

Highlights

Global	<p>It's all about the money! Beyond patience on interest rates, the January FOMC minutes revealed that almost all Fed participants also thought desirable to announce before too long a plan to stop reducing the balance sheet runoff. Wall Street closed higher and UST bonds saw unwinding of curve steepening trades, whilst the 3-month LIBOR fixed higher at 2.66338%. Meanwhile, president Trump called on North Korea's Kim Jong Un to do something "meaningful" to end US sanctions on the country – this comes ahead of their meeting in Hanoi next week. Elsewhere, Fitch put UK's AA rating on negative watch. Meanwhile UK PM May and EC president Juncker plans to meet again next week after "constructive" talks this week. Asian markets may range trade today as market players digest the FOMC minutes, the Brexit implications for the UK's sovereign credit rating, and await BI's policy decision (likely to be static at 6%). The rest of the economic calendar comprises of European PMIs, German CPI, US' durable orders and initial jobless claims and existing home orders. ECB's Praet and Fed's Daly and Bostic are also speaking today.</p>
US	<p>The FOMC minutes also revealed that "it was important to be flexible in managing the process of balance sheet normalization". While the Fed remained fairly upbeat on the US economic assessment, there was uncertainty about the rate trajectory going forward, with a few expressing concern that the SEP projections did not accurately convey its policy outlook even though the current fed funds target rate is perceived as at the lower end of the range of estimated neutral policy rate. Notably, a couple of participants suggested a "ceiling facility to mitigate temporary unexpected pressures in reserve markets". A few opined it would be appropriate to hike later this year if the economy evolved as expected, which lent a smudge of hawkishness. Nevertheless, we would expect that these thoughts would materialise in the March SEP in terms of shading down growth forecasts and lowering the median dots plot to at best one hike for 2019.</p>
CH	<p>PBoC conducted its first Central Bank Swap (CBS) yesterday to support the issuance of perpetual bond by financial institutions. The 4.5% Bank of China perpetual bond can be swapped to 1-year PBoC bill with coupon at 2.45%. The PBoC will not pay interest for its bill and the bill will be cancelled once expires. The PBoC bill can be used as collateral for liquidity operation. The cost of CBS was set at 0.25% currently. In addition, Premier Li Keqiang reiterated yesterday that China will not ease its monetary policy excessively.</p>
SG	<p>COE premiums closed higher for categories A, B and E in the latest round of bidding.</p>
IND	<p>According to Luky Alfirman, Director General of Financing and Risk Management at the Ministry of Finance, the government is looking into providing tax-incentives for long-term bond investors. He was quoted though as saying, "This is still early in stage, but we have been studying it. We are reviewing whether such an incentive is the one sought by investors, because there are many cases showing that when the incentive has been provided, it eventually brings no impact."</p>

Major Markets

- **US:** Wall Street ended higher on Wednesday, with the S&P500 advancing 0.18%. The DJIA rose 0.24%, while the Nasdaq composite increased 0.03%.
- **Singapore:** The STI gained 0.57% to close at 3278.38 yesterday, and may range trade today. STI support and resistance are tipped at 3240-3300. While Wall Street rose overnight, KOSPI is opening a tad softer. With UST bond yields a tad firmer overnight, SGS bonds may also unwind the gains seen yesterday.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with the shorter tenors trading within 1bps lower. The longer tenors was for the most part little changed. In the broader dollar space, the spread on the Itraxx Asia ex-Japan IG Index traded 3.1bps lower to 96.2bps. 10Y UST yields rose 1bps to 2.65%, after the publication of minutes from the Federal Open Market Committee's January policy meeting revealed that a rate hike is still possible this year, as members of the committee remained undecided..
- **New Issues:** China Construction Bank Corporation has priced a USD1.85bn 10NC5 Tier 2 bond at CT10+188bps, tightening from IPT of +220bps area. ENN Clean Energy International Investment Ltd has priced a USD250mn 2-year bond (parent guarantor: ENN Ecological Holdings Co) at 8.35%, tightening from IPT of 8.5% area. Guangzhou R&F Properties Co Ltd has priced a USD450mn 4-year bond at 8.125% and a USD375mn 5-year bond at 8.625%. Modern Land (China) Co Ltd has priced a USD200mn re-tap of its existing MOLAND 15.5%'20s (subsidiary guarantors: certain non-PRC restricted subsidiaries of issuer) at 14.0%, tightening from IPT of 14.625% area. Shriram Transport Finance Co has priced a USD400mn 3-year bond at 5.7%, tightening from IPT of 6.0% area. SP Group Treasury has priced a USD600mn 10-year bond (guarantor: Singapore Power Ltd) at CT10+83bps, tightening from IPT of +105bps area. Woodside Finance Ltd has scheduled investor meetings from 21 Feb for its potential USD bond issuance. Mei Nian Investment Ltd (parent guarantor: Meinian Oneheath Healthcare Holdings Co) has scheduled investor meetings from 20 Feb for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.454	-0.07%	USD-SGD	1.3517	-0.09%
USD-JPY	110.850	0.20%	EUR-SGD	1.5328	-0.10%
EUR-USD	1.1338	-0.03%	JPY-SGD	1.2194	-0.29%
AUD-USD	0.7165	--	GBP-SGD	1.7641	-0.18%
GBP-USD	1.3050	-0.09%	AUD-SGD	0.9684	-0.10%
USD-MYR	4.0685	-0.30%	NZD-SGD	0.9268	-0.47%
USD-CNY	6.7213	-0.55%	CHF-SGD	1.3506	-0.06%
USD-IDR	14042	-0.43%	SGD-MYR	3.0108	0.02%
USD-VND	23199	0.00%	SGD-CNY	4.9760	-0.27%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3670	--	O/N	2.3780	--
2M	-0.3360	--	1M	2.4823	--
3M	-0.3080	--	2M	2.5781	--
6M	-0.2320	--	3M	2.6413	--
9M	-0.1940	--	6M	2.7358	--
12M	-0.1080	--	12M	2.8911	--

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	2-2.25%	2.25-2.5%	2.5-2.75%
03/20/2019	0.5%	0.0%	0.0%	99.5%	0.5%
05/01/2019	0.4%	2.1%	2.1%	97.5%	0.4%
06/19/2019	0.4%	3.4%	3.4%	96.2%	0.4%
07/31/2019	0.4%	3.9%	3.9%	95.6%	0.4%
09/18/2019	0.4%	4.9%	4.8%	94.7%	0.4%
10/30/2019	0.4%	5.8%	5.7%	93.7%	0.4%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	56.92	1.48%	Coffee (per lb)	0.976	0.36%
Brent (per barrel)	67.08	0.95%	Cotton (per lb)	0.7028	-0.18%
Heating Oil (per gallon)	2.0183	1.19%	Sugar (per lb)	0.1344	0.67%
Gasoline (per gallon)	1.5981	2.19%	Orange Juice (per lb)	1.1985	0.88%
Natural Gas (per MMBtu)	2.6360	-0.98%	Cocoa (per mt)	2,298	-1.79%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	4.8075	-1.84%
Nickel (per mt)	12,856.0	1.96%	Soybean (per bushel)	9.025	0.19%
Aluminium (per mt)	1,855.0	0.82%	Corn (per bushel)	3.7075	0.27%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,343.3	0.24%	Crude Palm Oil (MYR/MT)	2,134.0	-0.97%
Silver (per oz)	16.177	1.32%	Rubber (JPY/KG)	193.5	0.83%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,954.44	63.12
S&P	2,784.70	4.94
Nasdaq	7,489.07	2.30
Nikkei 225	21,431.49	128.84
STI	3,278.38	18.58
KLCI	1,726.18	19.62
JCI	6,512.78	18.12
Baltic Dry	635.00	--
VIX	14.02	-0.86

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.94 (-0.01)	2.50 (+0.01)
5Y	1.98 (-0.01)	2.47 (+0.01)
10Y	2.12 (-0.02)	2.64 (+0.01)
15Y	2.36 (-0.02)	--
20Y	2.41 (-0.02)	--
30Y	2.56 (-0.03)	3.00 (+0.02)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.33	-0.02
TED	35.36	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
02/20/2019 07:30	AU Westpac Leading Index MoM	Jan	--	-0.01%	-0.21%	-0.26%
02/20/2019 07:50	JN Trade Balance	Jan	¥1029.1b	¥1415.2b	¥55.3b	¥56.7b
02/20/2019 07:50	JN Trade Balance Adjusted	Jan	¥150.7b	¥370.0b	¥183.6b	¥221.5b
02/20/2019 08:30	AU Wage Price Index QoQ	4Q	0.60%	0.50%	0.60%	--
02/20/2019 08:30	AU Wage Price Index YoY	4Q	2.30%	2.30%	2.30%	--
02/20/2019 12:48	VN Domestic Vehicle Sales YoY	Jan	--	24.20%	35.70%	--
02/20/2019 15:00	GE PPI MoM	Jan	-0.10%	0.40%	-0.40%	--
02/20/2019 15:00	GE PPI YoY	Jan	2.20%	2.60%	2.70%	--
02/20/2019 16:00	SI Automobile COE Open Bid Cat A	Feb-20	--	26301	25689	--
02/20/2019 16:00	SI Automobile COE Open Bid Cat B	Feb-20	--	35403	34509	--
02/20/2019 20:00	US MBA Mortgage Applications	Feb-15	--	3.60%	-3.70%	-6.90%
02/20/2019 23:00	EC Consumer Confidence	Feb A	-7.7	-7.4	-7.9	--
02/21/2019 07:50	JN Japan Buying Foreign Bonds	Feb-15	--	¥193.7b	¥992.4b	¥996.6b
02/21/2019 07:50	JN Foreign Buying Japan Stocks	Feb-15	--	¥52.9b	¥102.0b	¥101.9b
02/21/2019 08:30	JN Nikkei Japan PMI Mfg	Feb P	--	--	50.3	--
02/21/2019 08:30	AU RBA FX Transactions Market	Jan	--	--	A\$1622m	--
02/21/2019 08:30	AU Employment Change	Jan	15.0k	--	21.6k	--
02/21/2019 08:30	AU Unemployment Rate	Jan	5.00%	--	5.00%	--
02/21/2019 08:30	AU Full Time Employment Change	Jan	--	--	-3.0k	--
02/21/2019 08:30	AU Participation Rate	Jan	65.60%	--	65.60%	--
02/21/2019 12:30	JN All Industry Activity Index MoM	Dec	-0.20%	--	-0.30%	--
02/21/2019 14:00	JN Machine Tool Orders YoY	Jan F	--	--	-18.80%	--
02/21/2019 15:00	GE CPI MoM	Jan F	-0.80%	--	-0.80%	--
02/21/2019 15:00	GE CPI YoY	Jan F	1.40%	--	1.40%	--
02/21/2019 15:00	GE CPI EU Harmonized MoM	Jan F	-1.00%	--	-1.00%	--
02/21/2019 15:00	GE CPI EU Harmonized YoY	Jan F	1.70%	--	1.70%	--
02/21/2019 15:45	FR Manufacturing Confidence	Feb	103	--	103	--
02/21/2019 15:45	FR CPI EU Harmonized MoM	Jan F	-0.60%	--	-0.60%	--
02/21/2019 15:45	FR CPI EU Harmonized YoY	Jan F	1.40%	--	1.40%	--
02/21/2019 15:45	FR CPI MoM	Jan F	-0.50%	--	-0.50%	--
02/21/2019 15:45	FR CPI YoY	Jan F	1.20%	--	1.20%	--
02/21/2019 16:15	FR Markit France Manufacturing PMI	Feb P	51	--	51.2	--
02/21/2019 16:15	FR Markit France Services PMI	Feb P	48.5	--	47.8	--
02/21/2019 16:15	FR Markit France Composite PMI	Feb P	48.9	--	48.2	--
02/21/2019 16:30	GE Markit/BME Germany Manufacturing PMI	Feb P	49.8	--	49.7	--
02/21/2019 16:30	GE Markit Germany Services PMI	Feb P	52.9	--	53	--
02/21/2019 16:30	GE Markit/BME Germany Composite PMI	Feb P	52	--	52.1	--
02/21/2019 16:30	HK Unemployment Rate SA	Jan	2.80%	--	2.80%	--
02/21/2019 17:00	EC Markit Eurozone Manufacturing PMI	Feb P	50.3	--	50.5	--
02/21/2019 17:00	EC Markit Eurozone Services PMI	Feb P	51.3	--	51.2	--
02/21/2019 17:00	EC Markit Eurozone Composite PMI	Feb P	51.1	--	51	--
02/21/2019 17:00	IT CPI EU Harmonized YoY	Jan F	0.90%	--	0.90%	--
02/21/2019 17:30	UK PSNB ex Banking Groups	Jan	-10.0b	--	3.0b	--
02/21/2019 21:30	CA Wholesale Trade Sales MoM	Dec	-0.20%	--	-1.00%	--
02/21/2019 21:30	US Philadelphia Fed Business Outlook	Feb	14	--	17	--
02/21/2019 21:30	US Initial Jobless Claims	Feb-16	228k	--	239k	--
02/21/2019 21:30	US Continuing Claims	Feb-09	1743k	--	1773k	--
02/21/2019 21:30	US Durable Goods Orders	Dec P	1.70%	--	0.70%	--
02/21/2019 21:30	US Durables Ex Transportation	Dec P	0.30%	--	-0.40%	--
02/21/2019 21:30	US Cap Goods Orders Nondef Ex Air	Dec P	0.20%	--	-0.60%	--
02/21/2019 21:30	US Cap Goods Ship Nondef Ex Air	Dec P	0.00%	--	-0.20%	--
02/21/2019 22:45	US Bloomberg Consumer Comfort	Feb-17	--	--	60	--
02/21/2019 22:45	US Markit US Manufacturing PMI	Feb P	54.8	--	54.9	--
02/21/2019 22:45	US Markit US Services PMI	Feb P	54.3	--	54.2	--
02/21/2019 22:45	US Markit US Composite PMI	Feb P	--	--	54.4	--
02/21/2019 23:00	US Leading Index	Jan	0.10%	--	-0.10%	--
02/21/2019 23:00	US Existing Home Sales	Jan	5.00m	--	4.99m	--
02/21/2019 23:00	US Existing Home Sales MoM	Jan	0.20%	--	-6.40%	--
02/21/2019	ID Bank Indonesia 7D Reverse Repo	Feb-21	6.00%	--	6.00%	--
02/20/2019 02/28	SL Exports YoY	Dec	--	--	4.10%	--

Source: Bloomberg

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