

Highlights

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|---------------|---|
| Global | <p>The US equity market extended its gain on the back of share buyback expectations and a stronger US dollar, driven by a re-emergence in US inflationary concerns fuelled by surging oil prices. The WTI oil prices broke US\$70 a barrel, its highest level since late 2014, ahead of the Iran deal review. President Trump tweeted that he will announce his decision on the Iran deal on Tuesday, where he is expected to re-impose sanctions on the country. With oil prices on the rise while US unemployment rates hit the lowest level in this century, the expectation of higher inflation is looming, which may continue to provide support to the dollar in the near term. Richmond Fed Chief Barkin said it is hard to argue for accommodation when unemployment is low and inflation is effectively at target though Atlanta Fed Chief Bostic showed less concern about oil prices rising above US\$70 a barrel.</p> <p>On the US-China trade talk front, China's top economic adviser Vice Premier Liu He will visit Washington next week for further trade talks. For today, market may pay attention to China's April trade data to assess the impact of trade tensions on China's trade data. We expect China's trade data to improve in April after the seasonal effect dissipates. Elsewhere, Australia will release its Federal Budget for the 2018-19 fiscal year later today.</p> |
| US | <p>Wall Street clocked another session of gains mainly led by tech stocks. Energy shares were the biggest winner early in the day as WTI prices rose past the US\$70-handle barrel for the first time since 2014. The Dow, S&P500 and Nasdaq composite all inched higher by 0.39%, 0.35% and 0.77%, respectively. Meanwhile, the VIX fell 0.14% to 14.75, compared with Friday's 14.77. For US Treasuries, the 2y and 10y yields remained flat at 2.497% and 2.950%, respectively.</p> |
| SG | <p>The STI Index fell 0.35% to close down at 3,532.86 and may trade higher today amid overnight gains from Wall Street and positive morning cues from its Asian counterparts. Gainers include Venture Corp Ltd (+5.36%) and Singapore Airlines Ltd (+1.18%).</p> |
| CH | <p>China's policy makers are reported to be drafting new regulation to put financial holding companies under tighter supervision. Specifically, financial holding companies, such as Ant Financial and Citic group, will need to obtain licenses from PBoC and meet the minimum requirements for capital adequacy ratio. The regulation of China's financial holding companies is likely to be the test bed for the recently revamped China's super regulatory model.</p> |
| MA | <p>The country will be voting tomorrow on May 9th 2018 in what has been a very tightly contested election between the incumbent Barisan Nasional led by Najib Tun Razak and the opposition Pakatan Harapan led by former Prime Minister Mahathir Mohamad.</p> |
| ID | <p>1Q 2018 GDP growth disappointed coming in at 5.06% yoy, lower than the Bloomberg median consensus forecast of 5.2% yoy. Private consumption expenditure growth remained sluggish at 4.95% yoy. Government consumption expenditure growth was also weak at 2.73% yoy. However, gross domestic fixed capital formation grew at 7.95% yoy.</p> |

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates trading 2-3bps higher across most tenors. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 1.34% while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 9bps to 415bps. 10Y UST yield traded little changed at 2.95%.
- **New issues:** Manulife Financial Corp has priced a CAD600mn 10NC5 green bond at CT10+115bps, tightening from its initial guidance of CT10+118bps. The Republic of Indonesia has hired banks for its potential samurai bond issuance. The Republic of Philippines has started talks with Japan Banks on its potential samurai bond issuance.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 92.749 | 0.20% | USD-SGD | 1.3355 | 0.10% |
| USD-JPY | 109.090 | -0.03% | EUR-SGD | 1.5923 | -0.21% |
| EUR-USD | 1.1922 | -0.32% | JPY-SGD | 1.2241 | 0.22% |
| AUD-USD | 0.7517 | -0.29% | GBP-SGD | 1.8106 | 0.29% |
| GBP-USD | 1.3557 | 0.19% | AUD-SGD | 1.0040 | -0.28% |
| USD-MYR | 3.9447 | 0.13% | NZD-SGD | 0.9368 | 0.06% |
| USD-CNY | 6.3667 | 0.06% | CHF-SGD | 1.3319 | -0.12% |
| USD-IDR | 14001 | 0.40% | SGD-MYR | 2.9514 | -0.12% |
| USD-VND | 22768 | 0.02% | SGD-CNY | 4.7672 | 0.01% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.3720 | -- | O/N | 1.7056 | -- |
| 2M | -0.3410 | -- | 1M | 1.9277 | -- |
| 3M | -0.3280 | -- | 2M | 2.0826 | -- |
| 6M | -0.2690 | -- | 3M | 2.3691 | -- |
| 9M | -0.2190 | -- | 6M | 2.5202 | -- |
| 12M | -0.1900 | -- | 12M | 2.7767 | -- |

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% | 76.0% | 24.0% | 0.0% | 0.0% |
| 08/01/2018 | 100.0% | 71.3% | 27.2% | 1.5% | 0.0% |
| 09/26/2018 | 100.0% | 20.1% | 58.9% | 20.0% | 1.1% |
| 11/08/2018 | 100.0% | 18.5% | 55.7% | 23.1% | 2.6% |
| 12/19/2018 | 100.0% | 10.0% | 38.6% | 38.1% | 12.0% |
| 01/30/2019 | 100.0% | 9.2% | 36.3% | 38.1% | 14.1% |

Commodities Futures

| Energy | Futures | % chg | Base Metals | Futures | % chg |
|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| WTI (per barrel) | 70.73 | 1.45% | Copper (per mt) | 6,788.0 | -0.21% |
| Brent (per barrel) | 76.17 | 1.74% | Nickel (per mt) | 13,975.0 | -- |
| Heating Oil (per gallon) | 2.1850 | 1.44% | Aluminium (per mt) | 2,374.0 | -- |
| Gasoline (per gallon) | 2.1340 | 0.95% | | | |
| Natural Gas (per MMBtu) | 2.7410 | 1.11% | Asian Commodities | Futures | % chg |
| | | | Crude Palm Oil (MYR/MT) | 2,383.0 | 1.84% |
| | | | Rubber (JPY/KG) | 193.5 | 0.78% |
| Precious Metals | Futures | % chg | | | |
| Gold (per oz) | 1,314.1 | -0.05% | | | |
| Silver (per oz) | 16.495 | -0.15% | | | |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 24,357.32 | 94.81 |
| S&P | 2,672.63 | 9.21 |
| Nasdaq | 7,265.21 | 55.59 |
| Nikkei 225 | 22,467.16 | -5.62 |
| STI | 3,532.86 | -12.52 |
| KLCI | 1,828.20 | -13.63 |
| JCI | 5,885.10 | 92.75 |
| Baltic Dry | 1,384.00 | -- |
| VIX | 14.75 | -- |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|-----------|
| 2Y | 1.95 (+0.01) | 2.50 (--) |
| 5Y | 2.20 (+0.02) | 2.79 (--) |
| 10Y | 2.60 (+0.01) | 2.95 (--) |
| 15Y | 2.84 (+0.02) | -- |
| 20Y | 2.86 (+0.02) | -- |
| 30Y | 2.95 (+0.02) | 3.12 (--) |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| LIBOR-OIS | 51.94 | -0.47 |
| EURIBOR-OIS | 3.30 | -- |
| TED | 54.38 | -- |

Economic Calendar

| Date Time | Event | Survey | Actual | Prior | Revised | |
|-------------------------|--|------------|-----------------|---------------|------------------|---------------|
| 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 | -- | 21 | 14 | 15 |
| 05/07/2018 09:30 | AU NAB Business Confidence | Apr | -- | 10 | 7 | 8 |
| 05/07/2018 09:30 | AU ANZ Job Advertisements MoM | Apr | -- | -0.20% | 0.00% | -0.10% |
| 05/07/2018 12:10 | ID GDP YoY | 1Q | 5.19% | 5.06% | 5.19% | -- |
| 05/07/2018 14:00 | GE Factory Orders MoM | Mar | 0.50% | -0.90% | 0.30% | -0.20% |
| 05/07/2018 14:30 | AU Foreign Reserves | Apr | -- | A\$72.8b | A\$76.6b | -- |
| 05/07/2018 15:00 | MA Foreign Reserves | Apr-30 | -- | \$109.5b | \$110.0b | -- |
| 05/07/2018 15:30 | GE Markit Germany Construction PMI | Apr | -- | 50.9 | 47 | -- |
| 05/07/2018 16:00 | TA Trade Balance | Apr | \$4.26b | \$4.15b | \$6.00b | -- |
| 05/07/2018 16:00 | TA Exports YoY | Apr | 12.30% | 10.00% | 16.70% | -- |
| 05/07/2018 16:00 | TA Imports YoY | Apr | 7.00% | 4.90% | 10.40% | -- |
| 05/07/2018 16:05 | CH Foreign Reserves | Apr | \$3131.0b | \$3124.85b | \$3142.82b | -- |
| 05/07/2018 16:10 | IT Markit Italy Retail PMI | Apr | -- | 42.7 | 48 | -- |
| 05/07/2018 16:10 | FR Markit France Retail PMI | Apr | -- | 50.1 | 50 | -- |
| 05/07/2018 16:10 | GE Markit Germany Retail PMI | Apr | -- | 51 | 51.5 | -- |
| 05/07/2018 16:10 | EC Markit Eurozone Retail PMI | Apr | -- | 48.6 | 50.1 | -- |
| 05/07/2018 16:29 | PH Foreign Reserves | Apr | -- | \$80.1b | \$80.1b | \$80.5b |
| 05/07/2018 16:30 | EC Sentix Investor Confidence | May | 21 | 19.2 | 19.6 | -- |
| 05/07/2018 17:00 | SI Foreign Reserves | Apr | -- | \$287.73b | \$286.96b | -- |
| 05/07/2018 17:12 | HK Foreign Reserves | Apr | -- | \$434.4b | \$440.3b | -- |
| 05/07/2018 22:00 | CA Bloomberg Nanos Confidence | May-04 | -- | 58 | 57.9 | -- |
| 05/08/2018 03:00 | US Consumer Credit | Mar | \$15.200b | \$11.622b | \$10.601b | \$13.639b |
| 05/08/2018 06:00 | NZ ANZ Truckometer Heavy MoM | Apr | -- | 1.40% | -0.30% | -- |
| 05/08/2018 07:30 | JN Household Spending YoY | Mar | 1.00% | -0.70% | 0.10% | -0.90% |
| 05/08/2018 09:30 | AU Retail Sales Ex Inflation QoQ | 1Q | 0.60% | -- | 0.90% | -- |
| 05/08/2018 09:30 | AU Retail Sales MoM | Mar | 0.20% | -- | 0.60% | -- |
| 05/08/2018 11:00 | NZ 2Yr Inflation Expectation | 2Q | -- | -- | 2.11% | -- |
| 05/08/2018 14:00 | GE Trade Balance | Mar | 22.5b | -- | 18.4b | 18.5b |
| 05/08/2018 14:00 | GE Current Account Balance | Mar | 27.0b | -- | 20.7b | -- |
| 05/08/2018 14:00 | GE Exports SA MoM | Mar | 1.80% | -- | -3.20% | -3.10% |
| 05/08/2018 14:00 | GE Imports SA MoM | Mar | 1.00% | -- | -1.30% | -- |
| 05/08/2018 14:00 | GE Industrial Production SA MoM | Mar | 0.80% | -- | -1.60% | -- |
| 05/08/2018 15:30 | UK Halifax House Prices MoM | Apr | -0.20% | -- | 1.50% | -- |
| 05/08/2018 16:00 | TA CPI YoY | Apr | 1.80% | -- | 1.57% | -- |
| 05/08/2018 16:00 | TA WPI YoY | Apr | 1.20% | -- | 0.46% | -- |
| 05/08/2018 16:00 | TA CPI Core YoY | Apr | 1.50% | -- | 1.53% | -- |
| 05/08/2018 18:00 | US NFIB Small Business Optimism | Apr | 104.5 | -- | 104.7 | -- |
| 05/08/2018 20:15 | CA Housing Starts | Apr | 220.0k | -- | 225.2k | -- |
| 05/08/2018 22:00 | US JOLTS Job Openings | Mar | 6100 | -- | 6052 | -- |
| 05/08/2018 | ID Net Foreign Assets IDR | Apr | -- | -- | 1695.8t | -- |
| 05/08/2018 | ID Foreign Reserves | Apr | -- | -- | \$126.00b | -- |
| 05/08/2018 | CH Trade Balance CNY | Apr | 189.15b | -- | -29.78b | -- |
| 05/08/2018 | CH Exports YoY CNY | Apr | 4.00% | -- | -9.80% | -- |
| 05/08/2018 | CH Imports YoY CNY | Apr | 10.40% | -- | 5.90% | -- |
| 05/08/2018 | CH Trade Balance | Apr | \$27.75b | -- | -\$4.98b | -- |
| 05/08/2018 | CH Exports YoY | Apr | 8.00% | -- | -2.70% | -- |
| 05/08/2018 | CH Imports YoY | Apr | 16.00% | -- | 14.40% | -- |
| 05/08/2018 05/18 | CH Foreign Direct Investment YoY CNY | Apr | -- | -- | 0.40% | -- |
| 05/08/2018 05/13 | VN Domestic Vehicle Sales YoY | Apr | -- | -- | -8.10% | -- |

Source: Bloomberg

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