

Highlights

Global	Global risk sentiments remained fragile amid the brewing trade tensions, with the Dow suffering more than 1,400 points last week amid investor anxiety over China's potential retaliatory moves. US Treasury Secretary Mnuchin said "we're having very productive conversations with them" and "I'm cautiously hopeful we reach an agreement" with China. Although it's a shortened holiday week ahead with Easter holidays, nevertheless, expect Asian bourses to remain handicapped by ongoing concerns of a trade war and an impending deluge of US\$294b of UST bills and bonds this week. The positive news flow on the sidelines were that the US and South Korea had reached a bilateral trade agreement, as well as Spain's sovereign credit rating upgrade by S&P by one notch to A- on a "continuously strong economic performance". Today's economic data calendar is relatively light and comprises of US' Chicago Fed national activity index and Dallas Fed manufacturing activity index, and S'pore's Feb industrial production (our forecast: 0.4% yoy and -11.1% mom sa). Speakers include ECB's Weidmann and Nouy, Fed's Dudley, Mester and Quarles. BOT is also meeting on Wed but is likely to keep its policy rate unchanged at 1.5%.
US	Durable goods orders jumped 3.1% in Feb, after a revised 3.5% decline in Jan, while the orders excluding transportation also recovered 1.2%, suggesting that business investments had improved. Meanwhile, new home sales fell 0.6% mom to 618k in Feb, following a 4.7% decline in Jan (albeit this was revised up from a previous estimate of -7.8%) amid the expectations of reduced mortgage deductions due to tax law changes.
NZ	RBNZ's incoming governor Adrian Orr has signed a new Policy Targets Agreement that will explicitly aim for "maximum sustainable employment" in addition to containing inflation in a 1-3% range over the medium term.
SG	Headline inflation rebounded from 0% yoy (-0.2% mom nsa) in Jan to 0.5% yoy (+0.5% mom nsa) in Feb, while core inflation accelerated from 1.4% yoy to 1.7% yoy. Despite the pickup in price pressures, partly attributable to CNY timing, this may not sway MAS on the monetary policy front as inflation prints remain within the official forecast ranges for now.
CH	Although the plan announced by Premier Li shows soft approach remains the top option for China to ease the tension, it is also preparing for the worst. The Commerce Ministry announced to suspend the tariff concession for 128 US products worth US\$3bn in reaction to the steel and aluminium tariff from the section 232 investigation. China may announce more pending products on the detailed lists from the USTR under the section 301 investigation. Whether China will target the soybean imports from the US remains to be seen.
CMD	Market-watchers shrugged off news over higher US oil rig counts last week, focusing on John Bolton's appointment as national security adviser and the speculation that sanctions could be re-imposed on Iran. Oil surged another 2+% over the weekend, while net-long positions reported by CFTC rose by the most since mid-January 2018. Similar gains however, were not reflected on other growth-related commodities such as base metals and softs, suggesting that risk-off sentiments from last week's trade war woes are likely still being felt. Closer to Asia, a strong crude palm oil supply outlook into 2Q18 continues to drag prices. Note Malaysia's first 20 days of CPO production is seen at +5.8% m/m, according to MPOB.

Major Market

- **US:** Equities suffered one of their worst weeks following a series of unfortunate events that continue to shake the markets, signalling mounting concerns over factors ranging from rising trade protectionism to higher interest rates. The Dow, S&P 500 and the Nasdaq Composite all fell 1.77%, 2.10% and 2.43%, respectively. VIX stood at 24.87, compared to 23.34 previously. Expect equity weakness to persist on the back of mounting concerns over an impending trade war and how it could weigh on global economic growth.
- Meanwhile, US Treasury continued to rally. The 2y benchmark yield fell to 2.254% while the 10y yield fell to 2.814%.
- **Singapore:** The STI tanked 2.0% to close at 3421.39 on Friday and may attempt to stabilise today on some bargain hunting, notwithstanding Wall Street's Friday extended sell-off. With the ongoing flight to safety in UST bonds, SGS bond yields may also tread lower today.
- **Malaysia:** Central Bank Governor Muhammad Ibrahim has warned against taking the recent MYR appreciation and stability for granted. He was noted as saying that the rapid decline in oil prices, drastic disruptive policy shifts in major economies and trade tensions are prime examples of tail-risk events that could affect the currency. Without doubt, external factors would play the biggest part in determining the MYR value given that Malaysia is a small open economy. Due to this and the high probability that the MYR has recently been driven by USD weaknesses, we would have to continue to pay close attention to the ongoing uncertainty of the Trump administration with regards to the MYR value.
- **Indonesia:** Planning Minister Bambang Brodjonegoro has expressed concerns that a trade war between China and the USA could result in a worsening trade deficit for Indonesia as he fears Chinese exports could be diverted to Indonesia instead. Meanwhile, BI has noted that it has been ever present in the markets since Friday morning as it seeks to manage IDR volatility. The IDR has been mainly affected by external factors although economic fundamentals should eventually drive a stronger IDR.
- **Macau:** Visitor arrivals increased to the highest level since August 2014 at 3.07 million in February 2018, due to the effect of Lunar New Year Holiday. By country of residence, the number of visitors from Mainland China increased by 37% yoy, mainly led by a 51% yoy growth in same-day visitors. In contrast, visitors from Hong Kong only increased by 0.1% yoy while those from Taiwan, Japan and South Korea even dropped by 8.4% yoy, 26.4% yoy and 13.4% yoy respectively. The increase in visitor arrivals will likely slow down from February's 23% yoy in the coming month as calendar effect abates. However, we do not expect the tourism sector to lose momentum. Rather, infrastructure improvement and a new wave of mega project openings are expected to lend some support to the tourism activities. A weaker MOP and strong growth of Asia could also boost the tourism sector. If this is the case, mass-market segment of the gaming sector may remain elevated throughout this year.

Bond Market Updates

- **Market Commentary:** The SGD swap curve largely flattened last Friday, with the swap rates for the shorter tenors trading 1bps lower while the longer tenors traded 1-2bps lower, with the exception of the 20Y trading 2bps higher. In the broader dollar space, the Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 122bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 7bps to 373bps. 10Y UST yield fell 1bps last Friday to 2.81%, due to fears of potential global trade war, with Trump's decision to impose USD50bn tariff on China.
- **New issues:** Land Transport Authority of Singapore has priced a re-tap of its SGD300mn LTAZSP 3.35%'48s at 3.35%, in line with its initial price guidance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	89.436	-0.47%	USD-SGD	1.3151	-0.16%
USD-JPY	104.740	-0.51%	EUR-SGD	1.6249	0.28%
EUR-USD	1.2353	0.41%	JPY-SGD	1.2562	0.40%
AUD-USD	0.7699	0.08%	GBP-SGD	1.8590	0.12%
GBP-USD	1.4132	0.26%	AUD-SGD	1.0125	-0.08%
USD-MYR	3.9185	0.13%	NZD-SGD	0.9521	0.31%
USD-CNY	6.3160	-0.30%	CHF-SGD	1.3888	0.09%
USD-IDR	13782	0.20%	SGD-MYR	2.9800	0.10%
USD-VND	22795	0.04%	SGD-CNY	4.8083	-0.06%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3700	0.0010	O/N	1.6975	--
2M	-0.3410	--	1M	1.8750	0.0035
3M	-0.3290	--	2M	1.9934	0.0019
6M	-0.2700	0.0010	3M	2.2916	0.0060
9M	-0.2210	--	6M	2.4497	0.0024
12M	-0.1900	0.0010	12M	2.6664	-0.0106

Fed Rate Hike Probability

Meeting	Prob Hike	1.75-2	2-2.25	2.25-2.5	2.5-2.75
05/02/2018	25.7%	25.7%	0.0%	0.0%	0.0%
06/13/2018	80.9%	61.9%	19.1%	0.0%	0.0%
08/01/2018	81.7%	60.1%	20.8%	0.8%	0.0%
09/26/2018	91.9%	36.7%	42.8%	12.0%	0.4%
11/08/2018	92.8%	33.6%	42.1%	15.3%	1.7%
12/19/2018	95.5%	23.8%	39.0%	25.3%	6.8%

Equity and Commodity

Index	Value	Net change
DJIA	23,533.20	-424.69
S&P	2,588.26	-55.43
Nasdaq	6,992.67	-174.01
Nikkei 225	20,617.86	-974.13
STI	3,421.39	-69.98
KLCI	1,865.22	-11.65
JCI	6,210.70	-43.38
Baltic Dry	1,122.00	5.00
VIX	24.87	1.53

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.88 (-0.01)	2.25 (-0.02)
5Y	2.13 (-0.02)	2.60 (-0.02)
10Y	2.36 (-0.03)	2.81 (-0.01)
15Y	2.66 (-0.03)	--
20Y	2.71 (-0.03)	--
30Y	2.86 (-0.02)	3.06 (-)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	58.75	1.65
EURIBOR-OIS	2.10	-1.05
TED	57.61	-1.43

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	65.88	2.46%	Copper (per mt)	6,598.4	-0.89%
Brent (per barrel)	70.45	2.23%	Nickel (per mt)	12,911.0	-1.85%
Heating Oil (per gallon)	2.0184	1.31%	Aluminium (per mt)	2,036.8	-1.22%
Gasoline (per gallon)	2.0336	1.19%			
Natural Gas (per MMBtu)	2.5910	-0.99%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,428.0	-0.90%
			Rubber (JPY/KG)	174.5	-6.83%
Precious Metals	Futures	% chg			
Gold (per oz)	1,355.7	1.69%			
Silver (per oz)	16.582	1.19%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 20 Mar 2018

	Current	Previous	Net Chg		Current	Previous	Net Chg
Nymex Crude	740,668	710,895	29,773	Corn	324,223	372,754	-48,531
Heating Oil	13,540	7,326	6,214	Gold	153,316	174,563	-21,247
Natural Gas	-101,248	-106,867	5,619	Live Cattle	87,786	104,924	-17,138
Cocoa	43,506	43,502	4	Silver	-14,021	1,417	-15,438
RBOB Gasoline	79,826	80,249	-423	Wheat	-24,365	-11,206	-13,159
Palladium	12,317	13,113	-796	Copper	32,003	39,667	-7,664
Lean Hogs	12,193	14,001	-1,808	Soybean	196,087	203,048	-6,961
Sugar	-112,911	-110,752	-2,159	Cotton	97,415	102,911	-5,496
Coffee	-47,308	-42,401	-4,907	Platinum	28,509	33,668	-5,159

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
03/23/2018 07:30	JN Natl CPI YoY	Feb 1.50%	1.50%	1.40%	--
03/23/2018 07:30	JN Natl CPI Ex Fresh Food YoY	Feb 1.00%	1.00%	0.90%	--
03/23/2018 07:30	JN Natl CPI Ex Fresh Food, Energy YoY	Feb 0.50%	0.50%	0.40%	--
03/23/2018 07:50	JN Japan Buying Foreign Bonds	Mar-16 --	¥853.8b	¥1090.0b	¥1090.8b
03/23/2018 07:50	JN Japan Buying Foreign Stocks	Mar-16 --	¥386.1b	¥23.0b	--
03/23/2018 07:50	JN Foreign Buying Japan Bonds	Mar-16 --	¥352.3b	¥486.0b	--
03/23/2018 07:50	JN Foreign Buying Japan Stocks	Mar-16 --	¥1153.2b	¥432.5b	¥432.3b
03/23/2018 09:29	PH Budget Balance PHP	Jan --	10.2b	-107.1b	--
03/23/2018 10:51	MU Visitor Arrivals	Feb --	3071t	2741t	--
03/23/2018 13:00	SI CPI YoY	Feb 0.40%	0.50%	0.00%	--
03/23/2018 13:00	SI CPI Core YoY	Feb 1.60%	1.70%	1.40%	--
03/23/2018 13:00	SI CPI NSA MoM	Feb 0.50%	0.50%	-0.20%	--
03/23/2018 15:30	TH Foreign Reserves	Mar-16 --	\$213.2b	\$212.6b	--
03/23/2018 15:30	TH Forward Contracts	Mar-16 --	\$37.2b	\$36.8b	--
03/23/2018 15:45	FR Wages QoQ	4Q F 0.10%	0.20%	0.10%	--
03/23/2018 16:00	TA Industrial Production YoY	Feb 1.70%	-1.93%	10.86%	10.67%
03/23/2018 20:30	CA CPI NSA MoM	Feb 0.40%	0.60%	0.70%	--
03/23/2018 20:30	CA CPI YoY	Feb 1.90%	2.20%	1.70%	--
03/23/2018 20:30	CA Consumer Price Index	Feb 132.4	132.5	131.7	--
03/23/2018 20:30	CA Retail Sales MoM	Jan 1.10%	0.30%	-0.80%	-0.70%
03/23/2018 20:30	CA Retail Sales Ex Auto MoM	Jan 0.80%	0.90%	-1.80%	-1.70%
03/23/2018 20:30	US Durable Goods Orders	Feb P 1.60%	3.10%	-3.60%	-3.50%
03/23/2018 20:30	US Durables Ex Transportation	Feb P 0.50%	1.20%	-0.30%	-0.20%
03/23/2018 20:30	US Cap Goods Orders Nondef Ex Air	Feb P 0.90%	1.80%	-0.30%	-0.40%
03/23/2018 20:30	US Cap Goods Ship Nondef Ex Air	Feb P 0.50%	1.40%	-0.10%	0.10%
03/23/2018 22:00	US New Home Sales	Feb 620k	618k	593k	622k
03/23/2018 03/24	US Capacity Utilization				
03/26/2018 05:45	NZ Trade Balance NZD	Feb -100m	217m	-566m	-655m
03/26/2018 05:45	NZ Exports NZD	Feb 4.56b	4.46b	4.31b	4.29b
03/26/2018 05:45	NZ Imports NZD	Feb 4.63b	4.24b	4.87b	4.94b
03/26/2018 05:45	NZ Trade Balance 12 Mth YTD NZD	Feb -3225m	-3019m	-3218m	-3279m
03/26/2018 13:00	SI Industrial Production YoY	Feb 4.20%	--	17.90%	--
03/26/2018 13:00	SI Industrial Production SA MoM	Feb -8.40%	--	6.70%	--
03/26/2018 14:45	FR GDP QoQ	4Q F 0.60%	--	0.60%	--
03/26/2018 16:30	UK UK Finance Loans for Housing	Feb 39000	--	40117	--
03/26/2018 20:30	US Chicago Fed Nat Activity Index	Feb 0.15	--	0.12	--
03/26/2018 22:00	CA Bloomberg Nanos Confidence	Mar-23 --	--	56.2	--
03/26/2018 22:30	US Dallas Fed Manf. Activity	Mar 33.5	--	37.2	--
03/26/2018 03/28	CH Foreign Direct Investment YoY CNY	Feb --	--	0.30%	--
03/25/2018 03/28	IN Eight Infrastructure Industries	Feb --	--	6.70%	--
03/26/2018 03/31	Trade Balance	Mar --	--	\$900m	--
03/26/2018 03/31	VN Exports YTD YoY	Mar --	--	22.90%	--
03/26/2018 03/31	VN Imports YTD YoY	Mar --	--	15.30%	--
03/26/2018 03/31	VN CPI YoY	Mar --	--	3.15%	--
03/26/2018 03/31	VN GDP YTD YoY	1Q --	--	6.81%	--
03/26/2018 03/31	VN Industrial Production YoY	Mar --	--	8.00%	--
03/26/2018 03/31	VN Retail Sales YTD YoY	Mar --	--	10.10%	--

Source: Bloomberg

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