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Highlights

Global	<p>Market sentiment appears to be supported, but largely by the performance of the US technology sector. Nasdaq futures are buoyed by better-than-expected results from tech giants such as Amazon and Google's Alphabet Inc. Meanwhile, oil prices pulled back – with WTI breaching the USD49 per barrel level at one point – bringing along the energy counters. Meanwhile, market took note of the decisions by the BOJ and ECB to keep their monetary policy support in place. The chiefs of both central banks were keen to emphasize that although economic prospects have improved in their respective economies, sustained price increases remain largely elusive for now, which justify continued monetary policy aid.</p> <p>The economic data calendar also picks up the pace with US' University of Michigan sentiments, Chicago Purchasing Manager index, actual 1Q17 GDP prints for US/UK/France, UK's Nationwide house prices, Thai trade and current account balance, and S'pore bank loans for Mar.</p>
US	<p>Durable goods orders disappointed by growing only 0.7% in Mar, with orders excluding transportation actually falling for the first time since Jun by 0.2%, which suggested that consumer auto demand and business investments could be faltering. Meanwhile, wholesale inventories fell 0.1% in Mar after a downwardly revised +0.2% gain, and could also weigh on the 1Q17 GDP print due tonight. Separately, pending home sales fell 0.8% after a 5.5% gain in Mar, while initial jobless claims rose 14k to 257k. The Kansas City Fed manufacturing activity index also fell from 20 to 7 in Apr.</p>
Japan	<p>BOJ kept its policy settings static (short-term interest rate target at -0.1% and 10-year government bond yield around 0%) and signalled increased economic optimism ("Japan's economy has been turning toward a moderate expansion" and upgraded the FY18 and FY18 growth forecasts to 1.6% and 1.3% respectively), but pared its inflation forecast slightly (core consumer inflation forecast for FY17 cut from 1.5% to 1.4% amid weak services and durable goods prices). Governor Kuroda opined that CPI will hit the 2% target later than FY18, but it's premature to be discussing an exit now which would only confuse markets.</p>
Singapore	<p>The Macroeconomic Review reiterated the official 2017 growth, headline and core inflation forecasts of 1-3%, 0.5-1.5%, and 1-2% respectively (unchanged from the Oct16 review), and that maintaining a neutral policy stance for an extended period is appropriate to ensure medium-term price stability. The S'pore economy's growth trajectory remains uneven, with external demand benefiting the semiconductor and precision engineering industries, but the rest of the manufacturing sector was patchy and similarly financial and ICT services should outperform the domestic retail industry. At the corporate level, SMEs also diverged from large enterprises and did not seem to see an uplift. Modest manpower demand should also dampen underlying wage pressures (2016:+3.7%). Barring generalised demand-induced price pressures, the pass-through to consumer prices, especially for discretionary services and retail goods, should be muted. MAS tips Brent oil benchmark to average US\$53 in 2017.</p>

Major Markets

- **US:** Equities fluctuated around the previous session's closing levels on Thursday as the market continues to digest and interpret policy signals from the Trump administration. Tech stocks drove Nasdaq to another record high, up 0.40% to 6048.94, on the back of strong results from Alphabet Inc. and Amazon.com Inc. The broader market was only marginally positive, with declines in telecoms and energy stocks cancelling out gains in tech and consumer discretionary stocks. VIX continued to retreat to year-to-date lows, down 4.5% to 10.36. Meanwhile, US Treasury yields softened on newsflow regarding uncertainty over the spending bill aimed at preventing government shutdown next week. A new 7-year auction also drew a lower than expected yield of 2.084%. Overall, 2- and 10-year yields were lower by 1-2 bps at 1.25% and 2.29% respectively.
- **Singapore:** STI closed flattish (-0.08%) at 3171.36 yesterday, but overnight leads from Wall Street are positive and Nikkei and Kospi are opening higher this morning, so the STI is likely to trade with a firmer tone and make a run for the 3180 resistance today. With UST bond yield up around 3-7bps overnight led by the longer-dated bond sell-off, the SGS bond market may follow suit today.
- **Indonesia:** Bank Indonesia's Governor Agus Martowardojo reportedly said that there is no room yet for further monetary easing. He added that current Rupiah level against USD reflects economic fundamentals, and that current account deficit is seen to be at 1.9% of GDP in 2017.
- **Macau:** Unemployment rate held stable at 2.0% while total employed population increased slightly to 379,500 after five consecutive three-month periods of decline since October 2016. Labor force participation rate recovered from its seven-year low as it rose by 0.1% to print 71. Upbeat hiring sentiments in the hotels & similar activities industry persisted as it saw employment rising by 1.5% mom amid recovery in the tourism sector. Meanwhile, jobs in the wholesale retail industry plateaued at its multi-year high. However, in light of fewer high-rollers visiting, employment in restaurant & similar activities sector dropped by 7.5% mom to a record low and employment in the gaming industry also fell by 1.5% mom. Meanwhile, hiring in the construction industry picked up and recorded a surprise 0.6% mom increase after contracting for 11 months in a row. Looking ahead, we expect that fewer new hotel openings this year may translate into shrinking labor demand but its blow will likely to be softened by the revival in tourism activities. Therefore, employment may oscillate around current levels and unemployment rate is likely to print about 2% this year.
- **Commodities:** Oil prices tumbled once again in overnight trading, as market-watchers had little to trade on except on news that Libya has plans to restart two of its largest oil fields. Specifically, the resumed output will add 200,000 barrels per day, thus raising concerns on oversupplies especially given Libya's exemption from the last year's OPEC production cut agreement. Note that the World Bank commented that overall energy prices will increase by 26 (vs IMF's outlook for a 28.6% increase over the same period), while natural gas prices are pencilled to rise by 15% in 2017.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards yesterday, with swap rates trading 2-3bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in HRAM 3.2%'21s, OUESP 3.75%'22s, and mixed interest in UOBSP 3.5%'29s, FCLSP 4.15%'27s, MAPLSP 4.5%'49s. In the broader dollar space, the spread on JACI IG corporates rose 1bps to 203bps, while the yield on JACI HY corporates fell 1bps to 6.57%. 10y UST yields fell 1bps to 2.29% yesterday, as investors weighed the prospect of a limited federal government shutdown. Treasuries also held gains after the 7y UST auction drew lower-than-expected yield.
- **New Issues:** China Southern Power Grid International Finance (BVI) Co. Ltd. priced a USD1.5bn 2-tranche deal (guaranteed by China Southern Power Grid Co. Ltd.); with the USD600mn 5-year piece

at CT5+100bps, tightening from initial guidance of CT5+125bps; and the USD900mn 10-year piece at CT10+130bps, tightening from initial guidance at CT10+155bps. SOCAM Development Ltd. priced a USD200mn 3-year bond at 6.25%, tightening from initial guidance of 6.5%. China Minsheng Banking Corp. Ltd. (Hong Kong Branch) priced a USD500mn 3-year bond at CT3+115bps, tightening from initial guidance of CT3+135bps. The expected issue ratings are 'BBB/NR/NR'. Suncorp-Metway Ltd. priced a USD500mn 5-year bond at CT5+100bps, tightening from initial guidance of CT5+115bps.

- **Rating Changes:** S&P upgraded Tencent Holdings Ltd.'s (Tencent) corporate rating and issue-level rating on Tencent's senior unsecured debt to 'A+' from 'A'. The rating outlook is stable. The rating action reflects S&P's expectation for Tencent to maintain its solid operating and financial performance, and strengthen its market position in social communications and mobile payments. The rating action also reflects S&P's expectation that Tencent's adjusted debt leverage will not exceed 1.5x, based on the company's cash flow generation and mergers and acquisitions (M&A) activity. S&P affirmed Yanzhou Coal Mining Co. Ltd.'s (Yanzhou) 'BB-' corporate credit rating and issue ratings on the two outstanding senior unsecured notes. S&P also affirmed the 'B+' issue rating on the outstanding senior unsecured perpetual securities that the company guarantees. In addition, S&P revised its outlook on Yanzhou to stable from negative. The rating action reflects S&P's expectation for the company's financial performance to improve on stabilized thermal coal prices, increasing sales volume, and largely flat production costs in the next two years. S&P placed Nord Anglia Education Inc's (NAE) 'B' corporate credit rating and issue rating on NAE's guaranteed loans, notes, and revolving credit facility on CreditWatch with negative implications. This follows the announced agreement by the consortium of CPPIB and BPEA to acquire NAE. The rating action reflects S&P's expectation for the merged entity to partially use debt funding to acquire the remaining stake held by minority shareholders, potentially worsening the company's debt leverage well beyond forecasts. Fitch revised the Outlook on Japan's Foreign and Local Currency Issuer Default Rating (IDRs) to Stable from Negative and affirmed the IDRs at 'A'. The rating action reflects Japan's improving economic outlook which has lowered risks over the trajectory of public debt. Fitch downgraded aluminium producer China Hongqiao Group Limited's (Hongqiao) Foreign and Local Currency Issuer Default Ratings (IDRs) to 'B+' from 'BB'. In addition, Fitch downgraded Hongqiao's senior unsecured rating and the ratings on its senior unsecured notes to 'B+' from 'BB'. All ratings remain on Rating Watch Negative. The rating action was due to the continued delay in publishing its 2016 annual results, which suggests material weakness in internal controls.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	99.076	0.03%	USD-SGD	1.3973	0.09%
USD-JPY	111.260	0.18%	EUR-SGD	1.5194	-0.18%
EUR-USD	1.0873	-0.28%	JPY-SGD	1.2555	-0.13%
AUD-USD	0.7465	-0.12%	GBP-SGD	1.8031	0.52%
GBP-USD	1.2904	0.44%	AUD-SGD	1.0429	-0.06%
USD-MYR	4.3468	-0.02%	NZD-SGD	0.9609	-0.11%
USD-CNY	6.8979	0.08%	CHF-SGD	1.4056	0.01%
USD-IDR	13314	0.23%	SGD-MYR	3.1133	-0.20%
USD-VND	22732	-0.04%	SGD-CNY	4.9358	0.06%

Equity and Commodity

Index	Value	Net change
DJIA	20,981.33	6.24
S&P	2,388.77	1.32
Nasdaq	6,048.94	23.71
Nikkei 225	19,251.87	-37.56
STI	3,171.36	-2.40
KLCI	1,767.92	-1.00
JCI	5,707.03	-19.50
Baltic Dry	1,134.00	-13.00
VIX	10.36	-0.49

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	0.9303	--
2M	-0.3400	--	1M	0.9928	--
3M	-0.3290	--	2M	1.0400	--
6M	-0.2480	--	3M	1.1718	--
9M	-0.1780	--	6M	1.4311	--
12M	-0.1210	--	12M	1.7829	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.23 (-0.02)	1.26 (-0.01)
5Y	1.63 (-0.02)	1.82 (-0.01)
10Y	2.16 (-0.02)	2.29 (-0.01)
15Y	2.32 (-0.01)	--
20Y	2.39 (-0.01)	--
30Y	2.44 (-0.01)	2.96 (--)

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.36	-2.20	3.46
Italy	-0.08	-4.10	2.24
Ireland	-0.43	-3.60	0.85
Greece	6.52	-12.70	6.38
Spain	-0.25	-2.80	1.63
Russia	2.03	1.00	4.03

Financial Spread (bps)

	Value	Change
LIBOR-OIS	17.89	-0.07
EURIBOR-OIS	2.70	-0.78
TED	36.27	--

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	48.97	-1.31%	Coffee (per lb)	1.271	-0.82%
Brent (per barrel)	51.44	-0.73%	Cotton (per lb)	0.7932	-1.70%
Heating Oil (per gallon)	1.5072	-1.92%	Sugar (per lb)	0.1518	-1.30%
Gasoline (per gallon)	1.5500	-2.53%	Orange Juice (per lb)	1.5620	-2.83%
Natural Gas (per MMBtu)	3.2390	3.09%	Cocoa (per mt)	1,876	-0.37%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,687.9	-0.33%	Wheat (per bushel)	4.1350	1.41%
Nickel (per mt)	9,291.5	1.15%	Soybean (per bushel)	9.458	--
Aluminium (per mt)	1,916.3	-2.08%	Corn (per bushel)	3.6200	0.84%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,265.9	0.30%	Crude Palm Oil (MYR/MT)	2,660.0	-0.15%
Silver (per oz)	17.265	-0.56%	Rubber (JPY/KG)	260.0	-0.73%

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

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised
04/27/2017 07:00	SK	GDP SA QoQ	1Q P	0.80%	0.90%	0.50%
04/27/2017 07:00	SK	GDP YoY	1Q P	2.60%	2.70%	2.40%
04/27/2017 11:16	MU	Unemployment Rate	Mar	--	2.00%	2.00%
04/27/2017 14:00	GE	GfK Consumer Confidence	May	9.9	10.2	9.8
04/27/2017 16:00	IT	Manufacturing Confidence	Apr	107.3	107.9	107.1
04/27/2017 16:00	IT	Consumer Confidence Index	Apr	107.4	107.5	107.6
04/27/2017 17:00	EC	Consumer Confidence	Apr F	-3.6	-3.6	-3.6
04/27/2017 19:45	EC	ECB Main Refinancing Rate	Apr-27	0.00%	0.00%	0.00%
04/27/2017 19:45	EC	ECB Marginal Lending Facility	Apr-27	0.25%	0.25%	0.25%
04/27/2017 19:45	EC	ECB Deposit Facility Rate	Apr-27	-0.40%	-0.40%	-0.40%
04/27/2017 20:00	GE	CPI MoM	Apr P	-0.10%	0.00%	0.20%
04/27/2017 20:00	GE	CPI YoY	Apr P	1.90%	2.00%	1.60%
04/27/2017 20:00	GE	CPI EU Harmonized MoM	Apr P	-0.10%	0.00%	0.10%
04/27/2017 20:00	GE	CPI EU Harmonized YoY	Apr P	1.90%	2.00%	1.50%
04/27/2017 20:30	US	Wholesale Inventories MoM	Mar P	0.20%	-0.10%	0.40%
04/27/2017 20:30	US	Durable Goods Orders	Mar P	1.30%	0.70%	1.80%
04/27/2017 20:30	US	Durables Ex Transportation	Mar P	0.40%	-0.20%	0.50%
04/27/2017 20:30	US	Initial Jobless Claims	Apr-22	245k	257k	244k
04/27/2017 22:00	US	Pending Home Sales MoM	Mar	-1.00%	-0.80%	5.50%
04/27/2017	JN	BOJ Monetary Policy Statement				
04/27/2017	JN	BOJ Policy Balance Rate	Apr-27	-0.10%	-0.10%	-0.10%
04/27/2017	JN	BOJ 10-Yr Yield Target	Apr-27	0.00%	0.00%	0.00%
04/28/2017 06:45	NZ	Building Permits MoM	Mar	--	-1.80%	14.00%
04/28/2017 06:45	NZ	Trade Balance NZD	Mar	370m	332m	-18m
04/28/2017 07:00	SK	Industrial Production YoY	Mar	4.00%	3.00%	6.60%
04/28/2017 07:30	JN	Jobless Rate	Mar	2.90%	2.80%	2.80%
04/28/2017 07:30	JN	Job-To-Applicant Ratio	Mar	1.43	1.45	1.43
04/28/2017 07:30	JN	Natl CPI YoY	Mar	0.30%	0.20%	0.30%
04/28/2017 07:30	JN	Natl CPI Ex Fresh Food YoY	Mar	0.20%	0.20%	0.20%
04/28/2017 07:30	JN	Tokyo CPI YoY	Apr	-0.20%	-0.10%	-0.40%
04/28/2017 07:30	JN	Tokyo CPI Ex-Fresh Food YoY	Apr	-0.20%	-0.10%	-0.40%
04/28/2017 07:50	JN	Retail Trade YoY	Mar	1.50%	--	0.10%
04/28/2017 07:50	JN	Industrial Production MoM	Mar P	-0.80%	--	3.20%
04/28/2017 07:50	JN	Industrial Production YoY	Mar P	3.90%	--	4.70%
04/28/2017 08:30	TA	GDP YoY	1Q P	2.40%	--	2.88%
04/28/2017 09:00	NZ	ANZ Business Confidence	Apr	--	--	11.3
04/28/2017 09:30	AU	Private Sector Credit MoM	Mar	0.50%	--	0.30%
04/28/2017 09:30	AU	Private Sector Credit YoY	Mar	5.10%	--	5.00%
04/28/2017 10:30	SI	Unemployment rate SA	1Q	2.20%	--	2.20%
04/28/2017 13:30	FR	GDP QoQ	1Q A	0.40%	--	0.40%
04/28/2017 13:30	FR	GDP YoY	1Q A	0.90%	--	1.10%
04/28/2017 14:00	UK	Nationwide House PX MoM	Apr	0.10%	--	-0.30%
04/28/2017 14:00	UK	Nationwide House Px NSA YoY	Apr	3.30%	--	3.50%
04/28/2017 14:45	FR	CPI EU Harmonized YoY	Apr P	1.40%	--	1.40%
04/28/2017 14:45	FR	CPI MoM	Apr P	0.10%	--	0.60%
04/28/2017 14:45	FR	CPI YoY	Apr P	1.20%	--	1.10%
04/28/2017 15:30	TH	Foreign Reserves	Apr-21	--	--	\$181.7b
04/28/2017 15:30	TH	Exports YoY	Mar	--	--	0.70%
04/28/2017 15:30	TH	BoP Current Account Balance	Mar	\$4138m	--	\$5735m
04/28/2017 16:00	EC	M3 Money Supply YoY	Mar	4.70%	--	4.70%
04/28/2017 16:30	UK	GDP QoQ	1Q A	0.40%	--	0.70%
04/28/2017 16:30	UK	GDP YoY	1Q A	2.20%	--	1.90%
04/28/2017 17:00	IT	CPI NIC incl. tobacco MoM	Apr P	0.20%	--	0.00%
04/28/2017 17:00	IT	CPI EU Harmonized MoM	Apr P	0.50%	--	1.80%
04/28/2017 17:00	IT	CPI EU Harmonized YoY	Apr P	1.60%	--	1.40%
04/28/2017 17:00	EC	CPI Estimate YoY	Apr	1.80%	--	1.50%
04/28/2017 20:30	US	Employment Cost Index	1Q	0.60%	--	0.50%
04/28/2017 20:30	US	GDP Annualized QoQ	1Q A	1.00%	--	2.10%
04/28/2017 20:30	CA	GDP MoM	Feb	0.10%	--	0.60%
04/28/2017 20:30	US	GDP Price Index	1Q A	2.00%	--	2.10%
04/28/2017 21:45	US	Chicago Purchasing Manager	Apr	56.2	--	57.7
04/28/2017 22:00	US	U. of Mich. Sentiment	Apr F	98	--	98
04/28/2017	MU	Hotel Occupancy Rate	Mar	--	--	84.9

Source: Bloomberg

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