

Highlights

Global	<p>Global risk appetite may take a breather today. Overnight, both the S&P500 and 10-year UST bond yield (2.53%) was little changed. As expected, BOJ and BI kept their monetary policy settings static yesterday. US-Japan trade talks have begun in hope of an “early” agreement, but Japanese Finance Minister Aso opined that “we can’t agree to any talk of linking currency and trade policy”. Meanwhile, North Korean’s Kim Jong Un hinted at US’ bad faith at the second summit with Trump. Asian markets may tread water today, awaiting for further cues from US’ 1Q GDP print tonight. Today’s economic data calendar comprises of US’ 1Q19 GDP growth (forecast: 2.3% qoq annualised), core PCE and University of Michigan sentiments, S’pore’s industrial production and 1Q19 unemployment rate. Also watch for Chinese president Xi’s review of the Belt and Road Forum for International Cooperation in Beijing.</p>
US	<p>Durable goods orders rose 2.7% in March (the most in seven months), while non-military capital goods orders excluding aircraft grew 1.3% (the most in eight months), suggesting that corporate investments is regaining momentum. However, initial jobless claims jumped 37k to 230k, the highest since late 2017, but could be partially skewed by Easter holidays and a grocery strike. This brought the four-week average to 206k, which suggested some cooling in the labour market conditions. Meanwhile, the Trump administration is said to be considering concessions on drug protection in talks with China, ahead of the next round of talks in Beijing next week starting 30 April. Separately, Joe Biden is running for president in 2020.</p>
UK	<p>PM May now looks unlikely to put her Brexit bill to Parliament next week and time is running out to avoid the European Parliament elections.</p>
JP	<p>BOJ opined that core consumer prices will average only 1.6% until FY2022, but cut the FY19 GDP forecast from 0.9% to 0.8%, while pledging to keep rates low “at least through around spring 2020”. The latter was probably intended to suggest that a rate review will not materialise immediately after the planned sales-tax hike, but may not definitely happen around spring 2020 either. However, the easing of corporate credit rating requirements from A to BBB for collateral acceptance may benefit some issuers.</p>
IND	<p>Bank Indonesia announced that they were holding the benchmark rate yesterday following their monthly monetary policy meeting. However, they also did unveil a whole series of measures which they said was aimed at boosting domestic growth. These measures may help ease liquidity and support longer term IDR stability. Overall, we stick to our expectations that BI may only undertake a 50bps rate cut in 4Q 2019.</p>
SG	<p>Industrial production likely shrank 4.4% yoy (-2.0% mom sa) in March, likely marking the second decline in three months this year and reversing the +0.7% yoy seen in February, amid the lacklustre global demand story and weak electronics momentum. However, we do not expect that the 1Q19 unemployment rate will budge from the 2.2% print for 4Q18.</p>

Major Markets

- **US:** Wall Street ended mixed on Thursday, with the DJIA declining 0.5% and the Nasdaq composite jumping 0.2%.
- **Singapore:** The STI slipped 0.36% to close at 3350.28 yesterday and may continue to consolidate today amid weak cues from Wall Street overnight. STI's resistance and support are tipped at 3362 and 3331. Although UST bond yields were higher by up to 2bps overnight, SGS bonds may be sidelined pending the auction results for the \$2.4 b re-opening of the 10-year SGS bond maturing in May 2028, with MAS taking \$200m. There is \$8.7b of 10-year SGS bonds maturing on 1 June, which should ensure more than decent demand for this auction. Note the last two 10-year SGS bond auctions of \$3b in May 2018 and \$2.3b in March 2017 fetched bid-cover ratios of only 1.67x and 1.55x for cut-off yields of 2.65% and 2.35% respectively. Given that the re-opened SGS bond is currently yielding around 2.13-2.16% (middle of its 2.02%-2.25% range year-to-date), swap spreads look stable around 10bps while the spread to the 10-year UST bond yield has narrowed to 38bps, there may be little impetus to chase this auction for now. More importantly, the Fed remains patient and the 10-year UST bond yield has bounced off its year-to-date low of 2.37%, while green shoots have begun to emerge in China.
- **China:** PBoC said yesterday in the joint press conference that it will neither tighten monetary policy nor ease monetary policy further. China will move from universal monetary easing to structural monetary easing targeting at supporting funding for small and micro companies. A structural easing means the resource will be reallocated from some sectors to small companies. As such, the overall leverage ratio will be kept unchanged. In addition, PBoC said the TMLF will usually be conducted in the first month of each quarter. This implies that the next window for TMLF will be late July.
- **Commodities:**

Energy: Russian oil flows to Europe have been partially halted after unusual impurities were found in the supply. The disruption adds to another episode of supply constraints globally, with Iran, Venezuela and Libya facing sanctions and/or political uncertainties. Brent borne most of the impacts from the Russian oil disruption, with buyers turning to the North Sea supply for a close-proximity substitute. WTI slid -0.6% yesterday, further widening the WTI-Brent spread to 8.68c/lb – the highest since mid-March. The upward pressure on oil prices may likely continue in the near-term until a clearer picture emerges from Saudi on its plan to ease global supply constraints.

Soybeans: Prices on the July contract staged a slight rebound of +0.5% yesterday after closing at \$8.6875/bu on Wednesday. The record low of the July 19 contract closed at \$8.6525/bu – Wednesday's level was just 0.4% shy of staging a new trough. A Bloomberg survey shows that bearish sentiment among soybean traders extended to a 6th straight week, due to mounting uncertainty over a US-China trade deal and with planting in the US set to begin anytime now.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with the shorter tenors and belly trading little change while the longer tenors from 10-year onwards traded 1bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS was little changed at 131bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 1bps to 471bps. 10Y UST yields rose 1bps to 2.53%, amidst

mixed US economic data with both US jobless claims and non-defence capital goods orders **both** rising.

- **New Issues:** Chengdu Tianfu New Area Investment Group Co Ltd has priced a USD300mn 5-year bond at 4.65%, tightening from IPT of 5.0%. Yango Justice International Ltd has priced a USD150mn re-tap of its existing SUNSHI 9.5%'21s (parent guarantor: Yango Group Co Ltd) at 99.770 (yield: 9.625%), tightening from IPG of high 9% area. CICC Hong Kong Finance 2016 MTN Ltd (guarantor: China International Capital Corp (Hong Kong) Ltd) has priced a 1bn deal across two tranches, with the USD300mn 3-year bond at T+115bps (IPT of +145bps area) and the USD700mn 3-year FRN at 3-month US LIBOR+117.5bps (IPT of +145bps area). Xinyuan Real Estate Co Ltd has priced a USD100mn re-tap of its existing XIN 14.2%'21s at 103.932 (yield: 12.3%), in line with the final price guidance. Jiangsu Hanrui Investment Holding Co Ltd has mandated banks for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	98.203	0.03%	USD-SGD	1.3631	0.09%
USD-JPY	111.630	-0.50%	EUR-SGD	1.5174	-0.13%
EUR-USD	1.1132	-0.21%	JPY-SGD	1.2211	0.59%
AUD-USD	0.7015	--	GBP-SGD	1.7583	0.07%
GBP-USD	1.2899	-0.02%	AUD-SGD	0.9562	0.08%
USD-MYR	4.1368	0.20%	NZD-SGD	0.9031	0.58%
USD-CNY	6.7435	0.32%	CHF-SGD	1.3360	0.10%
USD-IDR	14187	0.59%	SGD-MYR	3.0311	-0.28%
USD-VND	23238	0.09%	SGD-CNY	4.9480	0.15%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.3680	--	O/N	2.3941	--
2M	-0.3360	--	1M	2.4834	--
3M	-0.3120	--	2M	2.5416	--
6M	-0.2310	--	3M	2.5864	--
9M	-0.1940	--	6M	2.6198	--
12M	-0.1120	--	12M	2.7251	--

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
05/01/2019	0.0%	0.5%	0.0%	0.5%	99.5%
06/19/2019	0.0%	21.3%	0.1%	21.2%	78.7%
07/31/2019	0.0%	26.9%	1.6%	25.3%	73.1%
09/18/2019	0.0%	43.4%	7.0%	36.1%	56.6%
10/30/2019	0.0%	48.7%	9.7%	38.0%	51.3%
12/11/2019	0.0%	60.9%	6.4%	41.2%	39.1%

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	65.21	-1.0%	Corn (per bushel)	3.4750	0.2%
Brent (per barrel)	74.35	-0.3%	Soybean (per bushel)	8.593	0.5%
Heating Oil (per gallon)	2.0981	0.0%	Wheat (per bushel)	4.3475	0.6%
Gasoline (per gallon)	2.1321	0.2%	Crude Palm Oil (MYR/MT)	2,050.0	-1.4%
Natural Gas (per MMBtu)	2.5140	2.1%	Rubber (JPY/KG)	189.2	1.2%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	6,365	-1.3%	Gold (per oz)	1,275.8	0.0%
Nickel (per mt)	12,325	-0.7%	Silver (per oz)	14.879	-0.2%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	26,462.08	-134.97
S&P	2,926.17	-1.08
Nasdaq	8,118.68	16.67
Nikkei 225	22,307.58	107.58
STI	3,350.28	-12.15
KLCI	1,635.68	-2.33
JCI	6,372.79	-75.10
Baltic Dry	850.00	--
VIX	13.25	0.11

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.90 (+0.01)	2.33 (+0.01)
5Y	1.98 (--)	2.33 (+0.02)
10Y	2.16 (--)	2.53 (+0.01)
15Y	2.35 (-0.01)	--
20Y	2.39 (-0.01)	--
30Y	2.57 (-0.01)	2.94 (+0.01)

Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.25	-0.02
TED	35.36	--

Secured Overnight Fin. Rate

SOFR	2.46
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Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
04/25/2019 07:00	SK GDP SA QoQ	1Q P	0.30%	-0.30%	1.00%	--
04/25/2019 07:00	SK GDP YoY	1Q P	2.40%	1.80%	3.10%	--
04/25/2019 15:16	ID Bank Indonesia 7D Reverse Repo	Apr-25	6.00%	6.00%	6.00%	--
04/25/2019 20:30	US Initial Jobless Claims	Apr-20	200k	230k	192k	193k
04/25/2019 20:30	US Durable Goods Orders	Mar P	0.80%	2.70%	-1.60%	-1.10%
04/26/2019 07:30	JN Jobless Rate	Mar	2.40%	2.50%	2.30%	--
04/26/2019 07:50	JN Industrial Production MoM	Mar P	0.00%	-0.90%	0.70%	--
04/26/2019 13:00	SI Industrial Production YoY	Mar	-4.60%	--	0.70%	--
04/26/2019 15:30	TH Foreign Reserves	Apr-19	--	--	\$210.9b	--
04/26/2019 20:30	US GDP Annualized QoQ	1Q A	2.30%	--	2.20%	--
04/26/2019 20:30	US GDP Price Index	1Q A	1.20%	--	1.70%	--
04/26/2019 22:00	US U. of Mich. Sentiment	Apr F	97	--	96.9	--

Source: Bloomberg

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