

**Highlights**

Global	Overnight, the S&P500 marked its first decline in six sessions amid thin volumes, whereas the 10-year UST bond underperformed amid a tepid US\$27b bond auction (with a bid-cover ratio of 2.35x versus an average of 2.50x) and the USD rose. With most Asian markets out for Chinese New Year holidays, the Singapore market re-opens today but may still see muted trading volumes as China, Taiwan, Hong Kong and Vietnam markets remain closed. Today's economic data calendar comprises US' initial jobless claims, Germany's industrial production, Indonesia's foreign reserve, and UK's Halifax house prices. The key market focus will be on BOE, BSP and RBI's policy decisions later today, but markets are primed for no moves, albeit the BOE MPC may abandon its tightening bias as the likelihood of a hard Brexit looms and UK PM May is headed to Brussels to meet European Commission president Juncker and European Council president Tusk for more Brexit discussions. New RBI chief Shaktikanta Das is also likely to drop its hawkish bias in anticipation of a more accommodative policy stance later this year amid a slowing economy and easing inflationary pressures.
US	Treasury Secretary Mnuchin and Lighthizer are headed to China for more trade talks next week. President Trump in his State of the Union address urged Congress to pass the US Reciprocal Trade Act, which according to Commerce Secretary Ross will be a "significant tool to create an incentive for countries to end their abuses and negotiate trade agreements with us". Meanwhile, the US trade deficit narrowed to US\$49.3b in November, the smallest since June 2018, but was largely attributed to a slump in imports (-2.9% mom). However, note that while the bilateral trade deficit with China narrowed by S\$5.2b in November, it surged 10.9% to US\$37.6b from January-November 2018. Trump also confirmed he will meet Kim Jong Un in Vietnam from 27-29 February, noting that "much work remains to be done, but my relationship with Kim Jong Un is a good one". He also indicated he was unwilling to back down on wall funding, which may underscore the 15 February deadline for another potential government shutdown.
EU	Most EU trade deals will not be rolled over to the UK post-Brexit according to a FT report. Meanwhile, the UK government is not expected to bring a revised Brexit deal back to Parliament by 13 February.
AU	RBA kept its OCR steady as widely expected, but governor Lowe noted that the "probabilities appear to be more evenly balanced" for rate hike or cuts, which weighed on the AUD.
ID	4Q 2018 GDP growth came in at 5.2% yoy, in line with our expectations. This was largely driven by household spending and investment growth. For the entire year, GDP expanded by 5.2% yoy, just as we had also forecasted.
TH	Bank of Thailand kept their benchmark interest rates on hold at 1.75%, as widely expected, after the central bank already publicly stated that they see it appropriate to leave rates unchanged this year. 4 of the 7 members of the Monetary Policy Committee voted to keep rates unchanged; 2 voted for a rate hike; the remaining was absent. In our opinion, we are seeing more pressure on Asian central banks to start cutting their rates, with Thailand the leader in that space due to its persistent low inflation, strong baht and weakening economic prospects.

## Major Markets

- **US:** Wall Street ended lower on Wednesday, with the S&P500 declining 0.22%. The DJIA fell 0.08%, while the Nasdaq composite tumbled 0.36%.
- **Singapore:** The STI had declined 0.13% to close at 3184.56 on Monday and may trade sideways within a 3171-3200 range amid muted trading volumes today. With UST bond yields little changed overnight, SGS bonds which had sold off on Monday may also range trade today.  
MAS won the central bank award of the year award by Central Banking publication, for its strong track record of stability and push to develop the city state into a financial technology hub.
- **Commodities:**  
**Energy:** Crude prices have failed to extend their rallies post Friday's excellent nonfarm payrolls result, suggesting continued weakness in global demand for energy. Venezuela's struggle, as we have mentioned earlier, have had little impact on the crude market although we might see a widening of spread between heavy and sweet crude with the Venezuelan and Iranian sanctions.  
**Gold:** Gold has lost about -1% since last Friday, although we expect this to be largely related to profit-taking and the recent dollar strength. In the short-term we remain bullish on gold and see \$1,300/oz as a very strong support level for the precious metal.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve was unchanged yesterday in observance of the Lunar New Year holiday. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 149bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 10bps to 489bps. 10Y UST yields traded unchanged to close the trading session at 2.69%, after soft demand for the USD27bn new issue of 10-year notes pared the decline in yields earlier in the trading session. The earlier decline in yields continued from the Federal Reserve's dovish tone on its interest rate hikes as well as the slowing growth in Germany which weighed on market sentiments.
- **New Issues:** There were no new issuances over 6<sup>th</sup> February.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	96.390	0.34%	<b>USD-SGD</b>	1.3559	0.31%
<b>USD-JPY</b>	109.970	0.01%	<b>EUR-SGD</b>	1.5405	-0.08%
<b>EUR-USD</b>	1.1362	-0.39%	<b>JPY-SGD</b>	1.2328	0.28%
<b>AUD-USD</b>	0.7105	-1.78%	<b>GBP-SGD</b>	1.7535	0.21%
<b>GBP-USD</b>	1.2932	-0.10%	<b>AUD-SGD</b>	0.9633	-1.48%
<b>USD-MYR</b>	4.0930	--	<b>NZD-SGD</b>	0.9188	-1.38%
<b>USD-CNY</b>	6.7454	--	<b>CHF-SGD</b>	1.3527	0.06%
<b>USD-IDR</b>	13920	-0.29%	<b>SGD-MYR</b>	3.0232	-0.11%
<b>USD-VND</b>	23205	--	<b>SGD-CNY</b>	4.9785	-0.19%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3680	--	<b>O/N</b>	2.3824	--
<b>2M</b>	-0.3360	--	<b>1M</b>	2.5123	--
<b>3M</b>	-0.3080	--	<b>2M</b>	2.6201	--
<b>6M</b>	-0.2340	--	<b>3M</b>	2.7385	--
<b>9M</b>	-0.1940	--	<b>6M</b>	2.7775	--
<b>12M</b>	-0.1090	--	<b>12M</b>	2.9858	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	2-2.25%	2.25-2.5%	2.5-2.75%
03/20/2019	1.0%	0.0%	0.0%	99.0%	1.0%
05/01/2019	0.9%	2.0%	2.0%	97.0%	0.9%
06/19/2019	5.6%	1.9%	1.9%	92.4%	5.6%
07/31/2019	6.8%	1.9%	1.9%	91.3%	6.7%
09/18/2019	7.2%	1.9%	1.9%	90.8%	7.1%
10/30/2019	7.2%	2.4%	2.4%	90.4%	7.1%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	54.01	0.65%	Coffee (per lb)	1.055	0.62%
Brent (per barrel)	62.69	1.15%	Cotton (per lb)	0.7366	0.35%
Heating Oil (per gallon)	1.9122	0.77%	Sugar (per lb)	0.1290	0.62%
Gasoline (per gallon)	1.4591	2.33%	Orange Juice (per lb)	1.2045	0.37%
Natural Gas (per MMBtu)	2.6620	--	Cocoa (per mt)	2,257	1.71%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	5.2600	-0.24%
Nickel (per mt)	12,991.5	--	Soybean (per bushel)	9.218	0.16%
Aluminium (per mt)	1,907.3	--	Corn (per bushel)	3.8000	-0.20%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,309.5	-0.36%	Crude Palm Oil (MYR/MT)	2,207.0	--
Silver (per oz)	15.701	-0.85%	Rubber (JPY/KG)	189.8	1.50%

Source: Bloomberg, Reuters  
(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,390.30	-21.22
<b>S&amp;P</b>	2,731.61	-6.09
<b>Nasdaq</b>	7,375.28	-26.80
<b>Nikkei 225</b>	20,874.06	29.61
<b>STI</b>	3,184.56	--
<b>KLCI</b>	1,683.61	--
<b>JCI</b>	6,547.88	66.43
<b>Baltic Dry</b>	629.00	--
<b>VIX</b>	15.38	-0.19

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.99 (--)	2.52 (--)
<b>5Y</b>	2.01 (--)	2.50 (-0.01)
<b>10Y</b>	2.18 (--)	2.69 (--)
<b>15Y</b>	2.43 (--)	--
<b>20Y</b>	2.49 (--)	--
<b>30Y</b>	2.62 (--)	3.03 (--)

#### Financial Spread (bps)

	Value	Change
<b>EURIBOR-OIS</b>	5.35	0.01
<b>TED</b>	35.36	--

### Economic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
02/06/2019 11:30	TH	Consumer Confidence Economic	Jan	--	67.7	66.3	--
02/06/2019 12:14	ID	GDP YoY	4Q	5.10%	5.18%	5.17%	--
02/06/2019 12:14	ID	GDP QoQ	4Q	-1.75%	-1.69%	3.09%	--
02/06/2019 12:14	ID	GDP Annual YoY	2018	5.15%	5.17%	5.07%	5.07%
02/06/2019 15:00	GE	Factory Orders MoM	Dec	0.30%	-1.60%	-1.00%	-0.20%
02/06/2019 15:00	GE	Factory Orders WDA YoY	Dec	-6.70%	-7.00%	-4.30%	-3.40%
02/06/2019 15:05	TH	BoT Benchmark Interest Rate	Feb-06	1.75%	1.75%	1.75%	--
02/06/2019 16:30	GE	Markit Germany Construction PMI	Jan	--	50.7	53.3	--
02/06/2019 18:34	ID	Consumer Confidence Index	Jan	--	125.5	127	--
02/06/2019 20:00	US	MBA Mortgage Applications	Feb-01	--	-2.50%	-3.00%	--
02/06/2019 21:30	US	Trade Balance	Nov	-\$54.0b	-\$49.3b	-\$55.5b	-\$55.7b
02/06/2019 21:30	CA	Building Permits MoM	Dec	-1.00%	6.00%	2.60%	2.10%
02/06/2019 23:00	CA	Ivey Purchasing Managers Index SA	Jan	--	54.7	59.7	--
02/07/2019 05:30	AU	AiG Perf of Construction Index	Jan	--	43.1	42.6	--
02/07/2019 05:45	NZ	Unemployment Rate	4Q	4.10%	4.30%	3.90%	4.00%
02/07/2019 05:45	NZ	Employment Change QoQ	4Q	0.30%	0.10%	1.10%	1.00%
02/07/2019 05:45	NZ	Employment Change YoY	4Q	2.60%	2.30%	2.80%	--
02/07/2019 05:45	NZ	Participation Rate	4Q	71.10%	70.90%	71.10%	71.00%
02/07/2019 05:45	NZ	Pvt Wages Inc Overtime QoQ	4Q	0.60%	0.50%	0.50%	--
02/07/2019 05:45	NZ	Pvt Wages Ex Overtime QoQ	4Q	0.60%	0.50%	0.50%	--
02/07/2019 05:45	NZ	Average Hourly Earnings QoQ	4Q	0.80%	1.00%	1.40%	--
02/07/2019 07:50	JN	Official Reserve Assets	Jan	--	--	\$1271.0b	--
02/07/2019 07:50	JN	Japan Buying Foreign Bonds	Feb-01	--	--	¥102.6b	--
02/07/2019 07:50	JN	Japan Buying Foreign Stocks	Feb-01	--	--	¥189.4b	--
02/07/2019 07:50	JN	Foreign Buying Japan Bonds	Feb-01	--	--	¥604.3b	--
02/07/2019 07:50	JN	Foreign Buying Japan Stocks	Feb-01	--	--	¥166.6b	--
02/07/2019 08:30	AU	NAB Business Confidence	4Q	--	--	3	--
02/07/2019 10:00	JN	Tokyo Avg Office Vacancies	Jan	--	--	1.88	--
02/07/2019 13:00	JN	Leading Index CI	Dec P	97.9	--	99.1	--
02/07/2019 13:00	JN	Coincident Index	Dec P	102.2	--	102.9	--
02/07/2019 13:30	AU	Foreign Reserves	Jan	--	--	A\$76.3b	--
02/07/2019 14:15	IN	RBI Repurchase Rate	Feb-07	6.50%	--	6.50%	--
02/07/2019 14:15	IN	RBI Reverse Repo Rate	Feb-07	6.25%	--	6.25%	--
02/07/2019 14:15	IN	RBI Cash Reserve Ratio	Feb-07	4.00%	--	4.00%	--
02/07/2019 15:00	GE	Industrial Production SA MoM	Dec	0.80%	--	-1.90%	--
02/07/2019 15:00	GE	Industrial Production WDA YoY	Dec	-3.40%	--	-4.70%	--
02/07/2019 15:45	FR	Trade Balance	Dec	-4617m	--	-5099m	--
02/07/2019 16:00	PH	BSP Overnight Borrowing Rate	Feb-07	4.75%	--	4.75%	--
02/07/2019 16:30	UK	Halifax House Prices MoM	Jan	-0.70%	--	2.20%	--
02/07/2019 16:30	UK	Halifax House Price 3Mths/Year	Jan	1.50%	--	1.30%	--
02/07/2019 17:00	IT	Retail Sales MoM	Dec	-0.20%	--	0.70%	--
02/07/2019 17:00	IT	Retail Sales YoY	Dec	0.80%	--	1.60%	--
02/07/2019 17:00	SI	Foreign Reserves	Jan	--	--	\$287.67b	--
02/07/2019 20:00	UK	Bank of England Bank Rate	Feb-07	0.75%	--	0.75%	--
02/07/2019 20:00	UK	BOE Asset Purchase Target	Feb	435b	--	435b	--
02/07/2019 21:30	US	Initial Jobless Claims	Feb-02	221k	--	253k	--
02/07/2019 21:30	US	Continuing Claims	Jan-26	1733k	--	1782k	--
02/07/2019 22:45	US	Bloomberg Consumer Comfort	Feb-03	--	--	57.4	--
02/07/2019	ID	Net Foreign Assets IDR	Jan	--	--	1708.6t	--
02/07/2019	PH	Foreign Reserves	Jan	--	--	\$78.5b	\$79.2b
02/07/2019	ID	Foreign Reserves	Jan	--	--	\$120.65b	--
02/05/2019 03/20	SL	Imports YoY	Dec	--	--	-9.10%	--
02/06/2019 02/13	VN	Domestic Vehicle Sales YoY	Jan	--	--	35.70%	--

Source: Bloomberg

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