

Highlights

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|---------------|--|
| Global | <p>As US president Trump tweeted “JOBS, JOBS, JOBS!”, Friday’s Feb nonfarm payrolls (NFP) data was very strong at 313k which beat market expectations of 205k, albeit with an unchanged unemployment rate of 4.1% as the labour participation rate climbed to 63% and average hourly earnings remained subdued at 0.1% mom (2.6% yoy). This Goldilocks scenario of strong labour markets but lagging wage inflation prompted Wall Street and UST bond yields higher on Friday. Expect Asian bourses to trade on a more upbeat tone this morning. Today’s economic data calendar is relatively light, comprising only of S’pore retail sales, India’s CPI and industrial production. The market focus for the week ahead will be the US’ CPI/PPI and retail sales. Market players are also awaiting further clarity on the full extent of exemptions from the US’ steel and aluminium tariffs, with Japan, South Korea, Australia and EU already negotiating exemptions. Watch potential Section 301 measures on intellectual property which could target China across a broad range of consumer goods. Market expectations for the touted Trump-Kim Jong Un meeting are also high, albeit the Trump administration acknowledging that no concessions will be given in the talks.</p> |
| US | <p>Fed’s Evans opined that “there is merit to the argument that waiting just a little bit longer” would help “to be absolutely sure that the inflation data is going to move”. On Friday’s NFP report, he noted that “this is one of those interesting developments, that even though the job market is very strong, we still haven’t seen really strong wage growth”.</p> |
| SG | <p>Jan retail sales are due today and are tipped at 2.4% yoy (-2.1% mom sa), versus 4.6% yoy (-0.2% mom) in Dec17.</p> |
| CH | <p>PBoC deputy Governor Yi Gang suggested that the market should look at China’s real interest rate and said China’s real interest rate remained stable in 2017 despite higher nominal interest rate as a result of financial deleveraging. In terms of financial reform, the outgoing Governor Zhou Xiaochuan said that it was the time for China to be braver to open its financial market after entering a new era. On the economic data front, China’s credit expansion was in line with market expectation in Feb. The new Yuan loan increased by CNY839.3 billion after a record expansion of CNY2.9 trillion in Jan. Aggregate social financing increased by CNY1.17 trillion. As the rotation of funding demand back to on-balance sheet continues, we expect loan growth to remain strong in the coming months. This also justifies China banking regulator’s decision to lower the loan provision coverage ratio to alleviate banks’ pressure. Additionally, China’s inflation surprised the market on the upside probably due to seasonal effect.</p> |
| CMD | <p>Risk taking appetite soared over the weekend given strong US hiring (+313k vs market est +205k), while US oil rig counts fell for the first time in seven weeks. Note that money-managers increased bets on lower WTI oil prices for the week ended 6th March 2018, while net positions as a percentage of open interest rose to its historical high of 23.1% at end February, before falling marginally to 22.5% at the latest week. Elsewhere, palm oil prices fell to its lowest since Feb 2016 at Friday’s closing of MYR2,376/MT as market continue to expect stronger palm production out of Asia, while demand (especially India’s which increased its palm oil import tax last week) could face downside risk in the medium-term.</p> |

Major Market

- **US:** Equities saw significant gains on Friday, aided by supportive data releases. Nonfarm payrolls blew away all expectations, highlighting the underlying strength of the jobs market. However, hourly wages underperformed, dousing expectations of accelerated rate hikes. This creates a “Goldilocks” situation for equities, and investors responded by pushing the S&P 500 higher by 1.74% and the Dow higher by 1.77%. The Nasdaq Composite has now fully recovered from the February slump, recording a new record high after adding 1.79% on Friday. VIX slipped further to 14.64. Meanwhile, US Treasuries were sold off post-NFP. The 2y and 10y benchmark yields closed firmer at 2.258% and 2.894% respectively.
- This week will be somewhat light on data releases ahead of the FOMC next week. However, keep an eye on CPI and retail sales releases on Tuesday and Wednesday; respectively.
- **Singapore:** The STI rose 0.15% to close up at 3485.57 on Friday and may tread a higher range of 3460-3520 amid positive morning cues from Nikkei and Kospi post-NFP. With UST bond yields tracking higher on improved US economic optimism, SGS bonds are also likely to sell off today.
- **Indonesia:** Retail sales declined by 1.8%, yoy in January (Dec 2017: 0.7%). The drop in sales mainly occurred in the group of durable goods in the form of information and communication equipment and other household appliances. The decline occurred in line with the end of the Christmas and New Year holidays and February sales are expected to rebound. Meanwhile, motorbike sales expanded at a faster rate of 3.1% yoy in February (Jan 2018: 1.8% yoy).

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened last Friday, with swap rates trading 2-3bps higher for the shorter tenors while the longer tenors traded 2bps higher (with the exception of 12Y rates trading 2bps lower). In the broader dollar space, the Bloomberg Barclays Asia USD IG Bond Index average OAS traded little changed at 115bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 2bps to 355bps. 10Y UST yield rose 4bps to 2.90% due to better-than-expected non-farm payrolls data released last Friday which overshadowed the weakness in wage growth.
- **New issues:** Guangyang Antai (HK) Co Ltd has scheduled for investor meetings from 12 Mar for its potential USD bond issuance (guaranteed by Guangyang Antai Holdings Ltd). The expected issue ratings are ‘NR/NR/BB-’. Visi Media Asia Tbk Pt has scheduled for investor meetings for its potential USD bond issuance. Hanwha Life Insurance Co Ltd has hired banks for its potential USD1bn offshore hybrid bond issuance.
- **Rating changes:** Moody’s has assigned a first-time ‘B2’ corporate family rating to Zhengzhou Zhongrui Industrial Group Co Ltd. Moody’s has also assigned a ‘B3’ senior unsecured rating to the proposed bonds issued by Zhongrui Industrial Group Ltd and guaranteed by Zhongrui, China Coal Solution Co Ltd and Hechang Real Estate Group Co Ltd. The outlook is stable. The rating action reflects Moody’s expectation that Zhongrui will complete the proposed bond issuance upon satisfactory terms and conditions. It also reflects the company’s established track record in property

development and Moody's expectation that this business will grow faster than its coal solution. Moody's has upgraded the long-term bank deposit ratings of Hiroshima Bank Ltd to 'A2' from 'A3'. The outlook is stable. The rating action is driven by Hiroshima Bank's strong loan performance, improving capitalisation and strong liquidity. S&P has affirmed its 'AA-' long-term foreign currency issuer credit rating, its 'AA-' long-term local currency financial strength as well as its issuer credit ratings to The Great Eastern Life Assurance Co Ltd (GEL) and Great Eastern General Insurance Ltd (GEG). The outlook is stable. The rating action both companies' core status to Oversea-Chinese Banking Corp Ltd (OCBC). The ratings on GEL and GEG are therefore aligned with the group credit profile of OCBC.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 90.093 | -0.10% | USD-SGD | 1.3166 | -0.07% |
| USD-JPY | 106.820 | 0.56% | EUR-SGD | 1.6202 | -0.12% |
| EUR-USD | 1.2307 | -0.04% | JPY-SGD | 1.2329 | -0.60% |
| AUD-USD | 0.7844 | 0.71% | GBP-SGD | 1.8226 | 0.16% |
| GBP-USD | 1.3850 | 0.28% | AUD-SGD | 1.0331 | 0.65% |
| USD-MYR | 3.9115 | 0.08% | NZD-SGD | 0.9585 | 0.17% |
| USD-CNY | 6.3344 | -0.12% | CHF-SGD | 1.3839 | -0.10% |
| USD-IDR | 13797 | -0.14% | SGD-MYR | 2.9679 | -0.09% |
| USD-VND | 22762 | 0.02% | SGD-CNY | 4.8139 | -0.04% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.3710 | -- | O/N | 1.4469 | -- |
| 2M | -0.3400 | 0.0010 | 1M | 1.7503 | 0.0107 |
| 3M | -0.3270 | -- | 2M | 1.8715 | 0.0109 |
| 6M | -0.2710 | 0.0010 | 3M | 2.0888 | 0.0174 |
| 9M | -0.2230 | -- | 6M | 2.2686 | 0.0094 |
| 12M | -0.1910 | -- | 12M | 2.5445 | 0.0119 |

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% | 21.6% | 65.2% | 12.7% | 0.4% |
| 08/01/2018 | 100.0% | 18.9% | 59.8% | 19.2% | 2.0% |
| 09/26/2018 | 100.0% | 8.4% | 37.1% | 41.8% | 11.6% |
| 11/08/2018 | 100.0% | 7.3% | 33.2% | 41.1% | 15.7% |

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 25,335.74 | 440.53 |
| S&P | 2,786.57 | 47.60 |
| Nasdaq | 7,560.81 | 132.87 |
| Nikkei 225 | 21,469.20 | 101.13 |
| STI | 3,485.57 | 5.13 |
| KLCI | 1,843.92 | 4.30 |
| JCI | 6,433.32 | -9.70 |
| Baltic Dry | 1,197.00 | -- |
| VIX | 14.64 | -1.90 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 1.78 (+0.03) | 2.26 (+0.01) |
| 5Y | 2.10 (+0.02) | 2.65 (+0.02) |
| 10Y | 2.44 (+0.02) | 2.89 (+0.04) |
| 15Y | 2.75 (+0.02) | -- |
| 20Y | 2.77 (+0.04) | -- |
| 30Y | 2.94 (+0.04) | 3.16 (+0.04) |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| LIBOR-OIS | 44.23 | 1.35 |
| EURIBOR-OIS | 3.07 | -0.09 |
| TED | 42.95 | -0.29 |

Commodities Futures

| Energy | Futures | % chg | Base Metals | Futures | % chg |
|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
| WTI (per barrel) | 62.04 | 3.19% | Copper (per mt) | 6,913.7 | 1.85% |
| Brent (per barrel) | 65.49 | 2.96% | Nickel (per mt) | 13,814.0 | 4.49% |
| Heating Oil (per gallon) | 1.8866 | 1.48% | Aluminium (per mt) | 2,104.5 | 0.66% |
| Gasoline (per gallon) | 1.9043 | 1.96% | | | |
| Natural Gas (per MMBtu) | 2.7320 | -0.87% | Asian Commodities | Futures | % chg |
| | | | Crude Palm Oil (MYR/MT) | 2,376.0 | -1.41% |
| | | | Rubber (JPY/KG) | 189.8 | -0.99% |
| Precious Metals | Futures | % chg | | | |
| Gold (per oz) | 1,324.0 | 0.17% | | | |
| Silver (per oz) | 16.608 | 0.65% | | | |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 06 Mar 2018

| | Current | Previous | Net Chg | | Current | Previous | Net Chg |
|-------------|----------|----------|---------|---------------|---------|----------|---------|
| Corn | 285,630 | 175,231 | 110,399 | Nymex Crude | 728,841 | 749,485 | -20,644 |
| Soybean | 196,074 | 156,909 | 39,165 | Live Cattle | 113,323 | 121,571 | -8,248 |
| Sugar | -72,146 | -100,896 | 28,750 | Platinum | 36,169 | 42,909 | -6,740 |
| Wheat | -4,636 | -32,843 | 28,207 | Heating Oil | 18,713 | 22,366 | -3,653 |
| Natural Gas | -119,455 | -132,939 | 13,484 | Lean Hogs | 21,923 | 24,914 | -2,991 |
| Cotton | 99,903 | 89,801 | 10,102 | Palladium | 14,298 | 16,947 | -2,649 |
| Gold | 193,337 | 183,522 | 9,815 | RBOB Gasoline | 81,030 | 83,077 | -2,047 |
| Silver | 4,876 | -2,568 | 7,444 | Copper | 41,534 | 40,718 | 816 |
| Coffee | -40,227 | -43,035 | 2,808 | Cocoa | 33,665 | 31,531 | 2,134 |

Economic Calendar

| Date Time | Event | Survey | Actual | Prior | Revised | |
|-------------------------|--|---------------|----------------|-----------------|-----------------|----------------|
| 03/09/2018 07:30 | JN Overall Household Spending YoY | Jan | -1.00% | 2.00% | -0.10% | -- |
| 03/09/2018 07:50 | JN Money Stock M2 YoY | Feb | 3.30% | 3.30% | 3.40% | -- |
| 03/09/2018 07:50 | JN Money Stock M3 YoY | Feb | 2.80% | 2.80% | 2.90% | -- |
| 03/09/2018 08:00 | JN Labor Cash Earnings YoY | Jan | 0.70% | 0.70% | 0.70% | -- |
| 03/09/2018 09:00 | PH Trade Balance | Jan | -\$3500m | -\$3317m | -\$4017m | -\$3839m |
| 03/09/2018 09:00 | PH Imports YoY | Jan | 14.80% | 11.40% | 17.60% | 20.00% |
| 03/09/2018 09:00 | PH Exports YoY | Jan | -3.10% | 0.50% | -4.90% | 2.30% |
| 03/09/2018 09:02 | CH Money Supply M1 YoY | Feb | 11.00% | 8.50% | 15.00% | -- |
| 03/09/2018 09:02 | CH Money Supply M2 YoY | Feb | 8.70% | 8.80% | 8.60% | -- |
| 03/09/2018 09:02 | CH New Yuan Loans CNY | Feb | 900.0b | 839.3b | 2900.0b | -- |
| 03/09/2018 09:02 | CH Money Supply M0 YoY | Feb | 7.60% | 13.50% | -13.80% | -- |
| 03/09/2018 09:30 | CH PPI YoY | Feb | 3.80% | 3.70% | 4.30% | -- |
| 03/09/2018 09:30 | CH CPI YoY | Feb | 2.50% | 2.90% | 1.50% | -- |
| 03/09/2018 15:00 | GE Trade Balance | Jan | 18.1b | 17.4b | 18.2b | 18.1b |
| 03/09/2018 15:00 | GE Current Account Balance | Jan | 17.2b | 22.0b | 27.8b | 28.8b |
| 03/09/2018 15:00 | GE Exports SA MoM | Jan | 0.30% | -0.50% | 0.30% | 0.00% |
| 03/09/2018 15:00 | GE Imports SA MoM | Jan | -0.10% | -0.50% | 1.40% | 1.10% |
| 03/09/2018 15:00 | GE Industrial Production SA MoM | Jan | 0.60% | -0.10% | -0.60% | -0.50% |
| 03/09/2018 15:30 | TH Foreign Reserves | Mar-02 | -- | \$212.7b | \$213.3b | -- |
| 03/09/2018 15:45 | FR Budget Balance YTD | Jan | -- | -10.8b | -67.8b | -- |
| 03/09/2018 15:45 | FR Industrial Production MoM | Jan | -0.30% | -2.00% | 0.50% | 0.20% |
| 03/09/2018 15:45 | FR Manufacturing Production MoM | Jan | 0.30% | -1.10% | 0.30% | -0.10% |
| 03/09/2018 17:00 | IT PPI MoM | Jan | -- | 0.80% | 0.00% | -- |
| 03/09/2018 17:30 | UK Visible Trade Balance GBP/Mn | Jan | £11,900 | £12,325 | £13,576 | £11,771 |
| 03/09/2018 17:30 | UK Trade Balance Non EU GBP/Mn | Jan | £4,500 | £3,868 | £5,178 | £3,891 |
| 03/09/2018 17:30 | UK Trade Balance | Jan | £3,400 | £3,074 | £4,896 | £2,492 |
| 03/09/2018 17:30 | UK Industrial Production MoM | Jan | 1.50% | 1.30% | -1.30% | -- |
| 03/09/2018 17:30 | UK Manufacturing Production MoM | Jan | 0.20% | 0.10% | 0.30% | -- |
| 03/09/2018 20:00 | UK NIESR GDP Estimate | Feb | 0.40% | 0.30% | 0.50% | 0.40% |
| 03/09/2018 21:30 | CA Capacity Utilization Rate | 4Q | 85.20% | 86.00% | 85.00% | 85.10% |
| 03/09/2018 21:30 | CA Net Change in Employment | Feb | 20.0k | 15.4k | -88.0k | -- |
| 03/09/2018 21:30 | US Change in Nonfarm Payrolls | Feb | 205k | 313k | 200k | 239k |
| 03/09/2018 21:30 | CA Unemployment Rate | Feb | 5.90% | 5.80% | 5.90% | -- |
| 03/09/2018 21:30 | US Change in Private Payrolls | Feb | 205k | 287k | 196k | 238k |
| 03/09/2018 21:30 | CA Full Time Employment Change | Feb | -- | -39.3 | 49 | -- |
| 03/09/2018 21:30 | US Change in Manufact. Payrolls | Feb | 15k | 31k | 15k | 25k |
| 03/09/2018 21:30 | CA Part Time Employment Change | Feb | -- | 54.7 | -137 | -- |
| 03/09/2018 21:30 | US Unemployment Rate | Feb | 4.00% | 4.10% | 4.10% | -- |
| 03/09/2018 21:30 | CA Participation Rate | Feb | -- | 65.5 | 65.5 | -- |
| 03/09/2018 21:30 | US Average Hourly Earnings YoY | Feb | 2.80% | 2.60% | 2.90% | 2.80% |
| 03/09/2018 23:00 | US Wholesale Inventories MoM | Jan F | 0.70% | 0.80% | 0.70% | -- |
| 03/09/2018 | JN BOJ Policy Balance Rate | Mar-09 | -0.10% | -0.10% | -0.10% | -- |
| 03/12/2018 13:00 | SI Retail Sales YoY | Jan | 2.40% | -- | 4.60% | -- |
| 03/12/2018 14:00 | JN Machine Tool Orders YoY | Feb P | -- | -- | 48.80% | -- |
| 03/12/2018 20:00 | IN CPI YoY | Feb | 4.74% | -- | 5.07% | -- |
| 03/12/2018 20:00 | IN Industrial Production YoY | Jan | 6.40% | -- | 7.10% | -- |
| 03/12/2018 03/13 | VN Domestic Vehicle Sales YoY | Feb | -- | -- | 29.40% | -- |

Source: Bloomberg

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|---|--|
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