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Highlights

Global	<p>With the “American Health Care Act” dead in the water before it even reached a floor vote, which prompted US president Trump to blame the House Freedom Caucus as well as the Club for Growth and Heritage, financial markets still largely gave Trump the benefit of the doubt when he said he was ready to move on to a tax overhaul bill instead. Note House Speaker Ryan cautioned that the health bill’s failure “does make tax reform more difficult...but it doesn’t in any way make it impossible”, whereas Treasury Secretary Mnuchin opined that “health care if complication, tax reform is a lot simpler in some ways”. Elsewhere, European manufacturing and services PMI revealed an accelerating economic momentum, with the PMIs hitting 56.2 (previously 55.4) and 56.5 (previously 55.5) which are the highest in 71 months and both also reflecting hiring and inflation gauges picking up – watch how the potentially narrowing US-EZ policy differential gap plays out ahead. Expect Asian markets may attempt to tread water today amid a relatively light economic data calendar that comprises of only German IFO, US’ Dallas Fed manufacturing activity index, and HK’s Feb trade data. Speakers include Fed’s Evans and Kaplan, ECB’s Praet and RBA’s Debelle. Market focus this week would be UK’s triggering of Article 50 on 29 Mar and BOT policy meeting on 29 Mar (likely static at 1.5%).</p>
US	<p>US’ durable goods orders rose more than expected by 1.7% in Feb, a moderation from the revised 2.3% gain in Jan, while the durable goods orders excluding transportation equipment also rose for the sixth straight month by 0.4% (previously +0.2%). However, non-defense capital goods excluding aircraft unexpectedly fell 0.1% in Feb, versus a 0.1% gain in Jan, amid an uncertain policy environment. Separately, Markit manufacturing, services and composite PMIs all pulled back to 53.4, 52.9 and 53.2 respectively in Mar, compared to 54.2, 53.8 and 54.1 in Feb.</p>
SG	<p>Feb industrial production accelerated to 12.6% yoy (-3.7% mom sa), compared to a revised 3.8% yoy (-4.8% mom sa) in Jan. The main drag was from pharmaceuticals (-8.7% yoy), as excluding biomedical manufacturing rose 17.1% yoy (-3.4% mom sa). Electronics output continued to chug ahead (+39.8% yoy), lifted by semiconductors (+63.6% yoy). Another sector that performed in Feb included precision engineering (+26.2%) amid higher export demand for semiconductor related equipment. The transport engineering cluster also declined 9.6% yoy in Feb, weighed down by the marine & offshore segment (-20.3%). For the first two months of 2017, industrial production grew by 7.9% yoy which suggested that the manufacturing recovery was intact but not broad-based and powered mainly by semiconductors.</p>
Commodities	<p>A joint committee of ministers from both OPEC and non-OPEC oil producers has agreed to review an extension of its current production-curb agreement by another six months. Oil prices closed higher over the weekend, and continued to point north this morning, with WTI back above its \$48/bbl handle. In the base metal space, note that the mine strike in the world’s largest copper mine (BHP Billiton’s Escondida mine in Chile) has ended last week, with copper futures declining 0.49% on Friday last week.</p>

Major Markets

- **US:** Equities fluctuated on newsflow regarding the failed American Health Care Act (AHCA) on Friday, eventually closing mixed. The S&P 500 and Dow declined 0.08% and 0.29% respectively. Nasdaq nudged a 0.19% gain as tech stocks outperformed. Last week was the worst week for equities since Trump's elections, with S&P 500 down 1.4% overall. Financials were the main casualties, having been sold off alongside falling US Treasury yields. Cautious trading may prevail again this week as investors digest the implications of AHCA's failure on Trump's upcoming policies, and his next steps. VIX retreated lower from year-to-date highs, closing at 12.96. Meanwhile, US Treasury yields were largely unchanged, with 2- and 10-year benchmark yields at 1.26% and 2.41%. Without leads from fiscal policies or the Fed in the near term, and with inflation expectations shading lower alongside declining oil prices, Treasury bulls may continue to enjoy their time in the sun for this week.
- **Singapore:** STI rallied 0.51% to close higher at 3142.90 on Friday, but may consolidate today amid weak cues from Wall Street on Friday and morning slippage from Kospi and Nikkei. Although the UST bond yield curve bear-flattened on Friday, SGS bonds are likely to remain under pressure ahead of the upcoming \$2.6b new 5-year SGS bond tender closing at noon on 29 Mar.
- **China:** PBoC Governor Zhou Xiaochuan said over the weekend at the Boao forum that there are limitations for utilising monetary policy. Meanwhile, he also said China will continue to open wider in the financial sector but in return Chinese investors should also get better treatment overseas.
- **Indonesia:** The Finance Ministry is reportedly looking into revising a number of macro assumptions for the 2017 budget. This includes a potential upward revision the price of Indonesia Crude Oil Price from the current level of USD45 per barrel to USD50pb.
- **Malaysia:** Headline CPI inflation for the month of February shot up to 4.5%, much higher than market expectation of 3.9% and January's print of 3.2%. It also marks the highest year-on-year rate in more than 8 years. Uptick in fuel costs as well as food prices contributed to the surge. We think Bank Negara is likely to view this primarily as a supply-driven inflation that does not warrant policy rate tightening for now.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened slightly last Friday, with swap rates trading 1-2bps higher. Flows in SGD corporates were heavy, with better buying seen in BNP 3.65%'24s, UOBSP 3.5%'29s, FCLSP 4.15%'27s. In the broader dollar space, the spread on JACI IG corporates changed little at 195bps. Likewise, the yield on JACI HY held steady at 6.66%. 10y UST continued its advance last Friday, dropping 1bps to 2.41%, after U.S. Republicans cancelled the vote on the health-care bill, casting doubt on the Trump administration's inflationary fiscal agenda.
- **New Issues:** Frasers Centrepoint Trust priced a USD90mn 3-year bond at 2.365%. The bond is rated 'BBB+' (issue rating) by S&P. China Evergrande Group priced a USD1bn 7NC4 bond at 9.5%. The expected issue ratings are 'NR/B3/B-'. China Opportunity Intl Ltd. hired banks for potential USD repackaged notes issuance, while Hesteel Group Co. Ltd. scheduled investor meetings from 27 March for potential USD bond issuance.
- **Rating Changes:** S&P downgraded China Hongqiao Group Ltd.'s (Hongqiao) corporate credit rating and issue ratings on the company's outstanding senior unsecured notes to 'B+' from BB-'. In addition, S&P placed the ratings on CreditWatch with negative implications. The rating action reflects

the company's increasing management and governance risks, and possible strain on liquidity, on top of potential negative implications for the company's operations and financing. S&P withdrew Manchester Unity Friendly Society's 'B+' local issuer credit rating last Friday. Moody's upgraded the long-term ratings on Glencore International AG (Glencore) and its related entities by one notch to 'Baa2'. The outlook on all ratings is stable. The rating action reflects the company's reduced debt and strengthened leverage profile. S&P notes that for 2017 and 2018, Glencore should maintain its improved cost positions, benefit from higher commodity prices and deliver higher earnings and further improvement in leverage. Moody's upgraded Longfor Properties Co. Ltd.'s (Longfor) corporate family rating to 'Baa3' from 'Ba1' and its senior unsecured rating to 'Ba1' from 'Ba2'. The rating outlook is stable. The rating action reflects Moody's expectation that Longfor will maintain its current strong credit metrics through a moderate pace of sales growth, cautious land acquisitions, and prudent financial management in the next 12-18 months. Moody's affirmed Tencent Holdings Limited's (Tencent) 'A2' issuer rating, senior unsecured bond ratings, and provisional '(P)A2' senior unsecured MTN program rating. In addition, Moody's revised Tencent's ratings outlook to positive from stable. The rating action reflects Moody's expectation that Tencent's revenue and EBITDA growth, which are supported by an expanded business profile, will remain strong in the coming 12-18 months.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	99.627	-0.13%	USD-SGD	1.3991	-0.03%
USD-JPY	111.340	0.36%	EUR-SGD	1.5104	0.09%
EUR-USD	1.0798	0.14%	JPY-SGD	1.2570	-0.35%
AUD-USD	0.7623	-0.05%	GBP-SGD	1.7444	-0.45%
GBP-USD	1.2473	-0.38%	AUD-SGD	1.0663	-0.11%
USD-MYR	4.4262	-0.07%	NZD-SGD	0.9830	-0.07%
USD-CNY	6.8837	-0.04%	CHF-SGD	1.4109	0.14%
USD-IDR	13327	0.02%	SGD-MYR	3.1611	-0.03%
USD-VND	22788	-0.03%	SGD-CNY	4.9186	0.00%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	0.0010	O/N	0.9267	0.0006
2M	-0.3390	--	1M	0.9828	0.0011
3M	-0.3300	--	2M	1.0228	0.0028
6M	-0.2420	--	3M	1.1513	-0.0016
9M	-0.1720	-0.0010	6M	1.4271	-0.0008
12M	-0.1070	--	12M	1.8029	-0.0008

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.62	-4.50	4.13
Italy	-0.06	-2.20	2.22
Ireland	-0.37	-0.30	1.06
Greece	8.59	19.00	7.41
Spain	-0.20	-0.10	1.69
Russia	2.02	-1.10	4.21

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	47.97	0.57%	Coffee (per lb)	1.376	-2.06%
Brent (per barrel)	50.80	0.47%	Cotton (per lb)	0.7747	0.26%
Heating Oil (per gallon)	1.4976	0.50%	Sugar (per lb)	0.1771	0.62%
Gasoline (per gallon)	1.6048	0.96%	Orange Juice (per lb)	1.8035	-2.59%
Natural Gas (per MMBtu)	3.0760	0.82%	Cocoa (per mt)	2,131	-2.07%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,783.8	-0.49%	Wheat (per bushel)	4.2475	0.89%
Nickel (per mt)	9,828.5	-1.60%	Soybean (per bushel)	9.758	-1.54%
Aluminium (per mt)	1,934.8	0.30%	Corn (per bushel)	3.5625	-0.14%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,248.5	0.10%	Crude Palm Oil (MYR/MT)	2,895.0	-1.30%
Silver (per oz)	17.720	0.89%	Rubber (JPY/KG)	261.5	-5.60%

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

Equity and Commodity

Index	Value	Net change
DJIA	20,596.72	-59.86
S&P	2,343.98	-1.98
Nasdaq	5,828.74	11.05
Nikkei 225	19,262.53	177.22
STI	3,142.90	15.97
KLCI	1,745.75	-1.25
JCI	5,567.13	3.38
Baltic Dry	1,240.00	44.00
VIX	12.96	-0.16

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.23 (+0.01)	1.26 (--)
5Y	1.61 (+0.04)	1.95 (-0.01)
10Y	2.26 (+0.02)	2.41 (-0.01)
15Y	2.40 (+0.02)	--
20Y	2.46 (+0.02)	--
30Y	2.49 (+0.02)	3.01 (-0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.20	-0.41
EURIBOR-OIS	1.78	0.78
TED	39.11	--

CFTC Commodities Futures and Options

For the week ended: 21 Mar 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Gold	122,136	97,734	24,402	Corn	37,856	101,097	-63,241
Natural Gas	-16,221	-36,467	20,246	Soybean	84,223	119,374	-35,151
Live Cattle	131,272	119,956	11,316	Nymex Crude	474,989	500,159	-25,170
Cocoa	-19,255	-26,762	7,507	Sugar	111,686	130,210	-18,524
Coffee	22,668	20,108	2,560	Wheat	-89,393	-72,129	-17,264
Lean Hogs	49,306	47,204	2,102	Heating Oil	25,406	31,578	-6,172
Palladium	18,182	16,594	1,588	Cotton	126,722	130,470	-3,748
Platinum	28,850	28,129	721	Silver	79,717	83,231	-3,514
Copper	21,861	22,591	-730	RBOB Gasoline	52,996	55,235	-2,239

Date	Time	Event		Survey	Actual	Prior	Revised
03/24/2017	05:00	SK Consumer Confidence	Mar	--	96.7	94.4	--
03/24/2017	05:45	NZ Trade Balance NZD	Feb	180m	-18m	-285m	-257m
03/24/2017	05:45	NZ Exports NZD	Feb	4.20b	4.01b	3.91b	--
03/24/2017	05:45	NZ Imports NZD	Feb	3.99b	4.02b	4.19b	4.16b
03/24/2017	07:50	JN Japan Buying Foreign Bonds	Mar-17	--	¥149.4b	¥703.9b	¥696.1b
03/24/2017	07:50	JN Japan Buying Foreign Stocks	Mar-17	--	¥465.7b	¥360.5b	¥360.6b
03/24/2017	07:50	JN Foreign Buying Japan Bonds	Mar-17	--	¥586.8b	¥47.3b	¥49.5b
03/24/2017	07:50	JN Foreign Buying Japan Stocks	Mar-17	--	¥580.4b	¥722.7b	--
03/24/2017	08:30	JN Nikkei Japan PMI Mfg	Mar P	--	52.6	53.3	--
03/24/2017	11:35	TH Car Sales	Feb	--	68435	57254	--
03/24/2017	12:00	MA CPI YoY	Feb	3.90%	4.50%	3.20%	--
03/24/2017	13:00	SI Industrial Production YoY	Feb	10.00%	12.60%	2.20%	3.80%
03/24/2017	13:00	SI Industrial Production SA MoM	Feb	1.20%	-3.70%	-6.00%	-4.80%
03/24/2017	13:00	JN Leading Index CI	Jan F	--	104.9	105.5	--
03/24/2017	13:00	JN Coincident Index	Jan F	--	115.1	114.9	--
03/24/2017	15:30	TH Foreign Reserves	Mar-17	--	\$180.4b	\$180.0b	--
03/24/2017	15:45	FR GDP QoQ	4Q F	0.40%	0.40%	0.40%	--
03/24/2017	15:45	FR GDP YoY	4Q F	1.20%	1.10%	1.20%	--
03/24/2017	16:00	FR Markit France Mfg PMI	Mar P	52.4	53.4	52.2	--
03/24/2017	16:00	FR Markit France Services PMI	Mar P	56.1	58.5	56.4	--
03/24/2017	16:00	FR Markit France Comp PMI	Mar P	55.8	57.6	55.9	--
03/24/2017	16:30	GE Markit/BME Germany Mfg PMI	Mar P	56.5	58.3	56.8	--
03/24/2017	16:30	GE Markit Germany Services PMI	Mar P	54.5	55.6	54.4	--
03/24/2017	16:30	GE Markit/BME Germany Comp PMI	Mar P	56	57	56.1	--
03/24/2017	17:00	EC Markit Eurozone Mfg PMI	Mar P	55.3	56.2	55.4	--
03/24/2017	17:00	EC Markit Eurozone Services PMI	Mar P	55.3	56.5	55.5	--
03/24/2017	17:00	EC Markit Eurozone Comp PMI	Mar P	55.8	56.7	56	--
03/24/2017	17:30	UK BBA Loans for House Purchase	Feb	44900	42613	44657	44142
03/24/2017	20:30	CA CPI NSA MoM	Feb	0.20%	0.20%	0.90%	--
03/24/2017	20:30	CA CPI YoY	Feb	2.10%	2.00%	2.10%	--
03/24/2017	20:30	US Durable Goods Orders	Feb P	1.40%	1.70%	2.00%	2.30%
03/24/2017	20:30	US Durables Ex Transportation	Feb P	0.60%	0.40%	0.00%	0.20%
03/24/2017	20:30	US Cap Goods Orders Nondef Ex Air	Feb P	0.50%	-0.10%	-0.10%	0.10%
03/24/2017	20:30	US Cap Goods Ship Nondef Ex Air	Feb P	0.20%	1.00%	-0.40%	-0.30%
03/24/2017	21:45	US Markit US Mfg PMI	Mar P	54.8	53.4	54.2	--
03/24/2017	21:45	US Markit US Services PMI	Mar P	54	52.9	53.8	--
03/24/2017	21:45	US Markit US Comp PMI	Mar P	--	53.2	54.1	--
03/27/2017	07:50	JN PPI Services YoY	Feb	0.50%	--	0.50%	--
03/27/2017	16:00	EC M3 Money Supply YoY	Feb	4.90%	--	4.90%	--
03/27/2017	16:00	GE IFO Business Climate	Mar	111.1	--	111	--
03/27/2017	16:00	GE IFO Expectations	Mar	104.3	--	104	--
03/27/2017	16:00	GE IFO Current Assessment	Mar	118.3	--	118.4	--
03/27/2017	16:30	HK Trade Balance HKD	Feb	-40.0b	--	-12.3b	--
03/27/2017	16:30	HK Exports YoY	Feb	15.90%	--	-1.20%	--
03/27/2017	16:30	HK Imports YoY	Feb	16.90%	--	-2.70%	--
03/27/2017	22:30	US Dallas Fed Manf. Activity	Mar	22	--	24.5	--
03/27/2017	MU Unemployment Rate	Feb	--	--	--	2.00%	--

Source: Bloomberg

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