

Highlights

Global	Global risk sentiments appear supportive with Wall Street closing higher overnight amid strong earnings from Walmart. The US is requesting China to maintain RMB stability in recent trade talks. Note US President Trump had hinted that the 1 March deadline is not a “magical date” and “these are very complex talks”. He also opined he was in “no rush whatsoever” to reach a nuclear deal with North Korea’s Kim Jong Un ahead of his second summit planned for 27-28 February in Hanoi. Meanwhile, UK PM May and EC president Juncker are meeting again in Brussels for Brexit talks, but the latter has downplayed expectations for an imminent breakthrough. While awaiting the 30 January FOMC minutes, which will be closely scrutinised for further hints of the evolution of Fed thinking on the longevity of the current rate pause and the balance sheet unwinding process, Asian markets may range trade today, albeit with a risk-supportive tone. The economic calendar comprises of US’ mortgage applications, European consumer confidence, German PPI, and Singapore’s COE premium tender results. ECB’s Praet and Fed’s Kaplan are speaking.
US	The NAHB housing market index rose from 58 in January to 62 on February, suggesting that the Fed’s dovish turn may have helped to lift builder sentiments. Fed’s Mester suggested that communication this year “needs to transition because there is less certainty about the future path of policy” and on the balance sheet unwinding process, she suggested that announcing early the plan to end the run-off this year would mean “there’s less need to taper as we go forward”. Meanwhile Williams opined that policymakers are in a “very good place” and he does not see a need to hike again unless there is a “different outlook either for growth or inflation”. Separately, former Fed chair Yellen suggested that “monetary policy does have a systematic effect on a country’s exchange rate...we would want to be careful not to define domestic policy tools as currency manipulation”.
UK	UK business secretary Clark also said that trade deals with Japan and South Korea were unlikely to be rolled over before the 29 March Brexit deadline.
SG	MAS will auction \$1.6b (with MAS taking \$100m) of 30-year SGS bonds in a re-opening on 1 March, with the auction closing at noon on 26 February. Although there is \$8.7b of 10-year SGS bonds maturing on 1 June, the slightly larger than expected 30-year bond re-opening may keep longer-dated yields from rallying significantly in the interim.
MY	Despite not being mentioned in the budget, Finance Minister Lim Guan Eng has announced that unmarried low-income individuals are now eligible for aid worth RM100 under the Cost of Living Aid (BSH) scheme. He also said that the money will be distributed at the end of March to more than three million individuals registered in the BSH database. In total, this would cost the government RM300m.
TH	BoT MPC minutes today, which is expected to show most, if not all, members showing support for rates to stay constant at 1.75%. Talks of any rate cut will be too early too soon given that the Fed has just done its dovish U-turn. The high household debt in Thailand will also be an impeding factor to cutting rates. Political stability this year will be key in whether BoT will choose to keep rates stable or to perform one cut.

Major Markets

- **US:** Wall Street ended higher on Tuesday, with the S&P500 advancing 0.15%. The DJIA rose 0.03%, while the Nasdaq composite increased 0.19%.
- **Singapore:** The STI declined 0.19% to close at 3259.80 yesterday, but may attempt the recent high of 3267 again today amid positive overnight cues from Wall Street and morning gains in Kospi. STI's support is tipped at 3230. The UST bond yield curve steepened overnight with the belly of the curve leading gains and the 10-year yield down 3bps to 2.63%. US investors were shunning the latest 6-month bill auction (yield was 2.455%) amid concerns about the debt ceiling deadline, even though the 3-month LIBOR fixed lower at 2.64125%. SGS bonds are likely to open firmer, but gain in the longer-dated tenors may be limited by the upcoming 30-year re-opening.
- **China:** PBoC senior official said that China will start its first Central Bank Bill Swap operation soon. Meanwhile, PBoC's deputy Governor Pan Gongsheng reiterated that the CBS is different from the QE as it will not boost the monetary base.
- **Indonesia:** The government announced that it has sold Rp8.12tn of Islamic bonds during yesterday's auction. Incoming bids were reported at Rp21.3tn.
- **Philippines:** Current account registered a surplus of \$2.7bn in January from \$2.4bn last month and -\$531m a year ago. This is the highest surplus since July 2012. CPI in January has also sunk to 4.4%, down from its alarmingly high level of 6.7% in Oct 2018. Consumer inflation is still on the higher end but if it continues to come off at this pace, the CPI should return to 2% by July 2019 – giving the central bank ample room to perform its first rate cut after hiking rates 175bp last year.
- **Commodities:**
 - **Energy:** Oil prices rallied yesterday, with WTI closing above the \$56/bbl level, as general risk-on behaviour shrouded markets.

Bond Market Updates

- **Market Commentary:** The SGD swap curve was lower yesterday, with the 15-year swap rates and below trading within 1bps lower while the 20-year and 30-year swap rates traded 2bps and 1bps higher respectively. 10Y UST yields fell 3bps to 2.64%, on the back of safe haven demand as trade talks between the US and China neared the March 1 deadline. The Federal Open Market Committee is also due to release minutes from its January policy-setting meeting as investors await more clues after the dovish Fed stance announced in January. .
- **New Issues:** China CITIC Bank International Limited has priced a USD500mn 10NC5 Tier 2 bond at CT10+225bps, in line with the final guidance. China Resources Land Ltd has priced a 2-tranche deal with the USD300mn 5.5-year bond at CT5+135bps (tightening from IPT of +170bps area) and the USD500mn 10-year bond at CT10+160bps (tightening from IPT of +195bps area). GLP China Holdings Ltd may price a USD500mn 5-year bond at CT5+248bps, tightening from IPT of +275bps. Kaisa Group Holdings Ltd has priced a USD400mn 2-year bond (subsidiary guarantors: certain restricted subsidiaries incorporated outside the PRC) at 12%, tightening from IPT of 12.375% area. Logan Property Holdings Co Ltd has priced a USD300mn 3.5CN2 bond (subsidiary guarantors: certain offshore subsidiaries of issuer) at 7.5%, tightening

from IPT of 8% area. Sun Hung Kai Properties (Capital Market) Ltd has priced a USD500mn 10-year bond (guarantor: Sun Hung Kai Properties Ltd) at CT10+118bps, tightening from IPT of +145bps area. Westpac Banking Corp has priced a USD1.75bn deal across 2 tranches, with the USD1.25bn 5-year bond at CT5+85bps (tightening from IPT of +100bps area), and the USD500mn 5-year FRN at 3-month LIBOR+77bps. Mitsubishi UFJ Lease & Finance Co has scheduled for investor meetings on 19 Feb for its potential USD bond issuance. Pacific National Holdings Pty Ltd has scheduled for investor meetings from 4 March for its potential bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.520	-0.40%	USD-SGD	1.3529	-0.27%
USD-JPY	110.630	0.01%	EUR-SGD	1.5344	-0.01%
EUR-USD	1.1341	0.27%	JPY-SGD	1.2230	-0.28%
AUD-USD	0.7165	0.49%	GBP-SGD	1.7673	0.80%
GBP-USD	1.3062	1.07%	AUD-SGD	0.9694	0.22%
USD-MYR	4.0807	-0.12%	NZD-SGD	0.9312	0.23%
USD-CNY	6.7586	-0.12%	CHF-SGD	1.3514	0.06%
USD-IDR	14103	-0.03%	SGD-MYR	3.0102	-0.10%
USD-VND	23200	0.00%	SGD-CNY	4.9896	0.01%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3680	--	O/N	2.3870	--
2M	-0.3360	--	1M	2.4848	--
3M	-0.3080	--	2M	2.5781	--
6M	-0.2320	--	3M	2.6436	--
9M	-0.1940	--	6M	2.7554	--
12M	-0.1080	--	12M	2.9071	--

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	2-2.25%	2.25-2.5%	2.5-2.75%
03/20/2019	0.0%	1.0%	1.0%	99.0%	0.0%
05/01/2019	0.0%	3.0%	3.0%	97.0%	0.0%
06/19/2019	0.0%	4.7%	4.6%	95.3%	0.0%
07/31/2019	2.7%	4.6%	4.5%	92.8%	2.7%
09/18/2019	2.6%	6.2%	6.0%	91.2%	2.6%
10/30/2019	3.3%	6.1%	6.0%	90.6%	3.3%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	56.09	0.90%	Coffee (per lb)	0.972	-0.77%
Brent (per barrel)	66.45	-0.08%	Cotton (per lb)	0.7041	0.27%
Heating Oil (per gallon)	1.9946	-1.27%	Sugar (per lb)	0.1335	1.60%
Gasoline (per gallon)	1.5638	-0.58%	Orange Juice (per lb)	1.1880	3.13%
Natural Gas (per MMBtu)	2.6620	1.41%	Cocoa (per mt)	2,340	1.43%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	4.8975	-2.88%
Nickel (per mt)	12,374.0	--	Soybean (per bushel)	9.008	-0.74%
Aluminium (per mt)	1,824.5	--	Corn (per bushel)	3.6975	-1.33%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,340.1	1.67%	Crude Palm Oil (MYR/MT)	2,155.0	-2.31%
Silver (per oz)	15.967	1.42%	Rubber (JPY/KG)	191.9	4.18%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,891.32	8.07
S&P	2,779.76	4.16
Nasdaq	7,486.77	14.36
Nikkei 225	21,302.65	20.80
STI	3,259.80	-6.17
KLCI	1,706.56	13.82
JCI	6,494.67	-3.15
Baltic Dry	643.00	--
VIX	14.88	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.95 (--)	2.49 (-0.03)
5Y	1.99 (+0.01)	2.46 (-0.04)
10Y	2.14 (+0.01)	2.63 (-0.03)
15Y	2.38 (+0.01)	--
20Y	2.43 (+0.01)	--
30Y	2.59 (+0.01)	2.98 (-0.02)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.35	0.02
TED	35.36	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
02/19/2019 05:00	SK Export Price Index MoM	Jan	--	-1.00%	-2.40%	
02/19/2019 05:00	SK Export Price Index YoY	Jan	--	-1.40%	-0.90%	
02/19/2019 05:00	SK Import Price Index YoY	Jan	--	2.50%	3.00%	
02/19/2019 05:00	SK Import Price Index MoM	Jan	--	0.10%	-3.50%	
	ANZ Roy Morgan Weekly Consumer Confidence Index	Feb-17	--	115.2	114.1	--
02/19/2019 08:30	AU RBA Minutes of Feb. Policy Meeting					
02/19/2019 10:00	NZ Non Resident Bond Holdings	Jan	--	54.10%	54.60%	--
02/19/2019 12:00	JN Tokyo Condominium Sales YoY	Jan	--	-1.80%	15.20%	--
02/19/2019 16:30	HK Composite Interest Rate	Jan	--	0.83%	0.89%	--
02/19/2019 17:00	EC ECB Current Account SA	Dec	--	16.2b	20.3b	22.6b
02/19/2019 17:00	IT Industrial Sales WDA YoY	Dec	--	-7.30%	0.60%	0.50%
02/19/2019 17:00	IT Industrial Sales MoM	Dec	--	-3.50%	0.10%	-0.10%
02/19/2019 17:00	IT Industrial Orders NSA YoY	Dec	--	-5.30%	-2.00%	-2.20%
02/19/2019 17:00	IT Industrial Orders MoM	Dec	--	-1.80%	-0.20%	-0.40%
02/19/2019 17:15	IT Current Account Balance	Dec	--	4211m	4806m	4565m
02/19/2019 17:30	UK Claimant Count Rate	Jan	--	2.80%	2.80%	--
02/19/2019 17:30	UK Jobless Claims Change	Jan	--	14.2k	20.8k	20.2k
02/19/2019 17:30	UK Average Weekly Earnings 3M/YoY	Dec	3.50%	3.40%	3.40%	--
02/19/2019 17:30	UK Weekly Earnings ex Bonus 3M/YoY	Dec	3.40%	3.40%	3.30%	3.40%
02/19/2019 17:30	UK ILO Unemployment Rate 3Mths	Dec	4.00%	4.00%	4.00%	--
02/19/2019 17:30	UK Employment Change 3M/3M	Dec	151k	167k	141k	132k
02/19/2019 18:00	EC Construction Output MoM	Dec	--	-0.40%	-0.10%	0.30%
02/19/2019 18:00	EC Construction Output YoY	Dec	--	0.70%	0.90%	1.10%
02/19/2019 18:00	GE ZEW Survey Current Situation	Feb	20	15	27.6	--
02/19/2019 18:00	GE ZEW Survey Expectations	Feb	-13.6	-13.4	-15	--
02/19/2019 18:00	EC ZEW Survey Expectations	Feb	--	-16.6	-20.9	--
02/19/2019 18:01	PH BoP Overall	Jan	--	\$2704m	\$2442m	--
02/19/2019 23:00	CA Bloomberg Nanos Confidence	Feb-15	--	54.8	54.3	--
02/19/2019 23:00	US NAHB Housing Market Index	Feb	59	62	58	--
02/20/2019 05:45	NZ PPI Output QoQ	4Q	--	0.80%	1.50%	--
02/20/2019 05:45	NZ PPI Input QoQ	4Q	--	1.60%	1.40%	--
02/20/2019 07:30	AU Westpac Leading Index MoM	Jan	--	-0.01%	-0.21%	-0.26%
02/20/2019 07:50	JN Trade Balance	Jan	¥1029.1b	--	¥55.3b	¥56.7b
02/20/2019 07:50	JN Trade Balance Adjusted	Jan	¥150.7b	--	¥183.6b	--
02/20/2019 07:50	JN Exports YoY	Jan	-5.70%	--	-3.80%	-3.90%
02/20/2019 07:50	JN Imports YoY	Jan	-3.50%	--	1.90%	--
02/20/2019 08:00	AU Skilled Vacancies MoM	Jan	--	--	0.70%	--
02/20/2019 08:30	AU Wage Price Index QoQ	4Q	0.60%	--	0.60%	--
02/20/2019 08:30	AU Wage Price Index YoY	4Q	2.30%	--	2.30%	--
02/20/2019 09:00	JN Bloomberg Jan. Japan Economic Survey					
	Bloomberg Jan. Philippines Economic Survey					
02/20/2019 11:30	PH Survey					
02/20/2019 15:00	JN Convenience Store Sales YoY	Jan	--	--	1.20%	--
02/20/2019 15:00	GE PPI MoM	Jan	-0.10%	--	-0.40%	--
02/20/2019 15:00	GE PPI YoY	Jan	2.20%	--	2.70%	--
02/20/2019 16:00	SI Automobile COE Open Bid Cat A	Feb-20	--	--	25689	--
02/20/2019 16:00	SI Automobile COE Open Bid Cat B	Feb-20	--	--	34509	--
02/20/2019 16:00	SI Automobile COE Open Bid Cat E	Feb-20	--	--	35310	--
02/20/2019 19:00	UK CBI Trends Total Orders	Feb	-5	--	-1	--
02/20/2019 19:00	UK CBI Trends Selling Prices	Feb	16	--	18	--
02/20/2019 20:00	US MBA Mortgage Applications	Feb-15	--	--	-3.70%	--
02/20/2019 23:00	EC Consumer Confidence	Feb A	-7.7	--	-7.9	--
02/15/2019 02/20	SL Exports YoY	Dec	--	--	4.10%	--
02/15/2019 02/20	SL Imports YoY	Dec	--	--	-9.10%	--
02/19/2019 02/23	TH Car Sales	Jan	--	--	113581	--
02/20/2019 02/22	VN Domestic Vehicle Sales YoY	Jan	--	--	35.70%	--

Source: Bloomberg

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