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**Highlights**

<b>Global</b>	<p>Global risk appetite was buoyant overnight following US' manufacturing ISM data, but Moody's cut for China's outlook from stable to negative with the Aa3 rating unchanged may cast a shadow over Asia today. Note global manufacturing PMI cues remained lacklustre – China's official and Caixin manufacturing PMIs both deteriorated more than expected to 49.0 and 48.0 in February, down from 49.4 and 48.4 previously, while its counterparts in the rest of Asia also generally softened across the board, albeit the Chinese New Year festive season in February may have been a contributing factor. Taiwan slipped into contraction territory from 50.6 to 49.4, while Indonesia (from 48.9 to 48.7) and Malaysia (from 48.6 to 47.8) lagged. India was unchanged at 51.1 while Vietnam also held above the key 50 handle (50.3 versus 51.5 previously). In DM, UK's Markit PMI also fell below expectations from 52.9 to 50.8, the worst since April 2013, as new orders barely rose and employment fell for a second month, with price pressures firmly on the downside due to commodity prices, albeit it did not fully reflect the GBP's fall or Brexit risks. The Euro-area's PMI slid from 52.3 to 51.2, with the price gauge falling below the key 50 level to its lowest since June 2013 and suggesting continued deflationary pressures. US' manufacturing ISM beat expectations, rising from 48.2 in Jan to 49.5 in Feb, the highest since Sep, albeit still in contraction territory, as new orders and employment climbing to 51.5 and 48.5 from 51.5 and 45.9 respectively, suggesting a possible bottom.</p> <p>For today, watch for US' Beige Book, ADP employment and New York ISM, Eurozone's PPI, Singapore's manufacturing and electronics PMI as well as COE premium tender results, and the US presidential primary results.</p>
<b>Australia</b>	<p>RBA kept its cash target rate steady at 2% for the 10th consecutive month as widely anticipated, with governor Stevens indicating that "continued low inflation would provide scope for easier policy, should that be appropriate to lend support to demand". The statement noted that "new information should allow the Board to judge whether the improvement in labour market conditions is continuing and whether the recent financial turbulence portends weaker global and domestic demand".</p>
<b>SG</b>	<p>The manufacturing and electronics PMI may hopefully show signs of stabilisation around the Jan readings of 49.0 and 48.5, but is likely to stay in the contraction territory at this juncture given very weak business sentiments.</p>
<b>China</b>	<p>China suspended its open market operation yesterday due to ample liquidity in the interbank system after PBoC unfroze about CNY650billion in liquidity via the RRR cut. Feb's PMI also fell to 49 from Jan's 49.4, signalling that activity is still weak. However, the data may also be distorted by the Chinese New Year. Historical data show that PMI in the lunar new year month tends to fall due to closure of factories during the holiday season. As such, we may need to wait for more data to gauge the healthiness of Chinese economy.</p>
<b>Commodities</b>	<p>Energy prices jumped overnight, with WTI and Brent clocking their second consecutive day of increase. More starkly perhaps, is the surge in gasoline futures to \$1.30/gallon (+24.2%) overnight, after touching its 2016 low of \$1.13/gallon. The surge is partly due to some planned shutdowns in oil refineries earlier in January, while in part also due to the pick-up in oil prices of late.</p>

## Major Market

- **US:** Construction spending accelerated from a revised +0.6% mom gain in Dec to +1.5% in Jan amid more government-funded highway and street projects. The IBD/TIPP economic optimism softened a tad from 47.8 in Feb to 46.8 in Mar, whereas the Markit manufacturing PMI was revised to 51.3 for Feb.
- Wall Street recovered strongly yesterday as investor took heart from the manufacturing ISM data, with the Dow +2.11%, S&P500 +2.39% and Nasdaq +2.89%. VIX -13.87% to 17.70. The UST bond market saw the largest tumble in three months amid manufacturing optimism, driving up the 2- and 10-year bond yields at 0.85% (+7bps to the highest since 26 Jan) and 1.83% (+9bps) respectively.
- **Europe:** German unemployment fell by 10k in Feb, but the Markit/BME manufacturing was revised to 50.5. ECB's Draghi said that "work is being carried out to ensure that all the technical conditions are in place to make the full range of policy options available for implementation, if needed" as "euro-area inflation dynamics continue to be weaker than expected" ahead of 10 March meeting.
- **Singapore:** The STI extended another 0.60% to close at 2682.39 yesterday. Given the overnight Wall Street surge and morning gains in Kospi, the STI could stage a further climb towards the 2700 resistance today, with support at 2660. SGS bonds could trade lower following the overnight selloff in UST bond market.
- **Macau:** Gross gaming revenue declined for the 21 straight months in February, the longest stretch on record, coming in at MOP19.52 billion. Nevertheless, the annual decrease narrowed to 0.1% while headline figures posted its third consecutive monthly growth, ticking up 4.5% mom thanks to effect of the festive season. However, as the effect of the festive season fades, the annual decrease of gaming revenue is expected to worsen again in the coming months.
- **Indonesia:** February inflation was at 4.42%yoy, a tad above market expectation of 4.36% and January's 4.14%, brought on by a sequential uptick in the prices of processed food and clothing.
- **Malaysia:** Petronas, the state-owned oil and gas company, has reportedly said that it planned to cut about 1000 jobs as it battles the impact of low crude prices. This comes after a revamp of its organizational structure and announcement that it may raise money and dip into its cash reserves to pay out dividends to the government.
- **Thailand:** Headline inflation fell 0.50% in line with our expectation, although core inflation growth rose stronger by 0.68% (vs OCBC: +0.60%). The drag in domestic prices are once again dragged by lower energy prices (-12.5%), and transportation (-4.8%), though higher food prices limited the overall fall. Note that the drought in Thailand has reportedly left dam levels low, while some farmers highlighted her intent to cease farming due to water shortage.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve traded 2bps-3bps lower yesterday across the curve. In the broader dollar space, JACI IG corporates spread was level at 251bps, while the yield on the JACI HY corporates decreased by 3bps to 8.12%. The 10y UST increased by 9bps to 1.82%.
- **New Issues:** Sumitomo Mitsui FG has scheduled for investor meetings for a 5-year or 10-year USD bond issue. The expected ratings for the bond issue are "A/A1/NR".
- **Rating Changes:** Moody's downgraded Sime Darby Bhd and Sime Darby Global Bhd ratings to "Baa1" from "A3". This is due to the extended period of weakness evident in Sime Darby's financial

profile after it delayed plans to reduce its debt, while cash generation is deteriorating across its key plantation, industrial and motors segments due to the tough operating environment. Outlook is negative. Moody's also downgraded CITIC Resources Holdings Ltd long-term corporate family rating to "B1" from "Ba3", due to a decline in credit and cash positions due to lower prices for oil, metal and coal. Outlook is negative. Meanwhile, Fitch has downgraded China Fishery Group Ltd to "Restricted Default" from a previous rating of "C" after they have failed to pay a semi-annual coupon when the 30-day grace period expired on 29 February 2016. The Singapore-listed stock is currently still suspended from trading.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.352	0.14%	USD-SGD	1.4006	-0.43%
USD-JPY	114.010	1.17%	EUR-SGD	1.5221	-0.48%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2284	-1.59%
AUD-USD	0.7175	0.48%	GBP-SGD	1.9541	-0.18%
GBP-USD	1.3952	0.25%	AUD-SGD	1.0049	0.04%
USD-MYR	4.1693	-0.80%	NZD-SGD	0.9284	0.15%
USD-CNY	6.5521	0.00%	CHF-SGD	1.4040	-0.35%
USD-IDR	13347	-0.21%	SGD-MYR	2.9736	-0.61%
USD-VND	22302	0.01%	SGD-CNY	4.6628	0.14%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.2650	--	O/N	0.3715	--
2M	-0.2380	--	1M	0.4405	--
3M	-0.2050	--	2M	0.5218	--
6M	-0.1340	--	3M	0.6331	--
9M	-0.0790	--	6M	0.8859	--
12M	-0.0240	--	12M	1.1788	--

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.67	-1.00	3.01
Italy	-0.05	-2.00	1.38
Ireland	-0.33	-1.50	0.90
Greece*	11.74	7.10	10.17
Spain	-0.02	-4.00	1.49
Russia^	3.46	-2.60	5.74

\* Greece's bond yields data reflect 3-year (instead of 2-year) tenor

^ Russia's bond yields data reflects 3-year and 15-year tenors instead

### Equity and Commodity

Index	Value	Net change
DJIA	16,865.08	348.60
S&P	1,978.35	46.10
Nasdaq	4,689.60	131.60
Nikkei 225	16,085.51	58.80
STI	2,682.39	15.90
KLCI	1,670.82	16.10
JCI	4,779.99	9.00
Baltic Dry	332.00	3.00
VIX	17.70	-2.90

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.03 (-0.01)	0.84 (+0.07)
5Y	1.81 (-0.04)	1.32 (+0.1)
10Y	2.23 (-0.04)	1.82 (+0.09)
15Y	2.64 (-0.05)	--
20Y	2.70 (-0.04)	--
30Y	2.84 (-0.03)	2.70 (+0.08)

### Financial Spread (bps)

	Value	Change
LIBOR-OIS	22.21	-1.00
EURIBOR-OIS	14.80	-0.50
TED	30.60	-1.17

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	34.40	1.93%	Coffee (per lb)	1.125	-0.13%
Brent (per barrel)	36.81	2.34%	Cotton (per lb)	0.5825	0.41%
Heating Oil (per gallon)	1.100	2.18%	Sugar (per lb)	0.1439	-1.17%
Gasoline (per gallon)	1.30	24.18%	Orange Juice (per lb)	1.2330	1.57%
Natural Gas (per MMBtu)	1.742	1.81%	Cocoa (per mt)	2,923	-0.88%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	4,716.0	0.45%	Wheat (per bushel)	4.3850	-1.46%
Nickel (per mt)	8,658	1.91%	Soybean (per bushel)	8.508	-0.26%
Aluminium (per mt)	1,570.3	-0.13%	Corn (per bushel)	3.5375	0.07%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,230.8	-0.29%	Crude Palm Oil (MYR/MT)	2,474.0	-0.20%
Silver (per oz)	14.733	-1.09%	Rubber (JPY/KG)	147.5	0.82%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### FX Trade Ideas

FX Trade Room									
	Inception		B/S	Currency	Spot	Target	Stop/Trailing stop	Rationale	
1	19-Feb-16		S	USD-JPY	112.8400	109.3000	114.6500	Iffy FOMC & background risk aversion	
2	26-Feb-16		S	GBP-USD	1.3985	1.3620	1.4170	Slightly dovish BOE stance, referendum concerns.	
3	29-Feb-16		S	EUR-USD	1.0923	1.0640	1.1070	Contrasting short term data streams between EZ and US	
4	29-Feb-16		S	USD-CAD	1.3533	1.3135	1.3735	Bottoming crude	
	STRUCTURAL								
5	03-Feb-16		S	GBP-USD	1.4401	1.3700	1.4755	Policy dichotomy, Brexit concerns, and space for further NEER depreciation	
6	18-Feb-16		B	EUR-USD	1.1137	1.1825	1.0790	Growing suspicion that the Fed will hesitate	
7	18-Feb-16		S	USD-SGD	1.4034	1.3435	1.4335	USD vulnearbility, stabilization in RMB, equities/commodities	
8	01-Mar-16		S	USD-JPY	112.91	105.00	116.90	Inconsequential G20, dented FOMC prospects, risk aversion, global growth worries	
	RECENTLY CLOSED								
	Inception	Close	B/S	Currency	Spot		Close	Rationale	P/L (%)
1	21-Dec-15	02-Feb-16	S	GBP-USD	1.4917		1.4409	Negative chatter surrounding BREXIT and sustained dissipation towards BOE hawkishness	+3.56
2	05-Feb-16	08-Feb-16	B	AUD-USD	0.7188		0.7060	Dollar in retreat, consolidating commodities	-1.81
3	04-Feb-16	08-Feb-16	S	USD-CAD	1.3760		1.3950	Dollar on the defensive, stabilizing crude	-1.36
4	29-Dec-15	10-Feb-16	S	USD-JPY	120.25		113.45	Japanese macro and flow fundamentals may continue to argue for a flat to softer USD-JPY	+5.86
5	10-Feb-16	11-Feb-16	S	USD-JPY	114.50		112.62	Risk aversion + weakened dollar narrative	+1.67
6	04-Feb-16	16-Feb-16	S	USD-SGD	1.4158		1.4035	Dollar may stumble further post-Dudley	+0.85
7	08-Jan-16	22-Feb-16	B	EUR-USD	1.0888		1.1045	Risk of Fed/dollar "disappointment"	+1.42
8	18-Feb-16	24-Feb-16	S	USD-CAD	1.3655		1.3855	Potential for crude to consolidate higher	-1.45

### Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised
03/01/2016 06:30	AU AiG Perf of Mfg Index	Feb --	53.5	51.5	--
03/01/2016 07:30	JN Jobless Rate	Jan 3.30%	3.20%	3.30%	--
03/01/2016 07:30	JN Job-To-Applicant Ratio	Jan 1.27	1.28	1.27	--
03/01/2016 07:30	JN Overall Household Spending YoY	Jan -2.70%	-3.10%	-4.40%	--
03/01/2016 07:50	JN Capital Spending YoY	4Q 8.70%	8.50%	11.20%	--
03/01/2016 08:00	SK Exports YoY	Feb -16.60%	-12.20%	-18.50%	-18.80%
03/01/2016 08:30	AU BoP Current Account Balance	4Q -20.0b	-21.1b	-18.1b	-18.8b
03/01/2016 08:30	AU Building Approvals MoM	Jan -3.00%	-7.50%	9.20%	8.60%
03/01/2016 08:30	AU Building Approvals YoY	Jan -8.50%	-15.50%	-2.50%	-3.30%
03/01/2016 09:00	CH Manufacturing PMI	Feb 49.4	49	49.4	--
03/01/2016 09:45	CH Caixin China PMI Mfg	Feb 48.4	48	48.4	--
03/01/2016 10:00	JN Nikkei Japan PMI Mfg	Feb F --	50.1	50.2	--
03/01/2016 10:30	TA Nikkei Taiwan PMI Mfg	Feb --	49.4	50.6	--
03/01/2016 11:00	ID Nikkei Indonesia PMI Mfg	Feb --	48.7	48.9	--
03/01/2016 11:30	AU RBA Cash Rate Target	Mar-01 2.00%	2.00%	2.00%	--
03/01/2016 11:30	TH CPI YoY	Feb -0.51%	-0.50%	-0.53%	--
03/01/2016 12:00	VN Nikkei Vietnam PMI Mfg	Feb --	50.3	51.5	--
03/01/2016 12:07	ID CPI YoY	Feb 4.36%	4.42%	4.14%	--
03/01/2016 13:00	IN Nikkei India PMI Mfg	Feb --	51.1	51.1	--
03/01/2016 13:30	AU Commodity Index YoY	Feb --	-21.60%	-25.80%	-24.80%
	Markit/ADACI Italy Manufacturing				
03/01/2016 16:45	IT PMI	Feb 52.3	52.2	53.2	--
03/01/2016 16:50	FR Markit France Manufacturing PMI	Feb F 50.3	50.2	50.3	--
03/01/2016 16:55	GE Unemployment Change (000's)	Feb -10k	-10k	-20k	-19k
03/01/2016 16:55	GE Unemployment Claims Rate SA	Feb 6.20%	6.20%	6.20%	--
	Markit/BME Germany				
03/01/2016 16:55	GE Manufacturing PMI	Feb F 50.2	50.5	50.2	--
03/01/2016 17:00	EC Markit Eurozone Manufacturing	Feb F 51	51.2	51	--
03/01/2016 17:30	UK Markit UK PMI Manufacturing SA	Feb 52.3	50.8	52.9	--
03/01/2016 18:00	EC Unemployment Rate	Jan 10.40%	10.30%	10.40%	--
03/01/2016 21:30	CA Quarterly GDP Annualized	4Q 0.00%	0.80%	2.30%	2.40%
03/01/2016 22:30	CA RBC Canadian Manufacturing PMI	Feb --	49.4	49.3	--
03/01/2016 22:45	US Markit US Manufacturing PMI	Feb F 51.2	51.3	51	--
03/01/2016 23:00	US ISM Manufacturing	Feb 48.5	49.5	48.2	--
03/01/2016 23:00	US Construction Spending MoM	Jan 0.30%	1.50%	0.10%	0.60%
03/02/2016 07:00	NZ QV House Prices YoY	Feb --	11.60%	12.60%	--
03/02/2016 07:00	SK Industrial Production SA MoM	Jan -1.00%	-1.80%	1.30%	0.50%
03/02/2016 07:00	SK Industrial Production YoY	Jan -0.60%	-1.90%	-1.90%	-2.20%
03/02/2016 07:50	JN Monetary Base YoY	Feb --	--	28.90%	--
03/02/2016 08:00	AU HIA New Home Sales MoM	Jan --	--	6.00%	--
03/02/2016 08:30	AU GDP SA QoQ	4Q 0.40%	--	0.90%	--
03/02/2016 09:30	SK Nikkei South Korea PMI Mfg	Feb --	--	49.5	--
03/02/2016 16:00	SI Automobile COE Open Bid Cat A	Mar-02 --	--	43000	--
03/02/2016 17:30	UK Markit/CIPS UK Construction PMI	Feb 55.5	--	55	--
03/02/2016 20:00	US MBA Mortgage Applications	Feb-26 --	--	-4.30%	--
03/02/2016 21:00	SI Purchasing Managers Index	Feb 48.9	--	49	--
03/02/2016 21:15	US ADP Employment Change	Feb 190k	--	205k	--
03/01/2016 03/04	PH Budget Balance PHP	Dec --	--	6.0b	--
03/02/2016 03/07	ID Foreign Reserves	Feb --	--	\$102.13b	--

Source: Bloomberg

<b>OCBC Treasury Research</b>		
<b><u>Macro Research</u></b> <b>Selena Ling</b> LingSSSelena@ocbc.com <b>Emmanuel Ng</b> NgCYEmmanuel@ocbc.com <b>Wellian Wiranto</b> WellianWiranto@ocbc.com <b>Tommy Xie Dongming</b> XieD@ocbc.com <b>Barnabas Gan</b> BarnabasGan@ocbc.com	<b><u>Credit Research</u></b> <b>Andrew Wong</b> WongVKAM@ocbc.com <b>Wong Liang Mian (Nick)</b> NickWong@ocbc.com <b>Koh Jun Ming, Nicholas</b> NicholasKoh@ocbc.com	<b><u>Wing Hang</u></b> <b>Kam Liu</b> kamyyliu@ocbcwh.com <b>Carie Li</b> carierli@ocbcwh.com

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