

Highlights

Global	<p>Market attention was largely focused on the ongoing Brexit developments, with the latest being that European leaders have agreed to give the UK two weeks until 12 April to avoid a no-deal Brexit and for the UK to indicate a way forward if the withdrawal agreement does not go through, or until 22 May (before the European Parliament elections) if the deal is approved next week. Elsewhere, the BOE, CBC, BI and BSP were static yesterday as expected. Overnight, the S&P500 traded higher whilst the 10-year UST bond yield dipped below the 2.5% handle briefly for the first time since Jan18, but erased gains to close back up at 2.54%.</p> <p>Asian markets may trade with a firmer tone today. Today's economic data calendar comprises of US' existing home sales and wholesale inventories, Eurozone's PMIs, and Malaysia's CPI and foreign reserves. ECB's Guindos is speaking.</p>
US	Initial jobless claims fell 9k to a 4-week low of 221k, bringing the four-week average to 225k. Meanwhile, the Fed leading index also rose 0.2% in Feb, aided by stock prices. However, the Philadelphia Fed business outlook survey for future activity slumped to a three-year low of 21.8 in Mar, dragged down by shipments and new orders.
CH	Premier Li Keqiang visited the Ministry of Finance yesterday to survey the progress of tax cut. The new VAT will take effect from 1 April. On trade talk, China's Ministry of Commerce said that the US Trade representative Lighthizer and Treasury Secretary Mnuchin will visit China on 28 March while China's Vice Premier Liu He will visit the US in early April.
IND	The central bank held the benchmark rate yesterday whilst the tone of their statement continued to appear neutral. They did roll out easing macroprudential policies such as raising the macroprudential intermediation ratio from 82% - 92% to 84% - 94%. With inflation likely to remain moderate at 3.2% yoy for 2019 and the external environment improving aside strong interest in Indonesia, we believe that BI would begin to unwind the hikes last year. We now see that BI would do a 50bps cut in 2H 2019 as they probably would be concern about the effect of last year's tightening on liquidity.
PH	BSP has held its rates steady at 4.75% at its first meeting under new governor Benjamin Diokno. This was in line with our expectations that administrative issues as well as the central bank's desire to ensure inflation is firmly anchored below 4% would have encouraged them to consider cutting rates only at a later date. Diokno is seen as a dovish governor and has said that he will consider cutting rates if the monetary environment allows it. BSP has also slightly reduced its 2019 inflation forecast to 3% from 3.07%.
SG	PUB will take over Hyflux's Tuaspring desalination plant if it is unable to fully resolve all defaults within the notice period.

Major Markets

- **US:** Wall Street ended higher on Thursday, with the S&P500 advancing 1.1%. The DJIA rose 0.8%, and the Nasdaq composite increased 1.4%.
- **Singapore:** The STI added 0.19% to close at 3213.65 yesterday and may tread higher in the interim amid positive overnight cues from Wall Street and morning gains in Kospi. Support and resistance are tipped at 3200 and 3230. With the UST bond yields closing around 1bp higher after a choppy session, SGS bonds may unwind some of yesterday's gains.
- **Japan:** Japan's core CPI inflation rose just 0.7% in Feb, disappointing market expectations, and promptly saw the 10-year JGB yield falling to -0.06% (lowest since Nov16).
- **Hong Kong:** Inflation decelerated further from 2.4% in January to 2.1% in February. Nevertheless, the data print might be distorted by the different timings of Chinese New Year between this year and last year. Food inflation decelerated to 3% in February from 3.3% in January as the price index of eating out grew at a slower pace. The housing inflation kept static at 3% due to the effect of the upward adjustment in public housing rentals. The utility price index continued to drop by 4.7% yoy, amid the effects of government's electricity charge subsidy starting from January. Meanwhile, the inflation of miscellaneous services slowed down from 2.9% in January to 1.6% in February, due to a smaller increase in the charges for package tours. Moving forward, we expect inflation to pick up slightly on higher oil prices. Nevertheless, given the uncertain domestic economic outlook and the slowing housing rental growth, we believe the upside of inflation will be limited. Overall inflation may print 2.3% in 2019.
- **Thailand:** Thai exports in Feb rose 5.9% against expectations of -2%. The Thailand Commerce Ministry, however, warned that if one-off factors were excluded, then Thai exports would actually have slowed in the same month. In its briefing, the ministry said that if oil, gold and weapons were taken off the equation, Thai exports would have fallen -4.9% YoY in Feb, instead of the 5.9% headline that was posted. The slowing of Thai exports is in line with the fortunes of other exporting Asian economies.
- **Commodities:**
 - Energy:** WTI closed a shade below \$60/bbl yesterday at \$59.98/bbl, after closing above \$60/bbl for the first time since mid-Nov 2018 the day before. It was overall a pretty muted day for the oil market with little volatility on either end, as markets digest the prospects of a downbeat Fed outlook on the US economy against tightening global crude supplies. \$60/bbl for WTI remains a key support/resistance level and any significant deviation away from this price will likely require a strong catalyst.
 - Gold:** Gold endured another volatile session again yesterday on the back of an increasingly dovish US Federal Reserve. The precious metal rose to as high as \$1,320/oz during London session, presumably on Brexit tensions, only to give up all its intraday gains and falling to as low as \$1,304/oz by mid-day US. Expect gold to remain volatile over the next few trading sessions as markets try to assess the magnitude of the Fed's dovish turn on gold.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with the shorter tenors trading 2-4bps lower while the belly and longer tenors traded 5-7bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 2bps to 134bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 14bps to 451bps. 10Y UST yields fell further in the morning session, continuing the bond market rally sparked by the Federal Reserve's dovish statement, before rising to close the session 1bps higher at 2.54%.
- **New Issues:** Bank Rakyat Indonesia (Persero) Tbk has priced a USD500mn 5-year bond at CT5+168bps, tightening from IPT of +195bps area. CIFI Holdings (Group) Co Ltd has priced a USD255mn 5NC3 bond (subsidiary guarantors: certain non-PRC subsidiaries of issuer) at 6.55%, tightening from guidance of 6.8% area. Gemdale Ever Prosperity Investment Ltd has priced a USD300mn re-tap of its existing GEMDAL 6.0%'21s (guarantor: Famous Commercial Ltd) at 5.7%, tightening from IPT of 6.125% area. Chengdu Economic and Technological Development Zone State-Owned Assets Investment Co Ltd has priced a USD200mn re-tap of its existing CDECST 7.5%'22s at 100, in line with IPT of 7.5% area. Canara Bank has priced a USD400mn 5-year bond at CT5+170bps, tightening from IPT of +195bps area.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	96.495	0.77%	USD-SGD	1.3490	0.15%
USD-JPY	110.820	0.11%	EUR-SGD	1.5343	-0.20%
EUR-USD	1.1374	-0.34%	JPY-SGD	1.2174	0.05%
AUD-USD	0.7112	-0.06%	GBP-SGD	1.7680	-0.55%
GBP-USD	1.3107	-0.69%	AUD-SGD	0.9596	0.11%
USD-MYR	4.0615	-0.11%	NZD-SGD	0.9278	0.09%
USD-CNY	6.6993	0.07%	CHF-SGD	1.3598	0.21%
USD-IDR	14140	-0.34%	SGD-MYR	3.0147	0.10%
USD-VND	23201	-0.03%	SGD-CNY	4.9657	0.17%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.3670	--	O/N	2.3863	--
2M	-0.3360	--	1M	2.4906	--
3M	-0.3090	--	2M	2.5444	--
6M	-0.2310	--	3M	2.6070	--
9M	-0.1940	--	6M	2.6790	--
12M	-0.1090	--	12M	2.8135	--

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
03/20/2019	0.0%	2.1%	0.0%	2.1%	97.9%
05/01/2019	0.0%	8.5%	0.1%	8.4%	91.5%
06/19/2019	0.0%	15.2%	0.7%	14.5%	84.8%
07/31/2019	0.0%	24.5%	2.2%	22.1%	75.5%
09/18/2019	0.0%	29.8%	3.7%	25.9%	70.2%
10/30/2019	0.0%	39.5%	6.7%	32.0%	60.5%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	59.98	0.3%	Corn (per bushel)	3.7625	1.3%
Brent (per barrel)	67.86	-0.9%	Soybean (per bushel)	9.105	0.5%
Heating Oil (per gallon)	1.9871	-1.0%	Wheat (per bushel)	4.6650	0.4%
Gasoline (per gallon)	1.9203	0.2%	Crude Palm Oil (MYR/MT)	2,090.0	-0.2%
Natural Gas (per MMBtu)	2.8210	0.0%	Rubber (JPY/KG)	176.7	0.0%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	6,457	--	Gold (per oz)	1,307.3	0.4%
Nickel (per mt)	13,218	--	Silver (per oz)	15.372	0.8%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,962.51	216.84
S&P	2,854.88	30.65
Nasdaq	7,838.96	109.99
Nikkei 225	21,608.92	--
STI	3,213.65	5.99
KLCI	1,663.66	-20.55
JCI	6,501.78	19.07
Baltic Dry	695.00	-14.00
VIX	13.63	-0.28

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.94 (-0.03)	2.41 (+0.01)
5Y	1.94 (-0.05)	2.34 (+0.01)
10Y	2.06 (-0.09)	2.54 (+0.01)
15Y	2.32 (-0.06)	--
20Y	2.38 (-0.07)	--
30Y	2.53 (-0.07)	2.97 (-)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.10	-0.05
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	2.47
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Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
03/21/2019 02:00	US FOMC Rate Decision (Upper Bound)	Mar-20	2.50%	2.50%	2.50%	--
03/21/2019 16:00	PH BSP Overnight Borrowing Rate	Mar-21	4.75%	4.75%	4.75%	--
03/21/2019 16:30	HK CPI Composite YoY	Feb	2.10%	2.10%	2.40%	--
03/21/2019 20:00	UK Bank of England Bank Rate	Mar-21	0.75%	0.75%	0.75%	--
03/21/2019 20:30	US Initial Jobless Claims	Mar-16	225k	221k	229k	230k
03/22/2019 07:30	JN Natl CPI YoY	Feb	0.30%	0.20%	0.20%	--
03/22/2019 08:30	JN Nikkei Japan PMI Mfg	Mar P	--	--	48.9	--
03/22/2019 15:30	TH Foreign Reserves	Mar-15	--	--	\$212.0b	--
03/22/2019 17:00	EC Markit Eurozone Manufacturing PMI	Mar P	49.5	--	49.3	--
03/22/2019 21:45	US Markit US Manufacturing PMI	Mar P	53.5	--	53	--
03/22/2019 22:00	US Wholesale Inventories MoM	Jan	0.10%	--	1.10%	--
03/22/2019 22:00	US Existing Home Sales	Feb	5.10m	--	4.94m	--

Source: Bloomberg

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