

Highlights

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|---------------|---|
| Global | <p>Financial markets drifted overnight as investors await the Brexit outcome with the EU leaders summit tomorrow being eyed to see if a short or long flexible extension will be requested. UK PM May is headed to meet German Chancellor Merkel and French leader Macron to win their support for an extension. Meanwhile, the US Trade Representative's office has proposed new tariffs in response to EU Airbus subsidies under section 301 of the Trade Act of 1974 to "identify products of the EU to which additional duties may be applied until the EU removes those subsidies". Wall Street ended mixed overnight, with the Dow lower but S&P500 up, while UST bonds drifted lower in a quiet session as investors awaited Saudi Aramco's maiden bond issue and the upcoming US\$78b of UST bond and note auctions. The 10-year UST bond yield continued to tread around 2.52% for now.</p> <p>Asian markets may trade with a softer tone this morning. Today's data calendar comprises Taiwan's CPI print for March and US' NFIB small business optimism and JOLTS job openings. Fed's Quarles and Clarida are speaking.</p> |
| US | <p>Factory orders fell 0.5% mom (+2.4% yoy) in February amid weak orders for machinery, transportation equipment and electronic products. Meanwhile, durable goods orders fell 1.6% in February, with capital nondefense orders slipping 0.1% too.</p> |
| EU | <p>German exports and imports both fell more than expected by 1.3% mom (the largest decline in a year) and 1.6% mom respectively, bringing the surplus up to EUR18.7b (previously EUR18.6b). That said, the Sentix investor sentiment index for the Eurozone improved from -2.2 to -0.3 in March even though the current conditions gauge slipped for the sixth month to 10.5.</p> |
| CH | <p>China announced to cut import tariff for certain products effective from 9 Apr. Import tariff for category 1 products such as food will be lowered to 13% from 15% while import tariff for category 2 products such as textile products will be lowered to 20% from 25%.</p> |
| SG | <p>Foreign reserves rose 1.02% mom to US\$295.47b in March. PM Lee is meeting Malaysian PM Mahathir for the leaders summit today to discuss issues of mutual concern, review progress of existing bilateral cooperation and explore new areas of cooperation for mutual benefits. This is the 9th Singapore-Malaysia leaders retreat, but the first with the PH government.</p> |

Major Markets

- **US:** Wall Street ended mixed on Monday, with the S&P500 climbing 0.1%. The DJIA fell 0.3%, and the Nasdaq composite increased 0.2%.
- **Singapore:** The STI declined 0.22% to close at 3315.42 yesterday, and given mixed cues from Wall Street, the STI may see a more consolidative tone as well. STI's resistance and support are seen at 3340 and 3300 respectively. With UST bond yields climbing up to 3bps overnight, led again by the longer tenors, SGS bonds may unwind yesterday's gains as well.
- **Japan:** BOJ pared its economic assessment for three of the country's nine regions in its biggest number of downgrades in six years amid a bleaker outlook for external demand, while maintaining the outlook for the other five regions and upgrading the assessment for one region.
- **China:** In addition, China also announced to relax the hukou registration for medium sized cities, a fresh push to boost China's urbanization. For cities with resident population from 1-3 millions, the registration restriction will be scrapped while for cities with resident population from 3-5 millions, the restrictions will be comprehensively relaxed.
- **Indonesia:** The country's foreign reserve marginally rose to US\$124.5bn in March from US\$123.3bn in February. The government will also be holding a conventional bond auction today.
- **Thailand:** 2-5 year spreads have flattened further last week to a low of 24.6bp on Thursday before rebounding slightly to 25.1bp on Friday. The 2-5s have lost almost 10bp since the elections, dipping from 34.4bp before polling began on March 24 to as low as 24.6bp last Thursday. The political uncertainty, coupled with the BoT's seemingly more hawkish stance relative to other Asian central banks, has flattened the 2-5 curve considerably.
- **Energy:** An outbreak of unrest in Libya that threatens to result in Civil War 2.0 has sent oil prices higher, with US/US-trained troops apparently having received orders to pull back. WTI climbed above the \$64/bbl level yesterday to close at \$64.40/bbl, while Brent closed at \$71.10/bbl. During the resulting civil war after the fall of Gaddafi's regime, production in Libya fell to as low as 210k bpd – that is almost 1m bpd lesser than the estimated production of 1.1m bpd that Libya produces right now. The bullish sentiment surrounding the crude market may likely persist until we get further clarification on the state of unrest in Libya.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened yesterday, with the shorter tenors trading 1bps lower while the belly and longer tenors traded 2bps lower (with the exception of the 12-year swap rate at 1bps lower). The Bloomberg Barclays Asia USD IG Bond Index average OAS was little changed at 135bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 2bps to 466bps. 10Y UST yields rose 2bps to close the session at 2.52%, ahead of the heavy pipeline of government debt and corporate supply, with a USD78.0bn supply of US Treasury notes and a planned size of USD10.0bn from Saudi Aramco's inaugural bond deal.

- **New Issues:** China Evergrande Group has priced a USD1.25bn 3-year bond at 9.5% (in line with final guidance), a USD450mn 4NC2 bond at 10.0% (in line with final guidance) and a USD300mn 5NC3 bond at 10.5% (in line with final guidance). Sunac China Holdings Ltd has priced a USD750mn 4.5NC2.5 bond (subsidiary guarantors: certain of company's restricted subsidiaries outside the PRC) at 8.25%, tightening from IPT of 8.5% area. IndusInd Bank Ltd has priced a USD400mn 3-year bond at T+185bps, tightening from IPT of T+210bps area. Redsun Properties Group Ltd has priced a USD300mn 3NC2 bond at 9.95% (yield: 11.125% at 97.071). CK Hutchison International (19) Ltd (guarantor: CK Hutchison Holdings Ltd) has priced a USD750mn 5-year bond at T+95bps (tightening from IPT of T+115bps area) and a USD750mn 10-year bond at T+120bps (tightening from IPT of T+145bps area). LG Chem Ltd has priced a USD1.0bn deal across two-tranches, with a USD500mn 5.5-year bond at T+95bps (tightening from IPT of T+125bps area) and a USD500mn 10-year bond at T+117.5bps (tightening from IPT of T+145bps area). SMBC Aviation Capital Finance DAC (SMBCAC) has priced a USD500mn 5-year bond (SMBC Aviation Capital Limited) at T+125bps, tightening from IPT of T+145bps area. United Overseas Bank Ltd has priced a USD600mn 10NC5 bond at T+150bps, tightening from guidance of T+165bps area. DBS Group Holdings Ltd has scheduled investor meetings from 8 April for its potential USD 3-year bond issuance. IFC Development Ltd has scheduled investor meetings from 8 April for its potential USD bond issuance. Shriram Transport Finance Co Ltd has scheduled investor meetings from 10 April for its potential USD bond issuance. RiseSun Real Estate Development Co Ltd has scheduled investor meetings from 9 April for its potential USD bond issuance. Southwest Securities Co Ltd has scheduled investor meetings from 9 April for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DX | 97.050 | -0.35% | USD-SGD | 1.3545 | -0.03% |
| USD-JPY | 111.480 | -0.22% | EUR-SGD | 1.5255 | 0.37% |
| EUR-USD | 1.1263 | 0.42% | JPY-SGD | 1.2150 | 0.19% |
| AUD-USD | 0.7127 | 0.31% | GBP-SGD | 1.7687 | 0.11% |
| GBP-USD | 1.3061 | 0.18% | AUD-SGD | 0.9653 | 0.24% |
| USD-MYR | 4.0978 | 0.23% | NZD-SGD | 0.9132 | 0.11% |
| USD-CNY | 6.7164 | -0.01% | CHF-SGD | 1.3558 | 0.07% |
| USD-IDR | 14167 | 0.24% | SGD-MYR | 3.0213 | 0.09% |
| USD-VND | 23199 | 0.00% | SGD-CNY | 4.9574 | 0.12% |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD Libor | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.3670 | -- | O/N | 2.3938 | -- |
| 2M | -0.3360 | -- | 1M | 2.4716 | -- |
| 3M | -0.3100 | -- | 2M | 2.5443 | -- |
| 6M | -0.2310 | -- | 3M | 2.5921 | -- |
| 9M | -0.1940 | -- | 6M | 2.6446 | -- |
| 12M | -0.1120 | -- | 12M | 2.7511 | -- |

Fed Rate Hike Probability

| Meeting | Prob Hike | Prob Cut | 1.75-2% | 2-2.25% | 2.25-2.5% |
|------------|-----------|----------|---------|---------|-----------|
| 03/20/2019 | 0.0% | 2.6% | 0.0% | 2.6% | 97.4% |
| 05/01/2019 | 0.0% | 12.6% | 0.3% | 12.4% | 87.4% |
| 06/19/2019 | 0.0% | 16.7% | 0.8% | 15.8% | 83.3% |
| 07/31/2019 | 0.0% | 30.9% | 3.4% | 27.4% | 69.1% |
| 09/18/2019 | 0.0% | 35.7% | 5.0% | 30.2% | 64.3% |
| 10/30/2019 | 0.0% | 50.1% | 10.7% | 37.9% | 49.9% |

Commodities Futures

| Energy | Futures | % chg | Soft Commodities | Futures | % chg |
|--------------------------|---------|-------|-------------------------|---------|-------|
| WTI (per barrel) | 64.40 | 2.1% | Corn (per bushel) | 3.6000 | -0.7% |
| Brent (per barrel) | 71.10 | 1.1% | Soybean (per bushel) | 8.988 | 0.0% |
| Heating Oil (per gallon) | 2.0571 | 0.7% | Wheat (per bushel) | 4.6525 | -0.5% |
| Gasoline (per gallon) | 1.9880 | 1.0% | Crude Palm Oil (MYR/MT) | 2,111.0 | -0.8% |
| Natural Gas (per MMBtu) | 2.7080 | 1.7% | Rubber (JPY/KG) | 186.3 | 3.6% |
| Base Metals | Futures | % chg | Precious Metals | Futures | % chg |
| Copper (per mt) | 6,475 | 1.2% | Gold (per oz) | 1,297.1 | 0.5% |
| Nickel (per mt) | 13,182 | 0.8% | Silver (per oz) | 15.216 | 0.9% |

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 26,341.02 | -83.97 |
| S&P | 2,895.77 | 3.03 |
| Nasdaq | 7,953.88 | 15.19 |
| Nikkei 225 | 21,761.65 | -45.85 |
| STI | 3,315.42 | -7.22 |
| KLCI | 1,644.35 | 2.54 |
| JCI | 6,425.73 | -48.28 |
| Baltic Dry | 711.00 | -- |
| VIX | 13.18 | 0.36 |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 1.87 (-0.02) | 2.36 (+0.02) |
| 5Y | 1.93 (-0.01) | 2.33 (+0.02) |
| 10Y | 2.09 (-0.01) | 2.52 (+0.03) |
| 15Y | 2.29 (-) | -- |
| 20Y | 2.36 (-0.01) | -- |
| 30Y | 2.54 (-0.01) | 2.93 (+0.02) |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| EURIBOR-OIS | 5.50 | -- |
| TED | 35.36 | -- |

Secured Overnight Fin. Rate

| | |
|-------------|------|
| SOFR | 2.46 |
|-------------|------|

Economic Calendar

| Date Time | Event | Survey | Actual | Prior | Revised | |
|------------------|-----------------------------------|--------|----------|-----------|-----------|-----------|
| 04/08/2019 07:50 | JN BoP Current Account Balance | Feb | ¥2633.5b | ¥2676.8b | ¥600.4b | -- |
| 04/08/2019 07:50 | JN BoP Current Account Adjusted | Feb P | ¥1920.9b | ¥1957.6b | ¥1833.0b | -- |
| 04/08/2019 07:50 | JN Trade Balance BoP Basis | Feb P | ¥591.3b | ¥489.2b | ¥964.8b | -- |
| 04/08/2019 11:40 | ID Foreign Reserves | Mar | -- | \$124.54b | \$123.30b | \$123.27b |
| 04/08/2019 12:30 | JN Bankruptcies YoY | Mar | -- | -16.09% | -4.53% | -- |
| 04/08/2019 17:00 | SI Foreign Reserves | Mar | -- | \$295.47b | \$292.50b | -- |
| 04/08/2019 22:00 | US Factory Orders | Feb | -0.50% | -0.50% | 0.10% | 0.00% |
| 04/08/2019 22:00 | US Factory Orders Ex Trans | Feb | -- | 0.30% | -0.20% | -0.10% |
| 04/08/2019 22:00 | US Durable Goods Orders | Feb F | -1.60% | -1.60% | -1.60% | -- |
| 04/08/2019 22:00 | US Durables Ex Transportation | Feb F | 0.10% | -0.10% | 0.10% | -- |
| 04/08/2019 22:00 | US Cap Goods Orders Nondef Ex Air | Feb F | -- | -0.10% | -0.10% | -- |
| 04/08/2019 22:00 | US Cap Goods Ship Nondef Ex Air | Feb F | -- | -0.10% | 0.00% | -- |
| 04/09/2019 18:00 | US NFIB Small Business Optimism | Mar | 102 | -- | 101.7 | -- |
| 04/09/2019 22:00 | US JOLTS Job Openings | Feb | 7550 | -- | 7581 | -- |

Source: Bloomberg

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