

Highlights

Global	<p>Global risk appetite may continue to part ways amid a stalemate in the US-China trade talks, which saw US demanding that China trim its bilateral trade surplus by US\$200bn by 2020 and China's pushback with a long list of requests. Friday's US labour market report also saw nonfarm payrolls rise by a disappointing 164k (market consensus forecast: 193k), albeit the previous months saw an upward revision of +30k and the unemployment rate dipped below 4% for the first time since 2000 to 3.9%, while the average hourly earnings softened to 0.1% mom (2.6% yoy) in Apr which did not deter expectations for a June FOMC rate hike. Meanwhile, Iran signalled its opposition to higher oil prices, citing US\$60-65 per barrel is a "suitable price", in a division of opinions from Saudi Arabia, even as market players await a decision by US president Trump on whether he would pull out from the 2015 Iranian nuclear deal ahead of the 12 May deadline. Separately, North Korea has denied that US pressure is behind its denuclearization move amid US president Trump's statement that a date and venue has been set for the bilateral summit.</p> <p>Asian bourses may open on a firmer tone this morning, amid positive cues from Wall Street on Friday. Today's data calendar includes Indonesia's 1Q18 GDP growth, Taiwan's trade for Apr, German factory orders, and foreign reserves from Asia including China and Malaysia. Speakers include Fed's Kaplan, Evans and Bostic. For the week ahead, watch Australian Budget, China's trade data and Fed chair Powell's speech due on Tue, Malaysian general elections on Wed, BOE (with market having pared back earlier hopes of a rate hike due to soft economic data of late, but any hawkish hints could still pave the way for renewed hopes of a hike later this year), BNM (likely static at 3.25% amid contained inflation), RBNZ (likely unchanged at 1.75%) and BSP (rising market speculation of a 25bps to 3.25% given rising inflation which breached the 2-4% target range last month at 4.5% yoy and tipped to accelerate amid peso weakness, higher oil prices and tax reforms, with Philippines' 1Q18 GDP growth data also due on Thu).</p>
SG	<p>OCBC announced a 29% yoy jump in 1Q net profit to \$1.11bn. Meanwhile, the STI slid 0.85% to close at 3545.38 on Friday, but may open on a firmer tone this morning following Friday's Wall Street gains and morning rally by Kospi. STI support and resistance are tipped 3524 and 3570 respectively. With the UST bond yields rising by another 2bps led by the front-end of the curve on Friday, SGS bonds may also reverse the gains seen on Friday.</p>
CH	<p>The frank discussions and exchange of opinions failed to yield the results market hoped. Finally, market realized the latest bilateral trade talk between US and China in Beijing was not the end of negotiations but the start of negotiations. The official channels from both sides are pretty quiet about details of the meeting. However, the leaked proposing lists of demands from both sides, which some have been picked up by western media, showed that the discrepancy remained wide. The US is asking the impossible to force China to slash its trade surplus with the US by US\$200bn by end of 2020. Given the consensus for "immediate attention" to change the US-China trade and investment relationship has been formed within the Trump administration and the USTR decision on whether to impose additional tariffs on US\$50bn Chinese goods is within one month, we think the risk remains high.</p>

Major Market

- **US:** Equities marked strong gains on Friday to close the week on a firmer footing. Apple led the tech sector higher, as all 11 industry sectors saw gains. Overall, the S&P 500 added 1.28%, while the Dow and Nasdaq Composite closed higher by 1.39% and 1.71% respectively. VIX slipped below the 15 hand to close at 14.77. Meanwhile, the US Treasury curve bear flattened, with the short end underperforming. The 2y benchmark yield added 2 bps to 2.497%, while the 10y closed marginally firmer at 2.950%.
- After some mixed releases on Friday, the data front this week will be headlined by CPI on Wednesday and consumer sentiments on Friday. Watch for Fed speakers as well, as key members continued to downplay the significance of the inflation hitting the 2% target.
- **Indonesia:** The country plans to amend a forex swap facility with Japan to allow the South East Asian nation to draw part of the \$22.8bn swap facility in Yen. The swaps are currently only available in US dollars. Doddy Zulverdi, executive director for international relations at the central bank said, "The option to withdraw in yen aims to expand the use of non-dollar currencies and ensure economic stability in Asia Pacific". According to Bloomberg, he also said that the amended deal may be signed within a month and that it was not being amended in response to the rupiah's decline with discussions on amending the swap deal having begun several years ago.
- **Malaysia:** March's trade data showed that growth in exports turned positive at 2.2% yoy (Feb 2018: -2.0% yoy) whilst import decline worsened to -9.6% yoy (Feb 2018: -2.8% yoy). The trade surplus also widened to US\$14.69bn (Feb 2018: US\$9.02bn). Growth in exports was mainly driven by an increase in manufactured exports, particularly for E&E products. Decline in imports was driven by a broad based decrease in imports for all the main categories of intermediate, capital and consumption goods. Overall, for 1Q18, exports grew at 5.8% yoy whilst imports declined 0.8% yoy. A trade surplus of RM33.7bn was recorded for the period.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened last Friday, with swap rates for the lower tenors trading 1-2bps lower while the longer tenors traded 3-4bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 1.33% while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 12bps to 407bps. 10Y UST yield fell 4bps to multiweek low of 2.91% intraday due to weaker-than-expected nonfarm payroll data. 10Y UST yield subsequently rose back to close with minimal change at 2.95% as investors concluded that the weaker-than-expected jobs report will not deter the Fed from raising interest rates at its current intended trajectory.
- **New issues:** China Huadian Overseas Development 2018 Ltd has scheduled for investor meetings from 7 May for its potential USD bond issuance (guaranteed by China Huadian Corp). Guangzhou Finance Holdings Group Co Ltd scheduled for investor meetings from 7 May for its potential USD bond issuance. Excel Capital Global Ltd has scheduled for investor meetings from 7 May for its potential USD perpetual bond issuance (guaranteed by Minmetals Land Ltd, keepwell provider: China Minmetals Corp). BlueScope Steel has scheduled for investor meetings from 8 May for its potential USD bond issuance. Guorui Properties Ltd is said to have hire banks for its potential

USD bond issuance. China Great Wall Asset Management Co Ltd is said to hire banks for its potential USD bond issuance. Korean Air Lines Co Ltd is said to hire banks for its potential USD hybrid bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	92.566	0.16%	USD-SGD	1.3341	0.25%
USD-JPY	109.120	-0.06%	EUR-SGD	1.5957	0.01%
EUR-USD	1.1960	-0.23%	JPY-SGD	1.2214	0.19%
AUD-USD	0.7539	0.09%	GBP-SGD	1.8054	-0.06%
GBP-USD	1.3531	-0.32%	AUD-SGD	1.0068	0.45%
USD-MYR	3.9395	0.17%	NZD-SGD	0.9362	-0.12%
USD-CNY	6.3627	0.14%	CHF-SGD	1.3335	-0.03%
USD-IDR	13945	0.04%	SGD-MYR	2.9549	-0.09%
USD-VND	22763	0.04%	SGD-CNY	4.7669	0.04%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.7056	0.0012
2M	-0.3410	--	1M	1.9277	0.0050
3M	-0.3280	--	2M	2.0826	-0.0022
6M	-0.2690	--	3M	2.3691	0.0059
9M	-0.2190	--	6M	2.5202	0.0053
12M	-0.1900	-0.0010	12M	2.7767	0.0039

Fed Rate Hike Probability

Meeting	Prob Hike	1.75-2	2-2.25	2.25-2.5	2.5-2.75
06/13/2018	100.0%	74.0%	26.0%	0.0%	0.0%
08/01/2018	100.0%	69.4%	29.0%	1.6%	0.0%
09/26/2018	100.0%	21.0%	57.2%	20.7%	1.1%
11/08/2018	100.0%	19.2%	54.2%	23.7%	2.7%
12/19/2018	100.0%	10.8%	38.9%	37.1%	11.9%
01/30/2019	100.0%	9.9%	36.7%	37.2%	13.9%

Equity and Commodity

Index	Value	Net change
DJIA	24,262.51	332.36
S&P	2,663.42	33.69
Nasdaq	7,209.62	121.47
Nikkei 225	22,472.78	--
STI	3,545.38	-30.30
KLCI	1,841.83	-9.97
JCI	5,792.35	-66.39
Baltic Dry	1,384.00	8.00
VIX	14.77	-1.13

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.94 (-0.01)	2.50 (+0.02)
5Y	2.18 (-0.01)	2.78 (-)
10Y	2.59 (-0.02)	2.95 (-)
15Y	2.82 (-)	--
20Y	2.84 (-0.01)	--
30Y	2.93 (-0.01)	3.12 (-)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	51.94	0.27
EURIBOR-OIS	3.30	0.01
TED	54.38	0.37

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	69.72	1.89%	Copper (per mt)	6,802.4	0.16%
Brent (per barrel)	74.87	1.70%	Nickel (per mt)	13,975.0	1.84%
Heating Oil (per gallon)	2.1540	1.95%	Aluminium (per mt)	2,374.0	4.35%
Gasoline (per gallon)	2.1140	1.27%			
Natural Gas (per MMBtu)	2.7110	-0.55%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,340.0	0.34%
			Rubber (JPY/KG)	192.0	0.00%
Precious Metals	Futures	% chg			
Gold (per oz)	1,314.7	0.15%			
Silver (per oz)	16.519	0.44%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 01 May 2018

	Current	Previous	Net Chg		Current	Previous	Net Chg
Corn	330,217	263,600	66,617	Gold	103,367	141,913	-38,546
Wheat	-3,775	-28,417	24,642	Nymex Crude	735,871	755,241	-19,370
Coffee	-36,700	-50,188	13,488	Silver	-8,159	10,307	-18,466
Sugar	-99,738	-111,945	12,207	Platinum	10,459	17,714	-7,255
Soybean	202,421	190,817	11,604	Copper	33,836	40,918	-7,082
Cotton	106,601	99,224	7,377	Lean Hogs	-1,168	5,772	-6,940
Natural Gas	-95,910	-99,258	3,348	Live Cattle	23,225	29,202	-5,977
Heating Oil	27,136	24,816	2,320	RBOB Gasoline	84,634	87,051	-2,417
Palladium	10,795	11,178	-383	Cocoa	58,990	60,297	-1,307

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
05/04/2018 05:00	SK Foreign Reserves	Apr	--	\$398.42b	\$396.75b	--
05/04/2018 07:00	SK BoP Current Account Balance	Mar	--	\$5180.4m	\$4027.3m	\$3964.5m
05/04/2018 07:00	SK BoP Goods Balance	Mar	--	\$9876m	\$5991m	\$5928m
05/04/2018 08:30	HK Nikkei Hong Kong PMI	Apr	--	49.1	50.6	--
05/04/2018 09:00	PH CPI YoY 2012=100	Apr	4.50%	4.50%	4.30%	--
05/04/2018 09:45	CH Caixin China PMI Composite	Apr	--	52.3	51.8	--
05/04/2018 09:45	CH Caixin China PMI Services	Apr	52.3	52.9	52.3	--
05/04/2018 12:00	MA Trade Balance MYR	Mar	9.50b	14.69b	9.02b	--
05/04/2018 12:00	MA Imports YoY	Mar	-3.20%	-9.60%	-2.80%	--
05/04/2018 12:00	MA Exports YoY	Mar	2.00%	2.20%	-2.00%	--
05/04/2018 13:00	IN Nikkei India PMI Services	Apr	--	51.4	50.3	--
05/04/2018 13:00	IN Nikkei India PMI Composite	Apr	--	51.9	50.8	--
05/04/2018 14:45	FR Trade Balance	Mar	-5000m	-5258m	-5186m	-5048m
05/04/2018 14:45	FR Budget Balance YTD	Mar	--	-33.1b	-28.5b	--
05/04/2018 15:30	TH Foreign Reserves	Apr-27	--	\$215.4b	\$216.6b	--
05/04/2018 15:45	IT Markit/ADACI Italy Services PMI	Apr	53	52.6	52.6	--
05/04/2018 15:45	IT Markit/ADACI Italy Composite PMI	Apr	53.7	52.9	53.5	--
05/04/2018 15:50	FR Markit France Services PMI	Apr F	57.4	57.4	57.4	--
05/04/2018 15:50	FR Markit France Composite PMI	Apr F	56.9	56.9	56.9	--
05/04/2018 15:55	GE Markit Germany Services PMI	Apr F	54.1	53	54.1	--
05/04/2018 15:55	GE Markit/BME Germany Composite PMI	Apr F	55.3	54.6	55.3	--
05/04/2018 16:00	UK New Car Registrations YoY	Apr	--	10.40%	-15.70%	--
05/04/2018 16:00	EC Markit Eurozone Services PMI	Apr F	55	54.7	55	--
05/04/2018 16:00	EC Markit Eurozone Composite PMI	Apr F	55.2	55.1	55.2	--
05/04/2018 16:20	TA Foreign Reserves	Apr	--	\$457.13b	\$457.19b	--
05/04/2018 17:00	EC Retail Sales MoM	Mar	0.50%	0.10%	0.10%	0.30%
05/04/2018 20:30	US Change in Nonfarm Payrolls	Apr	193k	164k	103k	135k
05/04/2018 20:30	US Change in Private Payrolls	Apr	190k	168k	102k	135k
05/04/2018 20:30	US Change in Manufact. Payrolls	Apr	20k	24k	22k	--
05/04/2018 20:30	US Unemployment Rate	Apr	4.00%	3.90%	4.10%	--
05/04/2018 20:30	US Average Hourly Earnings YoY	Apr	2.70%	2.60%	2.70%	2.60%
05/04/2018 22:00	CA Ivey Purchasing Managers Index SA	Apr	--	71.5	59.8	--
05/07/2018 06:30	AU AiG Perf of Construction Index	Apr	--	55.4	57.2	--
05/07/2018 09:30	AU NAB Business Conditions	Apr	--	--	14	--
05/07/2018 09:30	AU NAB Business Confidence	Apr	--	--	7	--
05/07/2018 09:30	AU ANZ Job Advertisements MoM	Apr	--	--	0.00%	--
05/07/2018 14:00	GE Factory Orders MoM	Mar	0.50%	--	0.30%	--
05/07/2018 14:30	AU Foreign Reserves	Apr	--	--	A\$76.6b	--
05/07/2018 15:00	MA Foreign Reserves	Apr-30	--	--	\$110.0b	--
05/07/2018 15:30	GE Markit Germany Construction PMI	Apr	--	--	47	--
05/07/2018 16:00	TA Trade Balance	Apr	\$4.30b	--	\$6.00b	--
05/07/2018 16:00	TA Exports YoY	Apr	13.50%	--	16.70%	--
05/07/2018 16:00	TA Imports YoY	Apr	7.60%	--	10.40%	--
05/07/2018 16:10	IT Markit Italy Retail PMI	Apr	--	--	48	--
05/07/2018 16:10	FR Markit France Retail PMI	Apr	--	--	50	--
05/07/2018 16:10	GE Markit Germany Retail PMI	Apr	--	--	51.5	--
05/07/2018 16:10	EC Markit Eurozone Retail PMI	Apr	--	--	50.1	--
05/07/2018 17:00	SI Foreign Reserves	Apr	--	--	\$286.96b	--
05/07/2018	CH Foreign Reserves	Apr	b	--	\$3142.82b	--
05/07/2018	HK Foreign Reserves	Apr	--	--	\$440.3b	--
05/07/2018	ID GDP YoY	1Q	5.18%	--	5.19%	--
05/07/2018	PH Foreign Reserves	Apr	--	--	\$80.1b	\$80.5b
05/06/2018 05/13	VN Domestic Vehicle Sales YoY	Apr	--	--	-8.10%	--

Source: Bloomberg

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