

Highlights

Global	<p>The risk-off tone seeping in global financial markets may start to ease somewhat today, with some stabilisation likely for Asian equity bourses. That said, the 10-year UST bond yield dipping below the 2.4% handle amid the recent consolidation in risk appetite. On the number of rate hikes this year, Fed's Evans hinted that "two might be the right number if there's a little but more uncertainty" but "to the extent that I gain more confidence in the forecast I have, that would be a good indicator that I could perhaps support three". On Fed's MBS and UST holdings, Kaplan advocated to "allow both of those to run off" with three hikes this year as a "reasonable baseline". Lockhart also opined that "the gravity is towards an all-treasury balance sheet".</p> <p>Today marks another quiet economic data calendar comprising of US' Conference board consumer confidence, wholesale inventories and S&P house prices. Speakers include ECB's Benoit and Coeure.</p>
US	US' Dallas Fed manufacturing activity index sank more than expected from 24.5 in Feb to 16.9 in Mar, as the decline in new orders outweighed the increase in production.
EZ	German IFO business climate improved more than expected from 111.1 in Feb to 112.3 in Mar, the strongest since Jul 2011, with both the expectations and current assessment gauges both rising to 105.7 and 119.3 respectively.
SG	The auction for the \$2.6b new 5-year SGS bond maturing Apr22 will close at noon tomorrow. The effective issue size is \$2.4b after netting off MAS' share. The current 5-year SGS bond is yielding below the 1.6% handle, which is trading fairly rich off its recent Dec16 high of near 2% handle after soaring some 80bps from early Sep16. There are \$7.5b of bonds maturing on 1 April, but the 5-year belly of the curve is unlikely to attract long-term buyers like insurance companies.
HK	Total exports and imports jumped significantly by 18.2% and 25.4% on yearly basis in February. This is attributed to the different timing of the Lunar New Year between this year and last year. As a result, the trade deficit widened HKD56.27 billion. By region, overseas shipment to Taiwan, Vietnam, the Mainland China, the Philippines, Korea and India all showed notable yearly growth. However, exports to most developed countries, including Germany, the UK and the USA, dropped.
KR	South Korea's economy grew 2.4% yoy, slightly higher than its previous estimate of 2.3% in 4Q16. Moon Jae-in of the Democratic Party of Korea (DPK) reportedly scored landslide victories in the party's first primaries in the Jeolla region.
CMD	Crude oil fell marginally on a fairly uneventful market, even as the dollar index fell on sustained concerns over Trump's ability to deliver on his campaign promises. On the same note, gold rallied in tandem with the dollar weakness, notably as the yellow metal surged above its \$1,260/oz on intraday trading yesterday before profit-taking brought it back to \$1,255.7/oz at the closing hour.

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Major Markets

- **US:** Equities reversed early losses to close mixed on Monday as the markets' focus shifted away from the failed healthcare bill to the Trump administration's next battles on tax and regulatory reforms. The Nasdaq led gains with a 0.20% rise, while the S&P 500 and Dow were down 0.10% and 0.22%. VIX shaded lower by 3.5% to 12.50. Meanwhile, markets continue to discount the probability of the fiscal stimulus from Trump, leading to a rise in US Treasuries. The Treasury yield curve flattened from the long end, as 10-year yields fell by 4 bps to 2.38%, while 2-year yields ended largely unchanged at 1.25%.
- **Singapore:** STI slipped 0.51% to close lower at 3126.88 yesterday, but may attempt to eke out modest gains amid more positive morning cues from Nikkei and Kospi. STI's support and resistance are tipped at 3100 and 3150 respectively. The SGS bonds rallied with yield lower by up to 6bps led by longer-dated tenors, but may be sidelined today ahead of the upcoming \$2.6b new 5-year SGS bond auction tomorrow.
- **Hong Kong:** Taking January and February as an aggregate, exports exhibited positive growth, which indicates an improved external demand. Still, a stronger HKD and external shocks, such as China's slowdown, disappointment about Trump's policy, could hit HK's exports in the medium term.
- **Macau:** Jobless rate remained static at 2.0% while total employed population decreased for the fifth consecutive three-month period to 379,100 in the three months through February. Labor force participation rate also dropped to its seven-year low at 70.9%. Due to the steady recovery of the tourism sector, hiring sentiments remained relatively upbeat in the sector with employment in Hotels & Similar Activities increasing by 1.7% mom. Despite that, employment of other major industries all showed a month-on-month decrease. Jobs in the wholesale and retail sector dropped marginally by 0.2% mom while remaining near its multi-year high, probably due to policy supports and a better prospect on the back of increased visitor arrivals. However, with only one new hotel scheduled to be opened this year, employment in the construction sector decreased to its lowest level since July 2013. Moving forward, following the recruitment spree associated with a slew of new casino and hotel openings last year, we expect that the fewer new hotel openings this year may translate into a shrinking labor demand. Therefore, employment may oscillate around current levels and unemployment rate is likely to print about 2% this year.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull flattened yesterday, with swap rates trading 4-6bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in BNP 3.65%'24s, FCLSP 4.15%'27s, better selling seen in ABNAV 4.7%'22s, and mixed interest in PILLSP 5.9%'17s, BAERVX 5.75%'49s, UOBSP 3.5%'29s. In the broader dollar space, the spread on JACI IG corporates rose 1bps to 196bps while the yield on JACI HY fell 2bps to 6.64%. 10y UST yields fell by 3bps to 2.38%, amid waning expectations for fiscal stimulus by the Trump administration. In an interview, Federal Reserve Bank of Chicago President Charles Evans mentioned that two interest-rate increases may be the right amount of tightening for the U.S. economy this year given uncertainty surrounding the outlook for inflation and government spending.
- **New Issues:** Huantaihu International Investment Co. Ltd. priced a USD150mn 3-year bond (guaranteed by Zhejiang Huzhou Huantaihu Group Co. Ltd., largest state owned enterprise in Huzhou and infrastructure developer) at 5.75%, tightening from initial guidance of 6%. KEB Hana Bank priced a USD500mn 3-year bond at 3mL+72.5bps, tightening from initial guidance of 3mL+90bps. The expected issue ratings are 'A+/A1/NR'. Tewood Group Co. scheduled an investor roadshow from 28-29 March for potential USD bond issuance. The expected issue ratings are

'NR/NR/BBB-'. Fullerton Healthcare Corporation Ltd. scheduled an investor roadshow from 28 March for potential USD perp issuance. Indika Energy Tbk PT scheduled an investor roadshow from 29 March for potential USD 5NC3 bond issuance. The expected issue ratings are 'NR/Caa1/B-'.

- **Rating Changes:** S&P assigned Industrial and Commercial Bank of China (Asia) Ltd. (ICBC Asia) an issuer credit rating of 'A', with a stable outlook. The rating reflects the bank's core status to its sole shareholder and parent, Industrial and Commercial Bank of China Ltd. (ICBC), and S&P's expectation that ICBC Asia will be an indirect beneficiary of support from the Chinese government, if needed. S&P downgraded China-based department store operator Parkson Retail Group Ltd.'s (Parkson) corporate credit rating to 'B-' from 'B'. The rating outlook is stable. The rating action reflects S&P's expectation for Parkson's profitability to remain weak and its leverage to stay high over the next 12 months amid the challenging retail market in China and the company's slow turnaround of its lossmaking stores. Moody's upgraded AIA Group Limited (AIA) and its subsidiaries' issuer rating and senior unsecured debt ratings to 'A2' from 'A3'. The ratings outlook is stable. The rating action reflects the Group's strong financial profile, including its financial flexibility, earnings track record, and capitalization, which have been achieved through adhering to a prudent financial policy. Moody's placed Indika Energy Tbk P.T's (Indika) 'Caa1' corporate family rating on review for upgrade. Moody's also placed the 'Caa1' ratings on the USD171mn senior secured notes (issued by Indo Energy Finance B.V.) and USD500mn senior secured notes (issued by Indo Energy Finance II B.V) on review for upgrade. Lastly, Moody's has also assigned and placed on review for upgrade a 'Caa1' rating to the proposed USD225 million senior secured notes to be issued by Indika's wholly-owned subsidiary, Indika Energy Capital II Pte. Ltd, and guaranteed by Indika. The rating action follows the announcement of Indika's refinancing plan, with the review dependent on the company's capital structure, credit profile and interest burden following the completion of the proposed transaction. Fitch has also placed Indika's Foreign- and Local-Currency Issuer Default Ratings (IDR) of 'CCC' on Rating Watch Positive.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	99.166	-0.46%	USD-SGD	1.3934	-0.41%
USD-JPY	110.660	-0.61%	EUR-SGD	1.5139	0.23%
EUR-USD	1.0864	0.61%	JPY-SGD	1.2592	0.18%
AUD-USD	0.7618	-0.07%	GBP-SGD	1.7501	0.33%
GBP-USD	1.2559	0.69%	AUD-SGD	1.0614	-0.46%
USD-MYR	4.4135	-0.29%	NZD-SGD	0.9816	-0.14%
USD-CNY	6.8729	-0.16%	CHF-SGD	1.4138	0.21%
USD-IDR	13310	-0.13%	SGD-MYR	3.1639	0.09%
USD-VND	22774	-0.06%	SGD-CNY	4.9345	0.32%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.9267	--
2M	-0.3390	--	1M	0.9828	--
3M	-0.3300	--	2M	1.0228	--
6M	-0.2420	--	3M	1.1513	--
9M	-0.1720	--	6M	1.4271	--
12M	-0.1070	--	12M	1.8029	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.62	-0.10	4.08
Italy	-0.06	0.80	2.20
Ireland	-0.36	0.50	1.04
Greece	8.33	-26.00	7.26
Spain	-0.21	-0.40	1.69
Russia	2.01	-0.80	4.18

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	47.73	-0.50%	Coffee (per lb)	1.392	1.16%
Brent (per barrel)	50.75	-0.10%	Cotton (per lb)	0.7694	-0.68%
Heating Oil (per gallon)	1.5025	0.33%	Sugar (per lb)	0.1770	-0.06%
Gasoline (per gallon)	1.6189	0.88%	Orange Juice (per lb)	1.7500	-2.97%
Natural Gas (per MMBtu)	3.0520	-0.78%	Cocoa (per mt)	2,150	0.89%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,787.1	0.06%	Wheat (per bushel)	4.2075	-0.94%
Nickel (per mt)	9,725.0	-1.05%	Soybean (per bushel)	9.715	-0.44%
Aluminium (per mt)	1,924.8	-0.52%	Corn (per bushel)	3.5575	-0.14%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,255.7	0.58%	Crude Palm Oil (MYR/MT)	2,843.0	-1.80%
Silver (per oz)	18.080	2.03%	Rubber (JPY/KG)	261.5	0.00%

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

Equity and Commodity

Index	Value	Net change
DJIA	20,550.98	-45.74
S&P	2,341.59	-2.39
Nasdaq	5,840.37	11.64
Nikkei 225	18,985.59	-276.94
STI	3,126.88	-16.02
KLCI	1,744.95	-0.80
JCI	5,541.20	-25.93
Baltic Dry	1,282.00	42.00
VIX	12.50	-0.46

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.20 (-0.03)	1.25 (-)
5Y	1.57 (-0.04)	1.92 (-0.03)
10Y	2.19 (-0.07)	2.38 (-0.03)
15Y	2.34 (-0.06)	--
20Y	2.40 (-0.06)	--
30Y	2.43 (-0.06)	2.98 (-0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.20	-0.29
EURIBOR-OIS	1.86	0.08
TED	39.11	--

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised	
03/27/2017	07:50	JN	PPI Services YoY	Feb	0.50%	0.80%	0.50%	--
03/27/2017	11:30	MU	Unemployment Rate	Feb	--	2.00%	2.00%	--
03/27/2017	16:00	TA	Monitoring Indicator	Feb	--	28	29	--
03/27/2017	16:00	EC	M3 Money Supply YoY	Feb	4.90%	4.70%	4.90%	4.80%
03/27/2017	16:00	GE	IFO Business Climate	Mar	111.1	112.3	111	111.1
03/27/2017	16:00	GE	IFO Expectations	Mar	104.3	105.7	104	104.2
03/27/2017	16:00	GE	IFO Current Assessment	Mar	118.3	119.3	118.4	--
03/27/2017	16:30	HK	Exports YoY	Feb	15.70%	18.20%	-1.20%	--
03/27/2017	16:30	HK	Imports YoY	Feb	16.40%	25.40%	-2.70%	--
03/27/2017	16:30	HK	Trade Balance HKD	Feb	-39.4b	-56.3b	-12.3b	--
03/27/2017	16:37	TA	Bounced Check Ratio	Feb	--	0.16%	0.17%	--
03/27/2017	22:00	CA	Bloomberg Nanos Confidence	Mar-24	--	58.5	59.2	--
03/27/2017	22:30	US	Dallas Fed Manf. Activity	Mar	22	16.9	24.5	--
03/27/2017	03/31	ID	Local Auto Sales	Jan	--	--	86573	--
03/27/2017	03/31	ID	Motorcycle Sales	Jan	--	--	437764	--
03/28/2017	06:30	AU	ANZ Weekly Cons Conf Index	Mar-26	--	113.8	112	--
03/28/2017	07:00	SK	GDP SA QoQ	4Q F	0.40%	0.50%	0.40%	--
03/28/2017	07:00	SK	GDP YoY	4Q F	2.30%	2.40%	2.30%	--
03/28/2017	16:00	IT	Industrial Orders MoM	Jan	-2.60%	--	2.80%	--
03/28/2017	16:00	IT	Industrial Orders NSA YoY	Jan	--	--	-0.90%	--
03/28/2017	16:00	IT	Industrial Sales MoM	Jan	--	--	2.60%	--
03/28/2017	16:00	IT	Industrial Sales WDA YoY	Jan	--	--	9.40%	--
03/28/2017	20:30	US	Advance Goods Trade Balance	Feb	-\$66.4b	--	-\$69.2b	-\$68.8b
03/28/2017	20:30	US	Wholesale Inventories MoM	Feb P	0.20%	--	-0.20%	--
03/28/2017	20:30	US	Retail Inventories MoM	Feb	--	--	0.80%	--
03/28/2017	21:00	US	S&P CL CS 20-City MoM SA	Jan	0.70%	--	0.93%	--
03/28/2017	21:00	US	S&P CL CS 20-City YoY NSA	Jan	5.60%	--	5.58%	--
03/28/2017	21:00	US	S&P CL CS 20-City NSA Index	Jan	--	--	192.61	--
03/28/2017	21:00	US	S&P CL CS US HPI YoY NSA	Jan	--	--	5.85%	--
03/28/2017	21:00	US	S&P CL CS US HPI NSA Index	Jan	--	--	185.54	--
03/28/2017	22:00	US	Conf. Board Consumer Conf	Mar	114	--	114.8	--
03/28/2017	22:00	US	Conf. Board Present Situation	Mar	--	--	133.4	--
03/28/2017	22:00	US	Conf. Board Expectations	Mar	--	--	102.4	--
03/28/2017	22:00	US	Richmond Fed Manufact. Index	Mar	15	--	17	--

Source: Bloomberg

<u>OCBC Treasury Research</u>	
<u>Macro Research</u> Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Wellian Wiranto WellianWiranto@ocbc.com Tommy Xie Dongming XieD@ocbc.com Barnabas Gan BarnabasGan@ocbc.com Terence Wu TerenceWu@ocbc.com	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@ocbc.com

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