

### Highlights

<b>Global</b>	<p>As the Brexit clock keeps ticking with only 10 days to go, EU's Barnier has warned that UK may decide by mid-April (which is the timetable for European Parliament elections) whether to extend Brexit until 2020 or risk leaving on 1 July without a deal. This comes ahead of a summit in Brussels tomorrow where an ultimatum may be issued to the UK. Meanwhile, concerns have re-emerged about ongoing US-China trade talks ahead of Lighthizer and Mnuchin's visit to Beijing next week for talks. This contributed to S&amp;P500's weak close overnight, a choppy session for the UST bond market which saw the 10-year yield closing a tad up at 2.61% and the USD lower.</p> <p>Asian markets may tread lightly ahead of the FOMC meeting that starts today. Bank of Thailand (BOT) meets today and is likely to remain static at 1.75%, while the FOMC will announce its policy decision early tomorrow morning. Today's economic data calendar comprises of US' mortgage applications, UK's CPI/RPI/PPI, Taiwan's export orders and S'pore's COE tender results. Looking ahead, watch for potential month/quarter-end funding pressures which may start to creep in.</p>
<b>US</b>	<p>The FOMC is primed to keep its policy settings steady, but shade down its median dots plot (with the hawks essentially in retreat) from two to one hike this year and may no hikes in 2020 (given that market is already pricing in the possibility of a rate cut next year), and potentially clarify thinking on the termination of its balance sheet unwinding process. Any surprises on the Fed's part, namely unexpectedly hawkish signals (eg. SEP indicating one hike in 2019 and one hike in 2020) or unexpectedly dovish signals (eg. SEP indicating no hikes this year or next) may engender some market volatility.</p> <p>Meanwhile, US' factory orders rose less than expected by 0.1% in Jan, while excluding transport orders fell 0.2%.</p>
<b>EU</b>	<p>Germany's ZEW expectations survey printed at -3.6 (a 6-month high) in Mar, versus -13.4 in Feb, while the region also rose to -2.5 (previously -16.6), which pointed to reduced pessimism over global and Brexit risks. However, the Bundesbank had earlier warned that "the basic cyclical trend...remains subdued after the turn of the year" while Germany's council of economic advisers had opined that the boom is "over for now".</p>
<b>SG</b>	<p>PMETs accounted for a larger share (52.7%) of the 63,300 job vacancies last year, while firms cited a lack of specialised skills as the top reason for difficulties in filling the vacancies for PMETs, whereas the physical toll of the work was the top reason for non-PMET jobs, according to MOM.</p>

## Major Markets

- **US:** Wall Street ended mixed on Tuesday, with the DJIA declining 0.1%, and the Nasdaq composite increasing 0.1%.
- **Singapore:** The STI added 0.25% to close up at 3220.92 yesterday, but may range trade today awaiting the FOMC meeting outcome. Wall Street had closed slightly lower overnight while Kospi is also opening softer this morning. Expect STI to trade a 3191-3230 for today. With the UST bond yield curve bear-flattening overnight and ahead of the FOMC cues, the SGS bond market may consolidate sideways today. Market players are also awaiting the issue size announcement for the upcoming 5-year SGS re-opening due later today. While the 3-month LIBOR has inched back up to 2.63% again, the 3-month SIBOR and SOR are relatively steady around 1.94-1.95%, and this may continue to pressure the front-end of the SGS curve.
- **China:** In the latest meeting about deepening reform in China, President Xi pushed ahead with artificial intelligence to allow AI to play a bigger role in supporting the real economy.
- **Malaysia:** According to Prime Minister Mahathir Mohamad, the Ministry of Finance is preparing a clear guideline on the criteria in the appointment of chairmen and board of directors in GLCs (Government Linked Companies) and subsidiary companies. He further said that “The Prime Minister’s Office is also finalizing the guidelines on remuneration of directors and key senior management of government entities”. He also added that they found that “some of the remuneration packages” of the GLCs management personnel are “obscenely high” and that “from now on, rewards will be based on performance”.
- **Indonesia:** The government’s taxation revenue for Jan – Feb 2019 has reportedly climbed by 9.97% yoy. The budget deficit also had reached 0.34% of GDP by the end of February. Meanwhile, debt financing was at Rp198.4tn at the end of Feb with net bonds issuance making Rp197.1tn of it and net loans making up the remainder at Rp1.27tn.
- **Thailand:** Bank of Thailand MPC convenes today and is likely to keep its rates unchanged at 1.75%. In the previous edition, 2 of 6 MPC members voted for a rate hike while the remaining four advocated for rates to remain unchanged. Importantly, keep an eye on how many MPC members will join or leave the rate-raise bandwagon in today’s meeting to ascertain how close the country is to a rate hike before end 2019.
- **Commodities:**
  - Energy:** Oil was largely unchanged yesterday, with WTI losing a marginal -0.1% and Brent rising a mere +0.1%. The crude market is taking a breather after last week’s OPEC meeting showed Saudi Arabia slashing its production by another 200k bpd to 10m bpd. Traders are keenly watching further developments on the US-China trade talks and will likely stall around current levels before making its next move.
  - Gold:** Gold rose +0.2% yesterday to inch further above the key \$1,300/oz level to \$1,306.56/oz. Market participants are turning to the safe haven asset after trade talks between the US and China have seemingly stalled. Any more dovish than expected announcements from the Fed tomorrow morning will likely send gold higher. We largely expect the US central bank to stick to its current rhetoric and the precious metal is likely to find support at \$1,300/oz in the short term.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with the shorter tenors and belly trading little change, while the longer tenors traded 1-2bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 135bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 4bps to 452bps. 10Y UST yields rose 1bps to close the session at 2.61%, amidst a relatively sedated session as investors await the conclusion of the Federal Reserve's policy-setting meeting later today. Despite firm belief that the Fed will keep interest rates on hold, investors are hoping to gain some insights on the Fed's dot plot as well as whether the central bank will continue to shrink its balance sheet.
- **New Issues:** Landmark Funding 2019 Limited has issued a USD450mn 3-year bond (guarantor: Minsheng Financial Leasing Co Ltd) at 4.7%, in line with the final guidance. KWG Group Holdings Ltd has priced a USD350mn re-tap of its existing KWGPRO 7.875%'23s (sub-guarantors: certain non-PRC subsidiaries of issuer) at 102.125 (yield: 7.3%), tightening from IPT of 101 area. Singapore Airlines Ltd has priced a SGD200mn 5-year bond at 3.03%, tightening from IPT of 3.1% area. PT Bank Rakyat Indonesia (Persero) has scheduled investor meetings from 20 March for its potential USD bond issuance. Korea Resources Corporation (subsidiary: Minera y Metalurgica del Boleo) has scheduled investor meetings from 25 March for its potential USD bond issuance. Indian Railway Finance Corp has scheduled investor meetings from 18 March for its potential USD 5-year bond issuance.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	96.383	-0.15%	<b>USD-SGD</b>	1.3511	-0.01%
<b>USD-JPY</b>	111.390	-0.04%	<b>EUR-SGD</b>	1.5339	0.12%
<b>EUR-USD</b>	1.1352	0.13%	<b>JPY-SGD</b>	1.2129	0.02%
<b>AUD-USD</b>	0.7088	-0.23%	<b>GBP-SGD</b>	1.7927	0.09%
<b>GBP-USD</b>	1.3268	0.10%	<b>AUD-SGD</b>	0.9577	-0.23%
<b>USD-MYR</b>	4.0750	-0.04%	<b>NZD-SGD</b>	0.9264	0.04%
<b>USD-CNY</b>	6.7119	-0.02%	<b>CHF-SGD</b>	1.3523	0.21%
<b>USD-IDR</b>	14232	-0.05%	<b>SGD-MYR</b>	3.0159	0.01%
<b>USD-VND</b>	23208	0.01%	<b>SGD-CNY</b>	4.9684	0.04%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
<b>1M</b>	-0.3670	--	<b>O/N</b>	2.3896	--
<b>2M</b>	-0.3360	--	<b>1M</b>	2.4878	--
<b>3M</b>	-0.3100	--	<b>2M</b>	2.5648	--
<b>6M</b>	-0.2310	--	<b>3M</b>	2.6326	--
<b>9M</b>	-0.1940	--	<b>6M</b>	2.6706	--
<b>12M</b>	-0.1090	--	<b>12M</b>	2.8176	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
03/20/2019	0.8%	0.0%	0.0%	0.0%	99.2%
05/01/2019	0.8%	2.1%	0.0%	2.1%	97.2%
06/19/2019	0.7%	7.5%	0.1%	7.4%	91.8%
07/31/2019	0.7%	11.5%	0.4%	11.0%	87.8%
09/18/2019	0.6%	16.2%	1.0%	15.2%	83.1%
10/30/2019	0.6%	20.0%	1.7%	18.3%	79.3%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	59.03	-0.1%	Corn (per bushel)	3.7125	-0.1%
Brent (per barrel)	67.61	0.1%	Soybean (per bushel)	9.040	-0.2%
Heating Oil (per gallon)	1.9904	1.1%	Wheat (per bushel)	4.5650	-0.1%
Gasoline (per gallon)	1.8931	0.5%	Crude Palm Oil (MYR/MT)	2,060.0	1.7%
Natural Gas (per MMBtu)	2.8740	0.8%	Rubber (JPY/KG)	181.2	3.1%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	6,425	--	Gold (per oz)	1,306.5	0.4%
Nickel (per mt)	13,023	--	Silver (per oz)	15.301	0.3%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,887.38	-26.72
<b>S&amp;P</b>	2,832.57	-0.37
<b>Nasdaq</b>	7,723.95	9.47
<b>Nikkei 225</b>	21,566.85	-17.65
<b>STI</b>	3,220.92	7.96
<b>KLCI</b>	1,687.68	-3.26
<b>JCI</b>	6,480.28	-29.17
<b>Baltic Dry</b>	712.00	-9.00
<b>VIX</b>	13.56	0.46

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.96 (+0.01)	2.47 (+0.02)
<b>5Y</b>	1.99 (-)	2.43 (+0.01)
<b>10Y</b>	2.15 (-0.02)	2.61 (+0.01)
<b>15Y</b>	2.39 (-0.01)	--
<b>20Y</b>	2.45 (-0.01)	--
<b>30Y</b>	2.61 (-0.01)	3.02 (-)

#### Financial Spread (bps)

	Value	Change
<b>EURIBOR-OIS</b>	5.05	-0.02
<b>TED</b>	35.36	--

#### Secured Overnight Fin. Rate

<b>SOFR</b>	2.41
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### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
03/19/2019 16:30	HK Unemployment Rate SA	Feb 2.80%	2.80%	2.80%	--
03/19/2019 17:30	UK Claimant Count Rate	Feb --	2.90%	2.80%	--
03/19/2019 17:30	UK Jobless Claims Change	Feb --	27.0k	14.2k	15.7k
03/19/2019 17:30	UK ILO Unemployment Rate 3Mths	Jan 4.00%	3.90%	4.00%	--
03/19/2019 22:00	US Factory Orders	Jan 0.30%	0.10%	0.10%	--
03/19/2019 22:00	US Durable Goods Orders	Jan F 0.40%	0.30%	0.40%	--
03/20/2019 15:05	TH BoT Benchmark Interest Rate	Mar-20 1.75%	--	1.75%	--
03/20/2019 17:30	UK CPI YoY	Feb 1.80%	--	1.80%	--
03/20/2019 17:30	UK CPI Core YoY	Feb 1.90%	--	1.90%	--
03/20/2019 17:30	UK PPI Output NSA MoM	Feb 0.10%	--	0.00%	--
03/20/2019 19:00	US MBA Mortgage Applications	Mar-15 --	--	2.30%	--

Source: Bloomberg

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