

Highlights

Global	<p>Risk off sentiment heightened after the 10-year US Treasury yield touched 3% handle for the first time since Jan 2014 before ending at 2.9995%. The normalization of US yield at a faster than expected pace raised the concern about equity valuation, which led to increasing market volatility. Nevertheless, the recent dollar surge paused despite investors tried to re-establish the correlation between dollar and higher yields. 91 could still be the strong resistance level for DXY. Market-watchers generally shrugged off the positive US consumer confidence and housing data, which rebounded in April while home sales rose more than expected. Elsewhere, also note that the German government is said to have lowered its economic growth outlook to 2.3%, down from 2.4%, according to Reuters, citing people familiar with the decision.</p> <p>On US-China trade tension, positive development emerged after President Trump confirmed overnight that Treasury Secretary Mnuchin will visit China in a few days and US has a good chance of making a deal with China although he mentioned that the proposed tariffs will take effect as planned if both parties fail to reach an agreement.</p> <p>Lastly, today's economic calendar is very light with only US Mortgage applications to watch for later.</p>
US	<p>Better than expected domestic data was out overnight. New Homes Sales rose to 694k in Mar, vs market expectations of 630k, bringing month-on-month growth to 4.0%. Similarly, Conf. Board Consumer Confidence was up at 128.7 in Apr, vs market expectations of 126.</p>
SI	<p>PM Lee has announced the cabinet reshuffle: three veteran ministers including Minister for Trade and Industry, Lim Hng Kiang, Minister for Manpower, Lim Swee Say and Minister for Communications and Information, Yaacob Ibrahim will be retiring. Current Labour Chief, Chan Chun Sing, Second Manpower Minister, Josephine Teo and Minister for Trade and Industry (Industry), S. Iswaran, will be replacing their posts. Mr Iswaran will also be re-designated Minister-in-charge of Trade Relations in the Ministry of Trade and Industry. The new cabinet will be effective from 1st May.</p>
CH	<p>The country's currency regulator SAFE announced to expand the quotas for two pilot outbound investment programs. Quotas for the Qualified Domestic Limited Partnership (QDLP) in Shanghai and the Qualified Domestic Investment Enterprise (QDIE) in Shenzhen will be increased to US\$5 billion each from previously US\$2 billion and US\$2.5 billion respectively. This shows that China is less concern about capital outflows. Meanwhile, Chinese media reported that China is drafting the rules to encourage imports to promote a more balanced trade flows.</p>
CMD	<p>Crude oil prices see-sawed lower overnight, after previous days' climb to its 2014 highs. Still, oil prices opened higher this morning, suggesting that risk appetite could turn better despite yesterday's sell-off in equities and growth-related commodities. Gold also picked up after previous losses, as market-watchers eye closely on US Treasury Secretary Mnuchin's visit to China, though Trump commented "a very chance" of a US-China trade deal.</p>

Major Market

- **US:** Equities slumped overnight, driven mainly by losses in tech shares and dismal earnings reports rhetoric from 3M and Caterpillar. 3M shares trended lower after the company adjusted its sales growth outlook for the year despite a solid start to the first quarter. Meanwhile, Caterpillar Inc's Chief Financial Officer said its strong first quarter adjusted profit per share "will be the high watermark for the year" following the release of its earnings statement. The Dow fell 1.74% to close lower at 24,024.13, clocking in a 5-session streak of losses. Similarly, the S&P500 and the Nasdaq composite slumped 1.34% and 1.7%, respectively. The VIX Index spiked 10.28% to 18.02, significantly up from Monday's 16.34. On the US Treasury front, 2y benchmark yield fell to 2.475%. Notably, the 10y treasury yield rose 1bp to close at 2.9995%, its highest level since Jan'14, after touching the 3% handle intra-day.
- **Singapore:** STI gained for its second day (+0.14%) to 3,584.56. Gainers included Thai Beverage (+8.7%), YZJ Shipbuilding (+1.7%) and DBS (+1.2%), though losses included Venture Corp (-8.5%), ST (-3.9%) and (Starhub -1.7%).

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with swap rates for the shorter tenors trading 1-2bps lower while the belly of the curve traded 2-5bps lower. Longer tenors (>15 years) traded 7 bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 1.27% while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 6bps to 359bps. 10Y UST yields rose 3bps to hit 3% for the first time in more than four years. The move towards the closely watched threshold comes as bond investors grew more wary of signals that inflation is picking up coupled with the sentiment that the Fed is in no mood to stop its own rate-hiking programme. 10Y UST yields retraced and closing slightly lower at 2.99%.
- **New issues:** Kaisa Group Holdings Ltd has priced a USD330mn re-tap of its KAISAG 7.25%'20 bond at 96.6220. PT Pelabuhan Indonesia III Persero (PLBIII) has priced a USD500mn 5-year bond at 4.75%, tightening from its initial price guidance of 4.85%. Beijing Enterprises Water Capital Management Holdings Ltd has priced a USD500mn 5-year bond (guaranteed by Beijing Enterprises Holdings Ltd) at 5%, tightening from its initial price guidance of 5.25%. Harvest Operations Corp has priced a USD397.5mn 5-year bond (guaranteed by Korea National Oil Corp) at CT5+140bps, tightening from its initial price guidance of CT5+165bps. State Grid Overseas Investment 2016 Ltd has priced a USD1.75bn deal (guaranteed by State Grid Corp of China) across two-tranches, with the USD950mn 5-year bond at CT5+97.5bps, tightening from its initial price guidance of CT5+125bps area and the USD800mn 10-year bond at CT10+130bps, tightening from its initial price guidance of CT10+155bps area. State Grid Overseas Investment 2016 Ltd also priced a EUR850mn deal (guaranteed by State Grid Corp of China) across two-tranches, with the EUR500mn 7-year bond priced at MS+75bps, tightening from its initial price guidance of MS+95bps area and the EUR350mn 12-year bond at MS+100bps, tightening from its initial price guidance of MS+130bps area. Central China Real Estate Ltd has priced a SGD150mn 2-year bond (guaranteed by certain non-PRC subsidiaries of issuer) at 6.25%, tightening from its initial price guidance of 6.5%. CAR Inc has priced a CNH350mn re-tap of its CARINC 6.5%'21 bond at 6.784%, in line with its initial price guidance. Power Finance Corp Ltd has hired banks for its potential 10-year USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	90.766	-0.20%	USD-SGD	1.3221	-0.25%
USD-JPY	108.820	0.10%	EUR-SGD	1.6173	-0.05%
EUR-USD	1.2233	0.20%	JPY-SGD	1.2151	-0.35%
AUD-USD	0.7604	-0.01%	GBP-SGD	1.8480	0.02%
GBP-USD	1.3978	0.27%	AUD-SGD	1.0053	-0.26%
USD-MYR	3.9050	0.19%	NZD-SGD	0.9413	-0.63%
USD-CNY	6.3065	-0.17%	CHF-SGD	1.3504	-0.33%
USD-IDR	13889	-0.62%	SGD-MYR	2.9523	0.17%
USD-VND	22769	0.00%	SGD-CNY	4.7654	-0.06%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.7031	--
2M	-0.3410	--	1M	1.8971	--
3M	-0.3280	--	2M	2.0594	--
6M	-0.2700	--	3M	2.3595	--
9M	-0.2190	--	6M	2.5156	--
12M	-0.1890	--	12M	2.7688	--

Fed Rate Hike Probability

Meeting	Prob Hike	1.75-2	2-2.25	2.25-2.5	2.5-2.75
05/02/2018	32.1%	32.1%	0.0%	0.0%	0.0%
06/13/2018	91.8%	63.6%	28.2%	0.0%	0.0%
08/01/2018	92.3%	60.2%	30.4%	1.7%	0.0%
09/26/2018	97.7%	23.5%	51.2%	21.7%	1.2%
11/08/2018	98.0%	20.6%	47.4%	25.8%	4.0%
12/19/2018	98.8%	13.1%	36.6%	34.5%	12.8%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	67.70	-1.37%	Copper (per mt)	6,975.4	1.04%
Brent (per barrel)	73.86	-1.14%	Nickel (per mt)	13,938.0	-2.01%
Heating Oil (per gallon)	2.1276	-0.62%	Aluminium (per mt)	2,224.5	-3.11%
Gasoline (per gallon)	2.0949	-1.36%			
Natural Gas (per MMBtu)	2.7810	1.50%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,397.0	-0.46%
			Rubber (JPY/KG)	187.9	-0.48%
Precious Metals	Futures	% chg			
Gold (per oz)	1,333.0	0.68%			
Silver (per oz)	16.787	0.77%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,024.13	-424.56
S&P	2,634.56	-35.73
Nasdaq	7,007.35	-121.25
Nikkei 225	22,278.12	190.08
STI	3,584.56	5.02
KLCI	1,865.34	-15.02
JCI	6,229.64	-78.51
Baltic Dry	1,306.00	--
VIX	18.02	1.68

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.92 (-0.05)	2.47 (--)
5Y	2.16 (-0.03)	2.83 (+0.01)
10Y	2.50 (-0.05)	3.00 (+0.02)
15Y	2.73 (-0.04)	--
20Y	2.73 (-0.05)	--
30Y	2.84 (-0.07)	3.18 (+0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	55.18	-1.25
EURIBOR-OIS	3.30	0.01
TED	52.60	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
04/24/2018 07:50	JN PPI Services YoY	Mar	0.50%	0.50%	0.60%	0.70%
04/24/2018 09:30	AU CPI QoQ	1Q	0.50%	0.40%	0.60%	--
04/24/2018 09:30	AU CPI Trimmed Mean QoQ	1Q	0.50%	0.50%	0.40%	--
04/24/2018 09:30	AU CPI Trimmed Mean YoY	1Q	1.80%	1.90%	1.80%	--
04/24/2018 09:30	AU CPI Weighted Median QoQ	1Q	0.50%	0.50%	0.40%	0.50%
04/24/2018 09:30	AU CPI Weighted Median YoY	1Q	1.90%	2.00%	2.00%	--
04/24/2018 13:00	JN Leading Index CI	Feb F	--	106	105.8	--
04/24/2018 13:00	JN Coincident Index	Feb F	--	116.1	115.6	--
04/24/2018 14:00	JN Machine Tool Orders YoY	Mar F	--	28.10%	28.10%	--
04/24/2018 14:45	FR Manufacturing Confidence	Apr	110	109	111	110
04/24/2018 14:45	FR Production Outlook Indicator	Apr	25	24	27	26
04/24/2018 14:45	FR Own-Company Production Outlook	Apr	10	15	11	9
04/24/2018 16:00	GE IFO Business Climate	Apr	102.8	102.1	103.2	103.3
04/24/2018 16:00	GE IFO Expectations	Apr	99.5	98.7	100.1	100
04/24/2018 16:00	GE IFO Current Assessment	Apr	106	105.7	106.5	106.6
04/24/2018 16:00	IT Manufacturing Confidence	Apr	108.8	107.7	109.1	108.9
04/24/2018 16:00	IT Consumer Confidence Index	Apr	116.9	117.1	117.5	--
04/24/2018 16:00	IT Economic Sentiment	Apr	--	105.1	106	105.9
04/24/2018 16:30	UK Public Finances (PSNCR)	Mar	--	0.5b	18.6b	19.1b
04/24/2018 16:30	UK Public Sector Net Borrowing	Mar	1.3b	-0.3b	-0.3b	-0.4b
04/24/2018 16:30	UK PSNB ex Banking Groups	Mar	3.0b	1.3b	1.3b	1.2b
04/24/2018 21:00	US FHFA House Price Index MoM	Feb	0.60%	0.60%	0.80%	0.90%
04/24/2018 21:00	US S&P CoreLogic CS 20-City YoY NSA	Feb	6.35%	6.80%	6.40%	6.43%
04/24/2018 21:00	US S&P CoreLogic CS 20-City NSA Index	Feb	--	206.67	205.1	205.16
04/24/2018 21:00	US S&P CoreLogic CS US HPI NSA Index	Feb	--	197.01	196.31	196.18
04/24/2018 21:00	US S&P CoreLogic CS US HPI YoY NSA	Feb	--	6.34%	6.18%	6.11%
04/24/2018 22:00	US New Home Sales	Mar	630k	694k	618k	667k
04/24/2018 22:00	US New Home Sales MoM	Mar	1.90%	4.00%	-0.60%	3.60%
04/24/2018 22:00	US Richmond Fed Manufact. Index	Apr	16	-3	15	--
04/24/2018 22:00	US Conf. Board Consumer Confidence	Apr	126	128.7	127.7	127
04/24/2018	PH Budget Balance PHP	Mar	--	-110.7b	-61.7b	--
04/25/2018 05:00	SK Consumer Confidence	Apr	--	107.1	108.1	--
04/25/2018 12:30	JN All Industry Activity Index MoM	Feb	0.50%	--	-1.80%	--
04/25/2018 14:45	FR Consumer Confidence	Apr	100	--	100	--
04/25/2018 19:00	US MBA Mortgage Applications	Apr-20	--	--	4.90%	--
04/23/2018 04/25	TH Car Sales	Mar	--	--	75466	--
04/25/2018 04/30	VN Exports YTD YoY	Apr	--	--	22.00%	--
04/25/2018 04/30	VN Imports YTD YoY	Apr	--	--	13.60%	--
04/25/2018 04/30	VN CPI YoY	Apr	3.20%	--	2.66%	--
04/25/2018 04/30	VN Retail Sales YTD YoY	Apr	--	--	9.90%	--

Source: Bloomberg

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