

**Highlights**

Global	<p><b>Global risk sentiments may remain mired amid the wax and wane of US-China trade tensions.</b> US President Trump signed an emergency order that is expected to restrict Huawei and ZTE Corp from selling their equipment in the US, while the Department of Commerce has blacklisted Huawei from doing business with US companies on national security grounds. Meanwhile, Trump is planning to sign an order that would give the EU and Japan 180 days to agree to a deal to "limit or restrict" their automobile and parts exports to the US in return for delaying new auto tariffs. Yesterday, China's retail sales, industrial production and fixed asset investments data also disappointed, while TIC data showed that China has trimmed its UST bond holdings for the first time in four months by US\$10.4b to a 2-year low of US\$1.12 trillion in March. Elsewhere, Turkey will reintroduce a 0.1% tax on some foreign-currency transactions to boost the budget revenue and prevent FX speculation, but will not apply to the interbank or credit market. Overnight, the S&amp;P500 still gained 0.58% and VIX retreated to 16.44, but the 10-year yield dipped to 2.37% (low since 27 March) on the mounting wall of worries.</p> <p><b>Asian markets may again trade mixed today, with market awaiting BI's policy decision later today where market consensus is for no change to the 6% 7-day reverse repo rate.</b> The economic calendar comprises Malaysia's 1Q19 GDP growth and US' housing starts, building permits and initial jobless claims. Speakers include RBA's Bullock, ECB's Praet, Guindos and Coeure, Bundesbank's Weidmann, Fed's Quarles, Kashkari and Brainard, and BOE's Haskel.</p>
US	Retail sales unexpectedly fell 0.2% mom in April, disappointing market expectations but following a revised +1.7% gain in March, while retail sales less autos rose a more muted 0.1% (forecast: +0.7%). Meanwhile, industrial production also contracted for the third time in four months by 0.5% mom in April, led by weakness in machinery and motor vehicles amid trade tensions, while capacity utilisation also slipped to a 14-month low of 77.9%. However, the NAHB housing market index rose more than expected to 66 (highest since October) and MBA mortgage applications.
UK	UK PM May is facing pressure yet again from the executive of the 1922 Committee to quit before 15 June or else risk another no-confidence vote, after she returned empty-handed.
ID	Bank Indonesia (BI) is having their monthly policy meeting today with our expectations that they will keep on hold and adopt a "wait and see" stance as they may intend to continue to monitor the impact of the rising trade tensions on the IDR.
CH	China's main growth data disappointed in April. Industrial production growth slowed down to 5.4% yoy after growing by 8.5% in March. Retail sales growth decelerated to 7.2% yoy in April from 8.7% yoy. Fixed asset investment growth in the first four months also slowed down to 6.1%. The deceleration of major growth data in April signals two things. First, March's recovery may not be sustainable. Second, March's data was also distorted by inventory buildup ahead of April's VAT cut.
SG	NODX likely fell 2.1% yoy (+10.3% mom sa) in April, following the March prints of -11.7% yoy (-14.3.% mom sa).

## Major Markets

- **US:** Wall Street ended higher on Wednesday, with the S&P500 advancing 0.6%. The DJIA rose 0.5%, and the Nasdaq composite jumped 1.1%.
- **Singapore:** The STI declined 0.15% to close down at 3218.77 yesterday and is nearing the 3200 support amid mixed cues from Wall Street which gained overnight but Kospi is off to a soft start this morning. STI range is tipped at 3182-3230 looks plausible today. With UST bond yields falling by up to 4bps overnight, following the soft US retail sales and industrial production data, SGS bond yields may unwind the 1-2bps sell-off from yesterday.
- **EU:** Italian president Mattarella is said to be increasingly concerned about who will draw up the 2020 budget amid the fractious coalition and how to fund the costly campaign promises with a slowing economy. A Sep snap election looks possible if the government collapses again.
- **Malaysia:** The 1Q 2019 GDP results will be out today with our expectations of a slowdown at 4.4% yoy. Currently signs are indicating a slowdown with a lower trade volume and relatively subdued expansions in the industrial production index for the quarter.
- **Thailand:** King Maha Vajiralongkorn has approved 250 members of the Senate yesterday, which includes army chief Apirat Kongsompong and incumbent PM Prayut Chan-ocha' brother, Preecha. Based on reports so far, the pro-military coalition controls 132 seats, while the anti-junta coalition led by Pheu Thai holds 245 seats. The anti-junta needs another 6 more seats to command majority of the Lower House. The uncertain political scene is weighing on investor sentiment, as seen by the consecutive funds outflow each month beginning December last year. The 2-5 Thai GB curve is now trading at about 19bp, the flattest since July 2016.
- **Commodities:** Crude oil continues to resist the global risk-off sentiment and eked out further gains yesterday on news that US President Donald Trump may be considering a 6 month delay to introducing tariffs on EU autos. Brent has rebounded from \$70/bbl to almost \$72/bbl at time of writing; WTI continues to stick close to the \$62.bbl level. OPEC+ members gather this weekend to discuss the possibility of increasing supplies to fill the export void left by Iran. There is no certainty that the likes of Saudi or Russia may increase production despite the squeeze on supplies, which is keeping crude oil prices supported at the moment.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve was little changed yesterday, with most tenors trading little change with the exception of the 1-year and 2-year swap rates trading 1bps higher and lower respectively. The Bloomberg Barclays Asia USD IG Bond Index average OAS was widened 1bps to 135bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 495bps. 10Y UST yields fell 4bps to 2.37%, as expectations that the Federal Reserve will cut rates this year mounted after US retail sales and industrial output declined in April, adding onto the growing indications of slowing growth.

- **New Issues:** Zhuzhou City Construction Development Group Co Ltd has priced a USD400mn 3-year bond at 5.70%, tightening from IPT of low 6% area. Liuzhou Dongtong Investment & Development Co Ltd has priced a USD140mn 3-year bond at 7.0%, in line with final guidance. Export-Import Bank of Thailand has priced a USD300mn 5-year FRN at 3-month US-LIBOR +85bps, tightening from IPT of 3-month US-LIBOR+120bps area. Zunyi Road and Bridge Construction (Group) Ltd has priced a USD78mn re-tap of its existing ZYRDBG 8.0%'22s at par. New Metro Global Ltd has priced a USD300mn 3-year bond (parent guarantor: Seazen Holdings Co Ltd) at 6.75% (6.50% at 99.331), tightening from IPG of 6.90% area. Wing Tai Holdings Ltd has priced a SGD150mn perpetual bond at 4.48%, tightening from IPT of 4.75% area. UOL Treasury Services Pte Ltd has priced a SGD200mn 5-year bond at 3.0%. Subsidiaries of Adani Green Energy Ltd has scheduled investor meetings from 16 May for its potential USD bond issuance. China Huadian Corp Ltd has scheduled investor meetings from 16 May for its potential USD bond issuance.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	97.569	0.04%	<b>USD-SGD</b>	1.3683	-0.04%
<b>USD-JPY</b>	109.600	-0.01%	<b>EUR-SGD</b>	1.5327	-0.07%
<b>EUR-USD</b>	1.1201	-0.03%	<b>JPY-SGD</b>	1.2487	-0.02%
<b>AUD-USD</b>	0.6928	-0.23%	<b>GBP-SGD</b>	1.7576	-0.50%
<b>GBP-USD</b>	1.2845	-0.46%	<b>AUD-SGD</b>	0.9480	-0.27%
<b>USD-MYR</b>	4.1737	0.05%	<b>NZD-SGD</b>	0.8982	-0.22%
<b>USD-CNY</b>	6.8762	0.01%	<b>CHF-SGD</b>	1.3566	-0.03%
<b>USD-IDR</b>	14460	0.15%	<b>SGD-MYR</b>	3.0519	0.12%
<b>USD-VND</b>	23313	-0.21%	<b>SGD-CNY</b>	5.0241	0.10%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
<b>1M</b>	-0.3660	--	<b>O/N</b>	2.3434	--
<b>2M</b>	-0.3360	--	<b>1M</b>	2.4376	--
<b>3M</b>	-0.3110	--	<b>2M</b>	2.4986	--
<b>6M</b>	-0.2320	--	<b>3M</b>	2.5245	--
<b>9M</b>	-0.1940	--	<b>6M</b>	2.5509	--
<b>12M</b>	-0.1210	--	<b>12M</b>	2.6393	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
06/19/2019	0.0%	12.6%	0.0%	12.6%	87.4%
07/31/2019	0.0%	24.9%	1.8%	23.1%	75.1%
09/18/2019	0.0%	49.6%	8.8%	40.3%	50.4%
10/30/2019	0.0%	58.2%	14.2%	42.0%	41.8%
12/11/2019	0.0%	72.6%	23.8%	41.9%	27.4%
01/29/2020	0.0%	77.1%	26.8%	39.5%	22.9%

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,648.02	115.97
<b>S&amp;P</b>	2,850.96	16.55
<b>Nasdaq</b>	7,822.15	87.65
<b>Nikkei 225</b>	21,188.56	121.33
<b>STI</b>	3,218.77	-4.94
<b>KLCI</b>	1,611.43	12.24
<b>JCI</b>	5,980.89	-90.32
<b>Baltic Dry</b>	1,043.00	--
<b>VIX</b>	16.44	-1.62

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.94 (+0.01)	2.16 (-0.04)
<b>5Y</b>	1.96 (--)	2.15 (-0.04)
<b>10Y</b>	2.15 (+0.02)	2.37 (-0.04)
<b>15Y</b>	2.41 (+0.02)	--
<b>20Y</b>	2.48 (+0.01)	--
<b>30Y</b>	2.65 (--)	2.82 (-0.03)

#### Financial Spread (bps)

	Value	Change
<b>EURIBOR-OIS</b>	5.46	-0.04
<b>TED</b>	35.36	--

#### Secured Overnight Fin. Rate

<b>SOFR</b>	2.39
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#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	62.02	0.4%	Corn (per bushel)	3.6950	2.5%
Brent (per barrel)	71.77	0.7%	Soybean (per bushel)	8.355	2.2%
Heating Oil (per gallon)	2.0863	1.3%	Wheat (per bushel)	4.4875	2.2%
Gasoline (per gallon)	2.0127	1.8%	Crude Palm Oil (MYR/MT)	1,957.0	--
Natural Gas (per MMBtu)	2.6010	-2.2%	Rubber (JPY/KG)	199.9	1.1%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	6,085	1.0%	Gold (per oz)	1,297.8	0.1%
Nickel (per mt)	12,149	1.9%	Silver (per oz)	14.752	--

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Economic Calendar

Date Time	Event		Survey	Actual	Prior	Revised
05/15/2019 10:00	CH Industrial Production YoY	Apr	6.50%	5.40%	8.50%	--
05/15/2019 10:00	CH Retail Sales YoY	Apr	8.60%	7.20%	8.70%	--
05/15/2019 12:00	ID Exports YoY	Apr	-7.10%	-13.10%	-10.01%	-9.40%
05/15/2019 17:00	EC GDP SA QoQ	1Q P	0.40%	0.40%	0.40%	--
05/15/2019 19:00	US MBA Mortgage Applications	May-10	--	-0.60%	2.70%	--
05/15/2019 20:30	US Empire Manufacturing	May	8	17.8	10.1	--
05/15/2019 20:30	US Retail Sales Advance MoM	Apr	0.20%	-0.20%	1.60%	1.70%
05/15/2019 21:15	US Industrial Production MoM	Apr	0.00%	-0.50%	-0.10%	0.20%
05/16/2019 07:50	JN PPI YoY	Apr	1.10%	1.20%	1.30%	--
05/16/2019 12:00	MA GDP YoY	1Q	4.30%	--	4.70%	--
05/16/2019 20:30	US Housing Starts	Apr	1209k	--	1139k	--
05/16/2019 20:30	US Initial Jobless Claims	May-11	220k	--	228k	--
05/16/2019	ID Bank Indonesia 7D Reverse Repo	May-16	6.00%	--	6.00%	--

Source: Bloomberg

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