

Highlights

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| Global | <p>US President Trump continued to talk up the prospect of an imminent trade deal that could be “very monumental” within four weeks, albeit there was no breakthrough on an announcement of an actual summit date. US officials also downplayed expectations by indicating there was no timetable for further negotiations beyond the ongoing meetings with Liu He who is currently in Washington and Peter Navarro cautioned that the “last mile of the marathon is actually the longest and the hardest”. Elsewhere in the UK, PM May and Labour’s Corbyn are facing opposition from their own parties over the possibility of another referendum amid ongoing talks. The next deadline is 10 April where PM May will need to provide clarity during the EU leaders summit on how she plans to move ahead in order to secure another short extension. Wall Street rose overnight while UST bonds were also mostly higher across the curve (10-year at 2.51%) even though US’ initial jobless claims fell more than expected to a 49-year low of 202k. Asian markets may open with a relatively firm tone on US-China trade deal hopes, but the upside may be capped as market players are basically waiting for tonight’s US nonfarm payrolls (NFP) and unemployment report (consensus forecast: 177k and 3.8%), and markets in China, Hong Kong and Taiwan are closed for holidays today. Apart from NFP, the data calendar is relatively light with only Malaysia and Thailand’s foreign reserves and UK’ Halifax house prices. Fed’s Bostic and BOJ’s Kuroda are also speaking.</p> |
| US | <p>From the Fed, Mester opined that “I would never say never to a cut. But in this point, in my forecast, I don’t foresee it for this year or next year”, while Harker said “I continue to be in wait-and-see mode, and my outlook for rates remains, at most, one hike for 2019 and one for 2020”. Meanwhile, Trump plans to nominate Herman Cain and Stephen Moore for the two open seats on the Fed, and given Trump’s tweet that the Fed’s actions have been “unnecessary and destructive”, the pressure is on the Fed to cut rates.</p> |
| IN | <p>As expected, RBI cut rates by 25bp for the repo rate and reverse repo rate in a 4-2 vote to 6.0% and 5.75% respectively, and maintained its neutral policy stance (5-1). However, RBI slashed its inflation forecast again for FY4Q19 to 2.4% (previously 2.8%) and FY1Q20 to 2.9% (from 3.2%), FY2Q20 to 3.0% (from 3.2%) and FY3Q20 to 3.5% (from 3.9%), and also cut its growth forecast, which could imply that the rates trajectory remains dovish.</p> |
| MY | <p>Trade data for February continued to show the country recording a surplus of RM11.06bn, which wasn’t too different from the January number of RM11.52bn. Exports did though decline by 5.3% yoy, the first since August 2018 whilst imports also fell by 9.43% yoy. Going forward, even as Malaysia may continue to run a trade surplus, overall trade growth may remain subdued given the expected global slowdown.</p> |

Major Markets

- **US:** Wall Street ended mixed on Thursday, with the S&P500 climbing 0.2%. The DJIA rose 0.6%, and the Nasdaq composite declined 0.1%.
- **Singapore:** The STI rose again by 0.15% to close at 3316.21 yesterday, and while Wall Street rose overnight and Kospi is also off to a firmer start this morning, nevertheless given that the STI has gained 2.5% this week and there is US' NFP and unemployment report tonight, investors may not want to chase the rally too much for now. STI's resistance and support are seen at 3340 and 3290 respectively. With UST bonds seeing muted trading ahead of NFP today, even as the curve flattened as the front end was broadly unchanged, the SGS bonds may also tread water today.
- **Indonesia:** Finance Minister Sri Mulyani Indrawati has said that Indonesia is confident of meeting its fiscal deficit target of 1.84% of GDP this year even though tax collections have trailed forecasts.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with most tenors trading 1-2bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS and the Bloomberg Barclays Asia USD HY Bond Index average OAS were little changed at 135bps and 464bps respectively. 10Y UST yields were little changed, falling 1bps to close the session at 2.52%, as trade negotiations between China and the United States proceeded to the latest round of negotiations and investors await further developments on Brexit. Economic data has been mixed, with US jobless claims dropping to a 49-year low last week although German industrial orders in February saw their steepest drop in over two years.
- **New Issues:** Xinyuan Real Estate Co Ltd has priced a USD200mn 2.5-year bond at 14.2%, tightening from IPT of 14.5% area. Frasers Property Treasury Pte Ltd has priced a SGD400mn NC5-perpetual bond (guarantor: Frasers Property Ltd) at 4.98%, tightening from IPT of 5.25% area. Vedanta Resources Finance II Plc (guarantor: Vedanta Resources Ltd) has scheduled investor meetings from 5 April for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 97.308 | 0.22% | USD-SGD | 1.3547 | 0.07% |
| USD-JPY | 111.660 | 0.15% | EUR-SGD | 1.5203 | -0.01% |
| EUR-USD | 1.1221 | -0.11% | JPY-SGD | 1.2133 | -0.07% |
| AUD-USD | 0.7112 | -0.01% | GBP-SGD | 1.7717 | -0.54% |
| GBP-USD | 1.3077 | -0.62% | AUD-SGD | 0.9636 | 0.08% |
| USD-MYR | 4.0822 | 0.08% | NZD-SGD | 0.9149 | -0.29% |
| USD-CNY | 6.7170 | 0.08% | CHF-SGD | 1.3549 | -0.09% |
| USD-IDR | 14182 | -0.27% | SGD-MYR | 3.0155 | -0.03% |
| USD-VND | 23200 | 0.00% | SGD-CNY | 4.9600 | 0.01% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD Libor | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.3670 | -- | O/N | 2.3861 | -- |
| 2M | -0.3360 | -- | 1M | 2.4771 | -- |
| 3M | -0.3100 | -- | 2M | 2.5608 | -- |
| 6M | -0.2300 | -- | 3M | 2.5978 | -- |
| 9M | -0.1940 | -- | 6M | 2.6551 | -- |
| 12M | -0.1120 | -- | 12M | 2.7495 | -- |

Fed Rate Hike Probability

| Meeting | Prob Hike | Prob Cut | 1.75-2% | 2-2.25% | 2.25-2.5% |
|------------|-----------|----------|---------|---------|-----------|
| 03/20/2019 | 0.0% | 4.7% | 0.0% | 4.7% | 95.4% |
| 05/01/2019 | 0.0% | 12.7% | 0.4% | 12.3% | 87.3% |
| 06/19/2019 | 0.0% | 19.2% | 1.3% | 17.9% | 80.8% |
| 07/31/2019 | 0.0% | 39.7% | 5.5% | 33.9% | 60.3% |
| 09/18/2019 | 0.0% | 43.7% | 7.4% | 35.6% | 56.3% |
| 10/30/2019 | 0.0% | 56.6% | 13.9% | 40.4% | 43.4% |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|---------|-------|-------------------------|---------|-------|
| WTI (per barrel) | 62.10 | -0.6% | Corn (per bushel) | 3.6525 | 0.7% |
| Brent (per barrel) | 69.40 | 0.1% | Soybean (per bushel) | 9.065 | 0.9% |
| Heating Oil (per gallon) | 2.0134 | 0.3% | Wheat (per bushel) | 4.7075 | -0.1% |
| Gasoline (per gallon) | 1.9399 | -0.6% | Crude Palm Oil (MYR/MT) | 2,100.0 | 1.4% |
| Natural Gas (per MMBtu) | 2.6430 | -1.3% | Rubber (JPY/KG) | 180.6 | 2.1% |
| Base Metals | Futures | % chg | Precious Metals | Futures | % chg |
| Copper (per mt) | 6,451 | -0.6% | Gold (per oz) | 1,289.0 | -0.1% |
| Nickel (per mt) | 13,160 | -1.3% | Silver (per oz) | 15.084 | -0.1% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 26,384.63 | 166.50 |
| S&P | 2,879.39 | 5.99 |
| Nasdaq | 7,891.78 | -3.77 |
| Nikkei 225 | 21,724.95 | 11.74 |
| STI | 3,316.21 | 4.94 |
| KLCI | 1,645.07 | 1.86 |
| JCI | 6,494.63 | 18.56 |
| Baltic Dry | 672.00 | -- |
| VIX | 13.58 | -0.16 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 1.89 (-0.01) | 2.34 (--) |
| 5Y | 1.93 (-0.02) | 2.32 (-0.01) |
| 10Y | 2.08 (-0.01) | 2.52 (-0.01) |
| 15Y | 2.29 (-0.01) | -- |
| 20Y | 2.35 (-0.01) | -- |
| 30Y | 2.54 (-0.01) | 2.92 (-0.01) |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| EURIBOR-OIS | 5.42 | 0.04 |
| TED | 35.36 | -- |

Secured Overnight Fin. Rate

| | |
|-------------|------|
| SOFR | 2.47 |
|-------------|------|

Economic Calendar

| Date Time | Event | Survey | Actual | Prior | Revised |
|------------------|---------------------------------|--------|--------|-----------|-----------|
| 04/04/2019 07:00 | SK BoP Current Account Balance | Feb | -- | \$3601.9m | \$2772.3m |
| 04/04/2019 13:00 | IN Nikkei India PMI Services | Mar | -- | 52 | 52.5 |
| 04/04/2019 13:00 | IN Nikkei India PMI Composite | Mar | -- | 52.7 | 53.8 |
| 04/04/2019 14:15 | IN RBI Repurchase Rate | Apr-04 | 6.00% | 6.00% | 6.25% |
| 04/04/2019 14:15 | IN RBI Reverse Repo Rate | Apr-04 | 5.75% | 5.75% | 6.00% |
| 04/04/2019 20:30 | US Initial Jobless Claims | Mar-30 | 215k | 202k | 211k |
| 04/04/2019 20:30 | US Continuing Claims | Mar-23 | 1752k | 1717k | 1756k |
| 04/05/2019 09:00 | PH CPI YoY 2012=100 | Mar | 3.50% | -- | 3.80% |
| 04/05/2019 15:30 | UK Halifax House Prices MoM | Mar | -2.80% | -- | 5.90% |
| 04/05/2019 15:30 | TH Foreign Reserves | Mar-29 | -- | -- | \$212.6b |
| 04/05/2019 20:30 | US Change in Nonfarm Payrolls | Mar | 177k | -- | 20k |
| 04/05/2019 20:30 | US Change in Manufact. Payrolls | Mar | 10k | -- | 4k |
| 04/05/2019 20:30 | US Unemployment Rate | Mar | 3.80% | -- | 3.80% |

Source: Bloomberg

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