

Highlights

Global	<p>Risk assets rallied as investors cheer a slightly more dovish Fed after the FOMC pulled back their rate hike expectation from four times to two times, and may well suggest further risk rally for Asian markets today. This is in line with our house-call for the Federal Reserve to hike a total of two rate hikes this year, to an eventual 1.0%. Meanwhile, the Fed also lowered its projection to economic growth and inflation: GDP growth projection was lowered to 2.2% and 2.1% respectively in 2016 and 2017 from December projection of 2.4% and 2.2% respectively. PCE inflation forecast for 2016 was slashed to 1.2% from previously 1.6%. In a nut-shell, the FOMC regards the current monetary policy to be accommodative in supporting labor conditions and a return to 2.0% inflation. On the data front, the stronger than expected Feb core CPI seen overnight had also failed to dispel Fed's caution on inflation outlook. Core CPI increased by 0.3% mom and 2.3% yoy, strongest since May 2012 after advancing 2.2% yoy in January, on the back of rising rentals and medical costs. However, during the press conference, Fed Chair Yellen said "I want to warn that there may be some transitory factors that are influencing (inflation). So I am wary and haven't yet concluded that we have seen any significant uptick that will be lasting in, for example, core inflation."</p>
Singapore	<p>The MAS survey indicated a median GDP growth expectation of 1.9% yoy made by 24 economists polled in the report. This is slightly lower than previously surveyed at 2.2%. The fall in GDP estimate is largely dragged by fall in growth expectation in manufacturing (-2.7% vs previously estimated -1.2%) and Finance & Insurance (3.6% vs 5.9%). On the inflation front, the survey indicated that participants now expect headline domestic prices to contract by 0.2% (from previous 0.5%), while core inflation is pencilled at 0.8% yoy (vs 1.0%). Elsewhere, NODX grew a strong 2.1% yoy (-4.1% momsa), led by higher exports to EU28 (+16.1%), US (+4.2%), Hong Kong (+21.9%) and Japan (+15.1%), though exports to China (-1.2%), Indonesia (-5.9%), Malaysia (-4.9%) and Taiwan (-14.4%) continued to drag.</p>
China	<p>PBoC lowered its interest rate for medium lending facility across the curve. The 3-month interest rate for MLF was lowered by 25bps to 2.5% while interest rate for 6-month and 1-year were lowered to 2.6% and 2.75% respectively. This was the third time since 2016 for PBoC to lower its MLF interest rate, signalling the easing bias. The flattening money market curve is likely to help maintain flush liquidity in the money market, which hopefully can be translated to easing credit market.</p>
Commodities	<p>Despite the Fed median dot plot chart signalling only two rate hikes for the year, it is important to note that there still lies, more rate hikes to come. Given our expectations for two more rate hikes, the flatter dot plot chart does not effectively change our gold forecast, where we had previously called for a range of \$1,050 (3 rate hikes) and \$1,150/oz (1 rate hike). As such, our gold forecast for end-year will now fixate on \$1,100/oz (2 rate hikes).</p>

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Major Market

- **US:** Wall Street surged after a dovish Fed kept rates unchanged and tapered the median dot plot chart for a rate hike down to two instead of the previous four. Dow at +0.43%, S&P500 +0.56%, Nasdaq at +0.75%. VIX -10.99% to 14.99. The UST bond markets also reacted to the Fed's announcement as yields fell with the 2- and 10year bond yields at 0.86% (-10bps) and 1.91% (-6bps).
- **Singapore:** The STI climbed by 5 points to close at 2844.21, marking a marginal 0.17% increase as the market waited for the Fed's announcement in the night. Despite top gainers Golden Agri-Resources (+3.66%), Jardine Cycle and Carriage Ltd (+1.87%) and Sembcorp Industries Ltd (+1.67%), the STI was weighed down by Hongkong Land Holdings Ltd (-2.4%), Genting Singapore PLC (-1.26%) and SATS Ltd (-1.01%). For today, given the stronger Wall Street, do expect the STI to see further upside risk, with support and resistance perceived at 2830 and 2900 respectively.
- **Hong Kong:** Thanks to the increased number of policies issued to Mainland clients, new office premiums surged by 40% yoy to HKD10.5 billion in 4Q, after jumping 5.9% yoy in the previous quarter. Due to the expectations of more depreciation in the RMB, coupled with tightening capital control in China, purchases of insurance policies in Hong Kong have become a prevailing way for the Mainlanders to move capital across the border. As a result, Chinese officials were prompted to crackdown on the use of UnionPay cards by limiting the maximum payment made by each transaction in the offshore market and banning the use of electronic payment systems for HK life insurance and investment-linked products. Till further control is posed onto the use of UnionPay cards, we expect Mainland visitors will continue to be the VIPs to HK insurance companies.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-steepened yesterday with the short-end rates trading 3bps-5bps lower while the long-end rates traded 2bps lower. In the broader dollar space, JACI IG corporates spread was level at 232bps, while the yield on the JACI HY corporates increased by 2bps to 7.92%. 10y UST decreased by 6bps to 1.91% with markets digesting the Fed's rather downbeat comments on global growth and its impact on the US economy as well as the lower expectation of future rake hikes.
- **New Issues:** Ascott REIT priced a SGD120mn 8-year bond at 4%, with no change from initial guidance. The expected ratings for the issue is "NR/Baa3/NR". City Developments priced a SGD115mn 5-year bond at 2.93%. ABN Amro Bank priced a USD300mn 15-year subordinated (Tier-2) bond at 5.6%. The expected ratings for the issue is "BBB-/Baa3/A-". AMTD Group plans a USD 3-year bond issue, with an initial guidance of 5%.
- **Rating Changes:** Moody's affirmed China Vanke's "Baa1" rating on the back of strong revenue growth, low leverage and a solid liquidity position for fiscal year ended 31 Dec 2015. Outlook for China Vanke is stable.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.890	-0.77%	USD-SGD	1.3649	-1.22%
USD-JPY	112.560	-0.55%	EUR-SGD	1.5319	-0.21%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2125	-0.67%
AUD-USD	0.7553	1.29%	GBP-SGD	1.9463	-0.46%
GBP-USD	1.4259	0.76%	AUD-SGD	1.0309	0.03%
USD-MYR	4.1363	-0.02%	NZD-SGD	0.9178	0.64%
USD-CNY	6.5220	0.12%	CHF-SGD	1.3975	-0.15%
USD-IDR	13267	0.78%	SGD-MYR	2.9971	-0.12%
USD-VND	22295	0.04%	SGD-CNY	4.7161	-0.03%

Equity and Commodity

Index	Value	Net change
DJIA	17,325.76	74.20
S&P	2,027.22	11.30
Nasdaq	4,763.97	35.30
Nikkei 225	16,974.45	-142.60
STI	2,844.21	4.80
KLCI	1,693.43	2.50
JCI	4,861.44	11.70
Baltic Dry	393.00	-3.00
VIX	14.99	-1.90

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3130	--	O/N	0.3753	--
2M	-0.2660	--	1M	0.4413	--
3M	-0.2270	--	2M	0.5250	--
6M	-0.1300	--	3M	0.6420	--
9M	-0.0680	--	6M	0.9123	--
12M	-0.0060	--	12M	1.2370	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.01 (-0.01)	0.86 (-0.11)
5Y	1.83 (--)	1.38 (-0.11)
10Y	2.20 (-0.04)	1.91 (-0.06)
15Y	2.55 (-0.05)	--
20Y	2.67 (-0.03)	--
30Y	2.81 (-0.04)	2.71 (-0.02)

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.69	-0.60	2.96
Italy	-0.01	0.70	1.33
Ireland	-0.34	0.90	0.91
Greece*	9.81	166.50	8.88
Spain	0.04	0.60	1.51
Russia^	3.40	-1.60	5.66

Financial Spread (bps)

	Value	Change
LIBOR-OIS	22.59	0.03
EURIBOR-OIS	11.50	0.12
TED	34.40	3.27

* Greece's bond yields data reflect 3-year (instead of 2-year) tenor

^ Russia's bond yields data reflects 3-year and 15-year tenors instead

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	38.46	5.83%	Coffee (per lb)	1.274	2.66%
Brent (per barrel)	40.33	4.10%	Cotton (per lb)	0.5832	0.14%
Heating Oil (per gallon)	1.231	4.54%	Sugar (per lb)	0.1547	0.98%
Gasoline (per gallon)	1.42	0.72%	Orange Juice (per lb)	1.2785	-0.58%
Natural Gas (per MMBtu)	1.868	0.92%	Cocoa (per mt)	3,040	1.37%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,935.0	-0.28%	Wheat (per bushel)	4.7075	-1.36%
Nickel (per mt)	8,577	0.52%	Soybean (per bushel)	8.945	0.28%
Aluminium (per mt)	1,504.0	-1.00%	Corn (per bushel)	3.6825	-0.07%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,229.8	-0.10%	Crude Palm Oil (MYR/MT)	2,590.0	1.97%
Silver (per oz)	15.214	-0.27%	Rubber (JPY/KG)	155.6	1.10%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
03/16/2016 04:00	US Total Net TIC Flows	Jan	--	\$118.4b	-\$114.0b	-\$106.8b
03/16/2016 04:00	US Net Long-term TIC Flows	Jan	--	-\$12.0b	-\$29.4b	--
03/16/2016 05:45	NZ BoP Current Account Balance	4Q	-2.875b	-2.614b	-4.749b	-4.742b
03/16/2016 07:00	SK Unemployment rate SA	Feb	3.60%	4.10%	3.50%	--
03/16/2016 07:30	AU Westpac Leading Index MoM	Feb	--	-0.15%	-0.04%	0.12%
03/16/2016 14:00	JN Machine Tool Orders YoY	Feb F	--	-22.50%	-22.60%	--
03/16/2016 17:30	UK Claimant Count Rate	Feb	2.20%	2.10%	2.20%	2.10%
03/16/2016 17:30	UK Jobless Claims Change	Feb	-9.1k	-18.0k	-14.8k	-28.4k
	ILO Unemployment Rate					
03/16/2016 17:30	UK 3Mths	Jan	5.10%	5.10%	5.10%	--
03/16/2016 19:00	US MBA Mortgage Applications	Mar-11	--	-3.30%	0.20%	--
03/16/2016 20:30	CA Manufacturing Sales MoM	Jan	0.50%	2.30%	1.20%	1.40%
03/16/2016 20:30	US Housing Starts	Feb	1150k	1178k	1099k	1120k
03/16/2016 20:30	US Building Permits	Feb	1200k	1167k	1202k	1204k
03/16/2016 20:30	US CPI MoM	Feb	-0.20%	-0.20%	0.00%	--
03/16/2016 20:30	US CPI Ex Food and Energy MoM	Feb	0.20%	0.30%	0.30%	--
03/16/2016 20:30	US CPI YoY	Feb	0.90%	1.00%	1.40%	--
03/16/2016 20:30	US CPI Ex Food and Energy YoY	Feb	2.20%	2.30%	2.20%	--
03/16/2016 20:30	CA Int'l Securities Transactions	Jan	--	13.51b	-1.41b	-1.40b
03/16/2016 21:15	US Industrial Production MoM	Feb	-0.30%	-0.50%	0.90%	0.80%
03/16/2016 21:15	US Capacity Utilization	Feb	76.90%	76.70%	77.10%	--
	FOMC Rate Decision (Upper Bound)					
03/17/2016 02:00	US Bound)	Mar-16	0.50%	0.50%	0.50%	--
03/17/2016 05:45	NZ GDP SA QoQ	4Q	0.70%	0.90%	0.90%	--
03/17/2016 05:45	NZ GDP YoY	4Q	2.10%	2.30%	2.30%	--
03/17/2016 08:30	SI Non-oil Domestic Exports YoY	Feb	-0.80%	--	-9.90%	--
03/17/2016 08:30	AU Employment Change	Feb	13.5k	--	-7.9k	-7.5k
03/17/2016 08:30	AU Unemployment Rate	Feb	6.00%	--	6.00%	--
03/17/2016 08:30	AU Participation Rate	Feb	65.20%	--	65.20%	--
03/17/2016 11:00	PH Budget Balance PHP	Dec	--	--	6.0b	--
03/17/2016 16:30	HK Unemployment Rate SA	Feb	3.30%	--	3.30%	--
03/17/2016 18:00	EC CPI MoM	Feb	0.10%	--	-1.40%	--
03/17/2016 18:00	EC CPI YoY	Feb F	-0.20%	--	-0.20%	--
03/17/2016 18:00	EC CPI Core YoY	Feb F	0.70%	--	0.70%	--
03/17/2016 20:00	UK Bank of England Bank Rate	Mar-17	0.50%	--	0.50%	--
03/17/2016 20:00	UK BOE Asset Purchase Target	Mar	375b	--	375b	--
03/17/2016 20:30	US Current Account Balance	4Q	-\$118.0b	--	-\$124.1b	--
	Philadelphia Fed Business Outlook					
03/17/2016 20:30	US Outlook	Mar	-1.5	--	-2.8	--
03/17/2016 20:30	US Initial Jobless Claims	Mar-12	268k	--	259k	--
03/17/2016 22:00	US Leading Index	Feb	0.20%	--	-0.20%	--
	Bank Indonesia Reference Rate					
03/17/2016	ID Rate	Mar-17	6.75%	--	7.00%	--

Source: Bloomberg

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