

### Highlights

<b>Global</b>	<p>Despite further declines seen in risk-related indicators such as Wall Street and growth-related commodity prices, there appears to be a silver lining in yesterday's sell-off. The US Senate reportedly reached a two-year budget deal, which is slated to raise federal spending by almost \$300 billion. The agreement is said to raise caps on defence funding and other domestic government spending. The deal also includes an extension of the government debt ceiling deadline to March 2019. In Germany, Angela Merkel's CDU/CSU party has reportedly reached a coalition deal after agreeing on the division of key ministries with the centre-left Social Democrats (SPD). Merkel herself described the recent agreement to provide the basis for a "good and stable government", while SPD leader Schulz regarded the deal to have "achieved a lot for people" and he would recommend his party members to accept it. Elsewhere, Fed's Evan and Kaplan weighed in on their view of the US economy: Evan commented that no rate hikes are needed before 1H18 given the sluggish price increases, while Kaplan opined that higher wages will not necessarily lead to a faster rate of inflation. Central banks also kept their monetary stance unchanged, with RBI and RBNZ staying pat at 6.0% and 1.75%, respectively.</p> <p>For today, watch out for more central bank meetings, specifically Bangko Sentral ng Pilipinas (BSP) and the Bank of England (BOE), though market-watchers are expecting them to keep monetary stance unchanged. Moreover, key economic data including the US initial jobless claims and China's trade data are slated to be out later today, which could give more market flavour to how risk-related indicators may trade into the end-week.</p>
<b>EZ</b>	<p>The Eurozone economy is forecasted to slow slightly this year and next, according to the European Commission forecast. The agency pencilled growth to be at 2.3% in 2018, and 2.0% in 2019, while adding that inflation will pick up marginally next year.</p>
<b>SG</b>	<p>COE premiums ended mixed in the latest reading. While Cat A premiums rose to \$40,000, Cat B premiums dipped marginally lower. Elsewhere, foreign reserve rose to \$282.4bn in Jan, up from \$279.9bn in the previous month.</p>
<b>CN</b>	<p>FX reserve rose for the 12th consecutive month in January to US\$3.161 trillion from US\$3.14 trillion in 2017. The rebound of FX reserves is again partially attributable to valuation effect as the dollar continued to depreciate globally in January. Nevertheless, the recent strength of RMB has led to more unwinding of dollar hoarding, which led to a more balanced capital flow picture. As RMB's one-way depreciation and disorderly capital outflow is no longer a concern currently, China has gradually exited previous capital control measures. As mentioned by China's head of currency regulator, all macro prudential measures to contain capital outflows have been back to neutral. We expect China to continue to open its capital account but at a manageable pace.</p>
<b>CMD</b>	<p>More sell-offs were in the commodity space, with crude oil falling by more than 2.0% for both WTI and Brent. With the recent price fall in the energy space, note that crude oil, heating oil, gasoline and natural gas prices have effectively surrendered the gains enjoyed since the start of 2018. Elsewhere, copper plunged 3.2%, the deepest drop in more than 10 weeks, suggesting the sustained risk-off sentiment felt by most market-watchers.</p>

## Major Market

- **US:** Equities ended a volatile day weaker, after giving up morning gains. Investors continue to be spooked by rising bond yields, with 10y UST yields returning to levels just before the gyrations started. Energy stocks led losses as oil prices slid. Overall, the S&P 500 faded 0.50%, while the Dow and Nasdaq Composite shed 0.08% and 0.90% respectively. VIX, at the centre of the storm, remains elevated at 27.73, compared to 29.98 previously. Meanwhile, US Treasury yields firmed across the board, while retaining a steepening bias. 2y and 10y benchmark yields stood at 2.124% and 2.836% at NY close. A new auction of 10y notes saw tepid demand with bid-to-cover ratio at 2.34. The auction drew a yield of 2.811%.
- **SG:** The STI inched lower, falling 0.66% to 3,383.77 on Wednesday. The index may continue to range trade today amid mixed cues from overnight losses by Wall Street but morning gains by Kospi. Gains in CapitalLand Commercial Trust (+2.31%) and Singapore Exchange Ltd (+1.65%) were not enough to withstand the slides in Singapore Airlines Ltd (-3.76%) and SATS Ltd (-3.49%), dragging the index down.
- **Malaysia:** Malaysia recorded significantly slower exports and imports growth in Dec 2017 at 4.7% (Nov 2017: 14.5%) and 7.9% (Nov 2017: 15.2%). E&E products that constitute 38% of total exports experienced a much slower growth at 6.2% in Dec 2017 (Nov 2017: 21%). Chemicals and chemical products exports also recorded a much lower increase at 6.8% in Dec 2017 (Nov 2017: 20.2%). Import growth slowdown was heavily driven by the decrease in imports for intermediate and consumption goods. The trade surplus further narrowed to RM7.25bn (Nov 2017: RM9.96bn).
- For the entire 2017, Malaysia recorded a stellar export growth rate at 18.9%. Imports grew at 19.9% whilst the trade surplus widened by 10.3% to RM97.25bn. Malaysia has strongly benefited from the pick-up in global trade in 2017. Not surprisingly, Malaysia exports growth has been driven by increasing exports in manufactured goods, particular in E&E products. Exports of petroleum and chemical and chemicals products also recorded significant increases in 2017. Import growth meanwhile was driven by large increases of imports of intermediate and capital goods.
- **Indonesia:** Foreign reserves rose to \$131.98bn in Jan 2018 (Dec 2017: \$130.2bn). This amounts to 8.5 months of imports or 8.2 months of imports and government's external debt repayments. Net Foreign Assets also rose to IDR1733.8t in Jan 2018 from IDR1727.9t in Dec 2017. Meanwhile, the consumer confidence index marginally fell to 126.1 in Jan 2018 (Dec 2017: 126.4) from the December record high. Private consumption growth in Indonesia was subdued for most of 2017 despite the consumer confidence index being very high.
- **Thailand:** The Commerce Ministry commented that exports may grow by more than 6.0% this year. Note that the Finance Ministry has previously commented that 2018 GDP growth could exceed the 2017's estimated growth pace of 3.4%.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 2-3bps lower for the short tenors, while the longer tenors traded 3-4bps lower. In the broader dollar space, the Bloomberg Barclays Asia USD IG Bond Index average OAS narrowed 1bps to 109bps and the Bloomberg Barclays Asia USD HY Bond Index average OAS traded narrowed 5bps to 343bps. 10Y UST yields rose 3.4bps to 2.84%, after a US\$24bn 10-year sale drew a yield that was highest in four years.

- **New Issues:** Daegu Bank has priced its USD300mn 5.5-year bond at CT5+135bps, tightening from its initial guidance of CT5+155bps area. The expected issuer ratings are 'A-/A2/NR'. Shangrao Investment Holdings International Co Ltd has priced its USD200mn 3-year bond (guaranteed by Shangrao Investment Holdings Co Ltd) at 6.4%, tightening from its initial guidance of 6.5%. Full Dragon (Hong Kong) International Development Ltd has priced its USD300mn 3-year bond (guaranteed by Fujian Zhanglong Group Co Ltd) at 5.85%, tightening from its initial guidance of 6%. The expected bond ratings are 'NR/NR/BB+'. Red Star Macalline Group Corp Ltd has plans to issue an USD700mn bond.
- **Rating Changes:** Fitch has downgraded Thai Beverage Public Co Ltd's (ThaiBev) issuer default rating to 'BBB-' from 'BBB', removing it from Rating Watch Negative. The outlook is stable. The rating action follows the debt-funded acquisition of Vietnam's Saigon Beer – Alcohol – Beverage Corporation (Sabeco) on 27 December 2017. Fitch expects ThaiBev's leverage, defined as FFO adjusted leverage, to increase to 5.7x by the end of fiscal year to 30 September 2018 from 1.2x at FY317. The stable outlook reflects Fitch's expectation that ThaiBev will deleverage, stemming from its ability and willingness to maintain a conservative capital structure after its 2012 acquisition of Fraser and Neave Ltd. Moody's has affirmed Softbank Group Corp Ltd's (SoftBank) 'Ba1' corporate family rating. The outlook is stable. The rating action follows SoftBank's announcement that it has begun preparing for a potential IPO of its domestic mobile telecommunication subsidiary, SoftBank Corp Ltd (Opco). Moody's stated that an IPO will be credit-negative because it would result in a partial loss of dividends for SoftBank's principal subsidiary. The stable outlook assumes that SoftBank will maintain a balanced financial policy that preserves its financial health after it alters its business model. It is also based on Softbank's investment portfolio continuing to have substantial value that provides sufficient financial flexibility and liquidity.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	90.255	0.75%	<b>USD-SGD</b>	1.3253	0.49%
<b>USD-JPY</b>	109.330	-0.21%	<b>EUR-SGD</b>	1.6253	-0.44%
<b>EUR-USD</b>	1.2264	-0.91%	<b>JPY-SGD</b>	1.2121	0.69%
<b>AUD-USD</b>	0.7823	-1.05%	<b>GBP-SGD</b>	1.8397	-0.01%
<b>GBP-USD</b>	1.3881	-0.49%	<b>AUD-SGD</b>	1.0368	-0.58%
<b>USD-MYR</b>	3.9088	-0.20%	<b>NZD-SGD</b>	0.9592	-0.96%
<b>USD-CNY</b>	6.2778	-0.21%	<b>CHF-SGD</b>	1.4038	-0.40%
<b>USD-IDR</b>	13555	0.11%	<b>SGD-MYR</b>	2.9647	-0.01%
<b>USD-VND</b>	22700	-0.02%	<b>SGD-CNY</b>	4.7534	-0.08%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3690	--	<b>O/N</b>	1.4388	--
<b>2M</b>	-0.3400	--	<b>1M</b>	1.5793	--
<b>3M</b>	-0.3290	--	<b>2M</b>	1.6715	--
<b>6M</b>	-0.2790	--	<b>3M</b>	1.7907	--
<b>9M</b>	-0.2220	--	<b>6M</b>	1.9919	--
<b>12M</b>	-0.1910	--	<b>12M</b>	2.2783	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	1.5-1.75	1.75-2	2-2.25	2.25-2.5
03/21/2018	86.6%	86.6%	0.0%	0.0%	0.0%
05/02/2018	87.6%	81.4%	6.1%	0.0%	0.0%
06/13/2018	95.6%	37.0%	54.6%	4.0%	0.0%
08/01/2018	96.1%	33.0%	52.5%	10.1%	0.5%
09/26/2018	97.6%	22.2%	45.3%	25.9%	4.1%
11/08/2018	97.9%	19.5%	42.1%	28.5%	7.0%

#### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	61.79	-2.52%	Copper (per mt)	6,806.8	-3.18%
Brent (per barrel)	65.51	-2.02%	Nickel (per mt)	13,133.0	-1.58%
Heating Oil (per gallon)	1.9313	-2.71%	Aluminium (per mt)	2,165.0	-0.45%
Gasoline (per gallon)	1.7660	-2.17%			
Natural Gas (per MMBtu)	2.7020	-2.07%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,485.0	0.61%
			Rubber (JPY/KG)	195.5	0.93%
Precious Metals	Futures	% chg			
Gold (per oz)	1,314.6	-1.12%			
Silver (per oz)	16.238	-2.06%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	24,893.35	-19.42
<b>S&amp;P</b>	2,681.66	-13.48
<b>Nasdaq</b>	7,051.98	-63.90
<b>Nikkei 225</b>	21,645.37	35.13
<b>STI</b>	3,383.77	-22.61
<b>KLCI</b>	1,836.68	24.23
<b>JCI</b>	6,534.87	56.33
<b>Baltic Dry</b>	1,095.00	--
<b>VIX</b>	27.73	-2.25

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.54 (-0.01)	2.12 (+0.02)
<b>5Y</b>	1.89 (-0.03)	2.56 (+0.02)
<b>10Y</b>	2.20 (-0.05)	2.84 (+0.03)
<b>15Y</b>	2.52 (-0.05)	--
<b>20Y</b>	2.56 (-0.05)	--
<b>30Y</b>	2.67 (-0.04)	3.11 (+0.05)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	26.46	-1.18
<b>EURIBOR-OIS</b>	2.78	0.28
<b>TED</b>	26.15	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
<b>02/07/2018 05:45</b>	<b>NZ Unemployment Rate</b>	<b>4Q</b>	<b>4.70%</b>	<b>4.50%</b>	<b>4.60%</b>	--
<b>02/07/2018 05:45</b>	<b>NZ Employment Change QoQ</b>	<b>4Q</b>	<b>0.40%</b>	<b>0.50%</b>	<b>2.20%</b>	--
02/07/2018 08:00	JN Labor Cash Earnings YoY	Dec	0.50%	0.70%	0.90%	--
02/07/2018 13:00	JN Leading Index CI	Dec P	108.1	107.9	108.3	108.2
02/07/2018 13:30	AU Foreign Reserves	Jan	--	A\$65.3b	A\$85.4b	--
<b>02/07/2018 15:00</b>	<b>GE Industrial Production SA MoM</b>	<b>Dec</b>	<b>-0.70%</b>	<b>-0.60%</b>	<b>3.40%</b>	<b>3.10%</b>
02/07/2018 15:00	MA Trade Balance MYR	Dec	9.31b	7.30b	9.95b	--
02/07/2018 15:00	MA Exports YoY	Dec	12.70%	4.70%	14.40%	--
02/07/2018 15:45	FR Trade Balance	Dec	-4854m	-3468m	-5692m	-5617m
02/07/2018 16:00	SI Automobile COE Open Bid Cat A	Feb-07	--	40000	36890	--
02/07/2018 16:00	SI Automobile COE Open Bid Cat B	Feb-07	--	42322	42661	--
02/07/2018 16:00	TA Trade Balance	Jan	\$4.90b	\$2.42b	\$6.13b	--
<b>02/07/2018 16:00</b>	<b>TA Exports YoY</b>	<b>Jan</b>	<b>18.10%</b>	<b>15.30%</b>	<b>14.80%</b>	--
02/07/2018 16:00	TA Imports YoY	Jan	14.50%	23.30%	12.20%	--
02/07/2018 16:19	HK Foreign Reserves	Jan	--	\$441.5b	\$431.3b	\$431.4b
<b>02/07/2018 16:30</b>	<b>UK Halifax House Prices MoM</b>	<b>Jan</b>	<b>0.20%</b>	<b>-0.60%</b>	<b>-0.60%</b>	<b>-0.80%</b>
02/07/2018 16:30	UK Halifax House Price 3Mths/Year	Jan	2.40%	2.20%	2.70%	--
<b>02/07/2018 17:00</b>	<b>IN RBI Repurchase Rate</b>	<b>Feb-07</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>	--
<b>02/07/2018 17:00</b>	<b>IN RBI Reverse Repo Rate</b>	<b>Feb-07</b>	<b>5.75%</b>	<b>5.75%</b>	<b>5.75%</b>	--
02/07/2018 17:00	IN RBI Cash Reserve Ratio	Feb-07	4.00%	4.00%	4.00%	--
02/07/2018 17:00	SI Foreign Reserves	Jan	--	\$282.38b	\$279.90b	--
<b>02/07/2018 17:00</b>	<b>IT Retail Sales MoM</b>	<b>Dec</b>	<b>-0.20%</b>	<b>-0.30%</b>	<b>1.10%</b>	<b>0.90%</b>
02/07/2018 18:35	PH Foreign Reserves	Jan	--	\$81.2b	\$81.5b	\$81.6b
<b>02/07/2018 20:00</b>	<b>US MBA Mortgage Applications</b>	<b>Feb-02</b>	--	<b>0.70%</b>	<b>-2.60%</b>	--
<b>02/07/2018 21:30</b>	<b>CA Building Permits MoM</b>	<b>Dec</b>	<b>2.00%</b>	<b>4.80%</b>	<b>-7.70%</b>	<b>-7.30%</b>
02/07/2018	CH Foreign Reserves	Jan	\$3170.0b	\$3161.5b	\$3139.9b	--
<b>02/07/2018</b>	<b>ID Foreign Reserves</b>	<b>Jan</b>	--	<b>\$131.98b</b>	<b>\$130.20b</b>	--
<b>02/08/2018 04:00</b>	<b>NZ RBNZ Official Cash Rate</b>	<b>Feb-08</b>	<b>1.75%</b>	<b>1.75%</b>	<b>1.75%</b>	--
<b>02/08/2018 07:50</b>	<b>JN BoP Current Account Balance</b>	<b>Dec</b>	<b>¥1056.9b</b>	--	<b>¥1347.3b</b>	--
02/08/2018 07:50	JN Trade Balance BoP Basis	Dec	¥520.4b	--	¥181.0b	--
02/08/2018 07:50	JN Japan Buying Foreign Bonds	Feb-02	--	--	¥41.1b	--
02/08/2018 07:50	JN Foreign Buying Japan Bonds	Feb-02	--	--	-¥253.6b	--
02/08/2018 07:50	JN Foreign Buying Japan Stocks	Feb-02	--	--	-¥300.5b	--
02/08/2018 08:01	UK RICS House Price Balance	Jan	5%	--	8%	--
02/08/2018 08:30	AU NAB Business Confidence	4Q	--	--	7	--
02/08/2018 15:00	GE Trade Balance	Dec	21.0b	--	23.7b	--
02/08/2018 15:00	GE Current Account Balance	Dec	28.0b	--	25.4b	--
02/08/2018 15:00	GE Exports SA MoM	Dec	-1.00%	--	4.10%	--
02/08/2018 15:00	GE Imports SA MoM	Dec	-0.70%	--	2.30%	2.20%
02/08/2018 15:30	FR Bank of France Ind. Sentiment	Jan	110	--	110	--
<b>02/08/2018 16:00</b>	<b>PH BSP Overnight Borrowing Rate</b>	<b>Feb-08</b>	<b>3.00%</b>	--	<b>3.00%</b>	--
<b>02/08/2018 20:00</b>	<b>UK Bank of England Bank Rate</b>	<b>Feb-08</b>	<b>0.50%</b>	--	<b>0.50%</b>	--
02/08/2018 20:00	UK BOE Asset Purchase Target	Feb	435b	--	435b	--
<b>02/08/2018 21:15</b>	<b>CA Housing Starts</b>	<b>Jan</b>	<b>210.0k</b>	--	<b>217.0k</b>	<b>218.0k</b>
02/08/2018 21:30	CA New Housing Price Index MoM	Dec	0.10%	--	0.10%	--
<b>02/08/2018 21:30</b>	<b>US Initial Jobless Claims</b>	<b>Feb-03</b>	<b>232k</b>	--	<b>230k</b>	--
02/08/2018 21:30	US Continuing Claims	Jan-27	1940k	--	1953k	--
02/08/2018 22:45	US Bloomberg Consumer Comfort	Feb-04	--	--	54.6	--
<b>02/08/2018</b>	<b>CH Trade Balance</b>	<b>Jan</b>	<b>\$54.65b</b>	--	<b>\$54.69b</b>	--
02/08/2018	CH Exports YoY	Jan	10.70%	--	10.90%	--
02/08/2018	CH Imports YoY	Jan	10.60%	--	4.50%	--
<b>02/08/2018 02/13</b>	<b>VN Domestic Vehicle Sales YoY</b>	<b>Jan</b>	--	--	<b>-14.90%</b>	--

Source: Bloomberg

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