

Highlights

Global	<p>Risk-off sentiments persisted into the second trading session, with Wall Street and other Asian bourses seeing a sea of red in their latest movement. US data was not a bed of roses as well: 4Q17 GDP met market expectations at 2.5% which slowed from its previous print of 2.6% in the previous quarter, while pending home sales fell 4.7% in January. Also, British PM May rejected the EU's exit treaty draft which suggested the latter's ability to negotiate Northern Ireland's trade, with May citing that the proposal would "threaten the constitutional integrity of the UK". Closer to Asia, Japan's industrial production tumbled 6.6% in January, led by weaker production of cars and electronics. This morning's manufacturing PMI across Asia saw most of the countries managing an above-50.0 print (except for Malaysia at 49.9), suggesting that manufacturing momentum continued to stay expansionary into February.</p> <p>An eventful calendar awaits us today: look out for US initial jobless claims and manufacturing PMI later this evening. EC manufacturing PMI and China Caixin manufacturing PMI will also be interesting to monitor to further cement the robust manufacturing environment seen since 2H17.</p>
EU	<p>Eurozone inflation slowed to a 14-month low in February to 1.2% (down from 1.3% in Jan). The relatively weaker inflation print could suggest EU policy-makers' caution in tweaking stimulus measures.</p>
CN	<p>PMI fell more than expected to 50.3 in Feb from 51.3 in Jan, led by sharp decline of small companies' activities. Although PMI is the seasonal adjusted data, the impact of Chinese New Year effect may still weigh down the final reading. The sharp decline of small companies' PMI was probably partially attributable to Chinese New Year effect as small companies shut down after migrant workers went back for holiday. For a breakdown, new orders and new export orders fell to 51 and 49, respectively from 52.6 and 49.5 in Jan. New export orders have been below 50 for two consecutive months, this being the first time since 3Q 2016. This may fuel concerns that the support of external demand for growth may start to soften. Purchasing price index of the PMI decelerated further to 53.4 from 59.7, implying easing pressure for PPI. Given that price pressures from pork & raw materials eased further, we think that inflationary pressure may remain muted in the near term.</p>
KR	<p>Recent trade data in Feb remains supportive of overall growth. Exports surprised higher at 4.0% last month, up from consensus call of 0.5%, bringing trade balance to a surplus of \$3.31 billion.</p>
CMD	<p>Just like clockwork, the higher oil inventory reported by the American Petroleum Institute (API) was a leading indicator for EIA's oil data overnight: overall crude oil stocks climbed 3.02 million barrels last week, while gasoline stocks rose 2.5 million barrels. Oil watchers were likely eventually spooked over the sustained climb in US oil production to 10.06 million barrels per day (bpd), mounting over its previous November 1970 high of 10.04 million bpd. With energy prices falling across the board, it suggest that market-watchers clearly view the climb in US oil production and inventory levels as key risks for a potential oil supply glut again. Closer to Asia, palm oil prices remain influenced by the accelerating soybean prices (\$10.555/bushel, highest since a year ago), although note that Malaysia's Feb exports fell 11% m/m according to SGS Malaysia Sdn.</p>

Major Market

- **US:** Equities slipped in afternoon trading after opening firmer. The energy sector led broad-based declines, as crude oil prices fell with an unexpected increase in inventories. Overall, the S&P 500 fell 1.11% to 2713.83, below its 50-day moving average level. The Dow and Nasdaq Composite also closed lower by 1.50% and 0.78% respectively. VIX up to 19.85, from 18.59 previously. US Treasury yields were generally softer across the curve, with the long end outperforming. The 2y and 10y benchmark yields fell to 2.250% and 2.861% respectively.
- **Singapore:** The STI slid 0.63% on Wednesday to close at 3,517.94 and may trade lower today given overnight declines registered on Wall Street as well as weak morning cues from its Asian counterparts. Indexes in focus include Jardine Matheson Holdings Ltd (+2.20%), Venture Corp Ltd (+1.70%) and Comfort DelGro Corp Ltd (+1.50%). Meanwhile, losses by Genting Singapore PLC (-2.52%) and Singapore Press Holdings Ltd (-1.89%) dragged the index lower.
- **Indonesia:** BI announced that it has been intervening in the bond and currency markets in its attempt to manage Rupiah volatility. The central bank continues that the Rupiah's fall is just temporary and that it will appreciate as there are many positive factors to support the currency.
- **Malaysia:** Headline inflation moderated to 2.7% yoy in January (December 2017: 3.5% yoy) on top of slower growth for prices in the transport category at 5.7% yoy (December 2017: 11.5% yoy). The slowdown in inflation comes as little surprise as the base effects from higher oil prices gradually wears off. Hence, we also expect headline inflation to average lower in 2018 compared to 2017.
- **Thailand:** Current account surplus surprised higher at US\$5.21bn in January, led by stronger exports and tourism prints. However, the Bank of Thailand warned of relatively weaker trade prints into February given the CNY effects, adding that export growth will likely exceed BOT's target of 4.0% this year, and could even touch the "possible but quite difficult" target of 8.0% by the Commerce Ministry.
- **Hong Kong:** 2017-18 budget balance came in at a surplus of HK\$138 billion (5.2% of GDP), much stronger than a budgeted HK\$16.3bn. We think there were several key takeaways from the budget. First, the government expanded one-off relief measures and reduced tax burdens on individuals to support the poor, students, the elderly, SMEs and salaried workers. This could be more effective in supporting private consumption. Second, the government largely increased recurrent expenditure on healthcare to tackle the worsening ageing problem. Third, the government is striving to increase both private and public housing supply at a faster pace than previously expected. This together with prospects of higher interest rates will likely help to calm the over-heated property market. Fourth, the government increased financial support for the innovation and technology sector, in order to diversify the economy, and for the pillar industries including financial and tourism sectors. Taken all together, the expanded fiscal stimulus is favourable for a more sustainable economic growth in the medium term. As total spending is expected to increase by 17.6% yoy while revenue is estimated to fall 1.3% yoy for the coming fiscal year, fiscal surplus for the coming year is pencilled at HK\$46.6 billion.
- Finally, GDP growth accelerated to 3.8% in 2017 from 2.0% in 2016, the strongest level since 2011. Given stronger private investment, resilient external demand, and the

expected improvement in domestic consumption and tourism activities, the government forecasts a GDP growth of 3%-4% for 2018. However, we are wary of potential trade conflicts and capital outflow risks. Adding on high base effect, we expect GDP to expand 2.9% yoy in 2018.

- **Macau:** GDP growth rallied to 8% yoy in 4Q 2017 as the effect of typhoons ebbed. For 2017 as a whole, GDP expanded at its strongest level since 2013 by 9.1% yoy after contracting for three consecutive years. The resilient economic performance was attributed to the broad-based growth across Asia which supported tourism activities and gaming growth. Also, a tight labor market and wealth effect from the stock market fuelled a faster growth in private consumption (+2.7% yoy in 4Q). Additionally, strong external demand pushed exports of goods up notably by 20.8% yoy in 4Q17. Moving forward, tourism sector and mass-segment of the gaming sector are expected to benefit from infrastructure improvement, new wave of mega project openings and Asia's benign growth outlook. Therefore, even though the VIP segment is succumbed to liquidity and policy risks, gaming growth may still hold up well. As such, we expect job opportunities to increase and underpin a rebound in private consumption. On the other hand, the government's proposal to improve infrastructure will translate into sustainable growth of public investment. Nevertheless, private investment may remain subdued as major projects will be completed successively. Adding on a high base effect, GDP is expected to expand at a moderate rate of 7% yoy in 2018.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates for the short tenors trading 1-3bps higher while the longer tenors traded 1bps higher. In the broader dollar space, the Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 112bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 6bps to 337bps. 10Y UST yields fell 3bps to 2.86%, on the back of typical month-end buying to rebalance portfolios. The choppy trading on Wall Street also fed demand for longer-dated Treasuries.
- **New issues:** Logan Property Holdings Co Ltd has priced a USD250mmn 3NC2 bond (guaranteed by certain offshore subsidiaries of issuer) at 6.375%, tightening from its initial guidance of 6.625%. The expected issue ratings are 'NR/NR/BB-'. Agile Group Holdings has priced a USD300mmn Perp NC5 bond at 6.875%, tightening from its initial guidance of 7%. The expected issue ratings are 'NR/B1/NR'. Guojing Capital (BVI) Ltd has priced a USD200mmn re-tap of its GUOCAP 3.95%'22 bond (keepwell provider: China Reform Holdings Corp Ltd) at CT5+210bps, tightening from its initial guidance of CT5+235bps area. Clifford Capital Pte Ltd has priced a USD300mmn 10-year bond (guaranteed by the Government of Singapore) at CT10+49bps, tightening from its initial guidance of CT10+55-60bps area. The expected issue ratings are 'AAA/NR/NR'. Mizuho Financial Group has priced a three-tranche deal with the USD850mmn 5-year FXD priced at CT5+90bps, tightening from its initial guidance of CT5+105bps area; the USD850mmn 5-year FRN priced at 3mL+79bps, in line with its initial guidance of 3mL+79bps area and the USD1.3bn 10-year bond priced at CT10+115bps area, tightening from its initial guidance of CT10+130bps area. The expected issue ratings are 'A-/A1/NR'. Rail Transit International Development Co Ltd has scheduled for investor meetings from 2 Mar for its potential euro green bond issuance (guaranteed by Tianjin Rail Transit Group (Hong Kong) Co Ltd). The expected issue ratings are 'NR/Baa1/A'.

- **Rating changes:** Moody's has raised the issuer rating and senior unsecured debt rating for China Resources Gas Group Ltd to 'A3' from 'Baa1'. The outlook was changed to stable from positive. The rating action reflects its improved operating performance and credit metrics. Fitch has upgraded COFCO (Hong Kong) Limited's long-term foreign-currency issuer default rating (IDR) and senior unsecured rating to 'A' from 'A-'. The Outlook on the IDR is Stable after being on rating watch positive. The rating action was criteria driven.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	90.613	0.29%	USD-SGD	1.3248	0.04%
USD-JPY	106.680	-0.61%	EUR-SGD	1.6155	-0.28%
EUR-USD	1.2194	-0.32%	JPY-SGD	1.2419	0.66%
AUD-USD	0.7762	-0.35%	GBP-SGD	1.8231	-1.02%
GBP-USD	1.3760	-1.07%	AUD-SGD	1.0283	-0.31%
USD-MYR	3.9170	0.23%	NZD-SGD	0.9554	-0.28%
USD-CNY	6.3310	0.22%	CHF-SGD	1.4026	-0.55%
USD-IDR	13751	0.53%	SGD-MYR	2.9606	-0.21%
USD-VND	22759	0.06%	SGD-CNY	4.7830	0.03%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.4475	--
2M	-0.3420	--	1M	1.6642	--
3M	-0.3280	--	2M	1.8021	--
6M	-0.2710	--	3M	2.0063	--
9M	-0.2220	--	6M	2.2113	--
12M	-0.1910	--	12M	2.4813	--

Fed Rate Hike Probability

Meeting	Prob Hike	1.5-1.75	1.75-2	2-2.25	2.25-2.5
03/21/2018	100.0%	86.0%	14.0%	0.0%	0.0%
05/02/2018	100.0%	82.3%	17.1%	0.6%	0.0%
06/13/2018	100.0%	18.3%	67.8%	13.4%	0.5%
08/01/2018	100.0%	15.7%	60.6%	21.3%	2.3%
09/26/2018	100.0%	7.0%	35.7%	43.1%	12.9%
11/08/2018	100.0%	5.8%	31.0%	41.9%	17.8%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	61.64	-2.17%	Copper (per mt)	6,906.0	-1.69%
Brent (per barrel)	65.78	-1.28%	Nickel (per mt)	13,752.5	-0.40%
Heating Oil (per gallon)	1.9136	-2.52%	Aluminium (per mt)	2,129.5	-0.47%
Gasoline (per gallon)	1.7577	-2.53%			
Natural Gas (per MMBtu)	2.6670	-0.60%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,559.0	0.67%
			Rubber (JPY/KG)	193.8	0.00%
Precious Metals	Futures	% chg			
Gold (per oz)	1,317.9	-0.05%			
Silver (per oz)	16.407	-0.16%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,029.20	-380.83
S&P	2,713.83	-30.45
Nasdaq	7,273.01	-57.35
Nikkei 225	22,068.24	-321.62
STI	3,517.94	-22.45
KLCI	1,856.20	-15.26
JCI	6,597.22	-1.71
Baltic Dry	1,188.00	--
VIX	19.85	1.26

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.66 (+0.02)	2.25 (-0.01)
5Y	2.02 (+0.02)	2.64 (-0.02)
10Y	2.39 (+0.02)	2.86 (-0.03)
15Y	2.71 (+0.02)	--
20Y	2.74 (+0.01)	--
30Y	2.89 (+0.01)	3.12 (-0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	39.11	1.85
EURIBOR-OIS	2.86	0.16
TED	35.94	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
02/28/2018 07:50	JN Industrial Production MoM	Jan P	-4.00%	-6.60%	2.90%	--
02/28/2018 08:00	NZ ANZ Business Confidence	Feb	--	-19	-37.8	--
02/28/2018 09:00	CH Manufacturing PMI	Feb	51.1	50.3	51.3	--
02/28/2018 10:20	VN CPI YoY	Feb	2.90%	3.15%	2.65%	--
02/28/2018 10:53	MU Unemployment Rate	Jan	--	1.80%	1.90%	--
02/28/2018 11:27	HK GDP YoY	4Q	3.00%	3.40%	3.60%	3.70%
02/28/2018 13:00	IN Nikkei India PMI Mfg	Feb	--	52.1	52.4	--
02/28/2018 13:00	JN Housing Starts YoY	Jan	-4.70%	-13.20%	-2.10%	--
02/28/2018 15:00	GE GfK Consumer Confidence	Mar	10.9	10.8	11	--
02/28/2018 15:00	MA CPI YoY	Jan	2.80%	2.70%	3.50%	--
02/28/2018 15:30	TH BoP Current Account Balance	Jan	\$4400m	\$5211m	\$3856m	--
02/28/2018 15:45	FR GDP QoQ	4Q P	0.60%	0.60%	0.60%	--
02/28/2018 15:45	FR CPI YoY	Feb P	1.40%	1.20%	1.30%	--
02/28/2018 16:55	GE Unemployment Change (000's)	Feb	-15k	-22k	-25k	--
02/28/2018 18:00	EC CPI Core YoY	Feb A	1.00%	1.00%	1.00%	--
02/28/2018 20:00	US MBA Mortgage Applications	Feb-23	--	2.70%	-6.60%	--
02/28/2018 21:30	US GDP Annualized QoQ	4Q S	2.50%	2.50%	2.60%	--
02/28/2018 21:30	US Personal Consumption	4Q S	3.60%	3.80%	3.80%	--
02/28/2018 21:30	CA Industrial Product Price MoM	Jan	0.50%	0.30%	-0.10%	--
02/28/2018 21:30	US GDP Price Index	4Q S	2.40%	2.30%	2.40%	--
02/28/2018 21:30	US Core PCE QoQ	4Q S	1.90%	1.90%	1.90%	--
03/01/2018 05:30	AU AiG Perf of Mfg Index	Feb	--	57.5	58.7	--
03/01/2018 07:50	JN Capital Spending YoY	4Q	3.00%	--	4.20%	--
03/01/2018 08:00	SK Exports YoY	Feb	0.50%	--	22.20%	--
03/01/2018 08:00	SK Trade Balance	Feb	\$2391m	--	\$3721m	--
03/01/2018 08:00	SK Imports YoY	Feb	12.00%	--	20.90%	--
03/01/2018 08:30	AU Private Capital Expenditure	4Q	1.00%	--	1.00%	--
03/01/2018 08:30	JN Nikkei Japan PMI Mfg	Feb F	--	--	54	--
03/01/2018 08:30	TA Nikkei Taiwan PMI Mfg	Feb	--	--	56.9	--
03/01/2018 08:30	VN Nikkei Vietnam PMI Mfg	Feb	--	--	53.4	--
03/01/2018 08:30	MA Nikkei Malaysia PMI	Feb	--	--	50.5	--
03/01/2018 08:30	ID Nikkei Indonesia PMI Mfg	Feb	--	--	49.9	--
03/01/2018 08:30	PH Nikkei Philippines PMI Mfg	Feb	--	--	51.7	--
03/01/2018 09:45	CH Caixin China PMI Mfg	Feb	51.3	--	51.5	--
03/01/2018 12:00	ID CPI Core YoY	Feb	2.60%	--	2.69%	--
03/01/2018 12:00	ID CPI YoY	Feb	3.28%	--	3.25%	--
03/01/2018 15:00	UK Nationwide House PX MoM	Feb	0.10%	--	0.60%	--
03/01/2018 15:00	UK Nationwide House Px NSA YoY	Feb	2.60%	--	3.20%	--
03/01/2018 16:00	TA Export Orders YoY	Jan	16.10%	--	17.50%	--
03/01/2018 16:45	IT Markit Italy Manufacturing PMI	Feb	58	--	59	--
03/01/2018 16:50	FR Markit France Manufacturing PMI	Feb F	56.1	--	56.1	--
03/01/2018 16:55	GE Markit Germany Manufacturing PMI	Feb F	60.3	--	60.3	--
03/01/2018 17:00	EC Markit Eurozone Manufacturing PMI	Feb F	58.5	--	58.5	--
03/01/2018 17:30	UK Markit UK PMI Manufacturing SA	Feb	55	--	55.3	--
03/01/2018 18:00	EC Unemployment Rate	Jan	8.60%	--	8.70%	--
03/01/2018 21:30	US Personal Income	Jan	0.30%	--	0.40%	--
03/01/2018 21:30	US Personal Spending	Jan	0.20%	--	0.40%	--
03/01/2018 21:30	US Initial Jobless Claims	Feb-24	225k	--	222k	--
03/01/2018 21:30	US Continuing Claims	Feb-17	1925k	--	1875k	--
03/01/2018 22:30	CA Markit Canada Manufacturing PMI	Feb	--	--	55.9	--
03/01/2018 22:45	US Bloomberg Consumer Comfort	Feb-25	--	--	56.6	--
03/01/2018 22:45	US Markit US Manufacturing PMI	Feb F	55.9	--	55.9	--
03/01/2018 23:00	US Construction Spending MoM	Jan	0.30%	--	0.70%	--
03/01/2018 23:00	US ISM Manufacturing	Feb	58.7	--	59.1	--
03/01/2018	MU Hotel Occupancy Rate	Jan	--	--	92.5	--

Source: Bloomberg

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