

Highlights

Global	<p>It's the time of the month where investors hold their breath waiting for the US nonfarm payrolls (NFP) data again. The only key developments overnight were that the House passed the Obamacare repeal in a narrow victory, whilst a heated debate pointed to a likely victory by Macron at the French run-off polls this weekend. Consensus forecasts tips tonight's US nonfarm payrolls and unemployment rate at +190k and 4.6% respectively for April, versus +98k and 4.5% previously in March, but any indication of wage pressure, coupled with speeches from Yellen, Fischer, Williams, Rosengren, Evans and Bullard would keep market players on their toes going into the weekend. Asian markets are likely to be sidelined this morning, taking the overnight cue from Wall Street and also the retreat in crude oil prices.</p> <p>Apart from NFP, today's economic data calendar comprises Malaysia's trade, Indonesia's 1Q17 GDP growth, HK retail sales, and foreign reserves from Malaysia, Thailand, Philippines and Taiwan.</p>
US	<p>Factory orders rose for four straight months but the pace slowed from a revised +1.2% to +0.2% in March, dragged down by recent softness in auto sales. Excluding transportation, factory orders fell 0.3% in March, offsetting the 0.3% increase in February. Durable goods finally printed +0.9% in March. Meanwhile, initial jobless claims fell 19k to 238k, staying new multi-decade lows, with continuing claims at 1.964m, but auto industry shutdowns and layoffs may kick in for the coming weeks. The March trade deficit was little changed at US\$43.7b in March, suggesting marginal contribution to growth in 1Q. Nonfarm productivity fell 0.6% in 1Q17, the biggest decline in a year, and reflected the growth slowdown, as labour costs accelerated to 3%.</p> <p>Major indices ended Thursday were they started, with gains from consumer staples and financials offset by declines in telecommunications and energy stocks. Technology stocks also took a breather as Facebook Inc. highlighted that revenue growth should slow. Healthcare stocks ended higher as House Republicans managed to pass the American Health Care Act, handing over the bill to the Senate. VIX closed lower by 2.06% to 10.46. Elsewhere, the rather healthy prognosis that the FOMC gave the US economy weighed on US Treasuries, as they sold off from the long end ahead of non-farm payrolls on Friday. This was further compounded by steady IG issuance overnight, led by Apple Inc. in a deal with maturities ranging from 3-10 years. Overall, 10-year yields rose to 2.35%, while the 2-year yield stands at 1.31%.</p>
Asia	<p>The 16-nation RCEP may be signed this year, but would not be "very high level", according to APEC secretariat chief Alan Bollard.</p>
SG	<p>STI finally succumbed and slipped 0.28% to close at 3228.62 yesterday, and the consolidation may continue today as investors wait on the sidelines ahead of tonight's US labour market data. STI's resistance and support are tipped at 3240 and 3200 respectively. With UST bond yields gapping another 1-4bps yesterday, the SGS market may again follow suit today.</p>

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates trading 1-3bps higher across all tenors. Flows in SGD corporates were heavy, with better selling seen in MAPLSP 4.5%'49s, mixed interest in TATAIN 4.95%'23s, BNP 4.3%'25s, UOBSP 4%'49s, HPLSP 4.65%'49s, HRAM 3.2%'27s. In the broader dollar space, the spread on JACI IG corporates fell 2bps to 195bps, while the yield on JACI HY corporates added 1bps to 6.61%. 10y UST yield rose 4bps to 2.35%, extending losses early in the session after 1Q unit labor costs growth rate beat estimates, while initial jobless claims fell more than forecast.
- **New Issues:** Sri Lanka priced a USD1.5bn 10-year bond at 6.20%, tightening from initial guidance of 6.625%. The expected issue ratings are 'B+/B1/B+'. Bank of China Ltd. (Singapore) Branch priced a USD600mn 3-year bond at 3mL+77bps, tightening from initial guidance of 3mL+100bps. The expected issue ratings are 'A/A1/A'. Bank of Communications (Hong Kong) is planning to issue USD bonds as early as next week. HPCL-Mittal Energy Ltd is planning to issue USD bonds to fund capex requirements, but the timing of bond issue has not been confirmed.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	99.209	--	USD-SGD	1.4005	0.22%
USD-JPY	112.460	-0.26%	EUR-SGD	1.5384	1.14%
EUR-USD	1.0985	0.91%	JPY-SGD	1.2453	0.48%
AUD-USD	0.7409	-0.19%	GBP-SGD	1.8099	0.66%
GBP-USD	1.2923	0.44%	AUD-SGD	1.0377	0.04%
USD-MYR	4.3275	0.17%	NZD-SGD	0.9621	0.10%
USD-CNY	6.8960	-0.04%	CHF-SGD	1.4199	1.08%
USD-IDR	13328	0.15%	SGD-MYR	3.0978	0.05%
USD-VND	22750	0.03%	SGD-CNY	4.9211	-0.48%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	0.9272	--
2M	-0.3390	--	1M	0.9917	--
3M	-0.3290	--	2M	1.0461	--
6M	-0.2510	--	3M	1.1712	--
9M	-0.1790	--	6M	1.4274	--
12M	-0.1250	--	12M	1.7701	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.23 (+0.02)	1.31 (+0.01)	-0.71 (+0.02)	-0.45 (+0.01)	-0.13 (-0.02)
5Y	1.61 (+0.03)	1.89 (+0.03)	-0.33 (+0.05)	-0.07 (+0.02)	0.99 (-0.02)
10Y	2.15 (+0.03)	2.35 (+0.04)	0.39 (+0.07)	0.82 (+0.02)	2.25 (-0.01)
15Y	2.31 (+0.03)	--	0.60 (+0.07)	1.18 (+0.01)	2.73 (-0.01)
20Y	2.41 (+0.04)	--	0.89 (+0.07)	1.50 (+0.01)	2.85 (-0.01)
30Y	2.46 (+0.04)	3.00 (+0.03)	1.18 (+0.07)	1.80 (+0.02)	3.30 (-0.01)

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
14/06/2017	93.8%	0.0%	93.8%	0.0%	0.0%
26/07/2017	90.2%	0.2%	90.2%	0.0%	0.0%
20/09/2017	94.2%	0.1%	56.3%	37.9%	0.0%
13/12/2017	95.9%	0.1%	41.6%	42.7%	11.2%
31/01/2018	96.1%	0.1%	39.4%	42.6%	13.1%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	45.52	-4.81%	Copper (per mt)	5,516.0	-1.22%
Brent (per barrel)	48.38	-4.75%	Nickel (per mt)	8,966.5	-2.33%
Heating Oil (per gallon)	1.4123	-4.16%	Aluminium (per mt)	1,905.5	-0.57%
Gasoline (per gallon)	1.4812	-3.43%			
Natural Gas (per MMBtu)	3.1860	-1.30%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,730.0	0.92%
			Rubber (JPY/KG)	271.5	0.00%
Precious Metals	Futures	% chg			
Gold (per oz)	1,228.6	-1.59%			
Silver (per oz)	16.244	-1.47%			

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	20,951.47	-6.43
S&P	2,389.52	1.39
Nasdaq	6,075.34	2.79
Nikkei 225	19,445.70	--
STI	3,228.62	-9.19
KLCI	1,758.67	-13.84
JCI	5,669.44	22.07
Baltic Dry	1,004.00	-30.00
VIX	10.46	-0.22

Financial Spread (bps)

	Value	Change
LIBOR-OIS	16.33	-1.15
EURIBOR-OIS	3.20	0.32
TED	31.00	--

Government CDS (USD)

	5Y	% Change
Germany	17.360	5.67%
France	31.860	-4.65%
Italy	162.214	-3.68%

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
05/04/2017 02:00		US FOMC Rate (Upper Bound)	May-03	1.00%	1.00%	1.00%	--
05/04/2017 05:00		SK Foreign Reserves	Apr	--	\$376.57b	\$375.30b	--
05/04/2017 07:00		SK BoP Current Account Balance	Mar	--	\$5931.8m	\$8400.2m	--
05/04/2017 09:00		NZ ANZ Commodity Price	Apr	--	-0.20%	0.40%	--
05/04/2017 09:00		AU HIA New Home Sales MoM	Mar	--	-1.10%	0.20%	--
05/04/2017 09:30		AU Trade Balance	Mar	A\$3250m	A\$3107m	A\$3574m	A\$3657m
05/04/2017 09:45		CH Caixin China PMI Composite	Apr	--	51.2	52.1	--
05/04/2017 09:45		CH Caixin China PMI Services	Apr	--	51.5	52.2	--
05/04/2017 11:30		TH Consumer Confidence Economic	Apr	--	65.4	65.1	--
05/04/2017 13:00		IN Nikkei India PMI Services	Apr	--	50.2	51.5	--
05/04/2017 13:00		IN Nikkei India PMI Composite	Apr	--	51.3	52.3	--
05/04/2017 15:45		IT Markit/ADACI Italy Services PMI	Apr	53.6	56.2	52.9	--
05/04/2017 15:45		IT Markit/ADACI Italy Composite PMI	Apr	54.6	56.8	54.2	--
05/04/2017 15:50		FR Markit France Services PMI	Apr F	57.7	56.7	57.7	--
05/04/2017 15:50		FR Markit France Composite PMI	Apr F	57.4	56.6	57.4	--
05/04/2017 15:55		GE Markit Germany Services PMI	Apr F	54.7	55.4	54.7	--
05/04/2017 15:55		GE Markit/BME Germany Comp PMI	Apr F	56.3	56.7	56.3	--
05/04/2017 16:00		EC Markit Eurozone Services PMI	Apr F	56.2	56.4	56.2	--
05/04/2017 16:00		EC Markit Eurozone Composite PMI	Apr F	56.7	56.8	56.7	--
05/04/2017 16:30		UK Markit/CIPS UK Services PMI	Apr	54.5	55.8	55	--
05/04/2017 16:30		UK Markit/CIPS UK Composite PMI	Apr	54.5	56.2	54.9	54.8
05/04/2017 16:30		UK Official Reserves Changes	Apr	--	\$1362m	\$77m	--
05/04/2017 16:30		UK Net Lending Sec. on Dwellings	Mar	3.3b	3.1b	3.5b	3.4b
05/04/2017 16:30		UK Mortgage Approvals	Mar	67.2k	66.8k	68.3k	67.9k
05/04/2017 16:30		UK M4 Money Supply YoY	Mar	--	6.60%	5.70%	5.90%
05/04/2017 17:00		EC Retail Sales YoY	Mar	2.10%	2.30%	1.80%	1.70%
05/04/2017 19:30		US Challenger Job Cuts YoY	Apr	--	-42.90%	-2.00%	--
05/04/2017 20:30		CA Int'l Merchandise Trade	Mar	-1.00b	-0.14b	-0.97b	-1.08b
05/04/2017 20:30		US Trade Balance	Mar	-\$44.5b	-\$43.7b	-\$43.6b	-\$43.8b
05/04/2017 20:30		US Nonfarm Productivity	1Q P	-0.10%	-0.60%	1.30%	1.80%
05/04/2017 20:30		US Unit Labor Costs	1Q P	2.70%	3.00%	1.70%	1.30%
05/04/2017 20:30		US Initial Jobless Claims	Apr-29	248k	238k	257k	--
05/04/2017 20:30		US Continuing Claims	Apr-22	1990k	1964k	1988k	1987k
05/04/2017 21:45		US Bloomberg Consumer Comfort	Apr-30	--	50.9	50.8	--
05/04/2017 22:00		US Factory Orders	Mar	0.40%	0.20%	1.00%	1.20%
05/04/2017 22:00		US Durable Goods Orders	Mar F	0.70%	0.90%	0.70%	--
05/04/2017 22:00		US Durables Ex Transportation	Mar F	--	0.00%	-0.20%	--
05/04/2017 22:00		US Cap Goods Orders Nondef Ex Air	Mar F	--	0.50%	0.20%	--
05/04/2017 22:00		US Cap Goods Ship Nondef Ex Air	Mar F	--	0.50%	0.40%	--
05/05/2017 07:30		AU AiG Perf of Construction Index	Apr	--	--	51.2	--
05/05/2017 08:30		TA CPI YoY	Apr	0.50%	--	0.18%	--
05/05/2017 08:30		TA WPI YoY	Apr	1.57%	--	1.84%	--
05/05/2017 08:30		HK Nikkei Hong Kong PMI	Apr	--	--	49.9	--
05/05/2017 09:00		PH CPI YoY	Apr	3.50%	--	3.40%	--
05/05/2017 11:00		NZ 2Yr Inflation Expectation	2Q	--	--	1.92%	--
05/05/2017 12:00		MA Exports YoY	Mar	20.00%	--	26.50%	--
05/05/2017 12:00		MA Imports YoY	Mar	28.60%	--	27.70%	--
05/05/2017 12:00		MA Trade Balance MYR	Mar	9.35b	--	8.71b	--
05/05/2017 15:00		MA Foreign Reserves	Apr-28	--	--	\$95.7b	--
05/05/2017 15:30		GE Markit Germany Construction PMI	Apr	--	--	56.4	--
05/05/2017 15:30		TH Foreign Reserves	Apr-28	--	--	\$183.6b	--
05/05/2017 16:10		GE Markit Germany Retail PMI	Apr	--	--	52.5	--
05/05/2017 16:10		EC Markit Eurozone Retail PMI	Apr	--	--	49.5	--
05/05/2017 16:10		FR Markit France Retail PMI	Apr	--	--	49.4	--
05/05/2017 16:10		IT Markit Italy Retail PMI	Apr	--	--	45.1	--
05/05/2017 16:20		TA Foreign Reserves	Apr	--	--	\$437.53b	--
05/05/2017 16:30		HK Retail Sales Value YoY	Mar	-0.90%	--	-5.70%	--
05/05/2017 20:30		US Change in Nonfarm Payrolls	Apr	190k	--	98k	--
05/05/2017 20:30		CA Net Change in Employment	Apr	10.0k	--	19.4k	--
05/05/2017 20:30		CA Unemployment Rate	Apr	6.70%	--	6.70%	--
05/05/2017 20:30		CA Full Time Employment Change	Apr	--	--	18.4	--
05/05/2017 20:30		US Change in Manufact. Payrolls	Apr	10k	--	11k	--
05/05/2017 20:30		US Unemployment Rate	Apr	4.60%	--	4.50%	--
05/05/2017 20:30		CA Participation Rate	Apr	--	--	65.9	--
05/05/2017		PH Foreign Reserves	Apr	--	--	\$80.9b	--
05/05/2017		ID GDP YoY	1Q	5.10%	--	4.94%	--

Source: Bloomberg

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