidate towards the 3200 support today amid renewed global growth concerns. With risk appetite taking a more significant step back overnight and UST bond yields falling by up to 6bps, the SGS bond market will likely also benefit today, especially for the longer tenors.  
S'pore aims to produce 30% of nutritional needs locally by 2030.
- **Malaysia:** The government has mentioned that it is hoping that the negotiations on the East Coast Rail Link (ECRL) can be concluded in time for Prime Minister Dr Mahathir Mohamad's trip to China in April. Finance Minister Lim Guan Eng had said that "the Chinese government has offered reductions". Mahathir himself has said that the ECRL cost must be affordable if it is to carry on. Meanwhile, Malaysia's foreign reserves were pretty much static at US\$102.4bn as of 28 February 2019.
- **Thailand:** The Thai Constitutional Court has dissolved the Thai Raksa Chart party and imposed a 10-year ban on its executives for attempting to nominate Princess Ulboratana as its PM candidate. The baht erased earlier losses and gained as much as +0.5% within an hour of the court's verdict, presumably because the verdict was somewhat expected and market participants were quick to take profit. If Thaksin's supporters do not stage a protest over this ruling, then this event may be a one-off in terms of political risk.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with the shorter tenors trading 1bps lower while the belly to longer tenors traded 2 bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS traded 1 bps wider at 140bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 4bps to 491bps. Flows in SGD corporates were focused on perpetuals, with flows seen in MAPLSP 3.58% '29s, UBS 5.875%-PERPs, DBSSP 3.98%-PERP, GUOLSP 4.6%-PERPs, HSBC 4.7%-PERPs, FPLSP 4.15% '27s and OUECT 3.03% '20s. 10Y UST yields fell. 10Y UST yields fell 5bps to 2.64%, largely towards the end of the session, directionally following the fall in European yields. This stemmed from the European Central Bank's decision to delay its interest-rate hike until 2020, at the earliest and offer banks a fresh round of Targeted Long-Term Refinancing Operation (TLTRO), effectively cheap loans, that aims to prevent a credit crunch.
- **New Issues:** AMP Group Finance Services Ltd has priced a USD300mn 2.5-year bond at CT3+160bps, tightening from IPT of +165 area. XINHU (BVI) 2018 Holding Company Limited has priced a USD275mn 3NPNP2 bond at 11%, tightening from IPG of 11.25% area. Hong Kong Mortgage Corp Ltd has priced a USD125mn 5-year FRN at 3M US LIBOR + 16bps.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	97.667	0.82%	<b>USD-SGD</b>	1.3609	0.25%
<b>USD-JPY</b>	111.580	-0.17%	<b>EUR-SGD</b>	1.5234	-0.75%
<b>EUR-USD</b>	1.1193	-1.01%	<b>JPY-SGD</b>	1.2197	0.43%
<b>AUD-USD</b>	0.7016	-0.23%	<b>GBP-SGD</b>	1.7810	-0.39%
<b>GBP-USD</b>	1.3085	-0.65%	<b>AUD-SGD</b>	0.9548	0.02%
<b>USD-MYR</b>	4.0870	-0.11%	<b>NZD-SGD</b>	0.9192	0.03%
<b>USD-CNY</b>	6.7150	0.06%	<b>CHF-SGD</b>	1.3456	-0.38%
<b>USD-IDR</b>	14144	--	<b>SGD-MYR</b>	3.0120	-0.09%
<b>USD-VND</b>	23201	0.00%	<b>SGD-CNY</b>	4.9414	-0.03%

#### 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>	2.4918	--
<b>3M</b>	-0.3080	--	<b>2M</b>	2.5619	--
<b>6M</b>	-0.2320	--	<b>3M</b>	2.5945	--
<b>9M</b>	-0.1940	--	<b>6M</b>	2.6881	--
<b>12M</b>	-0.1080	--	<b>12M</b>	2.8864	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
03/20/2019	0.0%	0.8%	0.0%	0.8%	99.2%
05/01/2019	0.0%	0.8%	0.0%	0.8%	99.2%
06/19/2019	0.0%	2.8%	0.0%	2.7%	97.2%
07/31/2019	0.0%	2.8%	0.0%	2.7%	97.2%
09/18/2019	0.0%	4.7%	0.1%	4.6%	95.3%
10/30/2019	0.0%	8.5%	0.3%	8.3%	91.5%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	56.66	0.8%	Corn (per bushel)	3.5600	-1.8%
Brent (per barrel)	66.30	0.5%	Soybean (per bushel)	8.908	0.1%
Heating Oil (per gallon)	2.0127	-0.2%	Wheat (per bushel)	4.3150	-2.0%
Gasoline (per gallon)	1.8054	0.9%	Crude Palm Oil (MYR/MT)	1,973.0	-1.4%
Natural Gas (per MMBtu)	2.8660	0.9%	Rubber (JPY/KG)	187.0	-4.5%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	6,468	--	Gold (per oz)	1,286.1	-0.1%
Nickel (per mt)	13,585	--	Silver (per oz)	14.960	-0.3%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,473.23	-200.23
<b>S&amp;P</b>	2,748.93	-22.52
<b>Nasdaq</b>	7,421.46	-84.46
<b>Nikkei 225</b>	21,456.01	-140.80
<b>STI</b>	3,229.48	6.64
<b>KLCI</b>	1,686.95	0.13
<b>JCI</b>	6,457.96	--
<b>Baltic Dry</b>	664.00	--
<b>VIX</b>	16.59	0.85

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.97 (-)	2.47 (-0.04)
<b>5Y</b>	2.04 (-)	2.44 (-0.06)
<b>10Y</b>	2.21 (-0.02)	2.64 (-0.05)
<b>15Y</b>	2.43 (-0.01)	--
<b>20Y</b>	2.48 (-0.01)	--
<b>30Y</b>	2.63 (-0.01)	3.03 (-0.04)

#### Financial Spread (bps)

	Value	Change
<b>EURIBOR-OIS</b>	5.07	-0.13
<b>TED</b>	35.36	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
03/07/2019 16:30	UK Halifax House Prices MoM	Feb	0.10%	5.90%	-2.90%	-3.00%
03/07/2019 18:00	EC GDP SA QoQ	4Q F	0.20%	0.20%	0.20%	--
03/07/2019 20:45	EC ECB Main Refinancing Rate	Mar-07	0.00%	0.00%	0.00%	--
03/07/2019 21:30	US Initial Jobless Claims	Mar-02	225k	223k	225k	226k
03/08/2019 07:50	JN GDP SA QoQ	4Q F	0.40%	--	0.30%	--
03/08/2019 15:30	TH Foreign Reserves	Mar-01	--	--	\$212.0b	--
03/08/2019 21:30	US Housing Starts	Jan	1195k	--	1078k	--
03/08/2019 21:30	US Change in Nonfarm Payrolls	Feb	180k	--	304k	--
03/08/2019 21:30	US Unemployment Rate	Feb	3.90%	--	4.00%	--
03/08/2019	ID Foreign Reserves	Feb	--	--	\$120.10b	--
03/08/2019	CH Trade Balance	Feb	\$26.20b	--	\$39.16b	--

Source: Bloomberg

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