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**Highlights**

Global	Global risk appetite got a lift overnight as Fed chair Yellen was true to her dovish credentials and essentially poured cold water on any pre-emptive thoughts about the April policy meeting. In summary, her economic assessment was not that bearish, but the key message is proceed with caution. There is no change to our house view of only two 25bp rate hikes this year, with the earliest likely only in June. Note the futures market has also priced out any probability of an April rate hike. Today's data calendar remains light with only German CPI and Eurozone's consumer confidence.
US	<p>Yellen flagged the following points:</p> <ul style="list-style-type: none"> <li>• Committee anticipates that only gradual increases in the federal funds rate are likely to be warranted in coming years, emphasizing that this guidance should be understood as a forecast...not a plan set in stone that will be carried out regardless of economic developments.</li> <li>• Readings on the U.S. economy since the turn of the year have been somewhat mixed. I anticipate that the overall fallout for the U.S. economy from global market developments since the start of the year will most likely be limited, although this assessment is subject to considerable uncertainty.</li> <li>• Turning to inflation, here too the baseline outlook is little changed. Given the risks to the outlook, I consider it appropriate for the Committee to proceed cautiously in adjusting policy. Our actions are data dependent, and the FOMC will adjust policy as needed to achieve its dual objectives.</li> </ul> <p>Meanwhile, US' S&amp;P/CaseShillier 20-cities house prices rose 5.75% yoy in Jan, while consumer confidence rose more than expected from a revised 94.0 to 96.2 in Mar, as American households grew more upbeat about job and economic prospects.</p>
JP	Industrial output fell 6.2% mom in Feb, the most since 2011, amid falling export demand, following a 3.7% gain in Jan.
SG	The \$2.6b 2-year SGS bond re-opening fetched a cut-off yield of 0.96% (average yield: 0.89%) with a bid-cover ratio of 2.3x. The STI slid another 0.4% to close at 2819.84 yesterday, but the test of the 2800 support level may be resisted given the rebound in global risk appetite following Yellen's cautious speech. STI could trade in a 2800-2860 range today.
China	The Ministry of Finance's vice chairman Zhu Guangyao mentioned that the downward trend for global commodity prices is likely to continue in 2016, albeit at a lesser extent than 2015. In addition, he stressed the importance of monitoring the Baltic Dry Index.
Thailand	The new proposed constitution amounting to 105-pages was released to the public yesterday, exactly at 1:39pm which drafters believe to be an auspicious timing. A public referendum will be scheduled in August, followed by elections in 2017.
Commodities	Crude oil prices continue to see-saw, now with WTI and Brent closing just above their \$39/bbl and \$40/bbl handle respectively. Gold rebounded after touching its 2016's low just two days ago, as the green-back weakened overnight. Elsewhere, palm oil futures continued to rally on harsh weathers, now with CPO at MYR2,731/MT at yesterday's closing.

## Major Markets

- **US:** Major US stock indices closed higher overnight on dovish comments from Yellen, who signaled caution towards rate increases amid global uncertainties. S&P 500 +0.88% and the Dow +0.56% closed at 2016 highs. Meanwhile, Nasdaq +1.67% to 4846.62 and VIX -9.32% to 13.82. The 2- and 10- US Treasury bond yields ended lower at 0.78% and 1.81% respectively.
- **Singapore:** SGS bonds may rally in line with the overnight UST bond action, especially with the relatively strong 2-year SGS bond re-opening results yesterday.
- **Hong Kong:** Due to the Lunar New Year, the decline in HK's export value deepened from 3.8% yoy to 10.4% yoy in February, extending negative growth for the tenth consecutive month. The total value of exports in January and February saw a larger yearly decline of 6.6% as compared with the decline of 3.2% in 4Q last year while import plunged further by 9.5% yoy. A trade deficit of HK\$50.5b was recorded in the first two months of 2016. Exports to major markets remained weak. Total exports to Asia as a whole tumbled further by 7.5% yoy. Value of exports to China also printed the tenth contraction of 6.4% yoy in past 11 months. Meanwhile, exports to other main trading partners remained muted with exports to UK, US and Germany plunging 26.6% yoy, 23.2% yoy and 14.9% yoy respectively. Looking forward, we expect trade growth to remain sagging in the coming months due to weak external demand caused by global economic slowdown. This will eventually add downward pressure to the employment in trade sector.
- **Macau:** Jobless rate held steady at 1.9% in February with total employment rebounding to 390,400. This indicates a stable labour market. Specifically, smaller decreases in gross gaming revenue translates into slower decline in the employment of the gaming sector (-2.7% yoy). Additionally, thanks to the opening of new hotels last year, job creation in hotels, restaurants & similar activities surged by 11.4% yoy. Moreover, the slow recovery in the tourism activities and delays in the completion of new projects resulted in continuous declines in the employment in the wholesale and retail trade and the construction sectors. However, we believe that the new hotel and casino projects scheduled to be completed during 2H 2016 to 2017 will gradually vow support to the employment growth in both the construction and hotel sectors, while also helping to absorb the redundant employees in the gaming sector. Therefore, we expect the jobless rate to remain stable below 2.0% this year.
- **Indonesia:** In what is billed to be the 11th economic policy package, the government is focusing on improvement in ease of doing business. One of the policies announced was a lowering of final income tax burden for transfer of assets in REITs to as low as 0.5%, from 5%, in a bid to become more competitive against neighbouring countries. Meanwhile, the government is also going to provide loans for export-oriented SMEs, at a preferential rate of 9%, to provide funds for working capital and investments. Elsewhere, it seeks to reduce dwelling time at ports to 3.7 days by August and 3.5 days by the end of 2016, by simplifying risk management at the facilities.
- **Malaysia:** Ratings agency, S&P, has affirmed Malaysia's 'A'-sovereign credit rating. According to the agency, this reflected Malaysia's strong external position and considerable monetary flexibility, and that 1MDB allegations would not impede the ability of the executive branch to promote sustainable public finances and balanced economic growth. In its opinion, the credibility of monetary policy and operational independence of BNM will not diminish upon the retirement of Governor Zeti Aziz.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve traded lower yesterday, with the short-to-belly-end rates trading 6bps-10bps lower, while the long-end rates traded 29bps lower. In the broader dollar space, JACI IG corporates spread is level at 232bps, while the yield on the JACI HY corporates stayed flat at 7.80%. 10y UST decreased by 8bps to 1.80% as treasuries rose following Chair Yellen's cautious comments on the pace of US interest rate policy in response to the current global economic outlook.
- **New Issues:** Japan Finance Organization for Municipalities (JFM) mandates BofAML, Daiwa, Goldman Sachs, JP Morgan for a potential USD issue. The Government of Mongolia priced a USD500mn 5-year bond at 10.875%, tightening from an initial guidance of 11%. The expected issue rating is "B/B2/B".
- **Rating Changes:** Moody's, Fitch and S&P assigned investment grade "Baa3/BBB-/BBB-" corporate credit ratings respectively with stable outlooks to Adani Transmission ("Adani"). Moody's and S&P also assigned a provisional "Baa3" rating and a preliminary "BBB-" long-term issue rating respectively to the company's proposed issuance of Indian rupee senior secured notes, subject to a review of the final issuance documentation. Similarly, Fitch also assigned a local currency issuer default rating of "BBB-" for the proposed issue. Moody's confirmed Yingde Gases Group Co Ltd ("Yingde Gases") "B1" corporate family rating, as well as the "B2" senior unsecured rating on the bonds by Yingde Gases Investment Ltd and guaranteed by Yingde Gases. Outlook is negative. The ratings confirmation reflects Moody's expectation that Yingde Gases can withstand the negative impact from the current very weak steel industry conditions in China. At the same time, Fitch Ratings downgraded Yingde Gases long-term issuer default rating to "B+" from "BB", as well as the senior unsecured debt ratings of Yingde Gases and Yingde Gases Investment Ltd to "B+" from "BB". The downgrade reflects the increase in Yingde Gases' customer risk and weakening bargaining power, especially in the steel sector. Outlook is stable.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.160	-0.82%	USD-SGD	1.3544	-1.13%
USD-JPY	112.700	-0.66%	EUR-SGD	1.5291	-0.31%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2014	-0.51%
AUD-USD	0.7627	1.09%	GBP-SGD	1.9481	-0.23%
GBP-USD	1.4384	0.91%	AUD-SGD	1.0330	-0.04%
USD-MYR	3.9945	-0.52%	NZD-SGD	0.9278	0.75%
USD-CNY	6.5078	0.00%	CHF-SGD	1.4010	-0.38%
USD-IDR	13395	0.39%	SGD-MYR	2.9192	-0.39%
USD-VND	22309	0.06%	SGD-CNY	4.7632	0.21%

### Equity and Commodity

Index	Value	Net change
DJIA	17,633.11	97.70
S&P	2,055.01	18.00
Nasdaq	4,846.62	79.80
Nikkei 225	17,103.53	-30.80
STI	2,819.08	-11.20
KLCI	1,715.04	12.60
JCI	4,781.30	7.70
Baltic Dry	409.00	3.00
VIX	13.82	-1.40

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3310	--	O/N	0.3745	--
2M	-0.2770	--	1M	0.4350	--
3M	-0.2420	--	2M	0.5195	--
6M	-0.1340	--	3M	0.6286	--
9M	-0.0720	--	6M	0.9109	--
12M	-0.0050	--	12M	1.2312	--

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.97 (+0.06)	0.78 (-0.08)
5Y	1.61 (-0.08)	1.27 (-0.09)
10Y	1.96 (-0.04)	1.80 (-0.08)
15Y	2.33 (-0.04)	--
20Y	2.44 (-0.04)	--
30Y	2.62 (-0.04)	2.60 (-0.06)

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.60 -3.10	2.92 -4.60	2.78
Italy	-0.00 -2.10	1.24 -6.50	1.10
Ireland	-0.35 0.80	0.73 -8.40	0.60
Greece*	9.73 2.70	8.81 4.20	8.67
Spain	0.01 -1.70	1.44 -8.30	1.30
Russia^	3.41 3.80	5.55 -1.90	5.42

### Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.16	0.10
EURIBOR-OIS	10.53	2.43
TED	40.71	4.30

\* 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

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	38.28	-2.82%	Coffee (per lb)	1.275	-0.86%
Brent (per barrel)	39.14	-2.81%	Cotton (per lb)	0.5738	-0.73%
Heating Oil (per gallon)	1.156	-2.08%	Sugar (per lb)	0.1586	-0.50%
Gasoline (per gallon)	1.45	-0.97%	Orange Juice (per lb)	1.3670	1.18%
Natural Gas (per MMBtu)	1.903	2.98%	Cocoa (per mt)	2,970	--
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	4,890.5	-1.10%	Wheat (per bushel)	4.7675	1.22%
Nickel (per mt)	8,418	-2.37%	Soybean (per bushel)	9.160	0.77%
Aluminium (per mt)	1,480.3	0.75%	Corn (per bushel)	3.7300	0.67%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,235.8	1.29%	Crude Palm Oil (MYR/MT)	2,731.0	0.96%
Silver (per oz)	15.237	0.28%	Rubber (JPY/KG)	168.8	-1.11%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised
03/29/2016 07:30	JN Jobless Rate	Feb 3.20%	3.30%	3.20%	--
03/29/2016 07:30	JN Job-To-Applicant Ratio	Feb 1.29	1.28	1.28	--
03/29/2016 07:50	JN Retail Trade YoY	Feb 1.60%	0.50%	-0.10%	-0.20%
03/29/2016 07:50	JN Retail Sales MoM	Feb -0.90%	-2.30%	-1.10%	-0.40%
03/29/2016 10:51	MU Unemployment Rate	Feb --	1.90%	1.90%	--
03/29/2016 13:00	JN Small Business Confidence	Mar 49	48.8	47.9	--
03/29/2016 16:00	EC M3 Money Supply YoY	Feb 5.00%	5.00%	5.00%	--
03/29/2016 16:00	IT Consumer Confidence Index	Mar 114	115	114.5	--
03/29/2016 16:00	IT Business Confidence	Mar 102.4	102.2	102	--
03/29/2016 16:30	HK Exports YoY	Feb -5.20%	-10.40%	-3.80%	--
03/29/2016 16:30	HK Imports YoY	Feb -7.00%	-10.10%	-9.00%	--
03/29/2016 16:30	HK Trade Balance	Feb -29.2b	-33.1b	-17.5b	--
03/29/2016 20:30	CA Industrial Product Price MoM	Feb -0.20%	-1.10%	0.50%	--
03/29/2016 20:30	CA Raw Materials Price Index MoM	Feb -0.90%	-2.60%	-0.40%	--
03/29/2016 22:00	US Consumer Confidence Index	Mar 94	96.2	92.2	94
03/30/2016 05:45	NZ Building Permits MoM	Feb --	10.80%	-8.20%	-7.80%
03/30/2016 07:50	JN Industrial Production MoM	Feb P -5.90%	-6.20%	3.70%	--
03/30/2016 07:50	JN Industrial Production YoY	Feb P -1.70%	-1.50%	-3.80%	--
03/30/2016 10:00	SK Discount Store Sales YoY	Feb --	--	11.00%	--
03/30/2016 10:00	SK Department Store Sales YoY	Feb --	--	9.00%	--
03/30/2016 12:00	JN Vehicle Production YoY	Feb --	--	-5.80%	--
03/30/2016 15:00	GE CPI Saxony MoM	Mar --	--	0.30%	--
03/30/2016 17:00	EC Economic Confidence	Mar 103.8	--	103.8	--
03/30/2016 17:00	EC Consumer Confidence	Mar F -9.7	--	-9.7	--
03/30/2016 19:00	US MBA Mortgage Applications	Mar-25 --	--	-3.30%	--
03/30/2016 20:00	GE CPI MoM	Mar P 0.60%	--	0.40%	--
03/30/2016 20:00	GE CPI YoY	Mar P 0.10%	--	0.00%	--
03/30/2016 20:00	GE CPI EU Harmonized MoM	Mar P 0.70%	--	0.40%	--
03/30/2016 20:00	GE CPI EU Harmonized YoY	Mar P 0.00%	--	-0.20%	--
03/30/2016 20:15	US ADP Employment Change	Mar 195k	--	214k	--

Source: Bloomberg

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