

Highlights

Global	<p>Global risk appetite may be muted after the long Easter holiday weekend, especially with news that China will suspend import-tariff reductions for certain 128 imported goods from the US from today, as well as impose additional 15% additional tax to the current applicable rates, which is a response to US' tariffs on steel and aluminium imports. This is part of the US\$3b Chinese response announced earlier. Elsewhere, this morning, Japan's large manufacturer's Tankan index also missed market forecast of 25 to come in at 24 in Mar, likely due to the strengthening JPY which could have weighed on the profit outlook, albeit large companies across the industries say they plan to raise capex by 2.3% for the year through Mar 2019.</p> <p>Asian bourses are likely to see a slow start to the week as investors ponder how 2Q18 trading would pan out. Today's economic data calendar will kick off with the slew of manufacturing PMIs across US/EU and Asia, including China's Caixin, as well as US' manufacturing ISM and construction spending, and Indonesia's Mar CPI. Key central bank meetings this week include RBA policy meeting tomorrow (likely to keep its cash target rate at 1.5%), RBI on 5 Apr (likely static), and US' key Mar nonfarm payrolls and unemployment report (with market consensus eyeing 189k and 4.0% respectively, versus 313k and 4.1% in Feb) to cap the week.</p>
US	<p>Personal spending and income rose 0.2% and 0.4% in Feb as expected, while initial jobless claims fell 12k to 215k. Core PCE deflator rose a muted 0.2% mom (1.6% yoy) in Feb, reinforcing the FOMC's message of a gradual normalisation. The Chicago PMI also softened from 61.9 to 56.8 in Mar.</p>
JP	<p>PM Abe is likely to discuss US import tariffs on steel and aluminium when he meets US President Trump on 17-18 Apr.</p>
SG	<p>Bank loans growth moderated in Feb to 3.7% yoy (0.05% mom), the slowest pace since Jan17 and slower than Jan18's 5.4% yoy (-0.20% mom) print. This is the slowest growth pace since Jan17, and could be partly attributable to the timing of the Chinese New Year festive season which fell in Feb this year vs Jan last year, as well as the possible dent to business sentiments after the Jan stock market slump amid the US-initiated trade tensions.</p>
CH	<p>The Central Comprehensively Deepening Reforms Commission approved the new asset management rules. It is tipped that the details of new asset management rule will be unveiled this week ahead of Qingming Festival on Thursday.</p>
CMD	<p>Trade war concerns remained on the table in the last week, even though recent oil producers' rhetoric over oil production continues to support oil prices in general. According to the latest CFTC data, money-managers raised their net-long positions in both gold and energy-related commodities. Do especially note that net-long positions in gold rose to their highest since Jan'18, suggesting the onset of safe haven demand of late. Delving into energy, Saudi Arabia and Russia are reportedly working on a 10 – 20 year agreement deal to extend their alliance on oil curbs, while seven US oil rigs were left idle in the latest week. Note that we are also approaching the end of the refinery maintenance season into April, suggesting that US refinery utilisation rates are slated to rise going forward.</p>

Major Market

- **US:** Equities ended the quarter firmer, as the tech and consumer sectors staged a rebound. Financials also put in a strong showing. Overall, the S&P 500 ended the session 1.38% stronger, while the Dow and Nasdaq Composite also added 1.07% and 1.64% respectively. The key indices, however, closed the quarter in the red, the first time since 3Q 2015. VIX slipped below the 20 handle, closing at 19.97. Meanwhile, the US Treasury 2y and 10y benchmark yields were both weaker, closing Thursday at 2.266% and 2.739% respectively. On the data front this week, focus on non-farm payrolls and hourly wages at the end of the week.
- **Singapore:** The coming months could still see a further deceleration in bank loans growth due to the high base seen in 2Q-3Q17. Note overall bank loans growth had bottomed at -2.7% yoy in June 2016, and appears to have subsequently peaked at 7.6% yoy a year later. Given that 2017 already saw a healthy 6.0% yoy expansion, it comes as no surprise that the pace of bank loan growth had decelerated to an average of 4.6% yoy for the first two months of this year. For the full-year of 2018, S'pore's bank loans growth could average around 3-4% yoy.
- Business loans nearly halved from 5.6% yoy (-0.61% mom) in Jan to 2.9% yoy (0.03% mom) in Feb, as loan disbursements decelerated in general commerce (7.4% yoy versus 10.2% yoy previously), business services (7.5% yoy versus 14.9% yoy), and financial institutions (9.4% yoy versus 20.1% yoy). Given the current escalation of US-China trade tensions, domestic businesses may turn a tad more cautious in their sales planning and profit expectations at this juncture even though it remains to be seen if other Asian economies including S'pore would be implicated. That said, the SBF-DP SME Index had actually improved from 51.2 to 51.8 in its latest survey which signalled an improved outlook for 2Q-3Q18. Consumer loans continued to expand by 5.1% yoy (0.07% mom) in Feb, marginally slower than the 5.2% yoy (0.41% mom) in Jan, with housing & bridging loans steadily increasing by 4.4% yoy (0.13% mom). Given the ongoing enbloc fever and growing investor interest, notwithstanding the increase in the buyer's stamp duty at the FY18 Budget, the housing loans segment is likely to continue to support consumer loans growth.
- The STI rallied 1.34% to close up at 3427.97 last Thursday, and may trade in a 3420-3450 range today amid positive morning cues from Kospi. SGS bonds may also range trade today.
- **China** The market has been preparing for the launch of new asset management rule since the PBoC unveiled the draft rule to seek public feedback in Nov17. The new rule will provide a more holistic supervision on financial risk via clamping down on regulator arbitrage. This could be one of the important event risks to China's financial market this week as investors are concerned about the potential impact on liquidity should new rule trigger early redemption. Market will closely watch at details such as the grace period etc.
- China's official PMI rebounded in March to 51.5 from 50.3. Both supply and demand recovered post Chinese New Year. Production increased to 53.1 from 50.7. New order and new export orders rose to 53.3 and 51.3 respectively from 51 and 49. Interestingly, PMI for small business jumped to 50.1 from 44.8, highest since June 2017. The volatile small business PMI shows that the reading might be distorted by Chinese New Year effect. As such, it may still be too early to conclude a strong growth outlook.

- **Malaysia:** The ruling Barisan Nasional (BN) will be releasing its election manifesto this coming Saturday. Traditionally, parliament would be dissolved just before the release of the BN manifesto and therefore, there could be a strong possibility that dissolution could occur sometime this week. Meanwhile, the PMI experienced a second month in a row of contraction at 49.5. Continued poor demand conditions in export orders have meant that firms continued to decrease their purchasing activities and pre-production inventories. At the same time, price pressures continued to escalate as both input and output prices rose at faster rates. The continued weaker PMI supports the view that Malaysia's economy should ease this coming year.
- **Indonesia:** March PMI slipped to 50.7 (Feb18: 51.4) on top of softer expansions in both output and new orders. Input prices were once again higher with panellist citing that currency weaknesses contributed to higher costs. Firms did raise their staffing levels albeit at a marginally slower pace. Overall, there is little cause for concerns as the PMI still remains in expansion territory and economic conditions in Indonesia and globally should continue to remain strong.
- **Hong Kong:** Total loans and advances continued to grow by 15% yoy in February 2018. First, supported by the moderate growth in trade activities, the trade finance grew at a faster pace and printed at 13.9% yoy. As the trade tensions between US and China ensue, the trade finance is likely to be suppressed in the coming months. Second, the growth in loan for use in HK (non-trade) decelerated slightly to 16%. Despite the business sentiment to remain positive, the loan demand was affected by the recent fluctuation of asset markets. Moving forward, any corrections of the overheated asset markets and the rising of global geopolitical uncertainties may further harm the local loan sentiment. Third, the growth in loans for use outside HK slowed down to 17.1% yoy. As the average onshore government bond yield decreased in February, the tight onshore liquidity has relieved temporarily. Despite that, de-leveraging campaign has remained the major focus of China's authorities in 2018, meaning that the onshore liquidity is likely to linger on a tighter position. As such, the demand for loans for use outside of HK may remain strong.

Bond Market Updates

- **Market Commentary:** Markets were closed last Friday due to Easter holiday. The SGD swap curve steepened last Thursday, with swap rates for the shorter tenors trading little changed while the longer tenors traded 2-6bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 125bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 2bps to 359bps. 10Y UST yield fell 4bps to 2.74% last Thursday, as investors piled into low-risk government bonds on worries about economic growth and a dramatic pullback in stock prices in March.
- **New issues:** Greenland Global Investment Ltd has priced a USD60mn re-tap of its GRNLGR 5.25%'21 bond (guaranteed by Greenland Holding Group Co Ltd) at 5.25%. SMRT Capital Pte Ltd has priced a SGD200mn 5-year bond (guaranteed by SMRT Corp Ltd) at 2.59%.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	89.974	-0.20%	USD-SGD	1.3115	0.03%
USD-JPY	106.280	-0.14%	EUR-SGD	1.6165	0.24%
EUR-USD	1.2324	0.20%	JPY-SGD	1.2340	0.16%
AUD-USD	0.7679	0.01%	GBP-SGD	1.8381	0.02%
GBP-USD	1.4015	-0.02%	AUD-SGD	1.0073	0.07%
USD-MYR	3.8635	-0.15%	NZD-SGD	0.9489	0.06%
USD-CNY	6.2755	-0.23%	CHF-SGD	1.3743	0.26%
USD-IDR	13728	-0.28%	SGD-MYR	2.9499	0.05%
USD-VND	22794	-0.08%	SGD-CNY	4.7893	-0.16%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.6969	--
2M	-0.3410	--	1M	1.8831	--
3M	-0.3280	--	2M	1.9994	--
6M	-0.2710	--	3M	2.3118	--
9M	-0.2200	--	6M	2.4524	--
12M	-0.1900	--	12M	2.6626	--

Fed Rate Hike Probability

Meeting	Prob Hike	1.75-2	2-2.25	2.25-2.5	2.5-2.75
05/02/2018	25.7%	25.7%	0.0%	0.0%	0.0%
06/13/2018	79.4%	60.9%	18.6%	0.0%	0.0%
08/01/2018	80.7%	58.4%	21.2%	1.2%	0.0%
09/26/2018	91.1%	37.3%	41.2%	11.9%	0.6%
11/08/2018	91.8%	35.0%	40.9%	14.3%	1.5%
12/19/2018	95.1%	24.3%	38.5%	24.9%	6.6%

Equity and Commodity

Index	Value	Net change
DJIA	24,103.11	--
S&P	2,640.87	--
Nasdaq	7,063.45	--
Nikkei 225	21,454.30	295.22
STI	3,427.97	--
KLCI	1,863.46	7.11
JCI	6,188.99	--
Baltic Dry	1,055.00	--
VIX	19.97	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.79 (-)	2.27 (-)
5Y	2.05 (-)	2.56 (-)
10Y	2.29 (-)	2.74 (-)
15Y	2.56 (-)	--
20Y	2.61 (-)	--
30Y	2.76 (-)	2.97 (-)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	59.08	0.35
EURIBOR-OIS	3.35	--
TED	61.17	--

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	64.94	--	Copper (per mt)	6,670.1	--
Brent (per barrel)	70.27	0.00%	Nickel (per mt)	13,258.0	--
Heating Oil (per gallon)	2.0284	--	Aluminium (per mt)	1,990.8	--
Gasoline (per gallon)	2.0179	--			
Natural Gas (per MMBtu)	2.7330	--	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,425.0	0.87%
			Rubber (JPY/KG)	184.0	1.10%
Precious Metals	Futures	% chg			
Gold (per oz)	1,327.3	--			
Silver (per oz)	16.268	--			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 27 Mar 2018

	Current	Previous	Net Chg		Current	Previous	Net Chg
Gold	211,878	153,316	58,562	Corn	227,503	324,223	-96,720
Nymex Crude	759,615	740,668	18,947	Live Cattle	65,825	87,786	-21,961
Natural Gas	-95,732	-101,248	5,516	Wheat	-39,676	-24,365	-15,311
Heating Oil	15,546	13,540	2,006	Copper	19,476	32,003	-12,527
RBOB Gasoline	81,510	79,826	1,684	Soybean	183,748	196,087	-12,339
Cocoa	44,984	43,506	1,478	Sugar	-117,423	-112,911	-4,512
Coffee	-45,980	-47,308	1,328	Lean Hogs	9,353	12,193	-2,840
Palladium	12,093	12,317	-224	Cotton	95,300	97,415	-2,115
Platinum	27,471	28,509	-1,038	Silver	-15,246	-14,021	-1,225

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
03/30/2018 07:00	SK Industrial Production YoY	Feb -3.10%	-6.40%	4.60%	4.30%
03/30/2018 07:30	JN Job-To-Applicant Ratio	Feb 1.6	1.58	1.59	--
03/30/2018 07:30	JN Jobless Rate	Feb 2.60%	2.50%	2.40%	--
03/30/2018 07:30	JN Tokyo CPI YoY	Mar 1.30%	1.00%	1.40%	--
03/30/2018 07:30	JN Tokyo CPI Ex-Fresh Food YoY	Mar 0.90%	0.80%	0.90%	--
03/30/2018 07:50	JN Industrial Production MoM	Feb P 5.00%	4.10%	-6.80%	--
03/30/2018 12:00	JN Vehicle Production YoY	Feb --	-0.10%	-3.80%	-3.00%
03/30/2018 13:00	JN Housing Starts YoY	Feb -4.20%	-2.60%	-13.20%	--
03/30/2018 13:00	JN Annualized Housing Starts	Feb 0.912m	0.926m	0.856m	--
03/30/2018 13:00	JN Construction Orders YoY	Feb --	19.20%	0.90%	--
03/30/2018 14:45	FR PPI YoY	Feb --	1.50%	0.90%	1.20%
03/30/2018 14:45	FR CPI EU Harmonized YoY	Mar P 1.50%	1.70%	1.30%	--
03/30/2018 14:45	FR CPI YoY	Mar P 1.40%	1.50%	1.20%	--
03/30/2018 15:30	TH Foreign Reserves	Mar-23 --	\$215.4b	\$213.2b	--
03/30/2018 15:30	TH Exports YoY	Feb --	7.70%	16.70%	--
03/30/2018 15:30	TH Imports YoY	Feb --	21.80%	22.50%	--
03/30/2018 15:30	TH Trade Balance	Feb --	\$2289m	\$1331m	--
03/30/2018 15:30	TH BoP Current Account Balance	Feb \$5600m	\$6157m	\$5211m	--
03/30/2018 17:00	IT CPI EU Harmonized MoM	Mar P 2.20%	2.50%	-0.30%	-0.50%
03/30/2018 17:00	IT CPI EU Harmonized YoY	Mar P 0.80%	1.10%	0.50%	--
03/31/2018 09:00	CH Non-manufacturing PMI	Mar 54.6	54.6	54.4	--
03/31/2018 09:00	CH Manufacturing PMI	Mar 50.6	51.5	50.3	--
04/01/2018 08:00	SK Exports YoY	Mar 6.70%	6.10%	4.00%	3.90%
04/01/2018 08:00	SK Imports YoY	Mar 6.40%	5.00%	14.80%	14.90%
04/01/2018 08:00	SK Trade Balance	Mar \$5770m	\$6865m	\$3311m	\$3244m
04/02/2018 07:50	JN Tankan Large Mfg Index	1Q 25	--	25	26
04/02/2018 07:50	JN Tankan Large Mfg Outlook	1Q 22	--	19	21
04/02/2018 07:50	JN Tankan Large Non-Mfg Index	1Q 24	--	23	25
04/02/2018 07:50	JN Tankan Large Non-Mfg Outlook	1Q 21	--	20	--
04/02/2018 07:50	JN Tankan Large All Industry Capex	1Q 1.00%	--	7.40%	6.40%
04/02/2018 08:30	JN Nikkei Japan PMI Mfg	Mar F --	--	53.2	--
04/02/2018 08:30	SK Nikkei South Korea PMI Mfg	Mar --	--	50.3	--
04/02/2018 08:30	TA Nikkei Taiwan PMI Mfg	Mar --	--	56	--
04/02/2018 08:30	VN Nikkei Vietnam PMI Mfg	Mar --	--	53.5	--
04/02/2018 08:30	ID Nikkei Indonesia PMI Mfg	Mar --	--	51.4	--
04/02/2018 09:00	AU Melbourne Institute Inflation MoM	Mar --	--	-0.10%	--
04/02/2018 09:45	CH Caixin China PMI Mfg	Mar 51.7	--	51.6	--
04/02/2018 10:00	TH CPI YoY	Mar 0.97%	--	0.42%	--
04/02/2018 10:00	TH CPI NSA MoM	Mar 0.08%	--	-0.23%	--
04/02/2018 10:00	TH CPI Core YoY	Mar 0.64%	--	0.63%	--
04/02/2018 12:00	ID CPI NSA MoM	Mar 0.12%	--	0.17%	--
04/02/2018 12:00	ID CPI Core YoY	Mar 2.69%	--	2.58%	--
04/02/2018 12:00	ID CPI YoY	Mar 3.35%	--	3.18%	--
04/02/2018 13:00	JN Vehicle Sales YoY	Mar --	--	-4.90%	--
04/02/2018 15:30	TH Business Sentiment Index	Mar --	--	51.4	--
04/02/2018 21:00	SI Electronics Sector Index	Mar --	--	52.1	--
04/02/2018 21:00	SI Purchasing Managers Index	Mar 52.8	--	52.7	--
04/02/2018 21:30	CA Markit Canada Manufacturing PMI	Mar --	--	55.6	--
04/02/2018 21:45	US Markit US Manufacturing PMI	Mar F 55.7	--	55.7	--
04/02/2018 22:00	US Construction Spending MoM	Feb 0.40%	--	0.00%	--
04/02/2018 22:00	US ISM Manufacturing	Mar 60	--	60.8	--
04/02/2018 22:00	US ISM Prices Paid	Mar 72.5	--	74.2	--
04/02/2018 04/06	JN Official Reserve Assets	Mar --	--	\$1261.7b	--

Source: Bloomberg

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