

Highlights

Global	Risk appetite continued to flourish overnight, as market-watchers continue to digest the relatively dovish FOMC statement and the better-than-expected US-centric data, pushing Wall Street higher. Unsurprisingly, most of Asian markets rallied in tandem as well yesterday, a phenomenon that is likely to be extended today. The gains would also have been driven by stronger crude oil, with the WTI shooting above its \$40/bbl handle, the highest since Dec 2015. Elsewhere, note that Bank Indonesia cut its reference rate as widely expected by 25bps to 6.75% yesterday for the third straight month, while other central banks including BOE and SNB held rates unchanged. Today looks like a slow data-flow day, with US U. of Michigan Sentiment index out later tonight. Fed's Dudley and Rosengren are also expected to speak at a supervision conference where any rhetoric on the recent monetary policy stance will be closely watched.
US	Labour prints continue to surprise the market on the upside, with initial jobless claims printing a mere 265k (vs mkt est: 268k), while continuing claims met expectations at 2,235k. Elsewhere, current account balance in 4Q15 printed -\$125.3b, down from a revised print of -\$129.9b.
Japan	The BOJ meeting minutes out this morning had highlighted heightening risk of global market volatility, while few members commented that such risks are tilted to the downside. On this, many members said that QQE with negative interest rates is necessary to pre-empt further manifestation of economic risk, and the central bank had commented that this move is necessary to achieve the monetary policy target.
UK	BOE held rates unchanged ahead of the "increased uncertainty surrounding the forthcoming referendum of UK membership of the European Union," further adding that this uncertainty has been a "significant driver of the decline in sterling... (and) may delay spending decisions and depress the growth of aggregate demand in the near term."
Hong Kong	Private residential housing starts increased 8.65% yoy in January to 2,813 units. Figures indicate that the housing supply in the private sector could grow at a solid pace over next two to three years. HK labour market remained stable at 3.3% in February. Unemployment rate in the retail sector also remained high at 4.6% in February, staying above average of 4.4% in 2014 as total value of retail sales tumbled and visitor arrivals contracted.
Indonesia	Bank Indonesia had cut its reference rate by 25bps to 6.75% as widely expected, the third cut this year in the attempt to boost growth. Note that the IMF and World Bank had cut Indonesia growth outlook to 4.9% and 5.1% respectively for this year.
Commodities	Just like how equities performed in Wall Street and Asia, the commodities market has also thrived in recent performance overnight. Importantly, WTI has managed to inch above its \$40/bbl handle, the highest since Dec 2015, while Brent followed suit at a mere \$1.34/bbl premium. Copper as well, largely recognised as a barometer for growth, was lifted substantially to \$5,069/MT. The bullion, given the weaker dollar on the dovish Fed, took a climb to \$1,265/MT as well. For today, there remains further upside risk for growth-related commodities to climb further.

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Major Market

- **US:** Wall Street continued climbed post Thursday's FOMC announcement. Dow at +0.9%, S&P500 +0.66%, Nasdaq +0.23%. VIX -3.67% to 14.44. However, UST bond markets were mixed with the 2- and 10year bond yields at 0.86% and 1.90% (-1bps) respectively.
- **Singapore:** The STI climbed by 1.26% to close at 2880.17, the highest in 2016 and returning the STI to December 2015 levels. Sembcorp Industries Ltd continues its climb (+3.28%), with Genting Singapore PLC (+3.82%) and Hutchison Port Holdings (+3%) coming in as top gainers as well. On the flip side, Starhub Ltd fell the most on Thursday (-1.78%) while other stocks that also retreated include Thai Beverage PCL (-1.34%) and ComfortDelGro Corp Ltd (-1%). In light of the surge on Wall Street last night, do expect the STI to continue to see upside risk, with support and resistance at 2835 and 2920 respectively.
- **Hong Kong:** Private residential housing starts increased 8.65% yoy in January to 2,813 units. Figures indicate that the housing supply in the private sector could grow at a solid pace over next two to three years. However, as there is fewer housing starts in 2013 (10,064 units) and 2014 (6,427 units), we believe the private residential housing completion would still continue to fall in 2016. Nevertheless, on the back of the record number of groundbreakings (18,152 units) in 2015, we expect completions to rebound as early as 2017. On the other hand, increasing supply of public housing and subsidized sales flats in 2016 could translate into additional downward risk to the private housing prices. Overall residential property prices also recorded its first negative yearly growth of -2.07% since 2H 2009 in January. On a monthly basis, overall residential property prices extended its declining trend for the 4th straight month. Looking forward, we expect property prices to drop by around 15% yoy in 2016 due to sour investor sentiments and upcoming rate hikes in US.
- HK labour market remained stable at 3.3% in February. Unemployment rate in the retail sector also remained high at 4.6% in February, staying above average of 4.4% in 2014 as total value of retail sales tumbled and visitor arrivals contracted. Unemployment rate in the trade and wholesale sectors rose further to 2.7%, the highest in recent 8 months. On the other hand, unemployment rate in the construction sector surged to 8-month high of 4.1%. This may be attributed to reduced construction activities during the Lunar New Year as well as completions of existing construction projects. Looking forward, we expect employment in the retail sector to continue to face headwinds amid slackening inbound tourism while employment growth in the trade sector may also be constrained by soft external demand amid dimmer global economic outlook.

Bond Market Updates

- **Market Commentary:** The entire SGD swap curve traded 12bps-15bps lower yesterday in sympathy with market movements following the Fed's dovish comments the day before. In the broader dollar space, JACI IG corporates spread widened by 1bp to 233bps, while the yield on the JACI HY corporates decreased by 8bps to 7.84%. The 10y UST decreased by 1bp to 1.90%.
- **New Issues:** Lum Chang Holdings priced a SGD50mn 3-year bond at 5.5%, the issue is unrated. Shinhan Bank priced a USD500mn 10-year bond (Tier 2) at CT10+205bps, tightening from an initial guidance of CT10+230bps. The expected rating for the issue is "BBB+/Baa1/BBB+". Zurich Insurance Group AG has mandated CITI, HSBC, JPM and MS as joint-lead managers for a USD-benchmarked 30.25NC10.25 subordinated bond. The expected rating for the Issue is "A/NR/NR". Ascendas Pte Ltd plans to issue a SGD 10-year bond, with initial guidance of 3.5%. The issue is unrated.
- **Rating Changes:** Moody's has concluded the rating reviews for six National Oil Companies (NOCs) in South and Southeast Asia. Moody's opined that oil prices have dropped substantially, but the

impact of the drop in oil prices will vary from issuer to issuer depending on their production mix between oil and natural gas as well as other operational capabilities. As such Moody's affirmed the following:

1. Moody's confirmed Petronas "A1" issuer and senior unsecured debt ratings
 2. Moody's confirmed Pertamina "Baa3" issuer and senior unsecured ratings
 3. Moody's confirmed ONGC's "Baa1" domestic currency issuer rating and "Baa2" foreign currency issuer rating
 4. Moody's confirmed Oil India Limited's "Baa2" issuer and senior unsecured ratings
 5. Moody's confirmed PTTEP's "Baa1" issuer and senior unsecured ratings
 6. Moody's confirmed PTT's "Baa1" issuer, senior unsecured bond and senior unsecured bank credit facility ratings
- Moody's also revised to negative from stable, the rating outlook on three Hong Kong banks – HSBC, Hang Seng Bank and Dah Sing Bank. The rating action reflects Moody's expectations of a more challenging operating environment for banks in Hong Kong. Moody's downgraded Bank of East Asia to "A3" from "A2", as Moody's considers that the government's support for the bank could be weaker than what Moody's had previously assessed. S&P downgraded Maoye International Holdings ("Maoye") to "B-" from "B", as S&P believes that Maoye's refinancing risk has increased, given the lack of improvement in its liquidity, limited visibility of potential assets disposals and continued high reliance on domestic bond markets for refinancing. All of Maoye's ratings are also placed on CreditWatch with negative implications to reflect the uncertainty over Maoye's refinancing plan. S&P downgraded China-based property developer Country Garden Holdings Co Ltd ("Country Garden") to "BB" from "BB+". This is due to Country Garden's deteriorating margins and leverage. Outlook is stable.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.760	-1.18%	USD-SGD	1.3499	-1.10%
USD-JPY	111.390	-1.04%	EUR-SGD	1.5279	-0.26%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2119	-0.05%
AUD-USD	0.7649	1.27%	GBP-SGD	1.9551	0.45%
GBP-USD	1.4482	1.56%	AUD-SGD	1.0325	0.16%
USD-MYR	4.0563	-1.93%	NZD-SGD	0.9250	0.78%
USD-CNY	6.4773	-0.69%	CHF-SGD	1.3953	-0.16%
USD-IDR	13075	-1.45%	SGD-MYR	2.9882	-0.30%
USD-VND	22283	-0.05%	SGD-CNY	4.7888	1.54%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3170	--	O/N	0.3743	--
2M	-0.2710	--	1M	0.4399	--
3M	-0.2300	--	2M	0.5240	--
6M	-0.1290	--	3M	0.6390	--
9M	-0.0670	--	6M	0.9174	--
12M	-0.0040	--	12M	1.2447	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.66	-2.60	2.86
Italy	-0.01	0.00	1.27
Ireland	-0.34	-0.20	0.83
Greece*	9.41	-40.00	8.76
Spain	0.04	-0.30	1.43
Russia^	3.30	-10.10	5.59

* 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

Equity and Commodity

Index	Value	Net change
DJIA	17,481.49	155.70
S&P	2,040.59	13.40
Nasdaq	4,774.99	11.00
Nikkei 225	16,936.38	-38.10
STI	2,880.17	36.00
KLCI	1,703.19	9.80
JCI	4,885.69	24.20
Baltic Dry	392.00	-1.00
VIX	14.44	-0.60

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.92 (-0.09)	0.86 (+0.01)
5Y	1.70 (-0.13)	1.37 (-0.01)
10Y	2.03 (-0.17)	1.90 (-0.01)
15Y	2.42 (-0.13)	--
20Y	2.54 (-0.13)	--
30Y	2.70 (-0.1)	2.69 (-0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	25.25	2.66
EURIBOR-OIS	11.23	0.03
TED	34.36	-0.04

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	40.20	4.52%	Coffee (per lb)	1.320	3.61%
Brent (per barrel)	41.54	3.00%	Cotton (per lb)	0.5836	0.07%
Heating Oil (per gallon)	1.255	1.89%	Sugar (per lb)	0.1599	3.36%
Gasoline (per gallon)	1.44	1.41%	Orange Juice (per lb)	1.2755	-0.23%
Natural Gas (per MMBtu)	1.936	3.64%	Cocoa (per mt)	3,116	2.50%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,069.5	2.73%	Wheat (per bushel)	4.6250	-1.75%
Nickel (per mt)	8,870	3.42%	Soybean (per bushel)	8.978	0.36%
Aluminium (per mt)	1,521.0	1.13%	Corn (per bushel)	3.6850	0.07%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,265.0	2.86%	Crude Palm Oil (MYR/MT)	2,615.0	0.97%
Silver (per oz)	16.022	5.31%	Rubber (JPY/KG)	160.9	3.41%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
	FOMC Rate Decision (Upper Bound)					
03/17/2016 02:00	US	Mar-16	0.50%	0.50%	0.50%	--
03/17/2016 05:45	NZ	4Q	0.70%	0.90%	0.90%	--
03/17/2016 05:45	NZ	4Q	2.10%	2.30%	2.30%	--
03/17/2016 07:50	JN	Mar-11	--	¥1583.2b	¥138.5b	--
03/17/2016 07:50	JN	Feb	¥400.2b	¥242.8b	¥645.9b	¥648.8b
03/17/2016 07:50	JN	Feb	¥235.0b	¥166.1b	¥119.4b	¥73.2b
03/17/2016 08:30	SI	Feb	-0.80%	2.10%	-9.90%	-10.10%
03/17/2016 08:30	AU	Feb	13.5k	0.3k	-7.9k	-7.4k
03/17/2016 08:30	AU	Feb	6.00%	5.80%	6.00%	--
03/17/2016 08:30	AU	Feb	65.20%	64.90%	65.20%	65.10%
03/17/2016 11:00	PH	Dec	--	-75.1b	6.0b	--
03/17/2016 16:30	HK	Feb	3.30%	3.30%	3.30%	--
03/17/2016 17:00	IT	Jan	--	35m	6022m	6000m
03/17/2016 18:00	EC	Feb	0.10%	0.20%	-1.40%	--
03/17/2016 18:00	EC	Feb F	-0.20%	-0.20%	-0.20%	--
03/17/2016 18:00	EC	Feb F	0.70%	0.80%	0.70%	--
	Bank Indonesia Reference Rate					
03/17/2016 18:41	ID	Mar-17	6.75%	6.75%	7.00%	--
03/17/2016 20:00	UK	Mar-17	0.50%	0.50%	0.50%	--
03/17/2016 20:00	UK	Mar	375b	375b	375b	--
03/17/2016 20:30	CA	Jan	0.30%	0.00%	2.00%	1.80%
03/17/2016 20:30	US	4Q	-\$118.0b	-\$125.3b	-\$124.1b	-\$129.9b
03/17/2016 20:30	US	Mar-12	268k	265k	259k	258k
03/17/2016 20:30	US	Mar-05	2235k	2235k	2225k	2227k
	Philadelphia Fed Business Outlook					
03/17/2016 20:30	US	Mar	-1.5	12.4	-2.8	--
03/17/2016 21:45	US	Mar-13	--	44.3	43.8	--
03/17/2016 22:00	US	Feb	0.20%	0.10%	-0.20%	--
03/18/2016 05:00	SK	Feb	--	-3.40%	-3.30%	--
03/18/2016 15:00	GE	Feb	-0.10%	--	-0.70%	--
03/18/2016 15:00	GE	Feb	-2.60%	--	-2.40%	--
03/18/2016 15:30	TH	Mar-11	--	--	\$169.6b	--
03/18/2016 20:30	CA	Jan	0.60%	--	-2.20%	--
03/18/2016 20:30	CA	Jan	0.40%	--	-1.60%	--
03/18/2016 20:30	CA	Feb	0.40%	--	0.20%	--
03/18/2016 20:30	CA	Feb	1.50%	--	2.00%	--
03/18/2016 20:30	CA	Feb	0.50%	--	0.30%	--
03/18/2016 20:30	CA	Feb	2.00%	--	2.00%	--
03/18/2016 22:00	US	Mar P	92.2	--	91.7	--
03/18/2016	PH	Feb	--	--	-\$813m	--

Source: Bloomberg

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