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Tuesday, April 11, 2017

Highlights

Global	Global risk sentiments were a tad cautious amid geo-political worries over Syria, the Korean peninsula and the upcoming French elections (with signs of a four-way race as Melenchon catches up with Fillon), and as investors awaited the US earnings season. Fed chair Yellen said that “before, we had to press down on the gas pedal trying to give the economy all of the oomph that we possibly could”, but now we “give it some gas, but not so much that we’re pushing down hard on the accelerator”, therefore “the appropriate stance of policy now is closer to, let me call it neutral” and “we want to be ahead of the curve and not behind it”. She also opined that the unemployment rate may be a misleading indicator. Today’s economic data calendar comprises JOLTs job opening and NIFB small business optimism index, German ZEW survey, Eurozone’s industrial production, UK’ CPI/PPI/RPI, and Malaysia’s industrial production.
US	The US’ labor market conditions index rose from 0.4 index points to 1.5 in February.
IMF	The IMF opined that policymakers may need to take external factors into greater consideration when pursuing domestic objectives and global financial integration may make it harder for domestic policymakers to control financial conditions.
EZ	The Eurozone’s Sentix investor confidence improved from 20.7 in Mar to 23.9 in Apr, with current situation and expectation gauges both higher at 28.8 (previously 23.8) and 19.3 (previously 19.3). Meanwhile, ECB’s Draghi remained confident that the “economic recovery, buoyed by our monetary policy, will continue”, even as “political uncertainty is likely to persist” in 2017, and “measures proved very effective in easing financing conditions...eventually supporting a gradual adjustment of inflation rates towards levels closer to our objective”.
CH	PBoC skipped the liquidity injection via open market operation for the 11 th trading days as liquidity improved after the end of quarter-end macro prudential assessment.
SG	STI eked out small gains (+0.13%) to close higher at 3181.45 yesterday, but remains vulnerable to slippage amid weak leads from Nikkei this morning. STI’s support and resistance are tipped at 3160 and 3200 respectively. The SGS bond yields rose 1-3bps yesterday, but may retrace amid the slight risk-off sentiments prevailing today.
ID	President Jokowi has reportedly issued a roadmap on development of hybrid and electric cars, as part of a general plan for national energy. Going by the plan, Indonesia is to develop 2200 units of electric or hybrid cars and 2.1mn motorcycles by 2025.
MA	Petronas has reportedly proposed sale of a stake in a gas field offshore Sarawak, with bids expected in the next few weeks. It is trying to sell a 49% stake in the SK316 gas block in the area that is estimated to yield USD1bn.

Major Markets

- **US:** Equities concluded the day relatively unchanged for yet another day with S&P rising by 0.07%, Nasdaq increasing by 0.05% and the Dow closing 0.01% higher. Energy shares took some of the bright spot as Libya's biggest oil field suffered yet another outage. Investors will likely be keeping an eye out for US Bank earnings this week. VIX spiked to 14.05, its highest print for the year. Meanwhile, US Treasury yields ended marginally softer, with 2- and 10-year benchmark yields standing at 1.27% and 2.37% respectively.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, with swap rates trading 1-3bps higher across all tenors. Flows in SGD corporates were moderate, with mixed interest in BNP 3.65%'24s, UOBSP 3.5%'29s, SIASP 3.035%'25s. In the broader dollar space, the spread on JACI IG corporates fell 2bps to 196bps while the yield on JACI HY rose 2bps to 6.57%. 10y UST yields fell by 2bps yesterday, amid a risk-off bid throughout markets and US Federal Reserve Chairwoman Janet Yellen's speech. In her speech, Yellen shared her expectations for the US economy to grow at a moderate pace and gradual interest rate increases to "get us (U.S) where we need to be".
- **New Issues:** Hong Kong Red Star Macalline Universal Home Furnishing Ltd. scheduled investor meetings from 11 April for potential USD bond issuance (guaranteed by Red Star Macalline Group Corporation Ltd). Nuoxi Capital Ltd. scheduled investor calls on 11 April for potential USD bond issuance (guaranteed by Hongkong JHC Co.). Hong Kong International Construction Investment Management Group Co. scheduled investor meetings from 11 April for potential bond issuance. Yida China Holdings Ltd. hired banks for potential USD bond offering. The expected issue ratings are 'B-/B3/B'. Tower Bersama Infrastructure Tbk PT is planning to offer up to USD500mn of notes due 2025.
- **Rating Changes:** S&P assigned a 'B' corporate credit rating to China-based property developer Yida China Holding Ltd. (Yida), with stable outlook. In addition, S&P assigned a 'B-' issue rating to Yida's proposed U.S.-dollar-denominated senior unsecured notes. The rating action reflects Yida's good market position in business park development in China and its good execution record helps mitigate Yida's limited geographical diversity, high leverage and tight liquidity given its large capital spending to develop new business parks. S&P placed on CreditWatch with negative implications its long-term corporate credit ratings on Seven & i Holdings Co. Ltd., Seven-Eleven Japan Co. Ltd., and 7-Eleven Inc. The rating action follows Seven & i's announcement on April 6 that it will acquire the gasoline retail and convenience store business of U.S.-based Sunoco LP for about USD3.3bn. S&P announced that it will resolve the CreditWatch placements after examining Seven & i's business results and financial standing following the acquisition. In particular, S&P will examine Seven & i's North American business operations, forecast earnings and profitability following the addition of Sunoco LP's store network, how the acquisition will be financed, its investment plan, and its forecast for operating lease obligations. Moody's affirmed Sino-Ocean Group Holding Limited's (Sino Ocean) 'Baa3' issuer ratings and senior unsecured ratings on the bonds issued by Sino-Ocean Land Treasure Finance I Limited and Sino-Ocean Land Treasure Finance II Limited (guaranteed by Sino Ocean). In addition, Moody's revised the outlook of the ratings to stable from negative. The rating changes reflect Moody's expectation that Sino-Ocean's improved credit metrics will be sustained over the next 12-18 months, and that the support the company will likely receive from China Life Insurance Co Ltd in times of need will remain unchanged. Moody's affirmed Bank of China Limited and its overseas branches' (BOC) medium-term note (MTN) program ratings at '(P)A1'. The rating action follows the MTN program upsize to USD30b from USD20bn.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	101.020	-0.16%	USD-SGD	1.4051	--
USD-JPY	110.940	-0.14%	EUR-SGD	1.4890	0.17%
EUR-USD	1.0596	0.05%	JPY-SGD	1.2667	0.16%
AUD-USD	0.7501	0.01%	GBP-SGD	1.7446	0.47%
GBP-USD	1.2415	0.36%	AUD-SGD	1.0541	0.23%
USD-MYR	4.4360	0.02%	NZD-SGD	0.9785	0.39%
USD-CNY	6.9030	0.04%	CHF-SGD	1.3931	0.06%
USD-IDR	13286	-0.26%	SGD-MYR	3.1553	-0.26%
USD-VND	22660	--	SGD-CNY	4.9145	-0.12%

Equity and Commodity

Index	Value	Net change
DJIA	20,658.02	1.92
S&P	2,357.16	1.62
Nasdaq	5,880.93	3.11
Nikkei 225	18,797.88	133.25
STI	3,181.45	4.18
KLCI	1,739.52	-2.20
JCI	5,644.30	-9.19
Baltic Dry	1,231.00	8.00
VIX	14.05	1.18

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	0.9306	--
2M	-0.3390	--	1M	0.9900	--
3M	-0.3300	--	2M	1.0261	--
6M	-0.2410	--	3M	1.1576	--
9M	-0.1780	--	6M	1.4296	--
12M	-0.1160	--	12M	1.7990	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.24 (+0.01)	1.27 (-0.01)
5Y	1.68 (+0.02)	1.90 (-0.02)
10Y	2.22 (+0.03)	2.37 (-0.02)
15Y	2.37 (+0.02)	--
20Y	2.44 (+0.02)	--
30Y	2.47 (+0.02)	2.99 (-0.02)

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.44	-2.10	3.82
Italy	-0.05	1.50	2.24
Ireland	-0.37	-1.80	0.93
Greece	7.44	-22.10	6.78
Spain	-0.20	0.80	1.61
Russia	2.13	9.50	4.16

Financial Spread (bps)

	Value	Change
LIBOR-OIS	20.89	0.32
EURIBOR-OIS	2.00	-0.23
TED	34.27	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	53.08	1.61%	Coffee (per lb)	1.399	-0.14%
Brent (per barrel)	55.98	1.34%	Cotton (per lb)	0.7515	2.30%
Heating Oil (per gallon)	1.6473	1.16%	Sugar (per lb)	0.1663	-0.83%
Gasoline (per gallon)	1.7581	0.68%	Orange Juice (per lb)	1.6760	0.12%
Natural Gas (per MMBtu)	3.2380	-0.71%	Cocoa (per mt)	1,955	-2.54%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,740.8	-1.62%	Wheat (per bushel)	4.2875	1.12%
Nickel (per mt)	10,124.0	-0.05%	Soybean (per bushel)	9.418	-0.03%
Aluminium (per mt)	1,912.8	-1.83%	Corn (per bushel)	3.6700	2.09%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,251.1	-0.26%	Crude Palm Oil (MYR/MT)	2,832.0	-1.84%
Silver (per oz)	17.915	-1.30%	Rubber (JPY/KG)	292.7	-0.44%

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

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
04/10/2017 07:25	VN	Domestic Vehicle Sales YoY	Mar	--	-1.70%	53.60%	--
04/10/2017 07:50	JN	BoP Current Account Balance	Feb	¥2512.9b	¥2813.6b	¥65.5b	--
04/10/2017 07:50	JN	BoP Current Account Adjusted	Feb	¥1788.8b	¥2210.9b	¥1259.8b	--
04/10/2017 07:50	JN	Trade Balance BoP Basis	Feb	¥981.7b	¥1076.8b	-¥853.4b	--
04/10/2017 09:30	AU	Home Loans MoM	Feb	0.00%	-0.50%	0.50%	0.40%
04/10/2017 09:30	AU	Investment Lending	Feb	--	-5.90%	4.20%	4.60%
04/10/2017 09:30	AU	Owner-Occupier Loan Value MoM	Feb	--	-0.50%	-0.20%	--
04/10/2017 12:00	JN	Bankruptcies YoY	Mar	--	5.36%	-4.84%	--
04/10/2017 14:30	FR	Bank of France Bus. Sentiment	Mar	104	103	104	--
04/10/2017 16:00	IT	Industrial Production NSA YoY	Feb	--	-2.00%	5.70%	6.00%
04/10/2017 16:00	IT	Industrial Production WDA YoY	Feb	2.40%	1.90%	-0.50%	-0.20%
04/10/2017 16:00	IT	Industrial Production MoM	Feb	1.30%	1.00%	-2.30%	--
04/10/2017 16:00	TA	Trade Balance	Mar	\$3.70b	\$3.93b	\$3.36b	--
04/10/2017 16:00	TA	Exports YoY	Mar	15.50%	13.20%	27.70%	--
04/10/2017 16:00	TA	Imports YoY	Mar	25.00%	19.80%	42.10%	--
04/10/2017 20:15	CA	Housing Starts	Mar	214.5k	253.7k	210.2k	214.3k
04/11/2017 09:00	PH	Exports YoY	Feb	19.40%	--	22.50%	--
04/11/2017 09:00	PH	Exports	Feb	--	--	\$5130.4m	--
04/11/2017 09:00	PH	Imports YoY	Feb	22.70%	--	9.10%	--
04/11/2017 09:00	PH	Imports	Feb	--	--	\$7444.0m	--
04/11/2017 09:00	PH	Trade Balance	Feb	-\$1832m	--	-\$2314m	--
04/11/2017 09:30	AU	NAB Business Conditions	Mar	--	--	9	--
04/11/2017 09:30	AU	NAB Business Confidence	Mar	--	--	7	--
04/11/2017 11:00	SK	Money Supply M2 SA MoM	Feb	--	--	0.10%	--
04/11/2017 11:00	SK	Money Supply L SA MoM	Feb	--	--	0.70%	--
04/11/2017 12:00	MA	Industrial Production YoY	Feb	6.10%	--	3.50%	--
04/11/2017 12:00	MA	Manufacturing Sales Value YoY	Feb	--	--	10.70%	--
04/11/2017 14:00	IN	Local Car Sales	Mar	--	--	172623	--
04/11/2017 14:00	JN	Machine Tool Orders YoY	Mar P	--	--	9.10%	--
04/11/2017 16:30	UK	CPIH YoY	Mar	2.30%	--	2.30%	--
04/11/2017 16:30	UK	CPI MoM	Mar	0.30%	--	0.70%	--
04/11/2017 16:30	UK	CPI YoY	Mar	2.30%	--	2.30%	--
04/11/2017 16:30	UK	CPI Core YoY	Mar	1.90%	--	2.00%	--
04/11/2017 16:30	UK	Retail Price Index	Mar	269.5	--	268.4	--
04/11/2017 16:30	UK	RPI MoM	Mar	0.40%	--	1.10%	--
04/11/2017 16:30	UK	RPI YoY	Mar	3.20%	--	3.20%	--
04/11/2017 16:30	UK	RPI Ex Mort Int.Payments (YoY)	Mar	3.50%	--	3.50%	--
04/11/2017 16:30	UK	PPI Input NSA MoM	Mar	-0.10%	--	-0.40%	--
04/11/2017 16:30	UK	PPI Input NSA YoY	Mar	17.00%	--	19.10%	--
04/11/2017 16:30	UK	PPI Output NSA MoM	Mar	0.10%	--	0.20%	--
04/11/2017 16:30	UK	PPI Output NSA YoY	Mar	3.40%	--	3.70%	--
04/11/2017 16:30	UK	PPI Output Core NSA MoM	Mar	0.20%	--	0.00%	--
04/11/2017 16:30	UK	PPI Output Core NSA YoY	Mar	2.50%	--	2.40%	--
04/11/2017 16:30	UK	House Price Index YoY	Feb	6.10%	--	6.20%	--
04/11/2017 17:00	EC	Industrial Production SA MoM	Feb	0.10%	--	0.90%	--
04/11/2017 17:00	EC	Industrial Production WDA YoY	Feb	1.90%	--	0.60%	--
04/11/2017 17:00	GE	ZEW Survey Current Situation	Apr	77.5	--	77.3	--
04/11/2017 17:00	EC	ZEW Survey Expectations	Apr	--	--	25.6	--
04/11/2017 17:00	GE	ZEW Survey Expectations	Apr	14.8	--	12.8	--
04/11/2017 18:00	US	NFIB Small Business Optimism	Mar	104.7	--	105.3	--
04/11/2017 22:00	US	JOLTS Job Openings	Feb	5650	--	5626	--
04/11/2017 04/15	CH	Money Supply M2 YoY	Mar	11.10%	--	11.10%	--
04/11/2017 04/15	CH	Money Supply M1 YoY	Mar	19.30%	--	21.40%	--
04/11/2017 04/15	CH	Money Supply M0 YoY	Mar	4.00%	--	3.30%	--
04/11/2017 04/15	CH	New Yuan Loans CNY	Mar	1200.0b	--	1170.0b	--
04/11/2017 04/15	CH	Aggregate Financing CNY	Mar	1500.0b	--	1150.0b	1147.9b
04/11/2017 04/18	CH	FDI YoY CNY	Mar	2.00%	--	9.20%	--
04/10/2017 04/13	PH	Budget Balance PHP	Feb	--	--	2.2b	--

Source: Bloomberg

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