

Highlights

Global	Wall Street recovered overnight led by energy shares after the previous day's tech stock sell-off, even as investors await the key FOMC policy meeting outcome. US Treasury bond yields also climbed higher, with the 10-year up to 2.9%, amid market expectations for a 25bp rate hike that has been largely priced in as well as a potentially more hawkish tilt to the median dots graph. However, news that the Trump administration is planning further trade sanctions against China may continue to weigh on market sentiments in the near-term, ignoring the G20 talkfest that tinkers with "further dialogue and actions" on trade, and Chinese Premier Li Keqiang's comments that China wants to avoid a trade war and plans to further open the manufacturing sector. Expect Asian bourses to trade on a firmer tone this morning as market players attempt to play off Wall Street's overnight recovery. The economic data calendar also picks up the pace with US' existing home sales, UK' jobless claims and ILO unemployment rate, Malaysia's Feb CPI, Thai trade and S'pore's COE tender results.
EZ	The German ZEW expectations survey which dropped from 17.8 in Feb to 5.1 in Mar (lowest in 1.5 years) as business sentiments deteriorated in the wake of trade tensions. This dragged down the Eurozone's ZEW survey from 29.3 to 13.4 accordingly.
SG	A 99-year leasehold Holland Road commercial and residential site has received 15 bids, according to BT.
CH	Premier Li Keqiang said China will reduce tariffs for some imports in his press conference. Meanwhile, China will also further open its manufacturing sector and won't force foreign companies to transfer technology, a gesture to cool down the heightening trade tension.
KR	Exports in the first 20 days of Mar turned positive at 9.3% y/y, up from -3.9% over the same period in Feb. Elsewhere, some BOK members commented the lack of inflation cues, following the weak labour market to-date, and the forecast of achieving BOK's inflation target of 2.0% appears uncertain.
TH	Look out for custom trade data later today, in which market is expecting exports to slow to 9.3% in February, down from 17.6% in January. Should there be a slowdown, it would likely be due to the seasonal Lunar New Year holidays, amongst other potential reasons.
ID	BI will be releasing its benchmark rate decision tomorrow. It is likely that the central bank will keep rates on hold at 4.25% as inflation remains in check given the government postponed a hike in energy tariffs recently. Although concerns regarding IDR volatility persist, BI would probably want to still wait to get a clearer picture of global rate movements even if the Fed hikes rates today. The government is expecting a slowdown in growth in 1Q18 and hence, making it in Indonesia's interest to avoid increased rates if possible.
CMD	On the back of little news, except for the one surrounding the cordial meet-up between Saudi Arabia crown prince Mohammed bin Salman (MBS) and US President Donald Trump, oil investors were content to bring oil prices higher overnight. Trump himself regarded the relationship with Saudi Arabia as a "great friendship", while MBS saw that "opportunities (with the US) are very huge". Dollar gained overnight as market-watchers eye on tonight's FOMC meeting, where the central bank is likely to raise interest rates by 25bps. Gold fell as well (-0.45% to \$1,311.9/oz) in tandem with the stronger dollar.

Major Market

- **US:** Equities regained some footing after Monday's tech-led sell-off, as investors turn their focus to the FOMC decision later today. The tech sector was broadly unchanged, although Facebook still looks to be under some pressure. Overall, the S&P 500 rose 0.15%, while the Dow and the Nasdaq Composite added 0.47% and 0.27% respectively. VIX faded to 18.2, compared to 19.02 previously. US Treasury yields were also firmer across the board by 4-5 bps. The 2y and 10y benchmark yields stood at 2.345% and 2.896% respectively. All eyes will be on the Fed today. With a 25 bps baked in, expect investors to scrutinise the dot plot and economic projections for hints on any acceleration of the pace of rate hikes.
- **Singapore:** The STI added 0.43% to close higher at 3513.31 yesterday, and may trade a range of 3500-3540 amid stronger overnight cues from Wall Street and morning gains in Kospi. With UST bond yields higher by around 4bps, SGS bonds may come under some pressure today, albeit the 3-month SIBOR and SOR remain relatively stable around 1.38% region notwithstanding the 3-month LIBOR's climb to 2.22249% (highest post-2008) ahead of the highly anticipated FOMC rate hike and the tightening quarter-end funding conditions.
- **Hong Kong:** Inflation surged to 3.1% in February 2018, mainly due to calendar effect. Notably, food inflation accelerated to 3.9% as the effect of Lunar New Year and bad weather pushed up fresh food prices. Besides, as the Chinese New Year festivities fell in mid-February this year, higher charges for package tours and base effect pushed the inflation of miscellaneous services up to 4%, the strongest since January 2014. On the other hand, due to the low base effect caused by the special fuel rebate last year, utility inflation strengthened further to 10.9%, highest since June 2015. Moving forward, even if the calendar effect abates, low base effect caused by special fuel rebate may still allow inflation to hold up well in March. Additionally, a weaker HKD may translate into imported inflation. Higher commodity prices on the back of US fiscal stimulus and synchronized global growth will also boost inflation. If this is the case, annual growth of CPI could stay above 2% in the coming months.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-flattened yesterday, with the swap rates for the shorter tenors traded 3-4bps higher while the longer tenors traded 2-3bps higher. In the broader dollar space, the Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 119bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 2bps to 360bps. 10Y UST yields rose 4bps to 2.89% as participants remained sidelined ahead of Wednesday's FOMC decision.
- **New issues:** RH International Singapore Corp Pte Ltd has priced a USD300mn 10-year bond (guaranteed by Ratchaburi Electricity Generating Holding PCL) at CT10+162.5bps, tightening from its initial guidance of CT10+180bps area. The Philippines has priced its first 3-year yuan-denominated bonds in China at 5%, tightening from its initial guidance of 5%-5.6%. Nederlandse Waterschapsbank NV has priced a AUD100mn re-tap of its NEDWBK 3.45%'28 bond at 3.297%. Inter-American Development Bank has priced a AUD200mn re-tap of its IADB 3.74%'28 bond at ASW+41bps (reoffer yield of 3.150%). Envision Energy has scheduled for investor meetings from 20 Mar for its potential USD bond issuance. China SCE Property has hired banks for its potential USD bond issuance. Stockland Group has scheduled for investor meetings on 26 Mar for its potential min EUR300mn 7-12year bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	90.371	0.68%	USD-SGD	1.3191	0.17%
USD-JPY	106.530	0.41%	EUR-SGD	1.6147	-0.60%
EUR-USD	1.2242	-0.75%	JPY-SGD	1.2382	-0.25%
AUD-USD	0.7683	-0.45%	GBP-SGD	1.8463	-0.04%
GBP-USD	1.3998	-0.19%	AUD-SGD	1.0134	-0.30%
USD-MYR	3.9185	0.04%	NZD-SGD	0.9476	-0.65%
USD-CNY	6.3341	0.03%	CHF-SGD	1.3790	-0.44%
USD-IDR	13748	-0.12%	SGD-MYR	2.9774	0.20%
USD-VND	22776	0.07%	SGD-CNY	4.8085	0.06%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3700	--	O/N	1.4475	--
2M	-0.3410	--	1M	1.8407	--
3M	-0.3290	--	2M	1.9468	--
6M	-0.2720	--	3M	2.2225	--
9M	-0.2230	--	6M	2.3905	--
12M	-0.1920	--	12M	2.6333	--

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%	80.0%	20.0%	0.0%	0.0%
05/02/2018	100.0%	74.9%	23.8%	1.3%	0.0%
06/13/2018	100.0%	19.8%	61.4%	17.9%	0.9%
08/01/2018	100.0%	17.3%	56.2%	23.3%	3.0%
09/26/2018	100.0%	7.7%	34.6%	41.6%	14.3%
11/08/2018	100.0%	6.4%	30.2%	40.5%	18.8%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	63.40	2.16%	Copper (per mt)	6,697.6	-1.43%
Brent (per barrel)	67.42	2.07%	Nickel (per mt)	13,419.0	-0.07%
Heating Oil (per gallon)	1.9495	2.23%	Aluminium (per mt)	2,063.8	-0.08%
Gasoline (per gallon)	1.9659	2.13%			
Natural Gas (per MMBtu)	2.6750	0.91%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,435.0	0.41%
			Rubber (JPY/KG)	187.0	-2.09%
Precious Metals	Futures	% chg			
Gold (per oz)	1,311.9	-0.45%			
Silver (per oz)	16.185	-0.86%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,727.27	116.36
S&P	2,716.94	4.02
Nasdaq	7,364.30	20.06
Nikkei 225	21,380.97	-99.93
STI	3,513.31	15.02
KLCI	1,856.39	8.45
JCI	6,243.58	-45.99
Baltic Dry	1,143.00	--
VIX	18.20	-0.82

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.86 (+0.05)	2.34 (+0.04)
5Y	2.15 (+0.04)	2.70 (+0.04)
10Y	2.44 (+0.01)	2.90 (+0.04)
15Y	2.74 (-)	--
20Y	2.78 (+0.01)	--
30Y	2.92 (+0.01)	3.13 (+0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	52.20	1.02
EURIBOR-OIS	2.10	--
TED	45.55	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
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	--	105.6	104.8	--
03/20/2018 13:00	JN Coincident Index	Jan F	--	114.9	114	--
03/20/2018 14:00	JN Machine Tool Orders YoY	Feb F	--	39.50%	39.50%	--
03/20/2018 15:00	JN Convenience Store Sales YoY	Feb	--	0.30%	0.10%	--
03/20/2018 15:00	GE PPI MoM	Feb	0.10%	-0.10%	0.50%	--
03/20/2018 16:00	TA Export Orders YoY	Feb	3.50%	-3.80%	19.70%	--
03/20/2018 16:30	HK CPI Composite YoY	Feb	2.20%	3.10%	1.70%	--
03/20/2018 17:30	UK CPI YoY	Feb	2.80%	2.70%	3.00%	--
03/20/2018 17:30	UK CPI Core YoY	Feb	2.50%	2.40%	2.70%	--
03/20/2018 17:30	UK Retail Price Index	Feb	278.1	278.1	276	--
03/20/2018 17:30	UK RPI MoM	Feb	0.80%	0.80%	-0.80%	--
03/20/2018 17:30	UK RPI Ex Mort Int.Payments (YoY)	Feb	3.60%	3.60%	4.00%	--
03/20/2018 17:30	UK PPI Input NSA YoY	Feb	3.80%	3.40%	4.70%	4.50%
03/20/2018 17:30	UK PPI Output NSA MoM	Feb	0.10%	0.00%	0.10%	--
03/20/2018 17:30	UK PPI Output Core NSA YoY	Feb	2.40%	2.40%	2.20%	--
03/20/2018 18:00	GE ZEW Survey Current Situation	Mar	90	90.7	92.3	--
03/20/2018 18:00	GE ZEW Survey Expectations	Mar	13	5.1	17.8	--
03/20/2018 18:00	EC ZEW Survey Expectations	Mar	--	13.4	29.3	--
03/20/2018 20:30	CA Wholesale Trade Sales MoM	Jan	0.00%	0.10%	-0.50%	-0.20%
03/20/2018 23:00	EC Consumer Confidence	Mar A	0	0.1	0.1	--
03/21/2018 07:30	AU Westpac Leading Index MoM	Feb	--	0.29%	-0.24%	-0.27%
03/21/2018 10:00	NZ Credit Card Spending YoY	Feb	--	--	4.60%	--
03/21/2018 11:30	TH Customs Exports YoY	Feb	9.25%	--	17.60%	--
03/21/2018 11:30	TH Customs Imports YoY	Feb	15.40%	--	24.30%	--
03/21/2018 11:30	TH Customs Trade Balance	Feb	\$636m	--	-\$119m	--
03/21/2018 12:00	MA CPI YoY	Feb	1.90%	--	2.70%	--
03/21/2018 16:00	SI Automobile COE Open Bid Cat A	Mar-21	--	--	38830	--
03/21/2018 16:00	SI Automobile COE Open Bid Cat B	Mar-21	--	--	39001	--
03/21/2018 16:00	SI Automobile COE Open Bid Cat E	Mar-21	--	--	39000	--
03/21/2018 17:30	UK Claimant Count Rate	Feb	--	--	2.30%	--
03/21/2018 17:30	UK Jobless Claims Change	Feb	--	--	-7.2k	--
03/21/2018 17:30	UK Average Weekly Earnings 3M/YoY	Jan	2.60%	--	2.50%	--
03/21/2018 17:30	UK ILO Unemployment Rate 3Mths	Jan	4.40%	--	4.40%	--
03/21/2018 17:30	UK Public Finances (PSNCR)	Feb	--	--	-26.4b	--
03/21/2018 17:30	UK Public Sector Net Borrowing	Feb	-0.5b	--	-11.6b	--
03/21/2018 17:30	UK PSNB ex Banking Groups	Feb	1.8b	--	-10.0b	--
03/21/2018 19:00	US MBA Mortgage Applications	Mar-16	--	--	0.90%	--
03/21/2018 20:30	US Current Account Balance	4Q	-\$125.0b	--	-\$100.6b	--
03/21/2018 22:00	US Existing Home Sales	Feb	5.40m	--	5.38m	--
03/21/2018	MU CPI Composite YoY	Feb	--	--	1.74%	--
03/20/2018 03/24	TH Car Sales	Feb	--	--	66545	--

Source: Bloomberg

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