

Highlights

Global	<p>With the rejection of all eight possible options for a new Brexit strategy, the UK Parliament may be back in limbo, even as UK PM May pledged to resign if they backed her Brexit deal. Essentially if May's Brexit deal does not pass through a House of Commons vote tomorrow, then the UK may be forced to choose between a potential no-deal Brexit on 12 April or an extended delay. Overnight, S&P500 closed weaker, weighed down by energy producers amid falling crude oil prices, while the UST bonds rallied with the 10-year yield falling to 2.37% (lowest since Dec 2017). Adding to the dovish rhetoric was ECB's Draghi who opined that an accommodative stance is still needed, as well as BNM and RBNZ's turnaround yesterday to signal that the next move will likely be down. For the day ahead, Asian markets may trade with a consolidative tone again today, with bonds better bid ahead of the month-end. Mnuchin and Lighthizer are due in Beijing for trade talks. For today's economic data calendar, watch for US' pending home sales and initial jobless claims, German CPI, and Eurozone's consumer confidence. Speakers include Fed's Quarles, Caltrida, Bowman and Bostic, and ECB's Guindos and Nowotny.</p>
US	<p>Fed's George opined that slower global growth is a headwind for the US, but does not think the central bank is inhibiting growth. She advocated a "wait-and-see approach" on rates amid "notable" downside risks. Meanwhile, Jan trade deficit narrowed more than expected to US\$51.1b, down from a revised US\$59.9b in Dec18, amid the ongoing inventory rebalancing and slowing growth.</p>
EU	<p>ECB's Praet indicated that details of the new TLTRO will be communicated in "due time", while Mersch indicated that "it is true that some of these tools have been unpopular, but central banks are no strangers to unpopularity". Meanwhile, Nowotny said there's "somewhat mixed newsflow, so it's important to wait".</p>
NZ	<p>RBNZ kept its OCR static at 1.75% yesterday, but governor Orr signalled that "given the weaker global economic outlook and reduced momentum in domestic spending, the more likely direction of our next OCR move is down".</p>
MY	<p>Bank Negara Malaysia (BNM) sees that 2019 growth would be in the range of 4.3% yoy - 4.8% yoy, which is lower than the government's growth forecast of 4.9% yoy as had been announced in budget 2019. Governor Nor Shamsiah Mohd Yunus had mentioned too that growth will probably come in at the lower end of the forecast range if downside risks such as a sharper moderation in global demand and an escalation of trade materializes. Going forward, we now believe there is a strong possibility of BNM expressing a dovish tilt at their next policy meeting.</p>

Major Markets

- **US:** Wall Street ended lower on Wednesday, with the S&P500 declining 0.5%. The DJIA fell 0.1%, and the Nasdaq composite tumbled 0.6%.
- **Singapore:** The STI closed flat (-0.06%) to close at 3198.39 yesterday, but is poised to consolidate lower today with support at 3182 followed by 3168, with resistance at 3220. Overnight cues from Wall Street are soft and Kospi is already gapping lower this morning. With UST bond yields generally 3-6bps lower across the curve, after absorbing US\$41b of a 5-year bond auction, SGS bonds may remain better supported amid the de-risking in global markets. As expected, the \$2b re-opening of the 5-year SGS bond maturing on 1 Feb 2023 fetched a relatively strong bid-cover ratio of 2.09x (similar to the previous two 5-year auctions which saw bid-covers of around 2.08-2.09x). The cut-off yield was 1.93% with the average yield at 1.85%. Next up is a 10-year SGS bond re-opening on 2 May, with the size announcement on 18 April and auction on 26 April.
- **Macau:** Unemployment rate held static at a nearly four-year low of 1.7% during the three-month period through February. However, employed population dropped from 391.5K to 388.1K while the participation rate edged lower from 71.5% to 70.8%. This signals slackening in the labor market. The employment situation of various industries was also mixed. The employed population of hotels, restaurants and similar activities grew by 2.14% mom to 57.2K, the highest level since 2Q 2018. This is mainly attributed to the robust tourism. On the other hand, the employed population of gaming industry and retail industry reduced by 3.1% mom and 3.4% mom respectively. Against the backdrop of weakening global growth outlook and lingering trade tension, the increase in tourists did not translate into higher visitor spending or stronger gambling demand. As such, the hiring sentiment of both gaming and retail sectors remained suppressed. Finally, as most of the mega projects have been completed, the employed population of construction sector slid by 2.4% mom. In the near term, strong tourism may help to buoy the labor market. However, we doubt the sustainability of the low unemployment rate in the medium term given the slowing economic growth in Macau and across the globe.
- **Thailand:** The pro-democracy camp of Thailand has formed a major coalition of seven parties. Among the biggest parties (in terms of parliamentary seats) are the Thaksin-linked Pheu Thai party and the upstart Future Forward party, with the Thai Liberal party, Phea Chart party, Prachachat party, Thai People Power and New Economic party forming the rest of the alliance. Meanwhile, the military-aligned Palang Pracharat party has also claimed the right to form the new Thai government, given Sunday's night preliminary result showing that the party has won the most votes. The Palang Pracharath party is also talking to other parties to form its own coalition. A prolonged power struggle within parliament looks like an increasing possibility and that is set to hurt Thailand's GDP growth, especially on parliamentary deadlock.
- **South Korea:** The three-year bond yield has fallen below the BOK's benchmark interest rate of 1.75% for the first time since 2016, closing at 1.73% yesterday. The odds are on the BoK to come under increasing pressure to ease rates as economic growth falters.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with the shorter tenors trading 1-3bps lower while the belly and longer tenors traded 4-6bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS traded little changed at 1bps 135bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 3bps to 461bps. 10Y UST yields fell 5bps to close the session at 2.37%, on the back of dovish tones adopted by the New Zealand central bank and European Central Bank. This was partially offset by the further-than-expected decrease in the US trade deficit, which rallied US equity. The yield curve between the 3-month and 10-year treasury yields extended its inversion to 7bps.
- **New Issues:** Zhenro Properties Group Ltd has priced a USD420mn 3.8NC2 bond (subsidiary guarantors: certain non-PRC restricted subsidiaries of issuer) at 8.65%, tightening from IPT of 9.125% area. Mei Nian Investment Ltd has priced a USD200mn 2-year bond (guarantor: Meinian Onehealth Healthcare Holdings Co Ltd) at 8.5%, tightening from IPT of high 8% area. CMT MTN Pte Ltd has priced a USD300mn 10-year bond at CT10+122.5bps, tightening from price guidance of +145bps area. Yango Justice International Ltd has priced a USD250mn 2-year bond (parent guarantor: Yango Group Co Ltd) at 10.25%, tightening from IPT of 10.75% area. CFLD (Cayman) Investment Ltd (guarantor: China Fortune Land Development Co Ltd) has priced a USD350mn 3-year bond at 7.125% (tightening from IPT of 7.625% area) and a USD650mn 5-year bond at 8.6% (tightening from IPT of 8.9% area). China Grand Automotive Services Ltd has priced a USD100mn 3-year bond (guarantor: China Grand Automotive Services Co Ltd) at 8.625%. Shinhan Bank has scheduled investor meetings from 1 April for its potential USD Tier 2 bond issuance. Xinjiang Transportation Construction Investment Holding Co Ltd has scheduled investor meetings from 29 March for its potential USD bond issuance. Power Best Global Investments Ltd (parent guarantor: Hong Kong Junfa Property Co Ltd) has scheduled investor meetings from 27 March for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.774	0.04%	USD-SGD	1.3554	0.23%
USD-JPY	110.510	-0.12%	EUR-SGD	1.5240	0.04%
EUR-USD	1.1244	-0.20%	JPY-SGD	1.2265	0.34%
AUD-USD	0.7084	-0.71%	GBP-SGD	1.7876	0.07%
GBP-USD	1.3189	-0.17%	AUD-SGD	0.9603	-0.48%
USD-MYR	4.0728	0.03%	NZD-SGD	0.9212	-1.38%
USD-CNY	6.7271	0.17%	CHF-SGD	1.3623	0.19%
USD-IDR	14195	0.16%	SGD-MYR	3.0107	-0.07%
USD-VND	23197	0.00%	SGD-CNY	4.9624	-0.15%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.3680	--	O/N	2.3939	--
2M	-0.3360	--	1M	2.4955	--
3M	-0.3090	--	2M	2.5578	--
6M	-0.2280	--	3M	2.5974	--
9M	-0.1940	--	6M	2.6821	--
12M	-0.1080	--	12M	2.7246	--

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
03/20/2019	0.0%	8.3%	0.0%	8.3%	91.7%
05/01/2019	0.0%	31.3%	2.1%	29.2%	68.7%
06/19/2019	0.0%	37.9%	4.7%	33.0%	62.1%
07/31/2019	0.0%	61.8%	15.6%	44.2%	38.2%
09/18/2019	0.0%	67.0%	19.5%	43.4%	33.0%
10/30/2019	0.0%	76.8%	26.6%	40.3%	23.2%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	59.41	-0.9%	Corn (per bushel)	3.7375	-0.9%
Brent (per barrel)	67.83	-0.2%	Soybean (per bushel)	8.875	-1.5%
Heating Oil (per gallon)	1.9806	-0.5%	Wheat (per bushel)	4.6950	0.1%
Gasoline (per gallon)	1.8955	-3.1%	Crude Palm Oil (MYR/MT)	2,031.0	-0.2%
Natural Gas (per MMBtu)	2.7130	-1.0%	Rubber (JPY/KG)	177.6	-0.1%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	6,330	--	Gold (per oz)	1,310.4	-0.3%
Nickel (per mt)	13,080	--	Silver (per oz)	15.239	-0.9%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,625.59	-32.14
S&P	2,805.37	-13.09
Nasdaq	7,643.38	-48.14
Nikkei 225	21,378.73	-49.66
STI	3,198.39	-1.89
KLCI	1,642.73	-7.21
JCI	6,444.74	-25.26
Baltic Dry	690.00	7.00
VIX	15.15	0.47

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.90 (-0.01)	2.20 (-0.07)
5Y	1.91 (-0.03)	2.16 (-0.05)
10Y	2.05 (-0.02)	2.37 (-0.06)
15Y	2.30 (-0.01)	--
20Y	2.37 (-0.01)	--
30Y	2.52 (-0.01)	2.81 (-0.06)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.37	0.20
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	2.40
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Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
03/27/2019 09:00	NZ RBNZ Official Cash Rate	Mar-27	1.75%	1.75%	--
03/27/2019 19:00	US MBA Mortgage Applications	Mar-22	--	8.90%	--
03/27/2019 20:30	US Trade Balance	Jan	-\$57.0b	-\$51.1b	-\$59.8b
03/27/2019 22:00	US Current Account Balance	4Q	-\$130.0b	-\$134.4b	-\$124.8b
03/28/2019 18:00	EC Consumer Confidence	Mar F	-7.2	--	-7.2
03/28/2019 20:30	US GDP Annualized QoQ	4Q T	2.30%	--	2.60%
03/28/2019 20:30	US GDP Price Index	4Q T	1.80%	--	1.80%
03/28/2019 20:30	US Initial Jobless Claims	Mar-23	220k	--	221k
03/28/2019 21:00	GE CPI YoY	Mar P	1.50%	--	1.50%
03/28/2019 22:00	US Pending Home Sales MoM	Feb	-0.50%	--	4.60%

Source: Bloomberg

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