

### Highlights

Global	With a relatively quiet week ahead in terms of central bank decisions and key economic data, Asian markets are likely to drift sideways in the interim as market players continued to digest a “dovish hike” by the FOMC last week which was followed in quickstep by Hong Kong and China. Over the weekend, US Secretary of State Tillerson reinforced the “non-conflict, non-confrontation, mutual respect, and win-win cooperation” relationship with China, whilst the G20 statement dropped the reference to “resist all forms of protectionism” in favour of “we are working to strengthen the contribution of trade to our economies”. Today’s economic data calendar comprises of US’ Chicago PMI, German PPI, and Taiwan’s export orders. Speakers due today include Bundesbank’s Weidmann, Fed’s Evans and BOE’s Haldane. Japan’s stock market is also closed for a holiday today. This week, RBNZ (likely static at 1.75%) and BSP (also on hold) are also meeting on 23 Mar.
US	US’ industrial production was flat in Feb after a revised 0.1% mom decline in Jan due to warm weather which reduced heating demand, albeit manufacturing output rose for a sixth straight month by 0.5%. Capacity utilisation also eased slightly from 75.5% to 75.4%. Meanwhile, the University of Michigan sentiments improved from 96.3 in Feb to 97.6 in Mar, as both the current conditions and expectations gauges rose to 114.5 (previously 111.5 and the highest since 2000) and 86.7 (previously 86.5) respectively. Interestingly, the 1- and 5-10 year inflation gauges eased to 2.4% (down from 2.7%) and 2.2% (down from 2.5% and a record low), which differs from the latest FOMC view that “survey-based measures of longer-term inflation expectations are little changed, on balance”.
UK	Scottish First Minister Sturgeon opined that a 2021 independence vote would “not be reasonable” as “by that point Scotland will have been taken out” of the EU.
SG	Ezra Holdings Ltd and two affiliates, Ezra Marine Services Pte Ltd and MAS IT Solutions Pte Ltd, have filed for bankruptcy in the US.
CH	China’s banking regulator further loosened the restriction on foreign banks’ business in China. To comply with State Council’s order to simplify administrative procedures. Foreign banks are no longer required to gain approval from the CBRC for Treasury bond underwriting, wealth advisory and most custody businesses. Meanwhile, CBRC also encourages foreign banks in China to work with their parent companies overseas to provide financial services such as offshore bond issuance, IPOs and M&A to Chinese companies expanding overseas.
ID	Finance Minister Sri Mulyani Indrawati said that Indonesia is keen to join the Financial Action Task Force, a global body looking into fighting cross border financial crimes. She has reportedly asked for support for the move from fellow G20 members at the Finance Minister and Central Bank Governor Meeting in Baden-Baden, Germany.
MA	Klang Valley area was reportedly hit by flood, as an afternoon torrential rain triggered inundation and major traffic disruptions across the area.

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## Major Markets

- **US:** Equities were marginally lower on Friday, with financials leading losses and high dividend stocks outperforming alongside 10-year US Treasuries. The S&P 500 retreated 0.13% and the Dow lost 0.09%. The Nasdaq was essentially unchanged. Overall, the S&P 500 ended an eventful week up 0.2%, driven mainly by dividend stocks despite the Fed hike. VIX recovered from early losses to close marginally higher at 11.28. Meanwhile, the US Treasuries market appeared to be in a tug-of-war since the rate hike, with yields fluctuating within a narrow band. Benchmark yields fell 2-4 bps, as the 2- and 10-year benchmark yields traded at 1.31% and 2.50% respectively. New catalysts will be needed to move US Treasuries out of this trading band, yet none seems forthcoming in the horizon.
- **Singapore:** STI added 0.19% to close at 3169.38 on Friday, but may face some consolidative pressure today amid weak morning cues from Kospi. STI range is tipped to be between 3150-3180. SGS bonds are likely to benefit from the slight risk-off sentiments prevailing across Asia today and yields may track UST bond yields which closed between 1-4bps lower on Friday.
- **China:** One of the most notable changes is the decline of RMB index to a record low of 93.31 since PBoC launched the index in December 2015. Nevertheless, market reaction to the decline of RMB index has been muted so far. On a positive note, this suggested that the market has been more rational about the RMB outlook. However, from a policy perspective, we will continue to monitor the RMB index this week to detect whether there is any potential policy shift.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards last Friday, with swap rates trading 1-4bps lower across all tenors. In the broader dollar space, the spread on JACI IG corporates held steady at 194bps while the yield on JACI HY corporates fell 1bps to 6.72%. 10y UST yields fell 4bps last Friday to 2.50%, as the University of Michigan survey found that consumers' expected inflation reading for the next five years fell.
- **New Issues:** China Evergrande Group priced a USD1.5bn 2-tranche deal; with the USD500mn 3-year piece at 7%, tightening from initial guidance of 7.5%; and the USD1bn 5NC3 piece at 8.25%, tightening from initial guidance of 8.5%. The expected issue ratings are 'NR/B3/B-'. China Zheshang Bank Co. Ltd. scheduled an investor roadshow from 20 March for potential USD AT1 Perp issuance.
- **Rating Changes:** S&P downgraded Toshiba Corp.'s (Toshiba) corporate credit rating to 'CCC-' from 'CCC+', and downgraded Toshiba's senior unsecured debt rating to 'CCC-' from 'B-'. In addition, the ratings will remain on CreditWatch with negative implications. The rating action reflects S&P's view that absent unanticipated, significantly favorable changes in the issuer's circumstances, there is a growing likelihood that Toshiba will become unable to fulfill its financial obligations in a timely manner or will undertake a debt restructuring that S&P classifies as distressed in the next six months. Moody's affirmed Emeco Holdings Limited's 'Caa1' corporate family rating, while at the same time downgrading to 'Ca' from 'Caa1' the rating on the senior secured notes issued by Emeco Pty Limited. The outlook for all ratings remain at negative. The rating action follows the announcement on 16 March that its creditor scheme of arrangement has received at least 75% noteholder approval. The downgrade of the senior secured notes to 'Ca' considers this default and Moody's assessment of the resultant high economic loss when compared to the original payment promise for the notes, while the rating affirmation reflects Moody's expectation that earnings and cashflow generation should improve as a result of cost and capex savings achieved if the transaction is completed. Moody's affirmed ING Bank N.V.'s (ING Bank) 'A1' senior unsecured debt ratings, 'Baa2' subordinated debt rating, and 'Baa1' Baseline Credit Assessment, and changed the rating

outlooks to positive from stable. In addition, Moody's affirmed ING Groep N.V.'s (ING Groep) 'Baa1' senior unsecured debt rating, with stable outlook. The rating changes in ING Bank reflects the likely evolution of the group's liability structure following the expected issuance of senior unsecured and subordinated debt by holding company ING Groep over the next two years. Moody's assigned a 'A2' long-term rating to Azure Nova International Finance Ltd. The rating outlook is Negative.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	100.300	-0.06%	<b>USD-SGD</b>	1.4020	0.05%
<b>USD-JPY</b>	112.700	-0.54%	<b>EUR-SGD</b>	1.5055	-0.21%
<b>EUR-USD</b>	1.0738	-0.26%	<b>JPY-SGD</b>	1.2441	0.60%
<b>AUD-USD</b>	0.7704	0.34%	<b>GBP-SGD</b>	1.7380	0.34%
<b>GBP-USD</b>	1.2396	0.29%	<b>AUD-SGD</b>	1.0802	0.41%
<b>USD-MYR</b>	4.4355	-0.06%	<b>NZD-SGD</b>	0.9837	0.48%
<b>USD-CNY</b>	6.9034	0.08%	<b>CHF-SGD</b>	1.4043	-0.14%
<b>USD-IDR</b>	13345	-0.01%	<b>SGD-MYR</b>	3.1676	0.26%
<b>USD-VND</b>	22784	0.02%	<b>SGD-CNY</b>	4.9265	0.17%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3710	--	<b>O/N</b>	0.9242	-0.0016
<b>2M</b>	-0.3400	--	<b>1M</b>	0.9761	-0.0022
<b>3M</b>	-0.3290	--	<b>2M</b>	1.0217	0.0061
<b>6M</b>	-0.2410	--	<b>3M</b>	1.1518	--
<b>9M</b>	-0.1700	0.0010	<b>6M</b>	1.4316	0.0006
<b>12M</b>	-0.1090	0.0020	<b>12M</b>	1.8132	-0.0011

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread		
<b>Portugal</b>	0.67	-4.20	4.29	-1.10	3.85
<b>Italy</b>	0.01	2.40	2.36	-0.90	1.92
<b>Ireland</b>	-0.33	-1.50	1.14	-0.70	0.71
<b>Greece</b>	8.34	24.20	7.39	4.10	6.96
<b>Spain</b>	-0.14	1.30	1.88	-1.80	1.45
<b>Russia</b>	2.03	-0.30	4.21	-6.10	3.78

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	48.78	0.06%	Coffee (per lb)	1.408	0.75%
Brent (per barrel)	51.76	0.04%	Cotton (per lb)	0.7836	0.24%
Heating Oil (per gallon)	1.5085	0.28%	Sugar (per lb)	0.1817	-0.44%
Gasoline (per gallon)	1.5989	0.29%	Orange Juice (per lb)	1.8095	1.94%
Natural Gas (per MMBtu)	2.9480	1.59%	Cocoa (per mt)	2,013	-0.69%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,907.3	0.53%	Wheat (per bushel)	4.3625	0.06%
Nickel (per mt)	10,222.5	0.39%	Soybean (per bushel)	10.000	-0.15%
Aluminium (per mt)	1,908.5	0.77%	Corn (per bushel)	3.6750	0.41%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,230.2	0.25%	Crude Palm Oil (MYR/MT)	2,966.0	0.10%
Silver (per oz)	17.379	0.48%	Rubber (JPY/KG)	287.0	1.02%

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

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	20,914.62	-19.93
<b>S&amp;P</b>	2,378.25	-3.13
<b>Nasdaq</b>	5,901.00	0.24
<b>Nikkei 225</b>	19,521.59	-68.55
<b>STI</b>	3,169.38	5.86
<b>KLCI</b>	1,745.20	8.06
<b>JCI</b>	5,540.43	22.19
<b>Baltic Dry</b>	1,196.00	24.00
<b>VIX</b>	11.28	0.07

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.22 (-0.02)	1.31 (-0.02)
<b>5Y</b>	1.57 (-0.03)	2.02 (-0.03)
<b>10Y</b>	2.32 (-0.03)	2.50 (-0.04)
<b>15Y</b>	2.45 (-0.03)	--
<b>20Y</b>	2.49 (-0.03)	--
<b>30Y</b>	2.52 (-0.02)	3.11 (-0.04)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	24.06	-0.07
<b>EURIBOR-OIS</b>	2.12	0.14
<b>TED</b>	42.56	0.51

### CFTC Commodities Futures and Options

For the week ended: 14 Mar 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Natural Gas	-36,467	-56,117	19,650	Corn	101,097	195,817	-94,720
Live Cattle	119,956	113,527	6,429	Nymex Crude	500,159	555,917	-55,758
Cocoa	-26,762	-29,164	2,402	Soybean	119,374	160,945	-41,571
Palladium	16,594	17,015	-421	Gold	97,734	131,501	-33,767
Lean Hogs	47,204	48,814	-1,610	Wheat	-72,129	-38,804	-33,325
Cotton	130.470	132.318	-1.848	Sugar	130.210	156.658	-26.448
RBUB Gasoline	55,235	59,097	-3,862	Platinum	28,129	37,116	-8,987
Heating Oil	31,578	38,157	-6,579	Copper	22,591	29,907	-7,316

### Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
03/17/2017	05:30	NZ BusinessNZ Manufacturing PMI	Feb	--	55.2	51.6	52.2
03/17/2017	06:40	CH FDI YoY CNY	Feb	-4.20%	9.20%	-9.20%	--
03/17/2017	08:00	NZ ANZ Consumer Confidence Index	Mar	--	125.2	127.4	--
03/17/2017	08:00	NZ ANZ Consumer Confidence MoM	Mar	--	-1.70%	-1.00%	--
03/17/2017	08:30	SI NODX SA MoM	Feb	-0.10%	1.40%	5.00%	--
03/17/2017	08:30	SI Electronic Exports YoY	Feb	11.00%	17.20%	6.10%	--
03/17/2017	08:30	SI Non-oil Domestic Exports YoY	Feb	12.50%	21.50%	8.60%	--
03/17/2017	15:30	TH Foreign Reserves	Mar-10	--	\$180.0b	\$181.8b	--
03/17/2017	15:30	TH Forward Contracts	Mar-10	--	\$25.3b	\$23.8b	--
03/17/2017	15:45	FR Wages QoQ	4Q F	0.10%	0.10%	0.10%	--
03/17/2017	16:30	HK Composite Interest Rate	Feb	--	0.32%	0.32%	--
03/17/2017	17:00	IT Trade Balance EU	Jan	--	317m	124m	57m
03/17/2017	17:00	IT Trade Balance Total	Jan	--	-574m	5798m	5730m
03/17/2017	18:00	EC Trade Balance SA	Jan	22.0b	15.7b	24.5b	23.1b
03/17/2017	18:00	EC Trade Balance NSA	Jan	--	-0.6b	28.1b	--
03/17/2017	18:00	EC Construction Output MoM	Jan	--	-2.30%	-0.20%	-0.60%
03/17/2017	18:00	EC Construction Output YoY	Jan	--	-6.20%	3.20%	3.00%
03/17/2017	20:30	CA Manufacturing Sales MoM	Jan	-0.30%	0.60%	2.30%	2.10%
03/17/2017	21:15	US Industrial Production MoM	Feb	0.20%	0.00%	-0.30%	-0.10%
03/17/2017	21:15	US Capacity Utilization	Feb	75.50%	75.40%	75.30%	75.50%
03/17/2017	21:15	US Manufacturing (SIC) Production	Feb	0.50%	0.50%	0.20%	0.50%
03/17/2017	22:00	US U. of Mich. Sentiment	Mar P	97	97.6	96.3	--
03/17/2017	22:00	US U. of Mich. Current Conditions	Mar P	111	114.5	111.5	--
03/17/2017	22:00	US U. of Mich. Expectations	Mar P	87.1	86.7	86.5	--
03/17/2017	22:00	US U. of Mich. 1 Yr Inflation	Mar P	--	2.40%	2.70%	--
03/17/2017	22:00	US U. of Mich. 5-10 Yr Inflation	Mar P	--	2.20%	2.50%	--
03/17/2017	22:00	US Leading Index	Feb	0.50%	0.60%	0.60%	--
03/17/2017	03/31	IN BoP Current Account Balance	4Q	-\$12.00b	--	-\$3.40b	--
03/17/2017	03/31	ID Local Auto Sales	Jan	--	--	86573	--
03/17/2017	03/31	ID Motorcycle Sales	Jan	--	--	437764	--
03/18/2017	09:30	CH China February Property Prices					
03/20/2017	05:00	NZ Westpac Consumer Confidence	1Q	--	111.9	113.1	--
03/20/2017	05:00	SK PPI YoY	Feb	--	4.20%	3.70%	3.90%
03/20/2017	08:01	UK Rightmove House Prices MoM	Mar	--	--	2.00%	--
03/20/2017	08:01	UK Rightmove House Prices YoY	Mar	--	--	2.30%	--
03/20/2017	15:00	GE PPI MoM	Feb	0.40%	--	0.70%	--
03/20/2017	15:00	GE PPI YoY	Feb	3.20%	--	2.40%	--
03/20/2017	16:00	TA Export Orders YoY	Feb	17.80%	--	5.20%	--
03/20/2017	18:00	EC Labour Costs YoY	4Q	--	--	1.50%	--
03/20/2017	20:30	CA Wholesale Trade Sales MoM	Jan	0.50%	--	0.70%	--
03/20/2017	20:30	US Chicago Fed Nat Activity Index	Feb	0.03	--	-0.05	--
03/20/2017	22:00	CA Bloomberg Nanos Confidence	Mar-17	--	--	58.2	--
03/20/2017		PH BoP Overall	Feb	--	--	-\$9m	--
03/20/2017	03/24	PH Budget Balance PHP	Jan	--	--	-118.2b	--

Source: Bloomberg

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