

### Highlights

<b>Global</b>	<p><b>Global risk appetite remained in the doldrums with the impending prospects that the Trump administration will carry out its threat to lift tariffs to 25% for US\$200b of Chinese imports on Friday and that China will also retaliate.</b> USD was higher as Wall Street continued to slide overnight, with tech and retail stocks leading the slump and knocking more than 90% of the S&amp;P500 stocks lower, while the UST bond curve flattened as the 10-year UST bond yield retreated to 2.45%. Meanwhile, House Speaker Nancy Pelosi also issued an impeachment warning to president Trump for ignoring subpoenas. As we had warned earlier, RBA kept its interest rates unchanged yesterday. BNM cut by 25bps.</p> <p><b>Asian markets are likely to consolidate again today, amid wavering if not dented investor sentiments.</b> Key to watch today will be RBNZ and BOT policy decision, with the former now seen as slightly less likely to cut rates following RBA's status quo decision. Today's economic calendar comprises China's trade data, US' mortgage applications, German industrial production, UK's Halifax house prices, and S'pore's COE premium tender results. ECB's Draghi, Fed's Brainard, and BOE's Ramsden are also speaking today.</p>
<b>AU</b>	<p>After rebuffing the doves and keeping rates steady at 1.5%, governor Lowe warned that the Australian labour market "remains strong" and "some further lift in wages growth is expected", whilst the "subdued inflationary pressures across much of the economy" was due to lower housing costs and government measures. He also recognised that there was still "spare capacity in the economy and that a further improvement in the labour market was likely to be needed for inflation to be consistent with the target". The growth forecast, however, was trimmed to 2.75%.</p>
<b>UK</b>	<p>Following inconclusive cross-party talks, UK PM May will again face Parliament lawmakers today to discuss Plan B options. Meanwhile, BOE's Haldane opined that time will tell if the central bank's Brexit assumptions is accurate.</p>
<b>EU</b>	<p>The European Commission has trimmed Germany's growth outlook and sees "prominent" risks in the region due to the global economic slowdown, trade tensions and exceptional weakness in manufacturing. The Euro area is tipped to expand 1.2% this year and 1.5% in 2020, whilst Germany and Italy saw the more severe cuts. The 10-year bund yield also dipped its toes back to negative territory amid the flight to quality.</p>
<b>MY</b>	<p>Bank Negara Malaysia (BNM) cut the benchmark rate by 25bps from 3.25% to 3.00%. They highlighted that the latest developments point to a moderate 1Q 2019 and expect 2019 headline inflation to be broadly stable compared to 2018. Going forward, based on the tone of their statement, we expect BNM to stay pat for the rest of 2019 although this is barring any significant major downturn in global growth.</p>
<b>SG</b>	<p>MAS is studying whether to admit digital-only banks with non-bank parentage.</p>

## Major Markets

- **US:** Wall Street ended lower on Tuesday, with the S&P500 declining 1.7%. The DJIA fell 1.8%, and the Nasdaq composite tumbled 2.0%.
- **Singapore:** The STI recovered 0.67% to close higher at 3312.52 yesterday on hopes that US-China trade talks will resume tomorrow, but overnight risk sentiments have weakened again. As we warned, market sentiments remain fragile and the STI remains vulnerable to sinking below the 3300 handle again, with support tipped at 3278. With the flight to safety, the 3-month to 10-year UST bond yield spread has narrowed again to less than 3bps and could threaten to invert again if the US-China trade tension escalates further. Trade tensions and heightened market volatility should also keep the SGS bonds better bid today as well.
- **Indonesia:** The government sold Rp21.57tn in bonds yesterday, exceeding its Rp15tn target after receiving bids worth Rp32.96tn.
- **Thailand:** The Election Commission has confirmed the results for 349 of 350 constituency seats and is likely to disclose the winners of the remaining 150 party-list seats today. The Pheu Thai party currently holds 136 constituency seats and claims that its 7-party coalition has amounted to a total of at least 255 seats – a number that would be confirmed once the EC releases the remaining 150 party-list seat results. Based on current constituency seats, the pro-military Palang Pracharath party is likely to form the government majority but could cede majority of the 500-seat Lower House to the Pheu Thai coalition, if the latter's claim of a majority is to be believed.
- **Philippines:** Inflation in April came in at 3.0%, lower than the Bloomberg median poll of 3.1% and our forecast of 3.4%. Most prices in the price basket have risen at a slower rate than in March, with the exception of the transport basket – presumably on rising crude oil prices. We now view it as likely that the BSP may cut their benchmark interest rates by 25bp on Thursday in light of the favourable inflation figure, which is comfortably within the target range of 2-4% set by the central bank.
- **Commodities:**  
**Oil:** Crude oil prices tumbled yesterday after the US threatened to begin the tariffs on China starting 10 May 12.01am, while China has also promised tit-for-tat retaliatory measures of its own. Despite an early bloodbath during Asian trading hours on Monday, crude prices eventually recovered to post daily gains by the end of Monday US hours. As we have pointed out, the market remains tight on supply and upward pressure on prices remain strong at this stage. However, with the clock now ticking down on the trade talks, expect crude oil prices to come under increasing downward pressure for the next 72 hours until we get some kind of clarity – for better or worse – on the outcome of the trade talks.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with the shorter tenors trading within 1bps lower, while the belly and longer tenors traded 1-2bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 131bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 1bps to 471bps. 10Y UST yields dropped 1bps to 2.46%, as the renewed trade tensions

between the US and China continued to spur safe haven demand and impact the global economic growth outlook.

- **New Issues:** Car Inc has priced a USD172.3mn 3-year bond (subsidiary guarantors: certain of issuer's restricted subsidiaries incorporated outside the PRC) at 8.875%, in line with final guidance. Woori Financial Group Inc has priced a USD450mn 5-year FRN at 3-month US LIBOR+77bps, in line with final guidance. Qingdao Jiaozhou Bay Development Group Co Ltd has priced a USD80mn re-tap of its existing QDJZWD 6.5%'21s at 7.2%, in line with final guidance. Hyundai Capital Services Inc has scheduled investor meetings from 13 May for its potential bond issuance. CCB Financial Leasing Corp has mandated banks for its potential USD bond issuance. Trade and Developmental Bank of Mongolia LLC has scheduled investor meetings from 9 May for its potential USD bond issuance. The Government of the Hong Kong Special Administrative Region of the People's Republic of China has scheduled investor meetings from 10 May for its potential USD Green Bond issuance.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	97.628	0.12%	<b>USD-SGD</b>	1.3629	-0.01%
<b>USD-JPY</b>	110.260	-0.45%	<b>EUR-SGD</b>	1.5252	-0.10%
<b>EUR-USD</b>	1.1191	-0.07%	<b>JPY-SGD</b>	1.2361	0.45%
<b>AUD-USD</b>	0.7012	0.30%	<b>GBP-SGD</b>	1.7820	-0.19%
<b>GBP-USD</b>	1.3075	-0.17%	<b>AUD-SGD</b>	0.9556	0.27%
<b>USD-MYR</b>	4.1480	0.02%	<b>NZD-SGD</b>	0.8997	-0.20%
<b>USD-CNY</b>	6.7769	0.16%	<b>CHF-SGD</b>	1.3367	-0.19%
<b>USD-IDR</b>	14280	-0.13%	<b>SGD-MYR</b>	3.0467	0.12%
<b>USD-VND</b>	23323	0.18%	<b>SGD-CNY</b>	4.9694	0.11%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
<b>1M</b>	-0.3650	--	<b>O/N</b>	2.3779	--
<b>2M</b>	-0.3360	--	<b>1M</b>	2.4666	--
<b>3M</b>	-0.3080	--	<b>2M</b>	2.5084	--
<b>6M</b>	-0.2300	--	<b>3M</b>	2.5599	--
<b>9M</b>	-0.1940	--	<b>6M</b>	2.6174	--
<b>12M</b>	-0.1140	--	<b>12M</b>	2.7455	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
06/19/2019	0.0%	9.5%	0.0%	9.5%	90.5%
07/31/2019	0.0%	16.7%	0.8%	16.0%	83.3%
09/18/2019	0.0%	34.1%	3.9%	30.0%	65.9%
10/30/2019	0.0%	41.4%	6.8%	34.0%	58.6%
12/11/2019	0.0%	57.9%	14.5%	40.9%	42.1%
01/29/2020	0.0%	62.9%	17.6%	41.0%	37.1%

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,965.09	-473.39
<b>S&amp;P</b>	2,884.05	-48.42
<b>Nasdaq</b>	7,963.76	-159.53
<b>Nikkei 225</b>	21,923.72	-335.01
<b>STI</b>	3,312.52	21.90
<b>KLCI</b>	1,639.37	6.57
<b>JCI</b>	6,297.32	40.97
<b>Baltic Dry</b>	985.00	--
<b>VIX</b>	19.32	3.88

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.94 (-)	2.28 (-0.01)
<b>5Y</b>	2.00 (-0.02)	2.26 (-)
<b>10Y</b>	2.19 (-0.01)	2.46 (-0.01)
<b>15Y</b>	2.44 (-)	--
<b>20Y</b>	2.50 (-)	--
<b>30Y</b>	2.65 (-0.01)	2.86 (-0.02)

#### Financial Spread (bps)

	Value	Change
<b>EURIBOR-OIS</b>	5.62	0.02
<b>TED</b>	35.36	--

#### Secured Overnight Fin. Rate

<b>SOFR</b>	2.42
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#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	61.40	-1.4%	Corn (per bushel)	3.5800	0.6%
Brent (per barrel)	69.88	-1.9%	Soybean (per bushel)	8.178	0.0%
Heating Oil (per gallon)	2.0376	-1.5%	Wheat (per bushel)	4.3050	0.6%
Gasoline (per gallon)	1.9487	-2.4%	Crude Palm Oil (MYR/MT)	1,931.0	2.9%
Natural Gas (per MMBtu)	2.5370	0.5%	Rubber (JPY/KG)	189.6	1.3%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	6,180	-0.9%	Gold (per oz)	1,285.6	0.1%
Nickel (per mt)	12,039	-1.1%	Silver (per oz)	14.860	0.0%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
05/07/2019 08:30	JN Nikkei Japan PMI Mfg	Apr F	--	50.2	49.5	--
05/07/2019 09:30	AU Retail Sales MoM	Mar	0.20%	0.30%	0.80%	0.90%
05/07/2019 12:30	AU RBA Cash Rate Target		1.25%	1.50%	1.50%	--
05/07/2019 14:00	GE Factory Orders MoM	Mar	1.40%	0.60%	-4.20%	-4.00%
05/07/2019 15:00	MA BNM Overnight Policy Rate		3.00%	3.00%	3.25%	--
05/08/2019 07:50	JN Monetary Base YoY	Apr	3.20%	3.10%	3.80%	--
05/08/2019 10:00	NZ RBNZ Official Cash Rate		1.50%	--	1.75%	--
05/08/2019 15:05	TH BoT Benchmark Interest Rate		1.75%	--	1.75%	--
05/08/2019 15:30	UK Halifax House Prices MoM	Apr	0.10%	--	-1.60%	--
05/08/2019 19:00	US MBA Mortgage Applications	May-3	--	--	-4.30%	--
05/08/2019	CH Trade Balance	Apr	\$34.56b	--	\$32.64b	\$32.67b
05/08/2019	ID Foreign Reserves	Apr	--	--	\$124.54b	--
05/08/2019	CH Exports YoY	Apr	3.00%	--	14.20%	--

Source: Bloomberg

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