

Highlights

Global	<p>The US economy added a net 20k jobs in Feb, disappointing consensus expectations of 180k, but the Jan data was revised up to 311k to bring the 3-month average of 186k. The underlying details were also firmer than what the headline suggested, with a net 12k addition to the past two month's data, the unemployment rate falling more than expected to 3.8% and average hourly earnings surging 0.4% mom (3.4% yoy), despite distortions due to the partial government shutdown earlier. Meanwhile, Fed chair Powell opined that the "US outlook is a positive one" and "we'll be looking at a range of data" from here, but reiterated "our policy rate we think is in an appropriate place". Separately, doubts have emerged if Trump and Xi will meet later this month, notwithstanding positive noises about an impending bilateral trade deal. Wall Street and the USD closed lower on Friday, with the 10-year UST bond yield at 2.63%.</p> <p>Asian markets are likely to trade with a more cautious tone today as investors digest the US' nonfarm payrolls and unemployment data and look forward to a potentially choppy risk appetite for the week ahead. On the economic data front, there are the US' retail sales, and German industrial production and trade data. BOE's Haskel and Fed's Powell are speaking today. For the week ahead, key events to watch include Brexit developments - a key vote on PM May's deal tomorrow is likely to be defeated again, but the margin of defeat may pave the way to many different outcomes (eg. referendum, May stepping down etc), with a further Thursday vote whether to extend Article 50, and in turn create additional uncertainties in the interim. Apart from China's data dump on retail sales, industrial production and fixed asset investments, BOJ is also meeting on Friday, and post-ECB's revival of the TLTRO last week, may also be under pressure to signal more easing measures if necessary to achieve their still elusive 2% inflation target.</p>
US	<p>Powell also noted that "the principal risks to our economy now seem to be coming from slower growth in China and Europe and also risk events such as Brexit". When asked about president Trump's criticism, Powell replied that "the law is clear that I have a four-year term. And I fully intend to serve it".</p>
UK	<p>BOE has asked some UK banks to hold triple the liquid assets to withstand 100 days of "severe stress" instead of the usual 30 days ahead of Brexit, according to a FT report.</p>
CH	<p>China's Chinese New Year seasonality may have created the challenges for us to assess the economic momentum only based on February data alone. The combined January and February trade data was not as bad as what Fed data show. Nevertheless, the protectionism in the US and the slowdown in EU suggest a challenging outlook for China's trade. China's credit data in the first two months show that credit slowdown may have bottomed out.</p>

Major Markets

- **US:** Wall Street ended lower on Friday, with the S&P500 declining 0.2%. The DJIA fell 0.1%, and the Nasdaq composite tumbled 0.2%.
- **Singapore:** The STI fell 1.04% to close at 3195.87 on Friday and looks set to consolidate further today amid renewed global growth concerns between 3156-3212 region in the interim. With risk appetite taking a more significant step back again post-NFP and UST bond yields falling by 1-26bps, the SGS bond market will likely be better bid today too.
- **China:** On monetary policy, PBoC governor Yi Gang shed light on the current monetary policy framework. It seems that the room for RRR cut is much smaller than initial market expectation given that the combined mandatory RRR and excessive RRR in China is similar to those in most advanced economies. On the question on lowering real interest rate, he implied that the focus is mainly on the funding costs to the real economy. China will look at two important parameters including the lower nominal risk-free rate such as 10-year government bond yield and credit spread. Overall, we think Yi's elaboration may be positive for bond market as a lower government bond yield is clearly an important first step for China to achieve a lower real interest rate to the real economy.
- **Indonesia:** The central bank has said that they will conduct open market operations of repo and foreign exchange swap auctions three times per week to boost rupiah liquidity in the banking system. As a comparison, Bank Indonesia (BI) only conducted two repo auctions and three foreign exchange swap auctions in February. BI will also publish a fixed auction schedule for the next six months which is expected to increase certainty for lenders in managing their liquidity. Previously, this had only been made available on a monthly basis.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened last Friday, with the shorter tenors trading 1bps lower (with the exception of the 6-month swap rates trading 1bps higher) while the belly to longer tenors traded 2-4bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS traded little change at 140bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 6bps to 496bps. 10Y UST yields remained relatively stable and only fell 1bps to 2.63%, despite the sharp drop in February's US job growth, contributed by the contraction in payrolls for construction and other sectors. While this raised concerns about a sharp slowdown in economic activity, other indicators such as unemployment rate and annual wage growth data were strong.
- **New Issues:** Nuoxi Capital Ltd has priced a USD200mn re-tap of its existing KHJHCC 7.5%'22s (guarantor: Peking University Founder Group Co Ltd) at par, tightening from IPT of 7.875% area.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	97.306	-0.37%	USD-SGD	1.3588	-0.15%
USD-JPY	111.170	-0.37%	EUR-SGD	1.5265	0.20%
EUR-USD	1.1235	0.38%	JPY-SGD	1.2224	0.22%
AUD-USD	0.7045	0.41%	GBP-SGD	1.7682	-0.72%
GBP-USD	1.3015	-0.53%	AUD-SGD	0.9568	0.21%
USD-MYR	4.0898	0.07%	NZD-SGD	0.9245	0.58%
USD-CNY	6.7214	0.10%	CHF-SGD	1.3472	0.12%
USD-IDR	14315	1.21%	SGD-MYR	3.0078	-0.14%
USD-VND	23199	-0.01%	SGD-CNY	4.9475	0.12%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3670	--	O/N	2.3869	-0.0029
2M	-0.3360	--	1M	2.4915	-0.0013
3M	-0.3080	--	2M	2.5701	0.0086
6M	-0.2320	-0.0010	3M	2.5966	-0.0040
9M	-0.1940	--	6M	2.6790	-0.0037
12M	-0.1090	-0.0010	12M	2.8636	-0.0125

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
03/20/2019	0.0%	2.3%	0.0%	2.3%	97.7%
05/01/2019	0.0%	2.3%	0.0%	2.3%	97.7%
06/19/2019	0.0%	5.6%	0.1%	5.5%	94.4%
07/31/2019	0.0%	6.2%	0.1%	6.1%	93.8%
09/18/2019	0.0%	11.4%	0.4%	10.9%	88.6%
10/30/2019	0.0%	11.8%	0.5%	11.3%	88.2%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	56.07	-1.0%	Corn (per bushel)	3.5475	-0.4%
Brent (per barrel)	65.74	-0.8%	Soybean (per bushel)	8.838	-0.8%
Heating Oil (per gallon)	1.9998	-0.6%	Wheat (per bushel)	4.3275	0.3%
Gasoline (per gallon)	1.8017	-0.2%	Crude Palm Oil (MYR/MT)	1,971.0	-0.1%
Natural Gas (per MMBtu)	2.8650	0.0%	Rubber (JPY/KG)	182.7	-2.3%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	6,395	-0.4%	Gold (per oz)	1,299.3	1.0%
Nickel (per mt)	13,090	-1.1%	Silver (per oz)	15.272	2.1%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,450.24	-22.99
S&P	2,743.07	-5.86
Nasdaq	7,408.14	-13.32
Nikkei 225	21,025.56	-430.45
STI	3,195.87	-33.61
KLCI	1,679.90	-7.05
JCI	6,383.07	-74.89
Baltic Dry	649.00	-8.00
VIX	16.05	-0.54

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.96 (-)	2.46 (-0.01)
5Y	2.02 (-0.01)	2.43 (-0.01)
10Y	2.18 (-0.02)	2.63 (-0.01)
15Y	2.41 (-0.01)	--
20Y	2.47 (-0.01)	--
30Y	2.62 (-0.01)	3.01 (-0.01)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.15	0.08
TED	35.36	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
03/08/2019 07:50	JN GDP SA QoQ	4Q F 0.40%	0.50%	0.30%	--
03/08/2019 11:17	CH Trade Balance	Feb \$26.20b	\$4.12b	\$39.16b	--
03/08/2019 11:34	ID Foreign Reserves	Feb --	\$123.30b	\$120.10b	--
03/08/2019 15:30	TH Foreign Reserves	Mar-01 --	\$211.7b	\$212.0b	--
03/08/2019 21:30	US Housing Starts	Jan 1195k	1230k	1078k	1037k
03/08/2019 21:30	US Change in Nonfarm Payrolls	Feb 180k	20k	304k	311k
03/08/2019 21:30	US Unemployment Rate	Feb 3.90%	3.80%	4.00%	--
03/09/2019 09:30	CH CPI YoY	Feb 1.50%	1.50%	1.70%	--
03/11/2019 20:30	US Retail Sales Advance MoM	Jan 0.00%	--	-1.20%	--

Source: Bloomberg

OCBC Treasury Research	
<p><u>Macro Research</u></p> <p>Selena Ling LingSSSelena@ocbc.com</p> <p>Emmanuel Ng NgCYEmmanuel@ocbc.com</p> <p>Tommy Xie Dongming XieD@ocbc.com</p> <p>Terence Wu TerenceWu@ocbc.com</p> <p>Howie Lee HowieLee@ocbc.com</p> <p>Alan Lau AlanLau@ocbc.com</p>	<p><u>Credit Research</u></p> <p>Andrew Wong WongVKAM@ocbc.com</p> <p>Ezien Hoo EzienHoo@ocbc.com</p> <p>Wong Hong Wei WongHongWei@ocbc.com</p> <p>Seow Zhi Qi ZhiQiSeow@ocbc.com</p>

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