

Highlights

Global	<p>Global risk appetite may stay on the back burner for now, as the overnight tech sell-off on Wall Street (as Facebook led FANG stocks lower) suggests some investor caution ahead of the key FOMC policy meeting mid-week, whilst the Treasury bonds largely treaded water. Meanwhile, the UK and EU agreed on a 21 month status quo Brexit transitional deal, and a Reuters report suggested that ECB officials were shifting the debate from asset purchases to the interest rate trajectory, which fuelled the GBP and EUR respectively. RBA minutes adopted a positive tone in mentioning that domestic business conditions continued to improve while employment grew strongly. It added that “forward-looking indicators suggested that spare capacity in the labour market would continue to decline gradually (and) wage growth was expected to rise gradually.” Overall, GDP growth in 2018 is expected to “exceed potential growth” while CPI is expected to “increase gradually to be a little above 2.0%”.</p> <p>Expect Asian bourses to trade with a soft tone today. The economic data calendar remains relatively light with Japan’s machine tool orders, Taiwan’s export orders, HK CPI, Eurozone and German ZEW survey, and UK’s CPI/PPI.</p>
US	<p>The Trump administration is supposedly offering steel and aluminium import tariff relief (effective from 23 Mar) for countries that help to “limit steel and aluminium exports to the US to 2017 levels”, “actively address China’s various trade-distorting policies”, “being more cooperative with the US at the G20 Global Steel Forum”, “cooperating with the US in launching cases against Chinese practices at the WTO” and “enhancing security cooperation with the US”.</p>
CH	<p>China concluded its leadership reshuffle on Monday. As expected, Liu He was elected as Vice Premier. He will be the key driver to China’s financial reform and sustainable economic growth. The appointment of central bank governor and Finance Minister surprised the market but may reinforce Liu He’s role as the key economic driver.</p>
HK	<p>Unemployment rate remained at a two-decade low of 2.9% during the three-month period through February 2018. Trade sector’s unemployment rate rose to 2.3% from the lowest level since 1998 of 2.2%. The rise of trade protectionism is posing downside risks to the trade sector and may weigh on its employment.</p>
TH	<p>The Bank of Thailand is exploring a release of a central bank digital currency, or CBDC. BOT governor Veerathai commented that CBDC will help increase efficiency and reduce cost for interbank settlement.</p>
CMD	<p>Some profit-taking on crude oil was seen overnight given the lack of energy-related news, although market-watchers could have digested yesterday’s CFTC print which showed net-long positions falling for NYMEX crude. Elsewhere, the weaker dollar led by a tech selloff in Wall Street elevated gold prices, although investors will likely remain on the fence given the 2-day FOMC meeting.</p>

Major Market

- **US:** Equities were dragged lower by the tech rout, although the major indices closed above their session lows. Facebook, at the centre of a data misuse controversy that sparked the sell-off, was down 6.77%. Fellow tech mega-caps also saw significant declines. Overall, the Nasdaq Composite lost 1.84%, while the S&P 500 and Dow were also lower by 1.42% and 1.35%. The VIX spiked higher to 19.02 in response to the equity sell-off, compared to 15.80 previously. Meanwhile, the US Treasury yields firmed across the board ahead of the FOMC meeting. 2y and 10y benchmark yields stood at 2.308% and 2.856% at NY close.
- **Singapore:** The STI slipped 0.39% to close down at 3498.29 yesterday, and may target the 3471 support next amid weak overnight cues from Wall Street and morning slippage by Kospi, with resistance at 3500. With UST bond yields range bound, SGS bonds may remain on the back foot amid market concerns of a more hawkish FOMC.
- **Hong Kong:** We are wary that global monetary tightening could cause capital flight from emerging markets and hit HK's property market and financial market. As such, downside for the unemployment rate of construction sector and financial sector is expected to be limited. In comparison, a weak HKD and strong economic growth across Asia will likely bolster further recovery in tourism-related sectors and support its employment (jobless rate remained unchanged at lowest since 4Q 2014 of 4.2%). All in all, though the labour market may remain tight on the back of resilient economic growth, overall unemployment rate could edge up slightly in the second half of this year.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-flattened yesterday, with swap rates for the shorter tenors trading 4-6bps higher while the longer tenors traded 2-4bps higher. In the broader dollar space, the Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 118bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 2bps to 358bps. 10Y UST yield rose 1bps to 2.86% as investors waited the Fed Reserve's two-day meeting on Wednesday, where the US central bank is widely expected to raise rates for the first time this year.
- **New issues:** Macquarie Group Ltd has priced a USD1.75bn deal across three tranches; with the USD700mn 6NC5 Fixed-to-FRN bond priced at CT6+150bps, tightening from its initial guidance of CT6+155bps; the USD550mn 6NC5 FRB priced a 3mL+135bps, in line with its initial guidance; the USD500mn 11NC10 Fixed-to-FRN at CT11+180bps, in line with its initial guidance. Shinhan Bank Co Ltd (SHNHAN) has priced a USD400mn 10-year bond at CT10+165bps, tightening from its initial guidance of CT10+180bps area. Beijing Capital Polaris Investment Co Ltd has priced a USD500mn 3-year bond (guaranteed by Beijing Capital Group Co Ltd) at CT3+187.5bps, tightening from its initial guidance of CT3+210bps and a CNH630mn 2-year priced at 5.2%, tightening from its initial guidance of 5.5% area. Orient HuiZhi Ltd has priced a USD250mn re-tap of its ORSECH 3.625%'22 bond at CT5+167bps (reoffer price of 96.501), tightening from its initial guidance of CT5+190bps area. Baidu Inc has scheduled for investor meetings on 19 Mar for its potential USD bond issuance. SK Telecom Co Ltd has scheduled for investor meetings on 26 Mar for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	89.765	-0.52%	USD-SGD	1.3169	-0.06%
USD-JPY	106.100	0.08%	EUR-SGD	1.6244	0.30%
EUR-USD	1.2335	0.37%	JPY-SGD	1.2413	-0.15%
AUD-USD	0.7718	0.06%	GBP-SGD	1.8470	0.53%
GBP-USD	1.4024	0.59%	AUD-SGD	1.0164	-0.01%
USD-MYR	3.9170	0.25%	NZD-SGD	0.9538	0.33%
USD-CNY	6.3322	-0.04%	CHF-SGD	1.3851	0.09%
USD-IDR	13765	0.10%	SGD-MYR	2.9715	-0.30%
USD-VND	22761	-0.02%	SGD-CNY	4.8057	-0.04%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3700	--	O/N	1.4463	--
2M	-0.3410	--	1M	1.8221	--
3M	-0.3280	--	2M	1.9345	--
6M	-0.2720	--	3M	2.2018	--
9M	-0.2220	--	6M	2.3636	--
12M	-0.1920	--	12M	2.6145	--

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%	82.0%	18.0%	0.0%	0.0%
05/02/2018	100.0%	76.7%	22.1%	1.2%	0.0%
06/13/2018	100.0%	21.8%	61.2%	16.2%	0.8%
08/01/2018	100.0%	19.6%	57.1%	20.8%	2.4%
09/26/2018	100.0%	9.1%	37.0%	40.3%	12.3%
11/08/2018	100.0%	7.8%	33.2%	39.9%	16.1%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	62.06	-0.45%	Copper (per mt)	6,794.6	-0.82%
Brent (per barrel)	66.05	-0.24%	Nickel (per mt)	13,429.0	-1.03%
Heating Oil (per gallon)	1.9070	-0.25%	Aluminium (per mt)	2,065.5	0.05%
Gasoline (per gallon)	1.9249	-1.08%			
Natural Gas (per MMBtu)	2.6510	-1.38%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,425.0	0.37%
			Rubber (JPY/KG)	191.0	-0.42%
Precious Metals	Futures	% chg			
Gold (per oz)	1,317.8	0.42%			
Silver (per oz)	16.325	0.33%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,610.91	-335.60
S&P	2,712.92	-39.09
Nasdaq	7,344.24	-137.74
Nikkei 225	21,480.90	-195.61
STI	3,498.29	-13.85
KLCI	1,847.94	1.55
JCI	6,289.57	-15.38
Baltic Dry	1,150.00	--
VIX	19.02	3.22

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.81 (+0.06)	2.31 (+0.02)
5Y	2.12 (+0.07)	2.66 (+0.01)
10Y	2.43 (+0.06)	2.86 (+0.01)
15Y	2.73 (+0.05)	--
20Y	2.77 (+0.05)	--
30Y	2.92 (+0.05)	3.09 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	51.18	2.11
EURIBOR-OIS	2.20	-0.90
TED	43.27	--

Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
03/19/2018 07:50	JN Trade Balance	Feb	¥89.1b	¥3.4b	-¥943.4b	-¥944.1b
03/19/2018 07:50	JN Exports YoY	Feb	1.40%	1.80%	12.20%	12.30%
03/19/2018 07:50	JN Imports YoY	Feb	16.00%	16.50%	7.90%	7.70%
03/19/2018 08:01	UK Rightmove House Prices MoM	Mar	--	1.50%	0.80%	--
03/19/2018 15:32	PH BoP Overall	Feb	--	-\$429m	-\$531m	--
03/19/2018 16:30	HK Composite Interest Rate	Feb	--	0.37%	0.37%	--
03/19/2018 16:30	HK Unemployment Rate SA	Feb	2.90%	2.90%	2.90%	--
03/19/2018 17:00	IT Industrial Production MoM	Jan	-0.60%	-1.90%	1.60%	2.10%
03/19/2018 18:00	EC Trade Balance SA	Jan	22.5b	19.9b	23.8b	23.2b
03/19/2018 18:00	EC Construction Output MoM	Jan	--	-2.20%	0.10%	0.70%
03/19/2018 18:00	IT Trade Balance Total	Jan	--	-87m	5253m	5249m
03/19/2018 18:00	IT Trade Balance EU	Jan	--	439m	-974m	-978m
03/20/2018 05:00	NZ Westpac Consumer Confidence	1Q	--	111.2	107.4	--
03/20/2018 05:00	SK PPI YoY	Feb	--	1.30%	1.20%	--
03/20/2018 13:00	JN Leading Index CI	Jan F	--	--	104.8	--
03/20/2018 13:00	JN Coincident Index	Jan F	--	--	114	--
03/20/2018 14:00	JN Machine Tool Orders YoY	Feb F	--	--	39.50%	--
03/20/2018 15:00	JN Convenience Store Sales YoY	Feb	--	--	0.10%	--
03/20/2018 15:00	GE PPI YoY	Feb	2.00%	--	2.10%	--
03/20/2018 16:00	TA Export Orders YoY	Feb	3.50%	--	19.70%	--
03/20/2018 16:30	HK CPI Composite YoY	Feb	2.20%	--	1.70%	--
03/20/2018 17:30	UK CPI YoY	Feb	2.80%	--	3.00%	--
03/20/2018 17:30	UK CPI Core YoY	Feb	2.50%	--	2.70%	--
03/20/2018 17:30	UK Retail Price Index	Feb	278.2	--	276	--
03/20/2018 17:30	UK RPI YoY	Feb	3.70%	--	4.00%	--
03/20/2018 17:30	UK RPI Ex Mort Int.Payments (YoY)	Feb	3.60%	--	4.00%	--
03/20/2018 17:30	UK PPI Input NSA YoY	Feb	3.80%	--	4.70%	--
03/20/2018 17:30	UK PPI Output NSA YoY	Feb	2.70%	--	2.80%	--
03/20/2018 17:30	UK PPI Output Core NSA YoY	Feb	2.40%	--	2.20%	--
03/20/2018 18:00	GE ZEW Survey Current Situation	Mar	90	--	92.3	--
03/20/2018 18:00	GE ZEW Survey Expectations	Mar	13	--	17.8	--
03/20/2018 18:00	EC ZEW Survey Expectations	Mar	--	--	29.3	--
03/20/2018 20:30	CA Wholesale Trade Sales MoM	Jan	0.00%	--	-0.50%	--
03/20/2018 23:00	EC Consumer Confidence	Mar A	0	--	0.1	--
03/20/2018 03/24	TH Car Sales	Feb	--	--	66545	--

Source: Bloomberg

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