

Highlights

Global	China's NPC saw a lower growth target of 6-6.5% as widely expected, but the main upside surprise was from the CNY2 trillion tax and social contribution target cut to lower the burden for business. A stronger-than-expected US manufacturing ISM print of 59.7 in February (up from 56.7 in January) sent UST bond yields higher overnight, while Wall Street edged lower. Fed's Rosengren (voter) opined that it may take "several meetings...before Fed policy makers have a clearer read on whether the risks are becoming reality" and "it is a good time for policy makers to be patient, taking the time to evaluate the risks". Meanwhile, both RBA and BNM kept their benchmark interest rates on hold at 1.5% and 3.25% respectively as expected. Asian markets may see a muted trading session, as investors await further announcements from day 2 of China's NPC, tomorrow's ECB policy meeting and Friday's US labour market report for fresh directional cues. Today's market focus will be the Bank of Canada policy meeting (likely static at 1.75% amid housing and investment uncertainties). The economic calendar is lightweight and only comprises US' ADP employment change and mortgage applications, and S'pore's COE tender results. The OECD is also releasing its interim economic outlook later today. Speakers include BOJ's Harada and BOE's Cunliffe.
US	New home sales unexpected grew 3.7% mom to 621k in December, but substantial downward revisions to the previous two months' data could weigh on the final 4Q18 GDP growth estimates. Meanwhile, the services and composite PMIs eased to 56.0 and 55.8 respectively for Feb. on the trade front, Japan wants to start trade talks with the US after President Trump complained about years of "unfair" trade, while the Trump administration also wants to scrap trade concessions for India.
CH	China's Premier Li Keqiang delivered his 2019 government work report this morning. Most of the key targets are in line with market and our expectations. China lowered its growth target for 2019 to 6-6.5% from around 6.5% in 2018. Despite the slower growth target, China keeps its job market target, such as 11 million urban job creation and 5.5% surveyed unemployment rate, unchanged. This is the sign of bottom line thinking.
MY	Bank Negara Malaysia kept the rate on hold at 3.25% yesterday. However, the central bank appeared more vigilant as they said, "recognizing that there are downside risks in the economic and financial environment, the MPC (Monetary Policy Committee) will continue to monitor and assess the balance of risks surrounding the outlook for domestic growth and inflation." We expect that the central bank will keep on hold for at least the first half of 2019.
SG	The Nikkei Singapore PMI fell for the third straight month into contraction territory at 49.8 (-0.3 points) in February, which is also the third lowest print after April 2016 (49.4) and September 2018 (49.6) respectively. In particular, new business growth and new export orders have weakened, and companies have shed jobs for the second straight month, which may subsequently impact the domestic labour market if sustained.

Major Markets

- **US:** Wall Street ended lower on Tuesday, with both the S&P500 and the DJIA declining 0.1%.
- **Singapore:** The STI declined 0.52% to close at 3234.07 yesterday and may range trade between 3212-3251 range today. The SGS bond market may also be content to range trade today.
- **UK:** Brexit talks in Brussels failed yesterday and will resume today. BOE governor Carney noted that the UK has made “constructive developments” in preparing for a no-deal Brexit, but warned that “the current path of interest rates is not firm enough...to be consistent with us fulfilling our mandate, which sends a broad signal in terms of the stance of policy”.
- **Australia:** RBA governor Lowe opine that “the adjustment in our housing market is manageable” and “unlikely to detail our economic expansion”, and as for the direction of the rates trajectory, he noted that “at the moment, the probabilities appear reasonably evenly balanced” with “plausible scenarios” where the next move is up or down.
- **China:** The main upside surprise was from the CNY2 trillion tax and social contribution cut target to lower the burden for business, higher than last year’s actual CNY1.3 trillion tax cut. In addition, it seems that a benchmark interest rate cut is no longer unthinkable to support the financial sectors to channel the liquidity to the real economy.
- **Malaysia:** Meanwhile, the sovereign wealth fund Khazanah Nasional has said that its impairment cost for 2018 amounted to RM7.3bn, up 217.4% from 2017. They have claimed this is “primarily due to Malaysia Airlines, which accounted for roughly half of the total impairment for 2018”. This announcement came after Khazanah Nasional had reported a RM6.3bn pre-tax loss which the sovereign wealth fund had attributed to impairment cost.
- **Thailand:** The Thai court will make a decision on the fate of the Thai Raksa Chart party tomorrow, with a potential outright ban on the entire party a relatively high possibility. Political risks in Thailand currently appear low, with the Thai 5Y CDS moving within a narrow range of 43-45bp since spiking to 47bp on the attempt from the Thai Raksa Chart party to appoint Princess Ubolratana as PM candidate. Tomorrow’s ruling will be worth closely monitoring as it may trigger a start of heightened political risks that could derail the Thai economy.
- **Philippines:** Philippines inflation yesterday fell to 3.8% yesterday, the first time in 12 months that it has returned below the BSP’s upper bound inflation target of 4%. A series of factors last year – excise taxes on selected goods, high global crude prices and a typhoon just before crop harvesting season – combined to send inflation to as high as 6.7% in October 2018. Since then, inflation has returned to 3.8% and if it can fall further to the 3% level, new BSP chief Benjamin Diokno may be inclined to unwind some of the 175bp hike that was performed last year.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with shorter tenors trading 1bps lower while the longer tenors traded 2bps lower (with the exception of the

12-year swap rate trading lower by 3bps). The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 139bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 4bps to 490bps. 10Y UST yields ended the session relatively flat at 2.72%, as renewed fears regarding the US-China trade talks offset the earlier rise in yields from a report showing an increase in February business activity and spending in non-manufacturing sectors.

- **New Issues:** Greenland Global Investment Ltd has priced a USD350mn 3-year bond (guarantor: Greenland Holding Group Co Ltd) at 7.25%, tightening from IPT of 7.4% area. Export-Import Bank of India has priced a USD500mn 5-year bond at CT5+140bps, tightening from IPT of +165bps area. Renew Power Ltd has priced a USD375mn 5NC2 green bond (co-issuers: certain subsidiaries of issuer) at 6.67%, in line with IPT. Competition Team Technologies Ltd (guarantor: Hon Hai Precision Industry Co) has priced a USD1.0bn 2-tranche deal, with the USD700mn 5-year bond priced at CT5+125bps (tightening from IPT +155bps area) and the USD300mn 10-year bond at CT10+155bps (tightening from IPT of +185bps area) . PT Delta Merlin Dunia Textile has priced a USD300mn 5NC3 bond at 8.625%, tightening from IPT of 9.0% area. ESR Cayman Ltd has priced a SGD25mn re-tap of its existing ESRCAY 6.75%'22s at par (6.75%). Housing and Developmental Board has priced a SGD500mn 7-year bond at 2.495%. Mapletree Treasury Services Ltd has priced a SGD250mn 10-year bond (guarantor: Mapletree Investments Pte Ltd) at 3.58%, tightening from IPG of 3.60% area. Santos Ltd has scheduled investor meetings on 5 March for its potential USD 10-year bond. Xinhua (BVI) 2018 Holding Co Ltd (guarantor: Xinhua Zhongbao Co Ltd) has scheduled investor meetings on 5 and 6 March for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	96.866	0.19%	USD-SGD	1.3556	0.06%
USD-JPY	111.890	0.13%	EUR-SGD	1.5329	-0.21%
EUR-USD	1.1308	-0.28%	JPY-SGD	1.2116	-0.06%
AUD-USD	0.7084	-0.11%	GBP-SGD	1.7865	0.03%
GBP-USD	1.3178	-0.02%	AUD-SGD	0.9604	-0.08%
USD-MYR	4.0770	0.02%	NZD-SGD	0.9210	-0.36%
USD-CNY	6.7076	0.00%	CHF-SGD	1.3499	-0.46%
USD-IDR	14128	-0.01%	SGD-MYR	3.0090	-0.03%
USD-VND	23200	--	SGD-CNY	4.9432	-0.08%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3670	--	O/N	2.3824	--
2M	-0.3360	--	1M	2.4830	--
3M	-0.3090	--	2M	2.5598	--
6M	-0.2300	--	3M	2.6076	--
9M	-0.1940	--	6M	2.6826	--
12M	-0.1080	--	12M	2.8833	--

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	2-2.25%	2.25-2.5%	2.5-2.75%
03/20/2019	0.8%	0.0%	0.0%	99.2%	0.8%
05/01/2019	0.8%	0.0%	0.0%	99.2%	0.8%
06/19/2019	4.5%	0.0%	0.0%	95.5%	4.4%
07/31/2019	4.4%	1.7%	1.7%	94.0%	4.4%
09/18/2019	7.7%	1.6%	1.6%	90.7%	7.5%
10/30/2019	7.6%	2.0%	2.0%	90.3%	7.5%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	56.56	-0.05%	Coffee (per lb)	0.965	2.50%
Brent (per barrel)	65.86	0.29%	Cotton (per lb)	0.7345	2.06%
Heating Oil (per gallon)	2.0164	0.10%	Sugar (per lb)	0.1244	0.65%
Gasoline (per gallon)	1.7674	1.05%	Orange Juice (per lb)	1.1265	-1.49%
Natural Gas (per MMBtu)	2.8840	0.95%	Cocoa (per mt)	2,158	0.05%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	4.5425	1.68%
Nickel (per mt)	13,589.0	3.03%	Soybean (per bushel)	9.013	-0.22%
Aluminium (per mt)	1,851.8	-0.18%	Corn (per bushel)	3.6600	0.27%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,284.7	-0.22%	Crude Palm Oil (MYR/MT)	1,992.0	0.71%
Silver (per oz)	15.020	0.02%	Rubber (JPY/KG)	195.5	-0.31%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,806.63	-13.02
S&P	2,789.65	-3.16
Nasdaq	7,576.36	-1.21
Nikkei 225	21,726.28	-95.76
STI	3,234.07	-17.01
KLCI	1,685.62	-8.37
JCI	6,441.28	-47.14
Baltic Dry	669.00	--
VIX	14.74	0.11

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.98 (-0.02)	2.54 (-)
5Y	2.05 (-0.02)	2.53 (-)
10Y	2.24 (-0.02)	2.72 (-0.01)
15Y	2.46 (-0.04)	--
20Y	2.52 (-0.04)	--
30Y	2.66 (-0.04)	3.08 (-0.01)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.12	-0.05
TED	35.36	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
03/05/2019 07:00	SK GDP SA QoQ	4Q F	1.00%	1.00%	1.00%	--
03/05/2019 07:00	SK GDP YoY	4Q F	3.10%	3.10%	3.10%	--
03/05/2019 07:00	SK CPI MoM	Feb	0.70%	0.40%	-0.10%	--
03/05/2019 07:00	SK CPI YoY	Feb	0.70%	0.50%	0.80%	--
03/05/2019 08:00	NZ ANZ Commodity Price	Feb	--	2.80%	2.10%	2.00%
03/05/2019 08:30	AU BoP Current Account Balance	4Q	-\$9.2b	-\$7.2b	-\$10.7b	-\$10.8b
03/05/2019 08:30	JN Nikkei Japan PMI Composite	Feb	--	50.7	50.9	--
03/05/2019 08:30	HK Nikkei Hong Kong PMI	Feb	--	48.4	48.2	--
03/05/2019 08:30	JN Nikkei Japan PMI Services	Feb	--	52.3	51.6	--
03/05/2019 09:00	PH CPI YoY 2012=100	Feb	4.00%	3.80%	4.40%	--
03/05/2019 09:45	CH Caixin China PMI Composite	Feb	--	50.7	50.9	--
03/05/2019 09:45	CH Caixin China PMI Services	Feb	53.5	51.1	53.6	--
03/05/2019 11:30	AU RBA Cash Rate Target	Mar-05	1.50%	1.50%	1.50%	--
03/05/2019 13:00	IN Nikkei India PMI Services	Feb	--	52.5	52.2	--
03/05/2019 13:00	IN Nikkei India PMI Composite	Feb	--	53.8	53.6	--
03/05/2019 15:00	MA BNM Overnight Policy Rate	Mar-05	3.25%	3.25%	3.25%	--
03/05/2019 16:30	HK Retail Sales Value YoY	Jan	1.10%	7.10%	0.10%	--
03/05/2019 16:30	HK Retail Sales Volume YoY	Jan	1.30%	6.90%	0.20%	0.10%
03/05/2019 16:45	IT Markit/ADACI Italy Services PMI	Feb	49.5	50.4	49.7	--
03/05/2019 16:45	IT Markit/ADACI Italy Composite PMI	Feb	48.6	49.6	48.8	--
03/05/2019 16:50	FR Markit France Services PMI	Feb F	49.8	50.2	49.8	--
03/05/2019 16:50	FR Markit France Composite PMI	Feb F	49.9	50.4	49.9	--
03/05/2019 16:55	GE Markit Germany Services PMI	Feb F	55.1	55.3	55.1	--
03/05/2019 16:55	GE Markit/BME Germany Composite PMI	Feb F	52.7	52.8	52.7	--
03/05/2019 17:00	EC Markit Eurozone Services PMI	Feb F	52.3	52.8	52.3	--
03/05/2019 17:00	EC Markit Eurozone Composite PMI	Feb F	51.4	51.9	51.4	--
03/05/2019 17:00	IT GDP WDA YoY	4Q F	0.10%	0.00%	0.10%	--
03/05/2019 17:00	IT GDP WDA QoQ	4Q F	-0.20%	-0.10%	-0.20%	--
03/05/2019 17:30	UK Markit/CIPS UK Services PMI	Feb	49.9	51.3	50.1	--
03/05/2019 17:30	UK Markit/CIPS UK Composite PMI	Feb	50.1	51.5	50.3	--
03/05/2019 18:00	EC Retail Sales MoM	Jan	1.30%	1.30%	-1.60%	-1.40%
03/05/2019 18:00	EC Retail Sales YoY	Jan	2.10%	2.20%	0.80%	0.30%
03/05/2019 22:45	US Markit US Services PMI	Feb F	56.2	56	56.2	--
03/05/2019 22:45	US Markit US Composite PMI	Feb F	--	55.5	55.8	--
03/05/2019 23:00	US ISM Non-Manufacturing Index	Feb	57.4	59.7	56.7	--
03/05/2019 23:00	US New Home Sales	Dec	600k	621k	657k	599k
03/05/2019 23:00	US New Home Sales MoM	Dec	-8.70%	3.70%	16.90%	9.10%
03/06/2019 00:00	NZ QV House Prices YoY	Feb	--	3.00%	2.90%	--
03/06/2019 03:00	US Monthly Budget Statement	Jan	\$10.0b	\$8.7b	\$49.2b	--
03/06/2019 05:00	SK Foreign Reserves	Feb	--	\$404.67b	\$405.51b	--
03/06/2019 08:30	AU GDP SA QoQ	4Q	0.30%	--	0.30%	--
03/06/2019 08:30	AU GDP YoY	4Q	2.60%	--	2.80%	--
03/06/2019 16:00	SI Automobile COE Open Bid Cat A	Mar-06	--	--	26301	--
03/06/2019 16:00	SI Automobile COE Open Bid Cat B	Mar-06	--	--	35403	--
03/06/2019 16:20	TA Foreign Reserves	Feb	--	--	\$463.04b	--
03/06/2019 16:30	GE Markit Germany Construction PMI	Feb	--	--	50.7	--
03/06/2019 20:00	US MBA Mortgage Applications	Mar-01	--	--	5.30%	--
03/06/2019 21:15	US ADP Employment Change	Feb	190k	--	213k	--
03/06/2019 21:30	CA Int'l Merchandise Trade	Dec	-2.06b	--	-2.06b	--
03/06/2019 21:30	CA Labor Productivity QoQ	4Q	-0.30%	--	0.30%	--
03/06/2019 21:30	US Trade Balance	Dec	-\$57.9b	--	-\$49.3b	--
03/06/2019 23:00	CA Bank of Canada Rate Decision	Mar-06	1.75%	--	1.75%	--
03/05/2019 03/11	SL Exports YoY	Dec	--	--	4.10%	--
03/06/2019 03/13	VN Domestic Vehicle Sales YoY	Feb	--	--	24.20%	--

Source: Bloomberg

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