

Highlights

Global	<p>Global risk appetite ended on a relatively positive note last Friday, with global equities at a five-month high, despite disappointing US economic data and the lingering concerns about Brexit. The UK House of Commons is set to vote for a third time on PM May's Brexit deal, but Chancellor Exchequer Hammond has warned that it is "a work in progress" and "we will only bring the deal back if we're confident that enough of our colleagues and the DUP are prepared to support it and get it through Parliament" as "it's the final chance to do this deal without having a long extension". Meanwhile, opposition leader Corbyn has said his party will trigger a vote of no confidence in PM May and force a general election if her deal is defeated again. S&P500 had closed higher on Friday, while the 10-year UST bond yield fell 4bps to 2.59%.</p> <p>Asian markets may open firmer this morning but investors are likely to tread water today, awaiting the Fed's policy decision on Wednesday, as well as a slew of other central bank meetings including BOT, BSP, CBC, BOE and BI later this week. Today's economic data calendar is relatively lightweight and comprises of US' NAHB housing market index, and Japan industrial production. RBA's Kent is also speaking.</p>
US	<p>US' University of Michigan sentiments improved more than expected from 93.8 in Feb to 97.8 in Mar, with the current conditions and expectations gauges both rising to 111.2 and 89.2 respectively. The 1-year inflation gauge eased from 2.6% to 2.4%, but the 5-10 year inflation gauge rose from 2.3% to 2.5%. Meanwhile, the industrial production rebounded less than expected by 0.1% mom in Feb, compared to a revised -0.4% in Jan, suggesting a sharp inventory correction was underway. The Empire manufacturing index also unexpectedly slipped from 8.8 in Feb to 3.7 in Mar, pointing to weakness in new orders. On Wednesday, the Fed is expected to hold its interest rate steady and shade its median dot plot down from two to one hike this year (moving it to zero hike this year is somewhat presumptuous even though our house view is for no hike this year), with a potential clarification on its balance sheet unwinding intentions.</p>
JP	<p>The BOJ kept its policy settings static as widely anticipated, with governor Kuroda defending the 2% inflation target as "something that the Bank of Japan's policy board has decided by itself". He also rejected the modern monetary theory (which proposes that governments can spend as much as they want without worrying about growing national debts provided the borrowing is denominated in local currency) as an extreme idea. The BOJ had also downgraded its economic assessment.</p>
CH	<p>As expected, China's NPC approved the new foreign investment law which will take effect from 1 Jan 2020.</p>
SG	<p>NODX rebounded 4.9% yoy (16.0% mom sa) in Feb, beating our expectations for 2.8% yoy (10.2% mom sa) and also Bloomberg consensus forecast of -1.6% yoy (+4.3% mom sa). This was largely attributable to a low base last year due to the timing of the CNY festive season and versus Jan's readings of -10.1% yoy (-5.7% mom sa). Electronics NODX remained in contraction territory for the third straight month at -8.0% yoy (Jan: -15.9%).</p>

Major Markets

- **US:** Wall Street ended higher on Friday, with the S&P500 jumping 0.5%. The DJIA rose 0.5%, and the Nasdaq composite increased 0.8%.
- **Singapore:** The STI closed nearly flat (+0.07%) at 3200.18 on Friday, and may attempt to trade with a firmer tone today amid positive Friday leads from Wall Street and morning gains in Kospi. Expect STI to trade a 3191-3220 for today. With Friday's gain in the UST bond yield curve led by the longer tenors, the SGS bond market may also follow suit today. As the 3-month LIBOR inched higher to 2.63%, the 3-month SOR has also crept up to 1.97% on Friday, which may limit the gains at the front end of the curve.
- **Japan:** This morning's export data also showed a third consecutive month decline of 1.2% yoy. Market speculation is that PM Abe may be under pressure to postpone his planned sales tax hike later this year.
- **China:** Clearly, the US-China trade war expedites the endorsement of new foreign investment law as it only took about three months for the law to be first examined in December 2018 to eventual approval. In particular, the off-cycle NPC meeting in January 2019 for the second examination shows that China's commitment to fairer treatment to foreign investors.
- **Indonesia:** Bank Indonesia will be holding its policy meeting this Wednesday – Thursday (20th – 21st March 2019) with our expectations that the benchmark rate would hold. Meanwhile, the country reported a trade surplus for February at US\$330m, the first since September 2018. Imports declined by 13.98% yoy whilst exports also fell by double digits at 11.33% yoy.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened last Friday, with the shorter tenors trading 1bps lower, while the belly and longer tenors traded 2-4bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS traded little change at 137bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 3bps to 470bps. 10Y UST yields tumbled 4bps to close the session at 2.59%, on the back of softer-than-expected US economic data from the US manufacturing sector. The data compounded the market's benign inflation outlook and slowing US economy growth, with the Federal Reserve expected to continue with its dovish stance in the upcoming two-day policy meeting this week.
- **New Issues:** Bank of Communications Co Ltd, Hong Kong Branch, has priced a USD800mn 3-year FRN at 3-month LIBOR +78bps, tightening from IPT of +105bps area. Export-Import Bank of China has priced a USD250mn 5-year FRN at 3-month LIBOR +70bps. City Developments Ltd has priced a SGD250mn 5-year bond at 3.0%. CJ Logistics Asia Pte Ltd has priced a SGD70mn 5-year bond at 2.938% ESR Cayman Ltd has priced a SGD77.25mn re-tap of its existing ESR CAY 6.75%'22s at par. Indian Railway Finance Corporation has scheduled investor meetings from 18 March for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.595	-0.20%	USD-SGD	1.3531	-0.20%
USD-JPY	111.480	-0.20%	EUR-SGD	1.5324	-0.01%
EUR-USD	1.1326	0.19%	JPY-SGD	1.2133	-0.02%
AUD-USD	0.7085	0.30%	GBP-SGD	1.7982	0.17%
GBP-USD	1.3290	0.36%	AUD-SGD	0.9585	0.07%
USD-MYR	4.0905	--	NZD-SGD	0.9259	0.05%
USD-CNY	6.7137	-0.14%	CHF-SGD	1.3497	-0.07%
USD-IDR	14262	-0.11%	SGD-MYR	3.0200	0.08%
USD-VND	23202	0.01%	SGD-CNY	4.9633	0.11%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.3680	--	O/N	2.3904	--
2M	-0.3360	--	1M	2.4818	--
3M	-0.3090	--	2M	2.5584	-0.0084
6M	-0.2320	-0.0084	3M	2.6253	0.0106
9M	-0.1940	0.0106	6M	2.6718	-0.0074
12M	-0.1090	-0.0074	12M	2.8405	-0.0054

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
03/20/2019	0.0%	2.3%	0.0%	2.3%	97.7%
05/01/2019	0.0%	4.3%	0.0%	4.3%	95.7%
06/19/2019	0.0%	9.7%	0.3%	9.4%	90.3%
07/31/2019	0.0%	11.8%	0.5%	11.3%	88.2%
09/18/2019	0.0%	17.5%	1.2%	16.3%	82.5%
10/30/2019	0.0%	20.4%	1.7%	18.6%	79.6%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	58.52	-0.2%	Corn (per bushel)	3.7325	3.3%
Brent (per barrel)	67.16	-0.1%	Soybean (per bushel)	9.093	2.2%
Heating Oil (per gallon)	1.9677	-0.9%	Wheat (per bushel)	4.6225	3.1%
Gasoline (per gallon)	1.8577	0.4%	Crude Palm Oil (MYR/MT)	1,950.0	--
Natural Gas (per MMBtu)	2.7950	-2.1%	Rubber (JPY/KG)	176.0	-2.4%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	6,431	0.4%	Gold (per oz)	1,302.9	0.6%
Nickel (per mt)	12,930	0.3%	Silver (per oz)	15.253	1.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,848.87	138.93
S&P	2,822.48	14.00
Nasdaq	7,688.53	57.62
Nikkei 225	21,450.85	163.83
STI	3,200.18	2.26
KLCI	1,680.54	6.02
JCI	6,461.18	47.92
Baltic Dry	730.00	53.00
VIX	12.88	-0.62

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.96 (-)	2.44 (-0.02)
5Y	2.02 (-0.02)	2.40 (-0.04)
10Y	2.20 (-0.01)	2.59 (-0.04)
15Y	2.45 (-0.01)	--
20Y	2.51 (-0.02)	--
30Y	2.65 (-0.01)	3.01 (-0.03)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.20	--
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	2.42
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Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
03/15/2019 10:39	JN BOJ Policy Balance Rate	Mar-15	-0.10%	-0.10%	-0.10%	--
03/15/2019 12:00	ID Exports YoY	Feb	-4.40%	-11.33%	-4.70%	-4.30%
03/15/2019 15:02	PH Overseas Remittances YoY	Jan	3.80%	4.40%	3.90%	--
03/15/2019 15:30	TH Foreign Reserves	Mar-08	--	\$212.0b	\$211.7b	--
03/15/2019 18:00	EC CPI YoY	Feb F	1.50%	1.50%	1.50%	--
03/15/2019 20:30	US Empire Manufacturing	Mar	10	3.7	8.8	--
03/15/2019 21:15	US Industrial Production MoM	Feb	0.40%	0.10%	-0.60%	-0.40%
03/15/2019 22:00	US U. of Mich. Sentiment	Mar P	95.6	97.8	93.8	--
03/15/2019	IN Exports YoY	Feb	--	2.40%	3.70%	--
03/18/2019 08:30	SI Non-oil Domestic Exports YoY	Feb	-1.60%	--	-10.10%	--
03/18/2019 12:30	JN Industrial Production MoM	Jan F	--	--	-3.70%	--

Source: Bloomberg

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