

Highlights

Global	<p>Wall Street continued to stall and the UST bond yields and USD pullback extended amid market doubts over US president Trump's ability to get the American Health Care Act passed amid a divided House of Representatives today, which is in turn seen as a leading indicator for his tax reform and infrastructure spending plans later this year. Meanwhile, a terror attack in London near Parliament sent FTSE and gilt yields lower. Given the gathering clouds on the market horizon with few silver linings, Asian markets may extend its risk-off tone this morning as well.</p> <p>Today's economic data calendar comprises of US' new home sales and initial jobless claims, UK' retail sales, Taiwan's Feb industrial production and S'pore Feb CPI. Key central bank meetings include BSP (who may stay its hand at 3% despite rising inflationary risks) and CBC (tipped to be unchanged at 1.375%). Speaking today are Fed's Yellen, ECB's Nuoy and Lautenschlaeger, and BOE's Broadbent.</p>
NZ	<p>As expected RBNZ kept OCR unchanged at record low of 1.75 percent and maintains neutral bias – cites “monetary policy will remain accommodative for a considerable period”, but tips inflation to return to target “over medium term” while dropping reference to “gradually”. On the NZD, RBNZ also noted “further depreciation is needed to achieve more balanced growth”.</p>
US	<p>US' existing home sales fell more than expected by 3.7% mom to 5.48m in Feb, after hitting its highest level in a decade. Median sales prices also jumped 7.7% yoy to US\$228.4k, as inventory of available properties declined 6.4% yoy to 1.75m. Meanwhile, MBA mortgage applications also fell 2.7% in the latest week, while the Jan FHFA house price was flat mom.</p>
CA	<p>Canadian Finance Minister Morneau tips the 2017-18 deficit to widen to C\$28.5b before narrowing to C\$18.8b in 2021-22 with no balanced budget in sight as the economy is expected to grow 1.9% (previously 2.1%) and only marginally accelerates to 2% next year. He reiterated the pledge to spend C\$81.2b on infrastructure over 11 years, but there is no new spending and existing funding has been deferred or delayed. There was also no change to capital gains taxes, but hiked taxes on tobacco, alcohol, tourists and ride-sharing services like Uber. Still, the government will issue a record level of bonds in the coming fiscal year and the debt-to-GDP ratio will only decline from 31.6% in the next two years to 30.9% by 2021-22.</p>
SG	<p>Headline CPI inflation likely printed in positive territory for the fourth straight month and accelerated from 0.6% yoy (+0.2% mom nsa) in Jan to 1% yoy (+0.2% mom nsa) in Feb, amid a slight pick-up in oil prices and higher COE premiums compared to a year ago, but MAS core inflation may taper from 1.5% yoy to 1.4% yoy.</p>
TH	<p>Trade data printed better than expected, with exports declining 2.8% (vs market estimate at -4.0%) while imports surged 20.4% in February. The contraction was well-expected by market-watchers, given the high base seen in February last year, led by stronger exports of gold and helicopters in 2016. Excluding these items, exports actually gained a strong 8.5%, suggesting that Thailand's external environment remains robust. Note that the commerce ministry is targeting an export growth of 5.0% in 2017.</p>

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Major Markets

- **US:** Equities consolidated after the sell-off on Tuesday, with S&P 500 up 0.19% and the Dow unchanged. The Nasdaq was pushed higher by 0.48% as tech stocks outperformed the broader market. Eyes on the Congressional vote on the proposed healthcare bill. Any signs of its passage stalling will not bode well for those who are still looking for fiscal stimulus from the Trump administration. VIX was up 2.7% at 12.81. 10-year US Treasury yields retreated back to 2.41%, while the 2-year yield fell to 1.25%. As the 10-year yields fall back towards the 2.40% handle, year-to-date lows at around 2.30% may increasingly come into play.
- **Singapore:** STI slumped 1.28% to close at 3118.19 yesterday and it's unclear if bottom-picking interest will emerge yet amid flattish cues from Wall Street overnight and mixed morning cues from Nikkei and Kospi. STI's support and resistance are tipped at 3110 and 3130 respectively. SGS bonds are likely to remain bid in the interim, taking the cue from UST bonds. MAS will auction \$2.6b of 5-year SGS bonds with MAS taking \$200m and the tender closing at noon on 29 Mar.
- **Indonesia:** S&P credit ratings agency is reportedly in Jakarta this week to meet with various officials including Economics Minister Darmin Nasution and Bank Indonesia's senior officials. There has been a build-up of anticipation for a sovereign ratings upgrade for Indonesia by this agency, the only hold-out which still ranks Indonesia below investment grade. Its competitors have rightly had ranked Indonesia in investment grade territory for many years now, and indeed put on positive outlooks which signal a potential upgrade by one more notch.
- **Malaysia:** China's Geely Automotive has reportedly withdrawn its bid to take a controlling stake in Malaysian carmaker Proton, according to the South China Morning Post. The Chinese company has been touted as a favourite to acquire the stake in Proton.
- **Commodities:** The surge in US crude oil stocks, which was way above market expectations at 4.95 million barrels (vs market estimate of 3.0 million barrels), left crude oil prices largely lower. Importantly, Brent breached below its \$50/bbl support handle on intraday trading briefly before short-covering took it higher to close \$50.64/bbl. **Still, should we delve into the data, the increase in US oil stocks was not mainly driven by higher production, but rather, another season of higher crude oil import print (up to 8.31 million barrels per day in the week vs previous 7.4 mbpd).** Moreover, crude oil implied demand as reported by the US Department of Energy edged higher, indicating that US crude oil demand remains robust. Elsewhere, gold prices advanced for its fifth consecutive trading day, with the bullion now printing \$1,249.7/oz.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 1-6bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in GENSSP 5.13%'49s, and mixed interests in SCISP 4.75%'49s, UOBSP 3.5%'29s. In the broader dollar space, the spread on JACI IG corporates rose 2bps to 196bps while the yield on JACI HY corporates fell 2bps to 6.67%. 10y UST yields continued its decline, falling 1bps yesterday to 2.40%, as Treasuries resumed risk-off gains as markets await details of U.S. fiscal stimulus plans. Lawmakers have signalled that any setback on the Republican health-care bill voting tomorrow could delay enactment of tax cuts and spending increases.
- **New Issues:** The Republic of Indonesia priced a USD3bn 2-tranche debt offering yesterday; with the USD1bn 5-year piece at 3.40%, tightening from initial guidance of 3.75%; and the USD2bn 10-year piece at 4.15%, tightening from initial guidance of 4.5%. The expected issue ratings are 'NR/Baa3/BBB-'. China Zheshang Bank Co. Ltd. priced a USD2.175bn NC5 AT1 Perp at 5.45%,

tightening from initial guidance of 5.7%. The expected issue ratings are 'NR/Ba1/NR'. Auto retailer Xinjiang Guanghui Industry Investment (Group) Co. Ltd. scheduled an investor call yesterday for potential USD bond issuance. The expected issue ratings are 'B-/B3/NR'. Harbin Bank Co. Ltd. has hired managers for potential USD AT1 bond issuance, while Hebei Iron & Steel Group Co. Ltd. is undergoing plans for potential USD bond issuance.

- **Rating Changes:** S&P upgraded China-based cement producer West China Cement Ltd.'s (WCC) corporate credit rating and issue rating on the company's outstanding senior unsecured notes to 'B+' from 'B'. The rating outlook is stable. The rating action reflects S&P's expectation that the company will maintain its improved liquidity and profitability over the next 12 months. S&P assigned a 'B-' issue rating to a proposed issue of USD-denominated senior unsecured notes by Xinjiang Guanghui Industry Investment Co. Ltd (Xinjiang). The rating action reflects the company's operations in China's highly competitive and fragmented auto retail industry, and its exposure to the volatile energy and cyclical property segments. Moody's assigned a provisional '(P)B3' rating to the proposed senior notes by Xinjiang as well. S&P assigned RCS Trust an 'A-' corporate credit rating with a stable outlook. The rating action reflects the trust's status as a highly strategic investment of its sponsor parents CapitaLand Mall Trust (CMT; 40% stake) and CapitaLand Commercial Trust (CCT; 60% stake). Moody's affirmed Adani Abbot Port Terminal Pty Ltd's (AAPT) 'Ba2' senior secured and senior secured bank credit facility ratings. The rating outlook remained at negative. The ratings action reflects the support by the company's take-or-pay contractual arrangements with AAPT's coal mining counterparties, with the contracts providing for the socialization of lost revenue in the event of counterparty default or contract termination. The provision represents an important source of financial flexibility, given AAPT's high financial leverage. Moody's affirmed DBCT Finance Pty Ltd.'s (DBCT) 'Ba2' senior secured ratings and revised the ratings outlook to stable from negative. The rating action reflects the stabilizing nature of the environment for the coal market and Moody's expectation that most of the terminal's coal mining counterparties will continue to ship volumes at a level sufficient to maintain the terminal's high utilization rate over the next 1 to 2 years.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	99.677	-0.14%	USD-SGD	1.3980	-0.11%
USD-JPY	111.160	-0.49%	EUR-SGD	1.5094	-0.23%
EUR-USD	1.0797	-0.13%	JPY-SGD	1.2574	0.38%
AUD-USD	0.7678	-0.17%	GBP-SGD	1.7453	-0.06%
GBP-USD	1.2485	0.06%	AUD-SGD	1.0734	-0.27%
USD-MYR	4.4280	0.06%	NZD-SGD	0.9847	-0.08%
USD-CNY	6.8819	-0.08%	CHF-SGD	1.4101	0.14%
USD-IDR	13329	0.08%	SGD-MYR	3.1601	-0.18%
USD-VND	22774	-0.04%	SGD-CNY	4.9233	-0.02%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3740	--	O/N	0.9253	--
2M	-0.3390	--	1M	0.9772	--
3M	-0.3290	--	2M	1.0200	--
6M	-0.2410	--	3M	1.1562	--
9M	-0.1690	--	6M	1.4338	--
12M	-0.1060	--	12M	1.8154	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.63	-1.00	4.16
Italy	-0.02	-0.20	2.26
Ireland	-0.37	-1.70	1.10
Greece	8.28	2.60	7.40
Spain	-0.20	-3.00	1.74
Russia	2.05	3.70	4.21

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	48.04	1.48%	Coffee (per lb)	1.417	-1.25%
Brent (per barrel)	50.64	-0.63%	Cotton (per lb)	0.7734	0.65%
Heating Oil (per gallon)	1.4968	-0.43%	Sugar (per lb)	0.1730	0.06%
Gasoline (per gallon)	1.6019	-0.21%	Orange Juice (per lb)	1.8900	-0.68%
Natural Gas (per MMBtu)	3.0110	-2.65%	Cocoa (per mt)	2,165	0.51%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,780.5	0.46%	Wheat (per bushel)	4.2225	-1.00%
Nickel (per mt)	9,979.0	-1.39%	Soybean (per bushel)	9.998	-0.17%
Aluminium (per mt)	1,918.8	-0.12%	Corn (per bushel)	3.5875	-0.69%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,249.7	0.26%	Crude Palm Oil (MYR/MT)	2,975.0	0.24%
Silver (per oz)	17.545	-0.03%	Rubber (JPY/KG)	277.0	-3.48%

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

Equity and Commodity

Index	Value	Net change
DJIA	20,661.30	-6.71
S&P	2,348.45	4.43
Nasdaq	5,821.64	27.82
Nikkei 225	19,041.38	-414.50
STI	3,118.19	-40.38
KLCI	1,748.30	-6.37
JCI	5,534.09	-9.00
Baltic Dry	1,190.00	-10.00
VIX	12.81	0.34

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.22 (+0.01)	1.25 (-0.01)
5Y	1.54 (-)	1.94 (-0.01)
10Y	2.24 (-0.02)	2.41 (-0.01)
15Y	2.38 (-0.02)	--
20Y	2.43 (-0.01)	--
30Y	2.47 (-0.01)	3.02 (-0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.92	-0.43
EURIBOR-OIS	1.10	-0.86
TED	40.96	--

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
03/22/2017 07:30	AU	Westpac Leading Index MoM	Feb	--	-0.07%	0.03%	--
03/22/2017 07:50	JN	Trade Balance	Feb	¥807.2b	¥813.4b	¥1086.9b	¥1087.6b
03/22/2017 07:50	JN	Trade Balance Adjusted	Feb	¥550.8b	¥680.3b	¥155.5b	¥204.0b
03/22/2017 07:50	JN	Exports YoY	Feb	10.10%	11.30%	1.30%	--
03/22/2017 08:30	TA	Unemployment Rate	Feb	3.82%	3.83%	3.84%	--
03/22/2017 11:00	TH	Customs Exports YoY	Feb	-4.00%	-2.76%	8.83%	--
03/22/2017 11:00	TH	Customs Imports YoY	Feb	12.50%	20.36%	5.17%	--
03/22/2017 11:00	TH	Customs Trade Balance	Feb	\$2450m	\$1610m	\$826m	--
03/22/2017 12:30	JN	All Industry Activity Index MoM	Jan	0.00%	0.10%	-0.30%	-0.20%
03/22/2017 13:00	JN	Supermarket Sales YoY	Feb	--	-3.30%	-1.60%	--
03/22/2017 14:00	JN	Nationwide Dept Sales YoY	Feb	--	-1.70%	-1.20%	--
03/22/2017 14:00	JN	Tokyo Dept Store Sales YoY	Feb	--	-3.10%	-1.50%	--
03/22/2017 15:00	MA	Foreign Reserves	Mar-15	--	\$94.9b	\$95.0b	--
03/22/2017 17:00	EC	ECB Current Account SA	Jan	--	24.1b	31.0b	30.8b
03/22/2017 17:30	IT	Current Account Balance	Jan	--	-1913m	5535m	--
03/22/2017 19:00	US	MBA Mortgage Applications	Mar-17	--	-2.70%	3.10%	--
03/22/2017 21:00	US	FHFA House Price Index MoM	Jan	0.40%	0.00%	0.40%	--
03/22/2017 22:00	US	Existing Home Sales	Feb	5.55m	5.48m	5.69m	--
03/22/2017 22:00	US	Existing Home Sales MoM	Feb	-2.50%	-3.70%	3.30%	--
03/22/2017 03/31	ID	Local Auto Sales	Jan	--	--	86573	--
03/22/2017 03/31	ID	Motorcycle Sales	Jan	--	--	437764	--
03/23/2017 04:00	NZ	RBNZ Official Cash Rate	Mar-23	1.75%	1.75%	1.75%	--
03/23/2017 13:00	SI	CPI YoY	Feb	0.70%	--	0.60%	--
03/23/2017 13:00	SI	CPI NSA MoM	Feb	0.10%	--	0.20%	--
03/23/2017 15:00	GE	GfK Consumer Confidence	Apr	10	--	10	--
03/23/2017 15:45	FR	Manufacturing Confidence	Mar	107	--	107	--
03/23/2017 15:45	FR	Production Outlook Indicator	Mar	7	--	5	--
03/23/2017 16:00	TA	Industrial Production YoY	Feb	10.00%	--	2.77%	--
03/23/2017 16:00	PH	BSP Overnight Borrowing Rate	Mar-23	3.00%	--	3.00%	--
03/23/2017 16:00	PH	BSP Standing Overnight Deposit	Mar-23	2.50%	--	2.50%	--
03/23/2017 17:30	UK	Retail Sales Ex Auto Fuel MoM	Feb	0.30%	--	-0.20%	--
03/23/2017 17:30	UK	Retail Sales Ex Auto Fuel YoY	Feb	3.20%	--	2.60%	--
03/23/2017 17:30	UK	Retail Sales Inc Auto Fuel MoM	Feb	0.40%	--	-0.30%	--
03/23/2017 17:30	UK	Retail Sales Inc Auto Fuel YoY	Feb	2.60%	--	1.50%	--
03/23/2017 18:20	EC	ECB Targeted LTRO Total Amount	Mar-23	EU110.00b	--	EU62.16b	--
03/23/2017 20:30	US	Initial Jobless Claims	Mar-18	240k	--	241k	--
03/23/2017 20:30	US	Continuing Claims	Mar-11	2040k	--	2030k	--
03/23/2017 21:45	US	Bloomberg Consumer Comfort	Mar-19	--	--	51	--
03/23/2017 22:00	US	New Home Sales	Feb	564k	--	555k	--
03/23/2017 22:00	US	New Home Sales MoM	Feb	1.60%	--	3.70%	--
03/23/2017 23:00	EC	Consumer Confidence	Mar A	-5.9	--	-6.2	--
03/23/2017	TA	CBC Benchmark Interest Rate	Mar-23	1.38%	--	1.38%	--
03/23/2017	MU	Visitor Arrivals	Feb	--	--	2876t	--
03/22/2017 03/31	IN	BoP Current Account Balance	4Q	-\$12.00b	--	-\$3.40b	--
03/23/2017 03/27	TH	Car Sales	Feb	--	--	57254	--

Source: Bloomberg

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