

Highlights

Global	Global risk appetite remained hesitant on a light economic data calendar yesterday, with Wall Street little changed while the 10-year UST bond yield topped 3% as Fed's Mester sounded more hawkish in suggesting that the Fed could have to raise interest rates above 3%. Crude oil prices also traded near US\$71 a barrel given OPEC's upgrade in 2018 global oil demand. Meanwhile, the messaging from the White House on ZTE was a little confused with President Trump defending that "this is also reflective of the larger trade deal we are negotiating with China and my personal relationship with President Xi" whereas Commerce Secretary Ross said they were considering "alternative remedies" for ZTE's sanctions violations. In Asia, Malaysia's financial markets that re-opened yesterday were relatively stable. Asian bourses may trade in range this morning, while awaiting further cues from RBA minutes, Chinese data on industrial production, retail sales and FAI, and news surrounding China Vice-Premier Liu He's visit to Washington for further trade talks, as well as Eurozone's 1Q18 GDP growth. Speakers scheduled include RBA's Debelle, Fed's Kaplan and Williams, and Fed nominees Clarida and Bowman's testimony before the Senate Panel.
US	Ahead of his confirmation hearing, Fed nominee Clarida opined that he will "support monetary policies that take a balanced approach to achieving these important objectives" of the dual mandate of employment and price stability
CN	China may swap its target on US farm products with the removal of ban on ZTE according to the newswire. Meanwhile, US Ambassador to China said that President Trump wants to boost US farm products' export to China. Market will closely watch Liu He's visit to Washington from 15-19 May. In addition, the MSCI unveiled the final list of 234 domestically listed Chinese companies, which will be added to the benchmark index from June. The MSCI estimated US\$17 billion inflows to China from passive funds.
SG	Singapore will not sign onto the "Indo-Pacific" strategy by US, Japan, India and Australia, according to Foreign Minister Vivien Balakrishnan.
MA	On the first working day post-election, Malaysian financial markets showed signs of stability. The FBM KLCI marginally closed higher gaining 0.21%. The MYR was generally unmoved, weakening 0.02% against the USD. Mahathir bin Mohamad was sworn in last Thursday as the new Prime Minister with the 92-year-old stressing the importance of setting up a government as soon as possible. PM Mahathir continuously reiterated that the new government will be a "business friendly government" and that the "economy and finance are our main focus". The transition has so far been relatively orderly providing much relief that markets need.
CMD	Oil prices rose overnight as market-watchers digested OPEC's upgrade in global oil demand by 25,000 barrels per day in 2018, while keeping their non-OPEC supply outlook flat at +10,000 bpd. Saudi Arabia's production cut to its lowest since cuts began in 2017 amid Middle East tensions in Gaza also aided in lifting oil prices overnight. Gold prices faded lower (-0.19%) as the dollar strength momentum sustained, while in Asia, palm oil prices surged 1.5% to MYR2,416/MT on the relatively weaker ringgit seen since the days leading towards Malaysia's GE14 elections.

Major Market

- **Wall Street:** Equities closed unchanged to firmer on Monday. The Dow and Nasdaq Composite were higher by 0.28% and 0.11% respectively, while the S&P 500 closed marginally higher. Tech stocks saw some tailwind ahead of President Trump's softening stance towards ZTE, while energy stocks benefited from a stronger crude. VIX closed higher at 12.93. Meanwhile, US Treasury yields firmed from the long end, with the 10y yield adding more than 3 bps to retake the 3.00%. It remains to be seen if it can remain above this level on a sustained basis. The 2y yield added 1 bp to 2.548%.
- **Singapore:** The STI slipped 0.22% to close at 3562.46 yesterday, and may trade a more consolidative range today given less than convincing cues from Wall Street overnight. STI support and resistance are tipped 3548 and 3568 respectively. With the UST bond yields higher by up to 3bps overnight led by the longer tenors, the SGS bond market may also reverse yesterday's gains.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates trading 2-3bps lower across most tenors (with the exception of the belly of the curve trading 1-2bps lower). The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 1.34% while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 412bps. 10Y UST yields rose 3bps to 3% yesterday on hawkish movements in European futures and options.
- **New Issues:** Industrial & Commercial Bank of China Ltd/ Sydney (ICBCAS) has priced a USD300mn 3-year FRN at 3mL+75bps, tightening from its initial price guidance of 3mL+100bps area. Industrial & Commercial Bank of China Ltd has priced a USD350mn re-tap of its ICBCAS FRN maturing in 2023 at 3mL+85bps, tightening from its initial price guidance of 3mL+110bps area. BOC Aviation Ltd has priced a USD350mn 7-year FRN at 3mL+130bps, tightening from its initial price guidance of 3mL+160bps area. KDB Life Insurance has priced a USD200mn 30NC5 bond at 7.5%, in line with its initial price guidance. NagaCorp Ltd has priced a USD300mn 3NC2 bond (guaranteed by NagaCorp (HK) Ltd, NagaWorld Ltd and TanSriChen Inc) at 9.625%, tightening from its initial price guidance of 9.75%. First Pacific Co Ltd has scheduled for investor meetings from 16 May for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	92.587	0.05%	USD-SGD	1.3359	-0.04%
USD-JPY	109.660	0.25%	EUR-SGD	1.5934	-0.18%
EUR-USD	1.1927	-0.13%	JPY-SGD	1.2183	-0.27%
AUD-USD	0.7526	-0.23%	GBP-SGD	1.8110	0.08%
GBP-USD	1.3556	0.10%	AUD-SGD	1.0055	-0.20%
USD-MYR	3.9505	0.02%	NZD-SGD	0.9236	-0.75%
USD-CNY	6.3393	0.08%	CHF-SGD	1.3353	-0.06%
USD-IDR	13973	0.09%	SGD-MYR	2.9630	0.18%
USD-VND	22768	0.00%	SGD-CNY	4.7536	0.28%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.7063	--
2M	-0.3410	--	1M	1.9187	--
3M	-0.3270	--	2M	2.0865	--
6M	-0.2710	--	3M	2.3425	--
9M	-0.2190	--	6M	2.5150	--
12M	-0.1890	--	12M	2.7658	--

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%	72.0%	28.0%	0.0%	0.0%
08/01/2018	100.0%	67.5%	30.7%	1.7%	0.0%
09/26/2018	100.0%	17.7%	57.9%	23.1%	1.3%
11/08/2018	100.0%	15.8%	53.5%	26.9%	3.7%
12/19/2018	100.0%	8.3%	35.7%	39.4%	14.6%
01/30/2019	100.0%	7.5%	33.0%	39.1%	17.1%

Commodities Futures

Energy			Base Metals		
	Futures	% chg		Futures	% chg
WTI (per barrel)	70.96	0.37%	Copper (per mt)	6,818.9	-0.59%
Brent (per barrel)	78.23	1.44%	Nickel (per mt)	14,431.0	3.11%
Heating Oil (per gallon)	2.2496	1.24%	Aluminium (per mt)	2,316.0	1.63%
Gasoline (per gallon)	2.2002	0.52%			
Natural Gas (per MMBtu)	2.8420	1.28%			
Precious Metals			Asian Commodities		
	Futures	% chg		Futures	% chg
Gold (per oz)	1,318.2	-0.19%	Crude Palm Oil (MYR/MT)	2,416.0	1.47%
Silver (per oz)	16.645	-0.64%	Rubber (JPY/KG)	192.3	-0.57%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,899.41	68.24
S&P	2,730.13	2.41
Nasdaq	7,411.32	8.43
Nikkei 225	22,865.86	107.38
STI	3,562.46	-7.71
KLCI	1,850.42	3.91
JCI	5,947.16	-9.68
Baltic Dry	1,472.00	--
VIX	12.93	0.28

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.95 (-0.01)	2.55 (+0.01)
5Y	2.18 (-0.01)	2.86 (+0.02)
10Y	2.59 (-)	3.00 (+0.03)
15Y	2.80 (-0.01)	--
20Y	2.80 (-0.01)	--
30Y	2.91 (-)	3.13 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	46.93	-1.36
EURIBOR-OIS	2.30	-0.63
TED	44.30	--

Economic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
05/14/2018 07:50	JN	PPI YoY	Apr	2.00%	2.00%	2.10%	--
05/14/2018 14:00	JN	Machine Tool Orders YoY	Apr P	--	22.00%	28.10%	--
05/14/2018 14:30	FR	Bank of France Ind. Sentiment	Apr	103	102	103	--
05/14/2018 14:30	IN	Wholesale Prices YoY	Apr	2.90%	3.18%	2.47%	--
05/14/2018 20:00	IN	CPI YoY	Apr	4.40%	4.58%	4.28%	--
05/14/2018 20:30	CA	Teranet/National Bank HPI MoM	Apr	--	0.20%	0.00%	--
05/15/2018 05:00	SK	Import Price Index YoY	Apr	--	4.00%	3.10%	3.20%
05/15/2018 05:00	SK	Export Price Index YoY	Apr	--	-2.00%	-0.90%	-1.40%
05/15/2018 10:00	CH	Retail Sales YoY	Apr	10.00%	--	10.10%	--
05/15/2018 10:00	CH	Retail Sales YTD YoY	Apr	9.90%	--	9.80%	--
05/15/2018 10:00	CH	Industrial Production YoY	Apr	6.40%	--	6.00%	--
05/15/2018 10:00	CH	Industrial Production YTD YoY	Apr	6.70%	--	6.80%	--
05/15/2018 10:00	CH	Fixed Assets Ex Rural YTD YoY	Apr	7.40%	--	7.50%	--
05/15/2018 12:00	ID	Imports YoY	Apr	19.00%	--	9.07%	--
05/15/2018 12:00	ID	Exports YoY	Apr	12.00%	--	6.14%	--
05/15/2018 12:00	ID	Trade Balance	Apr	\$782m	--	\$1092m	--
05/15/2018 12:30	JN	Tertiary Industry Index MoM	Mar	-0.20%	--	0.00%	--
05/15/2018 14:00	GE	GDP SA QoQ	1Q P	0.40%	--	0.60%	--
05/15/2018 14:45	FR	Wages QoQ	1Q P	--	--	0.20%	--
05/15/2018 14:45	FR	CPI EU Harmonized YoY	Apr F	1.80%	--	1.80%	--
05/15/2018 14:45	FR	CPI YoY	Apr F	1.60%	--	1.60%	--
05/15/2018 14:45	FR	CPI Ex-Tobacco Index	Apr	102.56	--	102.42	--
05/15/2018 16:30	UK	Claimant Count Rate	Apr	--	--	2.40%	--
05/15/2018 16:30	UK	Jobless Claims Change	Apr	--	--	11.6k	--
05/15/2018 16:30	UK	Average Weekly Earnings 3M/YoY	Mar	2.60%	--	2.80%	--
05/15/2018 16:30	UK	ILO Unemployment Rate 3Mths	Mar	4.20%	--	4.20%	--
05/15/2018 17:00	EC	Industrial Production SA MoM	Mar	0.70%	--	-0.80%	--
05/15/2018 17:00	EC	Industrial Production WDA YoY	Mar	3.60%	--	2.90%	--
05/15/2018 17:00	EC	GDP SA QoQ	1Q P	0.40%	--	0.40%	--
05/15/2018 17:00	GE	ZEW Survey Current Situation	May	85.5	--	87.9	--
05/15/2018 17:00	GE	ZEW Survey Expectations	May	-8.2	--	-8.2	--
05/15/2018 17:00	EC	ZEW Survey Expectations	May	--	--	1.9	--
05/15/2018 20:30	US	Empire Manufacturing	May	15	--	15.8	--
05/15/2018 20:30	US	Retail Sales Advance MoM	Apr	0.30%	--	0.60%	--
05/15/2018 20:30	US	Retail Sales Ex Auto MoM	Apr	0.50%	--	0.20%	--
05/15/2018 20:30	US	Retail Sales Ex Auto and Gas	Apr	0.40%	--	0.30%	--
05/15/2018 22:00	US	Business Inventories	Mar	0.10%	--	0.60%	--
05/15/2018 22:00	US	NAHB Housing Market Index	May	69	--	69	--
05/15/2018	IN	Exports YoY	Apr	--	--	-0.70%	--
05/15/2018	IN	Imports YoY	Apr	--	--	7.20%	--
05/15/2018	PH	Overseas Remittances YoY	Mar	4.00%	--	4.50%	--
05/15/2018 05/19	US	Mortgage Delinquencies	1Q	--	--	5.17%	--

Source: Bloomberg

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