

Highlights

Global	<p>After 44 years in the EU, UK PM Theresa May has formally served notice of UK's farewell to the EU. Global financial markets were slightly wary of the potentially contentious negotiation road ahead. May said that "in security terms a failure to reach agreement would mean our cooperation in the fight against crime and terrorism would be weakened". Note that her initial hopes for an early trade deal that allows a smooth transition and avoids a "cliff edge" for the financial sector may easily run into roadblocks – the European Parliament's Verhofstadt said "security is far too important to start to bargain it against an economic agreement", while Tusk noted that the first phase should focus on "key arrangements for an orderly withdrawal" and German Chancellor Merkel also opined that "we first have to figure out how to disentangle....only when those questions have been dealt with, hopefully soon, can we talk about how to craft our future relationship". The draft resolution by the European Parliament is said to stress UK must "honor all its legal, financial and budgetary obligations", that any "transitional arrangements" should be limited to no more than three years, and UK should not start FTA negotiations with countries outside EU during the Brexit process. GBP & gilt yields closed lower but FTSE +0.4%. With financial markets maintaining a relatively calm demeanour outside of the UK, expect that Asian bourses will treat Brexit as a UK-centric event. The only notable economic data releases are US' initial jobless claims and German CPI. Speakers include Fed's Kaplan, Mester and Williams, as well as ECB's Mersch, Notwotny and Praet.</p>
US	<p>Pending home sales surged 5.5% mom (-2.4% yoy nsa) in Feb, marking the strongest increase since Jul10, amid warmer weather and as buyers chose to frontload their purchases ahead of expected higher borrowing costs.</p> <p>On the Fed rhetoric front, Rosengren argued that "we have to raise rates a little bit more quickly to make sure that we don't overshoot where we want to be" and "the economy's likely to be strong enough and growing fast enough that that would be consistent with raising rates roughly every other meeting", while Williams said he "would not rule out more than three increases total for this year". Fischer also opined that two more hikes this year "seems about right" and "that's my forecast as well", while Evans also echoed that "two might be the right number if there's a little bit more uncertainty".</p>
TH	<p>Bank of Thailand kept its policy rate steady at 1.5% as widely expected, but hiked its 2017 growth forecast to 3.4% (previously 3.2%) and tips headline inflation and exports growth at 1.2% (with a lower crude oil assumption of US\$53.3 versus US\$53.5 previously) and 2.2% respectively. BOT opined that "exchange rates might experience higher volatility in the period ahead due to uncertainties on the external front".</p>
SG	<p>The new \$2.6b 5-year SGS bond auction fetched an average yield of 1.65% with a 10bp tail to cut-off at 1.75% and a bid-cover ratio of 1.9x. Meanwhile, COE premiums rose across categories A, B and E in yesterday's tender.</p>

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Major Markets

- **US:** Equities closed mixed on low volume on Wednesday as investors increasingly put aside Trump's healthcare disappointment. Gains were led by energy stocks as WTI close in on the US\$50 handle again, while utilities and financials led losses. The S&P 500 and Nasdaq rose 0.11% and 0.38% respectively, while the Dow declined 0.20%. VIX closed lower for the 4th straight session, down 1.0% to 11.42. US Treasuries rallied overnight despite hawkish rhetoric from Rosengren and Williams. 2- and 10-year benchmark yields were down 3-4 bps, and closed at 1.27% and 2.38% respectively. Moving forward, a key level to note for the 10-year yield would be 2.30%, which marked the lows in January and February. From a technical perspective, failing at this level will open the way down to 2.15-2.20%.
- **Singapore:** STI rallied 0.85% to close up at 3184.57 yesterday, but may meander amid mixed cues from Wall Street overnight and soft morning cues from Nikkei and Kospi. STI's support and resistance are tipped at 3160 and 3200 respectively. Longer-dated UST bonds led gains overnight, but SGS bonds may have to digest the new 5-year SGS bond auction first.
- **Indonesia:** Government is reportedly planning to scrutinize credit card data from banks to cross-check them with tax reports, as it prepares for the next stage of tax reforms after the amnesty program ends tomorrow. Thus far, the tax amnesty program has brought to light as much as IDR4690tn (~USD352bn) of previously hidden assets, with IDR125tn (~USD9.4bn) worth of penalty payments to the government coffers.
- **Malaysia:** Prices for RON95 and RON97 petrol types have been reduced overnight. The former will now cost MYR2.13 per liter, while the price of the higher octane petrol is now at MYR2.41 per liter. Thus, both will cost around 7% less than before, and should help to reduce the inflationary momentum that Malaysia has seen in recent months.
- **Commodities:** Crude oil prices rallied for two straight days, now with WTI and Brent at \$49.51/bbl and \$52.42/bbl respectively. Market-watchers likely concentrated on the lower than expected increase in US crude oil stocks, while gasoline inventories plummeted by more than 3.5 million barrels overnight. More importantly, US refinery utilisation rates rose strongly by 1.9%, suggesting more refineries are now back from their maintenance season. Elsewhere, note that OPEC oil exports fell further in March, as reported by cargo-tracking company Kper SAS.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, with swap rates trading 1-3bps higher across all tenors. In the broader dollar space, the spread on JACI IG corporates held fell 1bps to 194bps while the yield on JACI HY rose 2bps to 6.65%. 10y UST yields fell 4bps to 2.38%, as euro-zone government bonds rallied on a report that European Central Bank policy makers are wary of altering their dovish message before June.
- **New Issues:** Hyundai Capital America priced a USD1.1bn 3-tranche deal; with the USD400mn 3-year piece at CT3+108bps, tightening from initial guidance of CT3+125bps; the USD200mn 3-year piece at 3mL+80bps; and the USD500mn 5-year piece at CT5+120bps, tightening from initial guidance of CT5+135bps. ICBC Finance Co. priced a USD2bn 2-tranche deal; with the USD1.15bn 3-year piece at CT3+150bps, tightening from initial guidance of CT3+170bps; and the USD850mn 5-year piece at CT5+152.5bps, tightening from initial guidance of CT5+175bps. The expected issue ratings are 'NR/A2/A'. EFG International (Guernsey) Ltd. priced a USD400mn 10NC5 Tier 2 bond at 5%, tightening from initial guidance of 5.5%. The expected issue ratings are 'NR/NR/BBB+'. WEA Finance LLC priced a USD500mn 5-year bond (guaranteed by Westfield Corporation Limited and

Westfield America Inc.) at CT5+125bps, tightening from initial guidance of CT5+137.5bps. Korea Expressway Corporation scheduled investor roadshows from 4 April for potential USD bond issuance. JSW Steel Ltd. scheduled investor meetings from 30 March for potential USD bond issuance.

- **Rating Changes:** S&P upgraded Japan-based securities company Deutsche Securities Inc's Local and Foreign Issuer Credit to 'A-' from 'BBB+'. The rating outlook is negative. This follows the similar rating action on Deutsche Bank AG from yesterday. Moody's upgraded China Aoyuan Group Limited's (China Aoyuan) corporate family rating to 'B1' from 'B2'. In addition, Moody's upgraded China Aoyuan's senior unsecured ratings on the company's USD bonds to 'B2' from 'B3'. The ratings outlook is stable. The rating action reflects the company's growing scale, improved geographic diversity, and Moody's expectation that the company's credit metrics will improve over the next 12 months to levels comparable to other B1-rated Chinese property peers. Fitch upgraded Fufeng Group Limited's (Fufeng) Foreign-Currency Issuer Default Rating (IDR) and senior unsecured rating to 'BB+' from 'BB'. The rating outlook on the IDR is stable. The rating action reflects Fufeng's improved profitability and performance in the amino acid segment that was helped by industry consolidation and lower leverage.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	99.998	0.29%	USD-SGD	1.3941	-0.28%
USD-JPY	111.040	-0.10%	EUR-SGD	1.5009	-0.71%
EUR-USD	1.0766	-0.44%	JPY-SGD	1.2554	-0.20%
AUD-USD	0.7670	0.48%	GBP-SGD	1.7335	-0.41%
GBP-USD	1.2434	-0.13%	AUD-SGD	1.0693	0.21%
USD-MYR	4.4198	0.14%	NZD-SGD	0.9805	--
USD-CNY	6.8901	0.15%	CHF-SGD	1.3992	-0.67%
USD-IDR	13314	-0.03%	SGD-MYR	3.1681	0.02%
USD-VND	22774	0.00%	SGD-CNY	4.9390	-0.04%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	0.9250	--
2M	-0.3390	--	1M	0.9822	--
3M	-0.3300	--	2M	1.0206	--
6M	-0.2420	--	3M	1.1522	--
9M	-0.1720	--	6M	1.4249	--
12M	-0.1100	--	12M	1.7982	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.60	-2.60	4.00
Italy	-0.07	-0.60	2.14
Ireland	-0.40	-2.50	0.97
Greece	7.64	-36.70	6.95
Spain	-0.20	0.30	1.64
Russia	2.02	-0.50	4.17

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	49.51	2.36%	Coffee (per lb)	1.393	0.32%
Brent (per barrel)	52.42	2.12%	Cotton (per lb)	0.7614	-0.96%
Heating Oil (per gallon)	1.5425	1.70%	Sugar (per lb)	0.1712	-2.51%
Gasoline (per gallon)	1.6720	2.27%	Orange Juice (per lb)	1.6875	-1.03%
Natural Gas (per MMBtu)	3.1750	2.55%	Cocoa (per mt)	2,086	-2.02%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,886.3	0.04%	Wheat (per bushel)	4.2550	0.24%
Nickel (per mt)	9,997.5	0.49%	Soybean (per bushel)	9.690	-0.31%
Aluminium (per mt)	1,955.0	0.85%	Corn (per bushel)	3.5850	0.21%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,253.7	-0.15%	Crude Palm Oil (MYR/MT)	2,874.0	0.52%
Silver (per oz)	18.228	0.02%	Rubber (JPY/KG)	268.4	2.87%

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

Equity and Commodity

Index	Value	Net change
DJIA	20,659.32	-42.18
S&P	2,361.13	2.56
Nasdaq	5,897.55	22.41
Nikkei 225	19,217.48	14.61
STI	3,184.57	26.75
KLCI	1,750.41	-4.01
JCI	5,592.51	51.31
Baltic Dry	1,338.00	5.00
VIX	11.42	-0.11

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.26 (+0.01)	1.27 (-0.03)
5Y	1.62 (+0.01)	1.93 (-0.04)
10Y	2.22 (+0.01)	2.38 (-0.04)
15Y	2.35 (+0.01)	--
20Y	2.41 (-)	--
30Y	2.43 (-)	2.99 (-0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	23.09	-0.10
EURIBOR-OIS	1.96	0.11
TED	37.48	--

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised	
03/29/2017	05:00	SK	Business Survey Manufacturing	Apr	--	82	81	--
03/29/2017	05:00	SK	Business Survey Non-Mfg	Apr	--	80	77	--
03/29/2017	07:50	JN	Retail Trade YoY	Feb	0.70%	0.10%	1.00%	--
03/29/2017	07:50	JN	Retail Sales MoM	Feb	0.30%	0.20%	0.50%	0.20%
03/29/2017	07:50	JN	Dept. Store, Supermarket Sales	Feb	-1.80%	-2.70%	-1.10%	--
03/29/2017	10:00	VN	GDP YTD YoY	1Q	6.25%	5.10%	6.21%	--
03/29/2017	10:00	VN	CPI YoY	Mar	4.80%	4.65%	5.02%	--
03/29/2017	10:00	VN	Exports YTD YoY	Mar	13.30%	12.80%	15.40%	--
03/29/2017	10:00	VN	Imports YTD YoY	Mar	22.00%	22.40%	19.60%	--
03/29/2017	10:00	VN	Retail Sales YTD YoY	Mar	--	9.20%	8.70%	--
03/29/2017	13:00	JN	Small Business Confidence	Mar	--	50.5	47.7	--
03/29/2017	14:00	GE	Import Price Index MoM	Feb	0.40%	0.70%	0.90%	--
03/29/2017	14:00	GE	Import Price Index YoY	Feb	7.00%	7.40%	6.00%	--
03/29/2017	14:45	FR	Consumer Confidence	Mar	100	100	100	--
03/29/2017	15:00	TH	BoT Benchmark Interest Rate	Mar-29	1.50%	1.50%	1.50%	--
03/29/2017	16:00	IT	Economic Sentiment	Mar	--	105.1	104	104.3
03/29/2017	16:00	IT	Manufacturing Confidence	Mar	106	107.1	106.3	106.4
03/29/2017	16:00	IT	Consumer Confidence Index	Mar	106.6	107.6	106.6	--
03/29/2017	16:00	SI	Automobile COE Open Bid Cat A	Mar-29	--	51765	50789	--
03/29/2017	16:00	SI	Automobile COE Open Bid Cat B	Mar-29	--	54000	53300	--
03/29/2017	16:00	SI	Automobile COE Open Bid Cat E	Mar-29	--	54501	53001	--
03/29/2017	16:30	UK	Net Lending Sec. on Dwellings	Feb	3.5b	3.5b	3.4b	3.2b
03/29/2017	16:30	UK	Mortgage Approvals	Feb	69.1k	68.3k	69.9k	69.1k
03/29/2017	16:30	UK	Money Supply M4 MoM	Feb	--	-0.30%	0.90%	--
03/29/2017	16:30	UK	M4 Money Supply YoY	Feb	--	5.70%	7.00%	--
03/29/2017	19:00	US	MBA Mortgage Applications	Mar-24	--	-0.80%	-2.70%	--
03/29/2017	22:00	US	Pending Home Sales MoM	Feb	2.50%	5.50%	-2.80%	--
03/29/2017	22:00	US	Pending Home Sales NSA YoY	Feb	--	-2.40%	2.70%	--
03/30/2017	07:50	JN	Japan Buying Foreign Bonds	Mar-24	--	--	¥149.4b	--
03/30/2017	07:50	JN	Japan Buying Foreign Stocks	Mar-24	--	--	-¥465.7b	--
03/30/2017	07:50	JN	Foreign Buying Japan Bonds	Mar-24	--	--	-¥586.8b	--
03/30/2017	07:50	JN	Foreign Buying Japan Stocks	Mar-24	--	--	-¥580.4b	--
03/30/2017	08:00	AU	HIA New Home Sales MoM	Feb	--	--	-2.20%	--
03/30/2017	10:00	SK	Discount Store Sales YoY	Feb	--	--	11.30%	--
03/30/2017	10:00	SK	Department Store Sales YoY	Feb	--	--	4.60%	--
03/30/2017	15:00	GE	CPI Saxony MoM	Mar	--	--	0.50%	--
03/30/2017	15:00	GE	CPI Saxony YoY	Mar	--	--	2.40%	--
03/30/2017	16:00	GE	CPI Brandenburg MoM	Mar	--	--	0.50%	--
03/30/2017	16:00	GE	CPI Hesse MoM	Mar	--	--	0.60%	--
03/30/2017	16:00	GE	CPI Hesse YoY	Mar	--	--	2.50%	--
03/30/2017	16:00	GE	CPI Bavaria MoM	Mar	--	--	0.60%	--
03/30/2017	16:00	GE	CPI Bavaria YoY	Mar	--	--	2.10%	--
03/30/2017	16:30	GE	CPI North Rhine Westphalia MoM	Mar	--	--	0.60%	--
03/30/2017	16:30	GE	CPI North Rhine Westphalia YoY	Mar	--	--	2.30%	--
03/30/2017	16:30	HK	Retail Sales Value YoY	Feb	-0.60%	--	-0.90%	--
03/30/2017	16:30	HK	Retail Sales Volume YoY	Feb	-1.10%	--	-1.40%	--
03/30/2017	17:00	EC	Economic Confidence	Mar	108.3	--	108	--
03/30/2017	17:00	EC	Business Climate Indicator	Mar	0.87	--	0.82	--
03/30/2017	17:00	EC	Industrial Confidence	Mar	1.4	--	1.3	--
03/30/2017	17:00	EC	Consumer Confidence	Mar F	-5	--	-5	--
03/30/2017	20:00	GE	CPI MoM	Mar P	0.40%	--	0.60%	--
03/30/2017	20:00	GE	CPI YoY	Mar P	1.80%	--	2.20%	--
03/30/2017	20:00	GE	CPI EU Harmonized MoM	Mar P	0.50%	--	0.70%	--
03/30/2017	20:00	GE	CPI EU Harmonized YoY	Mar P	1.90%	--	2.20%	--
03/30/2017	20:30	US	GDP Annualized QoQ	4Q T	2.00%	--	1.90%	--
03/30/2017	20:30	US	Personal Consumption	4Q T	3.00%	--	3.00%	--
03/30/2017	20:30	US	GDP Price Index	4Q T	2.00%	--	2.00%	--
03/30/2017	20:30	CA	Industrial Product Price MoM	Feb	0.40%	--	0.40%	--
03/30/2017	20:30	US	Core PCE QoQ	4Q T	1.20%	--	1.20%	--
03/30/2017	20:30	CA	Raw Materials Price Index MoM	Feb	0.90%	--	1.70%	--
03/30/2017	20:30	US	Initial Jobless Claims	Mar-25	247k	--	261k	--
03/30/2017	20:30	US	Continuing Claims	Mar-18	2031k	--	1990k	--
03/30/2017	21:45	US	Bloomberg Consumer Comfort	Mar-26	--	--	51.3	--
03/30/2017		MU	Hotel Occupancy Rate	Feb	--	--	81.6	--

Source: Bloomberg

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