

Highlights

Global	<p>Global risk sentiments are likely to take backseat today. South Korea's disappointing 1Q19 GDP growth contraction of 0.3% qoq (the lowest since 2008 and versus market expectations for +0.3% qoq as investments slumped 11% qoq) suggested that the recent green shoots theme may still be largely restricted to China and is not broad-based across Asia yet. Over in the Eurozone, German IFO business climate also printed lower at 99.2 in April, with both the expectations and current assessment gauges retreating, which also dampened hopes of a Euro area rebound. Overnight, Wall Street also drifted lower amid outlook concerns for Caterpillar even though its 1Q earnings beat estimates, whilst the USD climbed. Meanwhile, the Bank of Canada kept its interest rate static at 1.75%, but abandoned its hawkish bias and cut its growth forecast from 1.7% to 1.2%, which weighed on the CAD.</p> <p>While awaiting the BOJ and BI's policy decisions (both likely static), Asian markets may start on a more cautious note this morning. In particular, BOJ will update on its growth and inflation outlook, while BI may choose to hold amid Prabowo's allegations of massive fraud in the recent presidential elections. Today's economic data calendar only comprises of US' durable goods orders and initial jobless claims. In addition, Japanese PM Abe is also meeting the EU leaders today.</p>
UK	The 1922 Committee of Tory lawmakers have urged PM May to provide a clear roadmap for her departure.
CH	China conducted its first targeted medium term lending facility on Wednesday, injecting CNY267.4 billion into the system. Although there is limited room for further marginal easing as tipped by the Politburo meeting last week, the latest TMLF reinforced market view that there will not be imminent U-turn of monetary policy. China is moving away from universal easing to more targeted easing. This is also in line with the message on "structural de-leverage" from the politburo meeting as universal easing will lead to higher leverage in SOE sector. Looking ahead, the chance of RRR cut in the near term is low.
SK	1Q GDP came in at 1.8% YoY (poll: 2.4%) and -0.3% QoQ (poll: 0.3%) on poor semiconductor exports and declining investment growth. A slowdown in the global economy as well as uncertainty from the US-China trade tension – China is a big trading partner of South Korea – combined to create the worst YoY growth since 3Q 2009. Other trade weather-vane economies like Singapore are also facing its slowest growth since the GFC as exports (particularly electronics) face the brunt of a global growth slowdown.
ID	Bank Indonesia will be releasing its monthly monetary policy decision today with our expectations for it to hold. However, look out for any cues from them on a future potential rate cut. At this point, we see the central bank may cut the rate by 50bps in 4Q 2019.

Major Markets

- **US:** Wall Street ended lower on Wednesday, with the S&P500 declining by 0.2%. The DJIA and the Nasdaq composite fell 0.2%.
- **Singapore:** The STI saw modest gains of 0.27% to close at 3362.43 yesterday and may consolidate today amid weak cues from Wall Street overnight. STI's resistance and support are tipped at 3370 and 3340. With the retracement in global risk appetite, UST bond yields fell by up to 5bps overnight, SGS bonds may extend gains today, notwithstanding tomorrow's auction for the \$2.4 b re-opening of the 10-year SGS bond.
- **Macau:** Visitor arrivals continued to grow strongly by 24% yoy to 3.4 million in Mar, mainly led by the 40.8% yoy growth in same-day visitors (1.8 million). This shows that even though the effect of Lunar New Year subsided, Macau's inbound tourism remained robust owing to the new infrastructure. On the other hand, overnight visitors rose by 9.1% yoy or 4.9% mom to 1.6 million. As a result, the percentage share of overnight visitors in total visitor arrivals rebounded from 42.6% in Feb to 46.7% in Mar. Meanwhile, overnight visitors' average length of stay advanced from the lowest since Apr 2018 of 2.1 days in Feb to 2.2 days in Mar. Moving into April and May, Macau's tourism sector may continue to gain momentum on the back of Easter Holiday and Labor Day Holiday. China's economic stabilization and signs of green shoots may also bolster the country's outbound tourism in the coming months.
- **Malaysia:** Headline inflation turned positive at 0.2% yoy for March, which was exactly in line with our expectations. For April, we expect it to remain in the positive territory at 0.4% yoy. At this point, we believe current inflation levels would not be a constraint on monetary policy easing and we stick to our view that BNM may still cut the OPR by 25bps as early as July 2019.
- **Thailand:** The THB is at its weakest since early Jan 2019, as uncertainty over the political scene take a toll on investor sentiment. A month has passed since the Thai general elections but there has been still no confirmed final allocation for the total 500-MP seats. Among the current uncertainties include a) a potential disqualification of second runner up Future Forward Party's leader Thanathorn; b) the Office of Ombudsman having accepted a petition to nullify the March elections, and has submitted said petition to the Election Commission (EC); c) the Constitutional Court ruling out the EC's petition on how to work out proportional representation seats in parliament. The USDTHB pair broke above 32 yesterday, the first since early Jan 2019. The 2-5 Thai yield spreads flattened to as low as 22.5bp two weeks ago from a high of 42.7bp in mid-March, although it has since rebounded back to 28.2bp.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with the shorter tenors trading 1-2bps lower while the belly and longer tenors traded 3-4bps lower (exception being the 12-year swap rate at 7bps lower). The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 131bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 4bps to 472bps. 10Y UST yields fell 5bps to 2.52%, on the back of safe haven demand due to weak data released out of Germany and Australia, lowering of growth forecast by Bank of Canada and strong demand seen during the auction of USD41bn 5-year treasury notes.

- **New Issues:** Credit Agricole S.A. has priced a SGD325mn 12NC7 bond at 3.8%, tightened from IPG of 4.125% area. China International Capital Corp Ltd has scheduled investor meetings from 24 April for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.173	0.55%	USD-SGD	1.3619	0.36%
USD-JPY	112.190	0.30%	EUR-SGD	1.5193	-0.28%
EUR-USD	1.1155	-0.64%	JPY-SGD	1.2139	0.07%
AUD-USD	0.7015	-1.23%	GBP-SGD	1.7571	0.09%
GBP-USD	1.2902	-0.28%	AUD-SGD	0.9554	-0.86%
USD-MYR	4.1287	0.02%	NZD-SGD	0.8979	-0.60%
USD-CNY	6.7219	-0.06%	CHF-SGD	1.3347	0.34%
USD-IDR	14104	0.17%	SGD-MYR	3.0395	-0.08%
USD-VND	23218	0.00%	SGD-CNY	4.9404	-0.25%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.3670	--	O/N	2.4028	--
2M	-0.3360	--	1M	2.4766	--
3M	-0.3110	--	2M	2.5306	--
6M	-0.2300	--	3M	2.5803	--
9M	-0.1940	--	6M	2.6199	--
12M	-0.1120	--	12M	2.7356	--

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
05/01/2019	0.0%	1.6%	0.0%	1.6%	98.5%
06/19/2019	0.0%	26.7%	0.4%	26.3%	73.3%
07/31/2019	0.0%	31.4%	2.1%	29.3%	68.6%
09/18/2019	0.0%	48.1%	8.7%	38.9%	51.9%
10/30/2019	0.0%	52.1%	11.0%	39.9%	47.9%
12/11/2019	0.0%	62.8%	17.5%	41.7%	37.2%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	65.89	-0.6%	Corn (per bushel)	3.4675	-1.3%
Brent (per barrel)	74.57	0.1%	Soybean (per bushel)	8.553	-0.8%
Heating Oil (per gallon)	2.0987	-0.9%	Wheat (per bushel)	4.3225	-1.5%
Gasoline (per gallon)	2.1285	-0.1%	Crude Palm Oil (MYR/MT)	2,079.0	--
Natural Gas (per MMBtu)	2.4620	0.3%	Rubber (JPY/KG)	187.0	-0.4%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	6,448	0.6%	Gold (per oz)	1,275.5	0.5%
Nickel (per mt)	12,407	0.1%	Silver (per oz)	14.916	0.8%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	26,597.05	-59.34
S&P	2,927.25	-6.43
Nasdaq	8,102.02	-18.81
Nikkei 225	22,200.00	-59.74
STI	3,362.43	8.96
KLCI	1,638.01	10.57
JCI	6,447.89	-14.94
Baltic Dry	821.00	--
VIX	13.14	0.86

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.89 (--)	2.32 (-0.05)
5Y	1.98 (-0.03)	2.31 (-0.05)
10Y	2.16 (-0.03)	2.52 (-0.05)
15Y	2.35 (-0.04)	--
20Y	2.40 (-0.04)	--
30Y	2.58 (-0.04)	2.93 (-0.05)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.37	0.05
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	2.46
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Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
04/24/2019 12:00	MA CPI YoY	Mar	0.30%	0.20%	-0.40%	--
04/24/2019 12:30	JN All Industry Activity Index MoM	Feb	-0.20%	-0.20%	-0.20%	0.00%
04/24/2019 16:00	GE IFO Business Climate	Apr	99.9	99.2	99.6	99.7
04/24/2019 19:00	US MBA Mortgage Applications	Apr-19	--	-7.30%	-3.50%	--
04/25/2019 07:00	SK GDP SA QoQ	1Q P	0.30%	-0.30%	1.00%	--
04/25/2019 07:00	SK GDP YoY	1Q P	2.40%	1.80%	3.10%	--
04/25/2019 20:30	US Initial Jobless Claims	Apr-20	200k	--	192k	--
04/25/2019 20:30	US Continuing Claims	Apr-13	1682k	--	1653k	--
04/25/2019 20:30	US Durable Goods Orders	Mar P	0.80%	--	-1.60%	--
04/25/2019 20:30	US Durables Ex Transportation	Mar P	0.20%	--	-0.10%	--
04/25/2019	JN BOJ Policy Balance Rate	Apr-25	-0.10%	--	-0.10%	--
04/25/2019	ID Bank Indonesia 7D Reverse Repo	Apr-25	6.00%	--	6.00%	--

Source: Bloomberg

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