

Highlights

Global	<p>Financial markets may get a short-term reprieve from the EU's agreement to extend the Brexit deadline till 31 October. Meanwhile, the ECB sounded about as dovish as one can get while keeping its policy settings static, signalling that it will not hike rates at least through the end of 2019, and in any case for as long as necessary, and intends to continue reinvesting in full maturing securities, as well as stands ready to adjust all of its instruments, as appropriate, to ensure that inflation continues to move towards its inflation aim in a sustained manner. The FOMC minutes reflected that "participants generally agreed" on a "patient approach" with a majority of participants favouring "leaving the target range unchanged for the remainder of the year" amid a data-dependent approach ("ongoing assessments of the economic outlook, as informed by a wide range of data, as well as on how the risks to the outlook evolved"). Separately, US and China have agreed to open "enforcement offices" and Treasury Secretary Mnuchin said that the currency part of the trade deal is "complete", which suggested progress. Wall Street closed modestly higher overnight, while the UST rally stalled after the FOMC minutes failed to meet market's dovish hopes. The 10-year UST bond yield was at 2.48%.</p> <p>Asian markets may trade with a more consolidative tone today, awaiting China's inflation cues. Today's data calendar also comprises US' initial jobless claims and PPI, German CPI, and Malaysia's Feb industrial production. Speakers include Fed's Clarida, Bullard, Kashkari and Bowman. South Korean president Moon Jae-in is meeting Trump today.</p>
US	<p>Core CPI slipped to a 13-month low of 2.0% in Mar, suggesting that subdued inflation should keep the Fed patient for longer. FOMC members remained upbeat that "despite these indications of softer first-quarter growth, participants generally expected economic activity to continue to expand, labor markets to remain strong, and inflation to remain near 2 percent". While "several participants" noted their views "could shift in either direction based on incoming data and other developments", "some participants" indicated that "they would likely judge it appropriate" to hike rates "modestly later this year".</p>
AU	<p>PM Morrison has called for elections on 18 May with a five-week campaign. As neither Labor nor the coalition is likely to gain control of both houses of parliament, they will likely have to negotiate with smaller parties.</p>
CMD	<p>April's OPEC report showed Saudi Arabia dropping its production in March to a further 9.8m bpd from 10.0m bpd the prior month. This is in line with its commitment stated in February, when it announced it would work towards the 9.8m bpd level in its effort to stabilise global oil prices. Surprise drops in production came from Iraq and Venezuela, the former which finally kept to the OPEC+ agreement of 4.5m bpd while the latter recorded worse-than-expected output declines on its political crisis. With Brent now trading above \$70/bbl, the market's discount factor over the continued global uncertainty seem to have narrowed as prices seemingly near its "fair value" based on its global supply deficit levels. If Libya loses 500k bpd or more from its civil war, that may result in a very tight market and may send Brent back above \$80/bbl.</p>

Major Markets

- **US:** Wall Street ended higher on Wednesday, with the S&P500 advancing 0.4%. The Nasdaq composite rose 0.7%.
- **Singapore:** S'pore ranked first for maritime capitals for the fourth time, but slipped to eight place for maritime technology (down from 2nd place in 2017). The STI was nearly flat (+0.06%) at 3327.65 yesterday, and may again range trade between 3200-3240 today awaiting for the start of US earnings season. Although UST bond yields treaded around 2-4bps lower overnight, SGS bonds which were rangebound yesterday may remain moribund ahead of tomorrow's 1Q19 GDP growth estimates and MAS MPS policy decision.
- **China:** Sentiment in China's bond market weakened further due to falling expectations on RRR cut. The local government bond issued by Inner Mongolia was priced at 50bps over the central government bond of the same maturity, 10bps above the market norm for the past few months.
- **Malaysia:** The government will allocate RM6.2 billion to rescue the ailing Felda, according to the white paper tabled in parliament. This would include RM2bn to ease debts owed by Felda settlers, RM1bn injection to cover a cash flow deficit, RM2.5bn loan for Felda to restructure its borrowings and RM730m in grants for housing and living costs for settlers. The white paper also said that the infusion is needed to manage Felda's RM14.4 billion in liabilities as the agency has critical cash-flow problems.
- **Thailand:** The 2-5 spreads continue to flatten and is now trading at 22.5bp. A combination of political uncertainty and the BoT's slight hawkish stance has pushed 2 year yields to 1.837% from 1.726% at the start of the year.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with the shorter tenors and belly trading 1bps lower (with the exception of the 12-year swap rates trading 1bps higher) while the longer tenors of 20-year onwards traded 2bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS was little changed at 135bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 2bps to 470bps. 10Y UST yields fell 3bps to close the session at 2.47%, after data showed subdued US inflation in March, highlighting an ongoing trend of inflation underperformance which reaffirms market expectations that the Federal Reserve will keep a dovish stance on interest rates. The rally in the European bond market, after gloomy comments on the economy by European Central Bank President Mario Draghi, further weighed in on market sentiments.
- **New Issues:** Bank of China Ltd has priced a USD1.35bn deal across three tranches, with a USD500mn 3-year FRN at 3-month US LIBOR +72bps (IPT 3-month US LIBOR +95bps area), a USD550mn 5-year bond at T+88bps (IPT T+120bps area) and a USD300mn 10-year bond at T+120bps (IPT T+160bps area). Fantasia Holdings Group Co Ltd has priced a USD200mn 3NC2 bond at 98.472 (yield: 12.375%), tightening from IPT of 12.625% area. Xihui Haiwai I Investment Holdings Co Ltd has priced a USD300mn 3-year bond (guarantor: Wuxi Construction and Development Investment Co Ltd) at 99.723 (yield: 4.6%), in line with the final guidance. JSW Steel Ltd has priced a USD500mn 5-year bond at 5.95%, tightening from IPT of 6.25% area. Minera y

Metalurgica del Boleo has priced a USD400mn 5-year bond (guarantor: Korea Resources Corp) at T+102.5bps, tightening from IPT of T+130bps area. IFC Development (Corporate Treasury) Ltd has priced a USD500mn 10-year bond (guarantor: IFC Development Ltd) at T+125bps, tightening from IPT of T+145bps area. Southwest Securities International Securities Ltd has priced a USD200mn 2-year bond at 6.9%, tightening from IPT of 7.25% area. Huai'an Water Conservancy Holding Group Co Ltd has scheduled investor meetings from 11 April for its potential USD bond issuance. SMC Global Power Holdings Corp has scheduled investor meetings from 11 April for its potential USD bond issuance. Peking University Found Group Co Ltd has mandated banks for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	96.946	-0.06%	USD-SGD	1.3518	-0.13%
USD-JPY	111.010	-0.12%	EUR-SGD	1.5240	-0.03%
EUR-USD	1.1274	0.10%	JPY-SGD	1.2178	--
AUD-USD	0.7171	0.66%	GBP-SGD	1.7697	0.16%
GBP-USD	1.3091	0.30%	AUD-SGD	0.9695	0.55%
USD-MYR	4.1080	0.35%	NZD-SGD	0.9148	0.22%
USD-CNY	6.7160	0.06%	CHF-SGD	1.3484	-0.38%
USD-IDR	14153	0.14%	SGD-MYR	3.0330	0.21%
USD-VND	23200	0.01%	SGD-CNY	4.9650	0.13%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.3670	--	O/N	2.3930	--
2M	-0.3360	--	1M	2.4840	--
3M	-0.3100	--	2M	2.5526	--
6M	-0.2310	--	3M	2.5813	--
9M	-0.1940	--	6M	2.6285	--
12M	-0.1120	--	12M	2.7541	--

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
03/20/2019	0.0%	2.6%	0.0%	2.6%	97.4%
05/01/2019	0.0%	13.6%	0.3%	13.3%	86.4%
06/19/2019	0.0%	17.6%	0.9%	16.7%	82.4%
07/31/2019	0.0%	34.8%	4.2%	30.4%	65.2%
09/18/2019	0.0%	40.7%	6.6%	33.6%	59.3%
10/30/2019	0.0%	55.8%	13.4%	40.1%	44.2%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	64.61	1.0%	Corn (per bushel)	3.6175	0.5%
Brent (per barrel)	71.73	1.6%	Soybean (per bushel)	9.020	0.4%
Heating Oil (per gallon)	2.0876	2.1%	Wheat (per bushel)	4.5800	-0.3%
Gasoline (per gallon)	2.0692	3.5%	Crude Palm Oil (MYR/MT)	2,056.0	-3.0%
Natural Gas (per MMBtu)	2.7000	0.0%	Rubber (JPY/KG)	186.5	1.2%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	6,464	-0.4%	Gold (per oz)	1,309.1	0.4%
Nickel (per mt)	13,221	0.2%	Silver (per oz)	15,244	0.2%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	26,157.16	6.58
S&P	2,888.21	10.01
Nasdaq	7,964.24	54.97
Nikkei 225	21,687.57	-115.02
STI	3,327.65	2.05
KLCI	1,639.46	-2.48
JCI	6,478.33	-6.02
Baltic Dry	725.00	--
VIX	13.30	-0.98

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.87 (--)	2.32 (-0.03)
5Y	1.92 (--)	2.27 (-0.03)
10Y	2.08 (--)	2.46 (-0.04)
15Y	2.29 (--)	--
20Y	2.35 (--)	--
30Y	2.54 (--)	2.89 (-0.02)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.45	-0.03
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	2.45
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Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
04/10/2019 07:50	JN PPI YoY	Mar 1.00%	1.30%	0.80%	0.90%
04/10/2019 07:50	JN Core Machine Orders MoM	Feb 2.80%	1.80%	-5.40%	--
04/10/2019 16:30	UK Industrial Production MoM	Feb 0.10%	0.60%	0.60%	0.70%
04/10/2019 16:30	UK Manufacturing Production MoM	Feb 0.20%	0.90%	0.80%	1.10%
04/10/2019 19:00	US MBA Mortgage Applications	Apr-05 --	-5.60%	18.60%	--
04/10/2019 19:45	EC ECB Main Refinancing Rate	Apr-10 0.00%	0.00%	0.00%	--
04/10/2019 19:45	EC ECB Deposit Facility Rate	Apr-10 -0.40%	-0.40%	-0.40%	--
04/10/2019 20:30	US CPI MoM	Mar 0.40%	0.40%	0.20%	--
04/11/2019 09:30	CH CPI YoY	Mar 2.30%	--	1.50%	--
04/11/2019 09:30	CH PPI YoY	Mar 0.40%	--	0.10%	--
04/11/2019 20:30	US PPI Final Demand MoM	Mar 0.30%	--	0.10%	--
04/11/2019 20:30	US Initial Jobless Claims	Apr-06 210k	--	202k	--

Source: Bloomberg

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