

Highlights

Global	<p>The equity market rally continued to gain momentum yesterday, as the combination of positive corporate earnings (eg. Caterpillar and McDonald's) and high market hopes for Trump's tax reform package lifted investor sentiments. Key to watch today would be US president Trump's highly anticipated tax reform package, albeit market effects may be transient if it's again broad-brush and light on details and deliverables. His plan is said to comprise a 10% tax on more than US\$2.6 trillion offshore earnings, cutting the top income tax rate on pass-through businesses from 39.6% to 15%, and a 15% corporate income tax as well, but exclude the border-adjusted tax proposal championed by House Speaker Paul Ryan. Trump is also said to be targeting signing an executive order to review previous establishments of national monuments which had put land off limits to energy development.</p> <p>Today's economic data calendar is relatively light with US' MBA mortgage applications, Spore's Mar industrial production and COE premiums.</p>
US	<p>New home sales unexpectedly rose 5.8% to a 8-month high of 621k annualised pace, with the median price of a new home also up 1.2% yoy to US\$315.1k as the supply of homes fell from 5.4 months to 5.2 months amid a robust labour market and improving wages. The S&P 20-city home prices accelerated to 5.9% yoy, the fastest since Jul14, and the FHFA house price index also rose 0.8% in Feb. However, consumer confidence cooled from a 16-year high of 124.9 in Mar to 120.3 in Apr, as both the present conditions and expectations gauges slipped to 140.6 and 106.7 respectively, down from 143.9 and 112.3 previously. Notably, the share of those saying jobs were plentiful also retreated from 31.8% to 30.8%, but buying plans for used automobiles and major appliances rose.</p>
EZ	<p>The ECB's bank lending survey saw credit conditions weaken for a 5th straight quarter as the composite index fell from 10.7 in 4Q16 to 8.3 in 1Q17, down from the peak of 16.5 in 2Q16, and suggests some growth deceleration. Meanwhile, French presidential candidate Marine Le Pen has softened her stance on Frexit, saying she "I am not an adversary of Europe" and she "understands" the concerns of many French. She opined that "I feel French first, of course, but I'm also European" and "I want to convince the European Union to negotiate".</p>
SG	<p>Industrial production likely fell 6.2% mom sa, but rose 4.0% yoy in Mar, versus Feb's -3.7% mom (+12.6% yoy). The Bloomberg consensus forecast is looking for +0.5% mom sa (+5.8% yoy).</p>
HK	<p>Trade data continued to surprise on the upside. Total exports grew significantly by 16.9% yoy in March. This reinforces the pickup in external demand on global recovery. The shipments to Asian countries, such as Mainland China (+16% yoy), Japan (+13.9%), India (+77.3% yoy) and Taiwan (+37.1% yoy), saw double-digit growth. Also, exports to the US jumped by 8.9% yoy in March.</p>
CMD	<p>Risk-taking behaviour reigned as growth-related commodities rose on yesterday's trading day. Notably, copper gained by over one percentage point, while both WTI and Brent edged higher, gold dipped to its \$1,265.6/oz (-0.8%). Risk sentiment should stay buoyed today, thus benefiting growth-related assets as market-watchers await US President Trump's tax cut proposal to be announced later today.</p>

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Major Markets

- **US:** This week is shaping up to be a good week for equities, as we add strong corporate earnings results to subsiding geopolitical risks. Strong earnings from Caterpillar Inc. and McDonald's Corp. supported broad-based market optimism, pushing the major indices higher. The Nasdaq punched through the 6000 handle to a new record high, up 0.70% to 6025.49. The Dow and S&P 500 also closed less than 0.5% from their record highs, up 1.12% and 0.61% respectively. Tech giants, like Alphabet Inc. and Amazon Inc. will be reporting earnings later this week, and we expect a strong set of results from them will continue to push the Nasdaq and the broad market higher. Meanwhile, VIX shaded lower to 10.76, near year-to-date lows.
- Meanwhile, Treasuries continued to slump as markets await Trump's tax announcement on Wednesday. Overall, the yield curve bear steepened as long-dated bonds underperformed in a repeat of the Trump trade movements. 2- and 10-year benchmark yields stood at 1.27% and 2.33% respectively. Of note is the 10-year yield's move back above the 2.30% handle. Investors might want to observe if the 2.30-2.60% trading band will be re-established going forward.
- **Singapore:** STI notched up a fourth straight session (+0.6%) to close at 3163.93 yesterday, lifted by the optimism across global bourses ahead of Trump's anticipated big tax announcement today. Expect the bullish momentum to sustain this morning, with Nikkei and Kospi already opening in positive territory, and STI could test resistance of 3180. With UST bond yields climbing higher overnight, the SGS bond market is likely to trade in a similar fashion, especially with the \$800m 20-year SGS bond re-opening mini-auction which closes at noon today.
- **Hong Kong:** On the other hand, imports edged up 13% owing to higher commodity prices and a low base effect. As a result, trade deficit narrowed to HKD42.3 billion. Moving forward, US President Donald Trump declining to declare a trade war with China could ease downward pressures on HK's exports. US fiscal stimulus is also likely to support the demand for HK's exports. However, impact of a strong HKD on exports should be closely monitored.
- **Indonesia:** The government is reportedly considering options to simplify existing income tax law and possibly lower rate for institutions, going by a report by Kontan daily citing a Finance Ministry official. Separately, Finance Minister Sri Mulyani said that Indonesia does not have to go through spending cuts like last year, because government's revenue projection remains on track amid strengthening growth. In a Reuters interview, she added that the government is focusing on allocating spending towards more productive areas that can support growth, such as land acquisition for infrastructure projects.
- **Malaysia:** Tycoon Lim Kok Wing is reportedly offering pay MYR30mn to buy a 49% stake in Bernama News television channel that is owned by the Malaysian National News Agency. He is said to making the bid via one of his private investment vehicles.
- **South Korea:** Consumer confidence levels have risen encouragingly to 101.2 in April, up from 96.7 in the previous month. The latest print marks the highest confidence level since Oct 2016 just when the political scandal surround late-president Park Guen-hye first emerged. Coupled with robust external trade numbers seen late last week, the strong rebound in consumer confidence does suggest that consumer spending led by improved wages and job prospects should add to Korea's overall economic growth into the year.

Bond Market Updates

- **Market Commentary:** The SGD swap curve was relatively flattish yesterday, with swap rates trading mostly within a 1bps range. 30y swap rates was the exception, trading 2bps lower. Flows in SGD corporates were heavy, with better buying seen in HRAM 3.2%'21s, and mixed interest in BAERVX 5.9%'49s. In the broader dollar space, the spread on JACI IG corporates rose 2bps to 203bps, while the yield on JACI HY corporates rose 1bps to 6.58%. 10y UST yields rose 6bps yesterday to 2.33%, as investors turned risk-on with equities continuing to grind higher. Treasuries also trailed steeper declines for European Government Bonds (EGBs) following the European Financial Stability Facility's (EFSF) EUR8bn dual-tranche deal and Dutch 10y auction.
- **New Issues:** Rongshi International Finance Ltd. priced a USD1bn 2-tranche deal (guaranteed by State Development & Investment Corporation); with the USD500mn 5-year piece at CT5+115bps, tightening from initial guidance of CT5+145bps; and the USD500mn 10-year piece at CT10+135bps, tightening from initial guidance of CT10+170bps. The expected issue ratings are 'A+/A1/A+'. Rusal Capital D.A.C. priced a USD500mn 6-year bond (guaranteed by United Company Rusal Plc) at 5.3%, tightening from initial guidance of 5.325%. The expected issue rating are 'NR/B1/B+'.
- **Rating Changes:** : S&P placed on CreditWatch with negative implications The Bank of East Asia's (BEA) 'A' issuer credit rating. The rating action reflects S&P's belief that there is at least a one-in-two likelihood of Financial Institutions Resolution Ordinance (FIRO) becoming operational within 90 days, after which S&P expects that the likelihood of Hong Kong government support for private-sector banks to decline. S&P upgraded Japan-based regulated electric utility company Tokyo Electric Power Company Holdings Inc.'s (TEPCO Holdings) corporate credit ratings by one notch to 'BB' from 'BB-'. In addition, S&P affirmed TEPCO Holding's 'BB+' senior secured debt ratings. The outlook on the corporate credit ratings is stable. The rating action reflects S&P's view that TEPCO Holdings has meaningfully reduced downside risk in its profit and is likely to maintain solid profitability over the next year. S&P downgraded PT Gajah Tunggal Tbk's (Gajah Tunggal) corporate credit rating and issue rating on Gajah Tunggal's senior secured notes to 'CCC' from 'CCC+'. The outlook is developing. The rating action reflects the rising refinancing risk related to the company's US\$500 million senior secured notes maturing in early February 2018. Moody's upgraded Yanlord Land Group Limited's (Yanlord) corporate family and senior unsecured debt ratings to 'Ba2' from 'Ba3'. In addition, Moody's upgraded to 'Ba2' from 'Ba3' the senior unsecured rating of the USD notes (guaranteed by Yanlord) issued by Yanlord Land (HK) Co. Limited. Moody's revised the ratings outlook to stable from positive. The rating action reflects Moody's expectation that Yanlord's credit metrics will be stronger and better than those of its 'Ba3' rated Chinese property peers, as it will continue its track record of prudent financial and liquidity management. Fitch assigned AIA Group Limited (AIA) an 'A+' Issuer Default Rating (IDR). The Outlook is Stable. The rating action reflects AIA's solid market franchise, sound financial performance, conservative investment mix and strong capitalisation.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.785	-0.31%	USD-SGD	1.3940	0.09%
USD-JPY	111.090	1.20%	EUR-SGD	1.5229	0.61%
EUR-USD	1.0926	0.53%	JPY-SGD	1.2548	-1.10%
AUD-USD	0.7535	-0.48%	GBP-SGD	1.7900	0.44%
GBP-USD	1.2842	0.36%	AUD-SGD	1.0504	-0.38%
USD-MYR	4.3715	-0.63%	NZD-SGD	0.9690	-0.85%
USD-CNY	6.8847	--	CHF-SGD	1.4028	0.29%
USD-IDR	13284	-0.20%	SGD-MYR	3.1379	-0.60%
USD-VND	22765	0.20%	SGD-CNY	4.9423	-0.02%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.9267	--
2M	-0.3390	--	1M	0.9911	--
3M	-0.3290	--	2M	1.0461	--
6M	-0.2470	--	3M	1.1665	--
9M	-0.1780	--	6M	1.4207	--
12M	-0.1210	--	12M	1.7682	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.43	3.61	4.80
Italy	-0.04	2.27	8.50
Ireland	-0.38	0.93	5.70
Greece	6.69	6.44	-1.00
Spain	-0.22	1.68	7.00
Russia	2.01	-2.10	4.04

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	49.56	0.67%	Coffee (per lb)	1.299	0.31%
Brent (per barrel)	52.10	0.97%	Cotton (per lb)	0.8071	0.77%
Heating Oil (per gallon)	1.5452	0.16%	Sugar (per lb)	0.1618	-0.37%
Gasoline (per gallon)	1.6230	0.10%	Orange Juice (per lb)	1.5805	0.41%
Natural Gas (per MMBtu)	3.0430	-0.75%	Cocoa (per mt)	1,871	2.52%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,684.6	1.02%	Wheat (per bushel)	4.0875	1.55%
Nickel (per mt)	9,276.0	0.66%	Soybean (per bushel)	9.545	-0.70%
Aluminium (per mt)	1,955.8	0.95%	Corn (per bushel)	3.6500	1.60%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,265.6	-0.80%	Crude Palm Oil (MYR/MT)	2,634.0	-1.31%
Silver (per oz)	17.591	-1.50%	Rubber (JPY/KG)	263.1	-2.37%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	20,996.12	232.23
S&P	2,388.61	14.46
Nasdaq	6,025.49	41.67
Nikkei 225	19,079.33	203.45
STI	3,163.93	19.90
KLCI	1,765.80	9.75
JCI	5,680.80	16.32
Baltic Dry	1,154.00	-16.00
VIX	10.76	-0.08

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.24 (-)	1.27 (+0.04)
5Y	1.64 (-0.01)	1.85 (+0.05)
10Y	2.15 (+0.01)	2.33 (+0.06)
15Y	2.30 (+0.01)	--
20Y	2.37 (+0.01)	--
30Y	2.41 (+0.01)	2.99 (+0.06)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	18.02	-2.00
EURIBOR-OIS	2.75	--
TED	34.85	--

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised	
04/25/2017	05:00	SK	Consumer Confidence	Apr	--	101.2	96.7	--
04/25/2017	07:50	JN	PPI Services YoY	Mar	0.70%	0.80%	0.80%	--
04/25/2017	14:45	FR	Manufacturing Confidence	Apr	105	108	104	105
04/25/2017	16:30	HK	Exports YoY	Mar	10.40%	16.90%	18.20%	--
04/25/2017	16:30	HK	Imports YoY	Mar	12.50%	13.00%	25.40%	--
04/25/2017	16:30	HK	Trade Balance HKD	Mar	-55.5b	-42.3b	-56.3b	--
04/25/2017	16:30	UK	Public Finances (PSNCR)	Mar	--	34.3b	12.9b	--
04/25/2017	16:30	UK	Public Sector Net Borrowing	Mar	1.5b	4.4b	1.1b	-0.7b
04/25/2017	16:30	UK	PSNB ex Banking Groups	Mar	3.1b	5.1b	1.8b	0.1b
04/25/2017	21:00	US	FHFA House Price Index MoM	Feb	0.40%	0.80%	0.00%	0.20%
04/25/2017	21:00	US	S&P CL CS 20-City YoY NSA	Feb	5.78%	5.85%	5.73%	5.66%
04/25/2017	21:00	US	S&P CL CS 20-City NSA Index	Feb	--	193.49	192.81	192.68
04/25/2017	21:00	US	S&P CL CS US HPI YoY NSA	Feb	--	5.76%	5.87%	5.64%
04/25/2017	21:00	US	S&P CL CS US HPI NSA Index	Feb	--	185.56	185.51	185.11
04/25/2017	22:00	US	New Home Sales	Mar	584k	621k	592k	587k
04/25/2017	22:00	US	New Home Sales MoM	Mar	-1.40%	5.80%	6.10%	0.30%
04/25/2017	22:00	US	Conf. Board Cons Confidence	Apr	122.5	120.3	125.6	124.9
04/25/2017	22:00	US	Richmond Fed Manufact. Index	Apr	16	20	22	--
04/26/2017	09:30	AU	CPI QoQ	1Q	0.60%	--	0.50%	--
04/26/2017	09:30	AU	CPI YoY	1Q	2.20%	--	1.50%	--
04/26/2017	09:30	AU	CPI Trimmed Mean QoQ	1Q	0.50%	--	0.40%	--
04/26/2017	09:30	AU	CPI Trimmed Mean YoY	1Q	1.80%	--	1.60%	--
04/26/2017	09:30	AU	CPI Weighted Median QoQ	1Q	0.50%	--	0.40%	--
04/26/2017	11:00	NZ	Credit Card Spending YoY	Mar	--	--	5.30%	--
04/26/2017	12:30	JN	All Ind Activity Index MoM	Feb	0.60%	--	0.10%	--
04/26/2017	13:00	SI	Industrial Production YoY	Mar	5.80%	--	12.60%	--
04/26/2017	13:00	SI	Industrial Production SA MoM	Mar	0.50%	--	-3.70%	--
04/26/2017	13:00	JN	Small Business Confidence	Apr	49.4	--	50.5	--
04/26/2017	14:00	JN	Machine Tool Orders YoY	Mar F	--	--	22.60%	--
04/26/2017	14:45	FR	Consumer Confidence	Apr	100	--	100	--
04/26/2017	16:00	SI	Automobile COE Open Bid Cat A	Apr-26	--	--	52000	--
04/26/2017	16:00	SI	Automobile COE Open Bid Cat B	Apr-26	--	--	54405	--
04/26/2017	16:00	SI	Automobile COE Open Bid Cat E	Apr-26	--	--	54556	--
04/26/2017	19:00	US	MBA Mortgage Applications	Apr-21	--	--	-1.80%	--
04/26/2017	20:30	CA	Retail Sales MoM	Feb	0.00%	--	2.20%	--
04/26/2017	20:30	CA	Retail Sales Ex Auto MoM	Feb	-0.30%	--	1.70%	--
04/26/2017	04:28	VN	CPI YoY	Apr	4.62%	--	4.65%	--
04/26/2017	04:30	VN	Imports YTD YoY	Apr	--	--	22.40%	--
04/26/2017	04:30	VN	Exports YTD YoY	Apr	--	--	12.80%	--
04/25/2017	04:28	TH	Car Sales	Mar	--	--	68435	--
04/26/2017	04:28	PH	Budget Balance PHP	Mar	--	--	-23.7b	--

Source: Bloomberg

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