

Highlights

Global	<p>US Congressional gridlock, US-China trade tensions and geopolitical uncertainties are likely to remain key market concerns for the week ahead. Talks to avoid another US government shutdown on 15 February (when stopgap government funding expires) broke down over the weekend, prompting president Trump to tweet that “I actually believe they want a Shutdown”. With Chinese markets re-opening after a week of Chinese New Year holidays, the spectre of Trump’s earlier comments about having no plans to meet Xi before the 1 March deadline is likely to cast a long shadow for now, albeit a US delegation led by Treasury Secretary Mnuchin and Trade Representative Lighthizer is due to arrive in Beijing for more trade talks later this week. The S&P500 edged marginally higher on Friday, while the 10-year UST bond yield fell to 2.63%. In the UK, PM May is seeking to court opposition Labour leader Corbyn after he proposed a new deadline of 26 February for getting Parliamentary approval for a Brexit deal, while in Asia, the Election Commission will meet today amid the short-lived bid by Princess Ubolratana as a PM candidate, and the 1MDB trial against former Malaysian PM Najib begins on Tuesday.</p> <p>Asian markets are likely to open and trade in a cautious range, awaiting further cues from China’s market return today. Today’s economic data calendar is relatively scarce and comprises of UK’ 4Q18 GDP growth, December industrial production and trade data, and Malaysia’s December industrial production. ECB’s Luis de Guindos and Knot are speaking today. For the week ahead, watch for RBNZ policy meeting on 13 February (where a more dovish tilt may be in store – note that the 10-year benchmark bond yield hit a record 2.08% low on Friday).</p>
SG	Singapore’s recent COE tender saw premiums fall in category A to \$25,689 but rise in category B and E to \$34,509 and \$35,310 respectively.
ID	The final quarter 2018 current account deficit came out at 3.57% of GDP. This brought the entire 2018 current account deficit to 2.98% of GDP. However, the government reported a balance of payment surplus at US\$5.4bn for the final quarter.
TH	It was a weekend of drama for Thailand’s political scene, after the Thai Raksa Chart party – a political body linked to former Thai PM Thaksin Shinawatra – named Thailand’s princess Ubolratana Rajakanya as their prime ministerial candidate. The royal family is deemed as semi-divine in Thailand and as such, is seen to be above politics. Princess Ubolratana’s bid to be the next PM ended as swiftly as it started, however, after King Maha Vajiralongkorn issued a palace statement, saying her candidacy was “inappropriate” and “unconstitutional”. The Thai Raksa Chart party, in response, said that it accepts King Vajiralongkorn’s royal command with “full loyalty” and will finalise their PM candidate by Monday – which is unlikely to be the Princess.
CMD	It is shaping up to be an eventful week for crude. Watch out for Tuesday’s OPEC report, in which we will see how much production OPEC+ members have scaled back on after the announcement in December. On Wednesday there is an IEA report, while trade talks between the US and China will resume end of the week. Volatility is expected to be high but between now till the OPEC report, the overhanging gloominess of the macro backdrop ought to keep crude prices subdued.

Major Markets

- **US:** Wall Street ended mixed on Friday, with the S&P500 advancing 0.07%. The DJIA fell 0.25%, while the Nasdaq composite rose 0.14%.
- **Singapore:** The STI gained a modest 0.04% to close at 3202.04 on Friday, but may range trade this morning between 3170-3220 amid the flattish cues from Wall Street on Friday and morning slippage by KOSPI this morning. With UST bond yields lower by up to 2bps led by the longer tenors on Friday, SGS bonds (which already benefited by up to 4bps on Friday) may continue to be bid up today.
- **Thailand:** Princess Ubolratana's initial nomination would have been a severe game changer leading up to the Mar 24 elections. Prior to her shock candidacy announcement, it was widely acknowledged that incumbent PM Prayuth Chan-ocha will be a shoo-in to be the next elected Thai PM. The princess' attempted foray into politics would be an excellent foil in uniting differences between the red and yellow shirts. However, with the palace statement and her expected exit from the scene, further political discord may erupt between the two camps, with the yellow shirts potentially deeming the red shirts of not having played by the rules.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened last Friday, with the shorter tenors trading 1-3bps lower while the longer tenors traded 3-4bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 150bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 46bps to 429bps. 10Y UST yields fell 2bps to close the trading session at 2.64%, falling for the fourth consecutive day on the back of global equity losses, as concerns regarding a no trade deal between the US and China looms larger nearing the 1 March deadline.
- **New Issues:** Zhenro Properties Group Ltd may price a 2.5-year USD bond today, at IPT of 11.25% area.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.637	0.13%	USD-SGD	1.3563	-0.01%
USD-JPY	109.730	-0.08%	EUR-SGD	1.5358	-0.17%
EUR-USD	1.1323	-0.16%	JPY-SGD	1.2360	0.04%
AUD-USD	0.7088	-0.18%	GBP-SGD	1.7555	-0.07%
GBP-USD	1.2944	-0.06%	AUD-SGD	0.9615	-0.19%
USD-MYR	4.0688	-0.07%	NZD-SGD	0.9146	-0.12%
USD-CNY	6.7454	--	CHF-SGD	1.3551	0.13%
USD-IDR	13965	-0.06%	SGD-MYR	2.9994	-0.13%
USD-VND	23205	--	SGD-CNY	4.9747	-0.02%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3680	0.0010	O/N	2.3858	0.0026
2M	-0.3360	--	1M	2.5041	-0.0128
3M	-0.3080	--	2M	2.5939	-0.0162
6M	-0.2330	--	3M	2.6978	0.0008
9M	-0.1940	--	6M	2.7419	-0.0231
12M	-0.1090	-0.0010	12M	2.9358	-0.0125

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	2-2.25%	2.25-2.5%	2.5-2.75%
03/20/2019	0.0%	2.0%	2.0%	98.0%	0.0%
05/01/2019	0.0%	4.0%	3.9%	96.0%	0.0%
06/19/2019	0.0%	5.7%	5.5%	94.3%	0.0%
07/31/2019	0.8%	5.6%	5.5%	93.6%	0.8%
09/18/2019	0.7%	8.9%	8.6%	90.4%	0.7%
10/30/2019	0.7%	9.3%	9.0%	89.9%	0.7%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	52.72	0.15%	Coffee (per lb)	1.026	-1.63%
Brent (per barrel)	62.10	0.76%	Cotton (per lb)	0.7255	-0.36%
Heating Oil (per gallon)	1.9085	0.42%	Sugar (per lb)	0.1271	-0.16%
Gasoline (per gallon)	1.4464	1.44%	Orange Juice (per lb)	1.2095	0.92%
Natural Gas (per MMBtu)	2.5830	1.25%	Cocoa (per mt)	2,196	-1.13%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	5.1725	0.78%
Nickel (per mt)	12,502.0	-3.25%	Soybean (per bushel)	9.145	0.14%
Aluminium (per mt)	1,863.3	-0.79%	Corn (per bushel)	3.7425	-0.60%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,313.7	0.33%	Crude Palm Oil (MYR/MT)	2,190.0	-1.17%
Silver (per oz)	15.809	0.61%	Rubber (JPY/KG)	188.0	-0.69%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,106.33	-63.20
S&P	2,707.88	1.83
Nasdaq	7,298.20	9.85
Nikkei 225	20,333.17	-418.11
STI	3,202.04	1.40
KLCI	1,686.52	-6.87
JCI	6,521.66	-14.79
Baltic Dry	601.00	-9.00
VIX	15.72	-0.65

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.96 (-0.02)	2.47 (-0.01)
5Y	1.99 (-0.01)	2.44 (-0.02)
10Y	2.14 (-0.03)	2.63 (-0.02)
15Y	2.38 (-0.03)	--
20Y	2.44 (-0.04)	--
30Y	2.58 (-0.02)	2.98 (-0.01)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.33	--
TED	35.36	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
02/08/2019 12:30	JN Bankruptcies YoY	Jan	--	4.88%	-10.63%	--
02/08/2019 14:50	KZ International Reserves	Jan	--	30.6b	30.9b	--
02/08/2019 15:00	GE Trade Balance	Dec	16.5b	13.9b	20.5b	20.4b
02/08/2019 15:00	GE Current Account Balance	Dec	23.3b	21.0b	21.4b	21.6b
02/08/2019 15:00	GE Exports SA MoM	Dec	0.40%	1.50%	-0.40%	-0.30%
02/08/2019 15:00	GE Imports SA MoM	Dec	0.50%	1.20%	-1.60%	-1.30%
02/08/2019 15:30	TH Foreign Reserves	Feb-01	--	\$209.2b	\$208.3b	--
02/08/2019 15:45	FR Wages QoQ	4Q P	0.30%	0.20%	0.30%	--
02/08/2019 15:45	FR Industrial Production MoM	Dec	0.60%	0.80%	-1.30%	-1.50%
02/08/2019 15:45	FR Industrial Production YoY	Dec	-1.40%	-1.40%	-2.10%	-2.20%
02/08/2019 15:45	FR Manufacturing Production MoM	Dec	1.10%	1.00%	-1.40%	-1.50%
02/08/2019 15:45	FR Manufacturing Production YoY	Dec	-1.20%	-1.00%	-2.20%	-2.30%
02/08/2019 16:00	SI Automobile COE Open Bid Cat A	Feb-08	--	25689	26170	--
02/08/2019 16:00	SI Automobile COE Open Bid Cat B	Feb-08	--	34509	33989	--
02/08/2019 16:00	SI Automobile COE Open Bid Cat E	Feb-08	--	35310	33689	--
02/08/2019 16:36	ID BoP Current Account Balance	4Q	-\$8614m	-\$9148m	-\$8846m	-\$8625m
02/08/2019 17:00	IT Industrial Production MoM	Dec	0.40%	-0.80%	-1.60%	-1.70%
02/08/2019 17:00	IT Industrial Production WDA YoY	Dec	-2.70%	-5.50%	-2.60%	--
02/08/2019 17:00	IT Industrial Production NSA YoY	Dec	-3.30%	-2.50%	-2.60%	--
02/08/2019 21:15	CA Housing Starts	Jan	205.0k	208.0k	213.4k	213.6k
02/08/2019 21:30	CA Net Change in Employment	Jan	5.0k	66.8k	9.3k	7.8k
02/08/2019 21:30	CA Unemployment Rate	Jan	5.70%	5.80%	5.60%	--
02/08/2019 21:30	CA Participation Rate	Jan	--	65.6	65.4	--
02/08/2019 21:30	CA Full Time Employment Change	Jan	--	30.9	-18.9	-19.3
02/08/2019 21:30	CA Part Time Employment Change	Jan	--	36	28.3	27.1
02/11/2019 12:00	MA Industrial Production YoY	Dec	2.70%	--	2.50%	--
02/11/2019 15:30	FR Bank of France Ind. Sentiment	Jan	103	--	103	--
02/11/2019 17:30	UK GDP QoQ	4Q P	0.30%	--	0.60%	--
02/11/2019 17:30	UK GDP YoY	4Q P	1.40%	--	1.50%	--
02/11/2019 17:30	UK Private Consumption QoQ	4Q P	0.30%	--	0.50%	--
02/11/2019 17:30	UK Government Spending QoQ	4Q P	0.50%	--	0.60%	-0.30%
02/11/2019 17:30	UK Gross Fixed Capital Formation QoQ	4Q P	-0.10%	--	0.80%	0.50%
02/11/2019 17:30	UK Exports QoQ	4Q P	1.00%	--	2.70%	1.10%
02/11/2019 17:30	UK Imports QoQ	4Q P	1.00%	--	0.00%	0.80%
02/11/2019 17:30	UK Total Business Investment QoQ	4Q P	-1.00%	--	-1.10%	--
02/11/2019 17:30	UK Total Business Investment YoY	4Q P	-3.00%	--	-1.80%	--
02/11/2019 17:30	UK Visible Trade Balance GBP/Mn	Dec	£11892m	--	£12023m	--
02/11/2019 17:30	UK Trade Balance Non EU GBP/Mn	Dec	£3800m	--	£3925m	--
02/11/2019 17:30	UK Trade Balance	Dec	£3000m	--	£2904m	--
02/11/2019 17:30	UK Industrial Production MoM	Dec	0.10%	--	-0.40%	--
02/11/2019 17:30	UK Industrial Production YoY	Dec	-0.50%	--	-1.50%	--
02/11/2019 17:30	UK Manufacturing Production MoM	Dec	0.20%	--	-0.30%	--
02/11/2019 17:30	UK Manufacturing Production YoY	Dec	-1.10%	--	-1.10%	--
02/11/2019 17:30	UK Index of Services 3M/3M	Dec	0.40%	--	0.30%	--
02/11/2019	HK Foreign Reserves	Jan	--	--	\$424.6b	--
			\$3080.00			
02/11/2019	CH Foreign Reserves	Jan	b	--	\$3072.71b	--
02/11/2019 03/06	CA Int'l Merchandise Trade	Dec	--	--	-2.06b	--
02/08/2019 02/20	SL Exports YoY	Dec	--	--	4.10%	--
02/08/2019 02/20	SL Imports YoY	Dec	--	--	-9.10%	--
02/11/2019 02/15	KZ Industrial Production YoY	Jan	--	--	0.10%	--
02/10/2019 02/15	CH Aggregate Financing CNY	Jan	3300.0b	--	1589.8b	--
02/11/2019 02/18	CH Foreign Direct Investment YoY CNY	Jan	--	--	24.90%	--
02/11/2019 02/13	VN Domestic Vehicle Sales YoY	Jan	--	--	35.70%	--
02/10/2019 02/15	PK Exports YoY	Jan	--	--	4.50%	5.50%
02/10/2019 02/15	PK Imports YoY	Jan	--	--	-8.50%	-8.90%
02/10/2019 02/15	CH Money Supply M2 YoY	Jan	8.20%	--	8.10%	--
02/10/2019 02/15	CH Money Supply M1 YoY	Jan	1.90%	--	1.50%	--
02/11/2019 02/16	US Mortgage Delinquencies	4Q	--	--	4.47%	--
02/10/2019 02/15	CH Money Supply M0 YoY	Jan	8.40%	--	3.60%	--
02/10/2019 02/15	CH New Yuan Loans CNY	Jan	3000.0b	--	1080.0b	--

Source: Bloomberg

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