

Highlights

Global	<p>Global risk appetite may start the week on a mixed tone amid evolving geopolitical and trade tensions, albeit North Korea said it will freeze nuclear and intercontinental ballistic missile launch tests from 21 April (with President Trump saying “only time will tell”) and US Treasury Secretary Mnuchin is considering a trip to visit China as he is “cautiously optimistic” on reaching an agreement. The week ahead may be filled with market concerns about China’s financial market deleveraging (with SAFE announcing that LGFV and property companies are not allowed to borrow foreign debt except under special conditions) and US earnings season continues, with the tech stocks (Alphabet, Microsoft, Amazon.com, Twitter, Facebook etc). Wall Street closed lower, while the 10-year US Treasury bond yield climbed 5bps to 2.96% (highest in eight weeks) and clearly eyeing a potential break of the key 3% handle (last seen in Dec13).</p> <p>Asian bourses and bond markets may extend declines today, but watch Chinese online healthcare platform Ping An Good Doctor’s upcoming up to HK\$8.8b IPO in HK. The economic data calendar comprises US’ existing home sales, Chicago Fed national activity index, manufacturing/services PMIs from US/Europe, Taiwan’s industrial production and unemployment rate, HK and S’pore CPI. Speakers include ECB’s Coeure, BOC’s Poloz and Wilkins, and RBA’s Kent. For the week ahead, key events to watch include ECB and BOJ policy meetings on Thu and Fri, respectively – although both are likely static, but the nuancing will be important as usual, especially on ECB’s plans post-Sep when its EUR30b asset purchase program may end, whereas BOJ governor Kuroda still opined that BOJ is still distant from its price target.</p>
EZ	PM May is said to be facing cabinet pressure amid fears that Parliament will reject her plan to withdraw from the EU’s customs union.
SG	The \$3b issue size for the upcoming new 10-year SGS bond, with MAS taking \$300m, leaves a net issue size of \$2.7b which is still the largest since June11 (also \$2.7b).
CH	The ZTE incident is a wakeup call to some Chinese netizens, who may be over confident about China’s technology. This may transform the hawkish sentiment fuelled by overconfidence to a more realistic assessment.
CMD	Investors shrugged off US President Trump’s comment on OPEC “artificially” boosting oil prices, and focused on further supply outage stemming from Libya’s fire mishap in its biggest export terminal which could cut supplies by as much as 100k barrels per day. Moreover, recent OPEC+ meeting in Jeddah highlighted the need for further output curbs in aim to attract investment in oil & gas production. Rhetorically, Saudi Minister Al-Falih said that “there is nothing to fear from prices rising even further from their current three-year high”, while Russian Novak added that “there is no obligation to stop”. Gold prices continue to taper lower on a stronger greenback overnight, amid diminished safe haven demand after North Korea’s announcement to freeze nuclear tests.

Major Market

- **US:** Equities slipped on Friday as investors worried about a jump in US bond yields, with technology stocks leading the decline on nerves about upcoming earnings reports and Apple iPhone demand. Overall, the Dow closed down 0.82%, with the S&P 500 as well as the Nasdaq composite losing 0.85% and 1.27%, respectively. VIX rallied 5.76% to 16.88, vs 15.96 on Thursday. For US Treasuries, the 2y benchmark yield added 1bp to close at 2.457%. Meanwhile, the 10y yield climbed to a new 2018 high of 2.960%.
- **Singapore:** There is no upcoming maturity of SGS bonds, with the next maturity being \$6.8b of 15-year SGS bonds maturing only in Sep18. The average cut-off yield for the last five 10-year SGS bond auctions was 2.38%, which is lower than the current 10-year SGS bond that is yielding around 2.45%. While the current bond-swap spread has compressed to just 12bps, we reckon theoretical fair value for the new 10-year SGS bond should be closer to the 2.7% region. Today's Mar headline and core inflation are likely to come in at 0.2% yoy (-0.2% mom nsa) and 1.8% yoy respectively.
- The STI retreated 0.70% to close at 3573.38 on Friday, and may extend declines today amid weak market sentiments. Given Friday's slippage by Wall Street and morning declines in Nikkei and Kospi, STI may trade in a 3540-3580 range today. With UST bond curve steepening further, SGS bonds stay pressured today, especially ahead of the \$3b issue size (with MAS taking \$300m) for the new 10-year SGS bond due for auction on 26 Apr.
- **China:** The talk of 1977 emergency economic power act to grant President Trump more power to block China's investment as well as the report on "Supply Chain Vulnerabilities from China in US Federal Information and Communications Technology" showed that a persistent conflict between US and China in terms of technology investment may continue to dominate the headline in future although the news about US Treasury Secretary Mnuchin's possible visit to China may help ease the tension in the near term.
- **Korea:** Import growth rose by a strong 20.8% in the first 20-days of April, while export grew by 8.3% over the same period. Should the pace of trade sustains into end-month, exports would have encouragingly accelerated from March's 6.1% in March.
- **Indonesia:** The country is considering plans to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Trade Minister Enggartiasto Lukita said Indonesia was still assessing the merits of joining the CPTPP. Separately, Finance Minister Sri Mulyani Indrawati said in a CNBC interview on Wednesday that Indonesia wanted to join the CPTPP, but was not yet ready to do so and was also looking at other non-traditional markets.
- **Malaysia:** Foreign reserves rose to US\$110bn as at April 13th 2018 (March 30th 2018: US\$107.8bn). This amounts to 7.7 months of retained imports and 1.1 times of short term external debt.
- **Thailand:** Foreign reserves rose to record high to \$216.6bn as of 13th April 2018. Elsewhere, Thailand's Meteorological Department is warning the onset of thunderstorms this week, which is slated to hit the north-eastern region before spreading to the north, central, east and south regions.
- **Macau:** Inflation decelerated to 2.66% from 3.12% in March, amid the subsided calendar effect. In terms of the most heavily-weighted section, the food inflation retreated to 3.03% as the higher charges for eating out failed to offset the lower prices

of fresh foods. Attributed to low base effect, the inflation of clothing & footwear accelerated to 6.38%, the strongest since December 2011. In contrast, the price growth of recreation & culture slowed down sharply to 2.96% from 10.72% given the lower charges for package tours after Chinese New Year. Moving forward, the housing inflation (+1.45%) may remain benign as the rental housing market is expected to be hit by the new housing control measures. Given muted inflationary pressure across the globe, upside risks for Macau's CPI are also restrained. Still, we will closely monitor whether higher commodity prices and a weaker MOP could translate into imported inflationary pressure.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates for the shorter tenors trading 1-5bps higher while the longer tenors traded 5-7bps higher. The 12 year swap rates however traded 2bps lower, resulting in a kink at the belly of the curve. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 1.26% while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 1bps to 350bps. 10Y UST yield rose 5bps to 2.96%, reaching its highest since 2014. This was attributed to upbeat commentary from Fed officials which boosted expectations that Fed will deliver three or possibly four interest rate hikes this year.
- **New issues:** mm2 Asia Ltd has priced a SGD50mn 3NC2 bond (guaranteed by Cathay Cineplexes Pte Ltd, mm Connect Pte Ltd, mm2 Entertainment Pte Ltd, mm Plus Pte Ltd and 2mm Pte Ltd) at 7%, in line with its initial price guidance. Rizal Commercial Banking has priced a USD150mn re-tap of its RCBPM 4.125%'23 bond at CT5+165bps. Yuexiu REIT MTN Co Ltd has priced a USD400mn 3-year bond (guaranteed by HSBC Institutional Trust Services (Asia) Ltd in its capacity as trustee, and with recourse limited to the assets, of Yuexiu Real Estate Investment Trust) at CT3+243bps, tightening from its initial price guidance of CT3+270bps. Landsea Green Group Co Ltd has priced a USD150mn 2-year bond (guaranteed by certain of issuer's restricted subsidiaries incorporated outside of the PRC and U.S) at 9.875%, in line with its initial price guidance of high 9% area. CNOOC Ltd is said to hire banks for a potential dollar bond issuance. State Grid Corp of China has hired banks for its potential USD and EUR bond issuance. Asiana Airlines Inc has hired 3 banks for the potential issuance of its offshore hybrid bond.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	90.316	0.42%	USD-SGD	1.3163	0.36%
USD-JPY	107.660	0.27%	EUR-SGD	1.6178	-0.09%
EUR-USD	1.2288	-0.46%	JPY-SGD	1.2225	0.07%
AUD-USD	0.7672	-0.75%	GBP-SGD	1.8425	-0.28%
GBP-USD	1.4000	-0.62%	AUD-SGD	1.0096	-0.42%
USD-MYR	3.8977	0.17%	NZD-SGD	0.9490	-0.50%
USD-CNY	6.2964	0.28%	CHF-SGD	1.3526	0.16%
USD-IDR	13893	0.78%	SGD-MYR	2.9645	-0.21%
USD-VND	22775	-0.01%	SGD-CNY	4.7860	-0.18%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.7031	--
2M	-0.3410	0.0010	1M	1.8970	-0.0013
3M	-0.3280	--	2M	2.0581	0.0019
6M	-0.2710	-0.0010	3M	2.3592	-0.0023
9M	-0.2200	-0.0010	6M	2.5113	0.0019
12M	-0.1890	--	12M	2.7603	0.0019

Fed Rate Hike Probability

Meeting	Prob Hike	1.75-2	2-2.25	2.25-2.5	2.5-2.75
05/02/2018	29.9%	29.9%	0.0%	0.0%	0.0%
06/13/2018	90.2%	64.5%	25.8%	0.0%	0.0%
08/01/2018	90.8%	61.1%	28.2%	1.6%	0.0%
09/26/2018	97.2%	24.8%	51.1%	20.1%	1.1%
11/08/2018	97.5%	22.4%	48.3%	23.5%	3.2%
12/19/2018	98.5%	14.2%	37.7%	33.7%	11.5%

Equity and Commodity

Index	Value	Net change
DJIA	24,462.94	-201.95
S&P	2,670.14	-22.99
Nasdaq	7,146.13	-91.93
Nikkei 225	22,162.24	-28.94
STI	3,573.38	-25.35
KLCI	1,887.75	-7.43
JCI	6,337.70	-18.21
Baltic Dry	1,281.00	80.00
VIX	16.88	0.92

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.93 (+0.01)	2.46 (+0.03)
5Y	2.13 (+0.04)	2.80 (+0.04)
10Y	2.49 (+0.06)	2.96 (+0.05)
15Y	2.71 (+0.06)	--
20Y	2.72 (+0.05)	--
30Y	2.86 (+0.04)	3.15 (+0.05)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	56.43	0.37
EURIBOR-OIS	2.20	--
TED	55.95	0.30

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	68.38	0.13%	Copper (per mt)	6,956.7	0.05%
Brent (per barrel)	74.06	0.38%	Nickel (per mt)	14,791.5	-1.64%
Heating Oil (per gallon)	2.1230	0.64%	Aluminium (per mt)	2,485.0	-0.54%
Gasoline (per gallon)	2.0959	0.89%			
Natural Gas (per MMBtu)	2.7390	2.97%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,414.0	0.46%
			Rubber (JPY/KG)	187.1	0.00%
Precious Metals	Futures	% chg			
Gold (per oz)	1,338.3	-0.78%			
Silver (per oz)	17.163	-0.44%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 17 Apr 2018

	Current	Previous	Net Chg		Current	Previous	Net Chg
Nymex Crude	769,743	742,570	27,173	Corn	267,350	317,816	-50,466
Silver	-2,353	-16,812	14,459	Coffee	-61,659	-48,418	-13,241
Soybean	210,365	200,149	10,216	Live Cattle	36,428	44,217	-7,789
Gold	173,917	164,227	9,690	Platinum	16,776	18,194	-1,418
Natural Gas	-90,965	-100,340	9,375	Wheat	-21,147	-20,425	-722
Heating Oil	24,261	16,058	8,203	Lean Hogs	4,157	1,768	2,389
Sugar	-106,614	-114,262	7,648	Cotton	94,418	91,801	2,617
Copper	30,251	22,610	7,641	Palladium	10,917	8,135	2,782
Cocoa	53,613	48,350	5,263	RBOB Gasoline	77,055	72,709	4,346

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
04/20/2018 07:30	JN Natl CPI YoY	Mar	1.10%	1.10%	1.50%	--
04/20/2018 07:30	JN Natl CPI Ex Fresh Food YoY	Mar	0.90%	0.90%	1.00%	--
04/20/2018 10:49	MU CPI Composite YoY	Mar	--	2.66%	3.12%	--
04/20/2018 12:30	JN Tertiary Industry Index MoM	Feb	0.00%	0.00%	-0.60%	-0.40%
04/20/2018 13:30	JN Nationwide Dept Sales YoY	Mar	--	0.10%	-0.90%	--
04/20/2018 13:30	JN Tokyo Dept Store Sales YoY	Mar	--	0.10%	0.60%	--
04/20/2018 14:00	GE PPI MoM	Mar	0.20%	0.10%	-0.10%	--
04/20/2018 15:00	JN Convenience Store Sales YoY	Mar	--	1.30%	0.30%	--
04/20/2018 15:00	MA Foreign Reserves	Apr-13	--	\$110.0b	\$107.8b	--
04/20/2018 15:30	TH Foreign Reserves	Apr-13	--	\$216.6b	\$215.8b	--
04/20/2018 15:30	TH Forward Contracts	Apr-13	--	\$35.0b	\$35.4b	--
04/20/2018 16:00	TA Export Orders YoY	Mar	0.30%	3.10%	-3.80%	--
04/20/2018 20:30	CA Retail Sales MoM	Feb	0.40%	0.40%	0.30%	0.10%
04/20/2018 20:30	CA Retail Sales Ex Auto MoM	Feb	0.40%	0.00%	0.90%	1.00%
04/20/2018 20:30	CA CPI NSA MoM	Mar	0.40%	0.30%	0.60%	--
04/20/2018 20:30	CA CPI YoY	Mar	2.40%	2.30%	2.20%	--
04/20/2018 20:30	CA Consumer Price Index	Mar	132.9	132.9	132.5	--
04/20/2018 22:00	EC Consumer Confidence	Apr A	-0.1	0.4	0.1	--
04/23/2018 08:30	JN Nikkei Japan PMI Mfg	Apr P	--	--	53.1	--
04/23/2018 11:00	NZ Credit Card Spending YoY	Mar	--	--	7.00%	--
04/23/2018 11:00	TH Customs Trade Balance	Mar	\$620m	--	\$808m	--
04/23/2018 11:00	TH Customs Exports YoY	Mar	5.90%	--	10.30%	--
04/23/2018 11:00	TH Customs Imports YoY	Mar	11.50%	--	16.00%	--
04/23/2018 13:00	SI CPI YoY	Mar	0.40%	--	0.50%	--
04/23/2018 13:00	SI CPI Core YoY	Mar	1.70%	--	1.70%	--
04/23/2018 15:00	FR Markit France Manufacturing PMI	Apr P	53.5	--	53.7	--
04/23/2018 15:00	FR Markit France Services PMI	Apr P	56.5	--	56.9	--
04/23/2018 15:00	FR Markit France Composite PMI	Apr P	55.9	--	56.3	--
04/23/2018 15:30	GE Markit Germany Manufacturing PMI	Apr P	57.5	--	58.2	--
04/23/2018 15:30	GE Markit Germany Services PMI	Apr P	53.7	--	53.9	--
04/23/2018 15:30	GE Markit/BME Germany Composite PMI	Apr P	54.8	--	55.1	--
04/23/2018 16:00	EC Markit Eurozone Manufacturing PMI	Apr P	56.1	--	56.6	--
04/23/2018 16:00	TA Industrial Production YoY	Mar	2.10%	--	-1.93%	--
04/23/2018 16:00	TA Unemployment Rate	Mar	3.70%	--	3.70%	--
04/23/2018 16:00	EC Markit Eurozone Services PMI	Apr P	54.6	--	54.9	--
04/23/2018 16:00	EC Markit Eurozone Composite PMI	Apr P	54.8	--	55.2	--
04/23/2018 16:30	HK CPI Composite YoY	Mar	2.60%	--	3.10%	--
04/23/2018 17:00	EC Govt Debt/GDP Ratio	2017	--	--	88.90%	--
04/23/2018 20:30	CA Wholesale Trade Sales MoM	Feb	0.80%	--	0.10%	--
04/23/2018 20:30	US Chicago Fed Nat Activity Index	Mar	0.27	--	0.88	--
04/23/2018 21:45	US Markit US Manufacturing PMI	Apr P	55.2	--	55.6	--
04/23/2018 21:45	US Markit US Services PMI	Apr P	54.1	--	54	--
04/23/2018 21:45	US Markit US Composite PMI	Apr P	--	--	54.2	--
04/23/2018 22:00	US Existing Home Sales	Mar	5.55m	--	5.54m	--
04/23/2018	MU Visitor Arrivals	Mar	--	--	3071t	--
04/20/2018 04/24	TH Car Sales	Mar	--	--	75466	--

Source: Bloomberg

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