

Highlights

Global	<p>Global risk appetite remained resilient overnight, with the S&P500 testing fresh highs, led by financial stocks even though Alphabet's sales missed expectations, while the 10-year UST bond yield rose 3bps to 2.53%. US-China trade talks resume today in Beijing amid US Treasury Secretary Mnuchin hinting that the enforcement mechanism is "close to done". Note earlier this morning, South Korea reported a larger than expected 2.8% yoy contraction (+1.4% mom) in industrial output which may curb any excessive near-term risk sentiments.</p> <p>Asian markets may range trade this morning, awaiting China's Caixin manufacturing PMI release. Japanese markets are closed, with many Asian markets set to follow tomorrow, so month-end positioning flows may dominate, especially ahead of Thursday's FOMC policy decision. Today's economic data calendar is fairly busy with US' pending home sales, consumer confidence and S&P CoreLogic home prices, Eurozone's and Taiwan's 1Q19 GDP growth, German April CPI and unemployment rate, Thailand's March trade data, China's Caixin manufacturing PMI, and Singapore's bank loans growth. Speakers include BOE's Ramsden, and BOC's Poloz.</p>
US	<p>March personal income expanded a more muted 0.1% mom, but personal spending accelerated from 0.1% to 0.9%, notwithstanding the recently slowing consumption story in the 1Q19 GDP growth estimates. The core PCE deflator also was flat on-month (+1.6% yoy) to a one-year low in March, but may reaccelerate with the USD and oil story. Meanwhile, the Treasury Department will issue US\$30b marketable debt from April-June (US\$53b lower than estimated in January), followed by US\$160b between July-September.</p>
EZ	<p>Economic confidence fell for the 10th straight month in April from 105.6 to 104, marking its lowest reading since September 2016. In particular, German confidence fell to its lowest in three years, as the outlook for production, orders and stocks dimmed.</p>
CH	<p>China's Ministry of Commerce said yesterday that it is studying the detail measures to slash the negative list to further open China's market to foreign investors. On US-China trade talk, it looks like that China is willing to compromise on enforcement part. Therefore, we think a chance of trade deal is quite high in the near term.</p>
SG	<p>Bank loans growth may have expanded around 3+% yoy in March, but watch for any further softening in consumer credit growth, especially housing loans.</p>

Major Markets

- **US:** Wall Street ended higher on Monday, with the S&P500 advancing 0.1%. The Nasdaq composite climbed 0.2%.
- **Singapore:** The STI rallied 1.49% to close at 3407.02 yesterday, outperforming many Asian bourses, amid earnings cues from DBS, but may see some consolidative pressure today given Wall Street's modest gains overnight and weak morning cues by Kospi. STI's resistance and support are tipped at 3427 and 3362 respectively. With UST bond yields rising by up to 3bps, led by the longer tenors, SGS bonds may also unwind some of yesterday's gains ahead of the month-end.
- **Hong Kong:** Trade data surprised to the upside in Mar which may still be attributed to seasonal effect. The drop of exports and imports narrowed from -6.9% yoy and -3.8% yoy in Feb to -1.2% yoy and -0.1% yoy respectively in Mar. Specifically, imports from Mainland China rose by 7.4% yoy. This is in tandem with the rebound in China's exports during the same month. Besides, align with the sharp decline in China's imports in Mar, HK's exports to Mainland China dropped further by 10.1% yoy. In commodities, imports of electrical machinery and office machines shrank by 5.2% yoy and 10.6% yoy respectively while exports of these two commodities also fell by 6.6% yoy and 13.8% yoy respectively. Taken all together, it indicates that Asia's electronic value-chain continued to take a hit as external demand has been hurt by global economic slowdown and lingering trade war risks. Lately, the trade talks between the US and China are set to reach some agreement. Besides, green shoots have emerged in China's economy. Whether these two favorable factors could materialize in stabilizing global economic growth and reviving global demand will be closely monitored. Before trade deal is reached and economic stabilization becomes more broad-based, we will remain cautious about HK's trade sector outlook.
- **Macau:** Unemployment rate remained static at a four-year low of 1.7% during the 1Q 2019. However, the employed population dropped from 388100 in previous three-month period to 387100 during the 1Q, alongside with the participation rate falling to the lowest level since early 2018 at 70.4%. Barring gaming sector, other major industries' employed population all dropped. Specifically, as resilient tourism activities lent some support to gaming revenue in Mar, the gaming sector's employed population rebounded by 1.9% mom during the same month. Meanwhile, the employed population of hotel and similar activities expanded for the third consecutive month by 0.6% mom in Mar. On the flip side, the employment of retail sector dropped by 3.6% mom as stronger MOP and concerns about global economic slowdown continued to dent visitor's consumption sentiment. Meanwhile, the employment of construction sector continued to inch lower (-0.2% mom) due to the successive completion of new mega projects. Moving forward, though resilient tourism might lend some support to local economic growth and the labour market in the short term, we doubt the sustainability of the low unemployment rate in the medium term given the lingering external headwinds.
- **Indonesia:** According to an online count by the election commission, Jokowi has secured 56.2 percent of the votes, compared to 43.8 percent for challenger Prabowo with ballots from 52 percent of the polling stations tallied.
- **Thailand:** Finance Ministry cut its economic growth from 4.0% to 3.8% for 2019, matching our estimate of 3.8% for the year. A slowdown in global demand, particularly China's appetite for electronic goods and tourism, has hurt the region's growth. Political

uncertainty is likely to weigh on investor sentiment, with the transition to an elected government still in progress. Finance Minister Apisak Tantivorawong is reportedly considering injecting 20bn baht of stimulus to spur growth.

- **Commodities:** Prices are consolidating at the moment after a rally by both benchmarks last week. WTI last week rose as much as 1.7% while Brent increased as much as 3.6%. Prices have since declined by -2.6% and -3.2% respectively. Geopolitical headlines are likely to be the main driver of prices in the next two weeks until the release of OPEC's April report. WTI is likely to hover around its key \$63.50/bbl level while Brent may consolidate around the \$72/bbl level.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with most tenors trading 1bps lower, exception being the shorter tenors (below 2-years) and the 12-year swap rate trading a smaller change. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 2bps to 129bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 474bps. 10Y UST yields rose 3bps to 2.53%, on the back of a surge in US consumer spending in March, the largest increase in more than 9-1/2 years, which boosted market sentiments for growth in US consumption heading into the second quarter, albeit amidst tame inflation weighing down on yields.
- **New Issues:** Ronshine China Holdings Ltd has priced a USD200mn re-tap of its existing RONXIN 10.5%'22s (subsidiary guarantors: certain of company's restricted subsidiaries incorporated outside the PRC) at 104.897 (yield: 8.5%). Mirae Asset Daewoo Co Ltd has priced a USD300mn 3-year bond at T3+95bps (IPT of +120bps area) and a USD300mn 5-year bond at T5+112.5bps (IPT of +140bps area). Keppel Corp Ltd has priced a SGD500mn deal across 2 tranches, with the SGD150mn 5-year bond at 3.0% (IPT of 3.25% area) and the SGD350mn 10-year bond at 3.66% (IPT of 3.875% area). CDL Properties Ltd has priced a SGD300mn 5-year bond at 2.958%.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	97.857	-0.15%	USD-SGD	1.3616	-0.03%
USD-JPY	111.650	0.06%	EUR-SGD	1.5231	0.31%
EUR-USD	1.1186	0.31%	JPY-SGD	1.2195	-0.10%
AUD-USD	0.7056	0.20%	GBP-SGD	1.7613	0.12%
GBP-USD	1.2937	0.16%	AUD-SGD	0.9607	0.19%
USD-MYR	4.1337	0.05%	NZD-SGD	0.9076	0.03%
USD-CNY	6.7336	0.07%	CHF-SGD	1.3352	-0.04%
USD-IDR	14209	0.13%	SGD-MYR	3.0368	0.12%
USD-VND	23280	--	SGD-CNY	4.9441	-0.05%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.3670	--	O/N	2.4000	--
2M	-0.3360	--	1M	2.4831	--
3M	-0.3100	--	2M	2.5414	--
6M	-0.2290	--	3M	2.5828	--
9M	-0.1940	--	6M	2.6158	--
12M	-0.1130	--	12M	2.7175	--

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
05/01/2019	0.0%	2.1%	0.0%	2.1%	97.9%
06/19/2019	0.0%	19.7%	0.4%	19.3%	80.3%
07/31/2019	0.0%	31.3%	3.1%	28.1%	68.7%
09/18/2019	0.0%	46.3%	8.6%	37.0%	53.7%
10/30/2019	0.0%	52.8%	12.0%	39.0%	47.2%
12/11/2019	0.0%	64.8%	18.9%	41.1%	35.2%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	63.50	0.3%	Corn (per bushel)	3.5200	0.2%
Brent (per barrel)	72.04	-0.2%	Soybean (per bushel)	8.475	-0.7%
Heating Oil (per gallon)	2.0549	0.2%	Wheat (per bushel)	4.2675	-1.9%
Gasoline (per gallon)	2.0828	-0.8%	Crude Palm Oil (MYR/MT)	1,997.0	-0.8%
Natural Gas (per MMBtu)	2.5930	1.1%	Rubber (JPY/KG)	188.6	0.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	6,396	-0.1%	Gold (per oz)	1,281.5	-0.3%
Nickel (per mt)	12,410	-0.1%	Silver (per oz)	14.844	-1.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	26,554.39	11.06
S&P	2,943.03	3.15
Nasdaq	8,161.85	15.46
Nikkei 225	22,258.73	--
STI	3,407.02	50.07
KLCI	1,637.40	-0.98
JCI	6,425.90	24.82
Baltic Dry	889.00	--
VIX	13.11	0.38

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.92 (-0.01)	2.29 (+0.01)
5Y	1.99 (-0.01)	2.31 (+0.02)
10Y	2.18 (-0.01)	2.53 (+0.03)
15Y	2.37 (--)	--
20Y	2.41 (-0.01)	--
30Y	2.58 (-0.01)	2.95 (+0.03)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.50	0.05
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	2.46
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Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
04/29/2019 16:00	EC M3 Money Supply YoY	Mar 4.20%	4.50%	4.30%	--
04/29/2019 16:30	HK Exports YoY	Mar -2.60%	-1.20%	-6.90%	--
04/29/2019 20:30	US Personal Income	Mar 0.40%	0.10%	0.20%	--
04/29/2019 20:30	US Personal Spending	Mar 0.70%	0.90%	--	0.10%
04/29/2019 20:30	US Personal Spending	Feb 0.30%	0.10%	0.10%	0.30%
04/30/2019 09:00	CH Manufacturing PMI	Apr 50.5	--	50.5	--
04/30/2019 09:45	CH Caixin China PMI Mfg	Apr 50.9	--	50.8	--
04/30/2019 15:30	TH BoP Current Account Balance	Mar \$4400m	--	\$6505m	--
04/30/2019 17:00	EC GDP SA QoQ	1Q A 0.30%	--	0.20%	--
04/30/2019 17:00	EC GDP SA YoY	1Q A 1.10%	--	1.10%	--
04/30/2019 21:45	US MNI Chicago PMI	Apr 58.5	--	58.7	--
04/30/2019 22:00	US Conf. Board Consumer Confidence	Apr 126.8	--	124.1	--

Source: Bloomberg

<u>OCBC Treasury Research</u>	
<p><u>Macro Research</u></p> <p>Selena Ling LingSSSelena@ocbc.com</p> <p>Emmanuel Ng NgCYEmmanuel@ocbc.com</p> <p>Tommy Xie Dongming XieD@ocbc.com</p> <p>Terence Wu TerenceWu@ocbc.com</p> <p>Howie Lee HowieLee@ocbc.com</p> <p>Alan Lau AlanLau@ocbc.com</p>	<p><u>Credit Research</u></p> <p>Andrew Wong WongVKAM@ocbc.com</p> <p>Ezien Hoo EzienHoo@ocbc.com</p> <p>Wong Hong Wei WongHongWei@ocbc.com</p> <p>Seow Zhi Qi ZhiQiSeow@ocbc.com</p>

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