

**Highlights**

<b>Global</b>	Risk sentiment consolidated on mixed economic data. Meanwhile market is waiting for a few key event risks including Fed Chairman Powell's testimony and former Trump lawyer Cohen's hearing. In his testimony to the Senate Banking Committee, Powell reiterated that "the baseline outlook is good" though he warned that the US economy may feel the impact from the slowdown overseas in the coming months. It seems that Fed's patient stance may continue until the change of inflation or growth dynamics. Market will wait for Powell's second testimony tonight to the House Financial Service Committee. On Cohen's hearing, his knowledge about Trump's dealings with Russia is expected to catch market attention. The latest news shows that Trump may have been personally engaged in his business in Russia during his candidacy in 2016. Elsewhere, The US House's passage of bill to reject Trump's border wall emergency is unlikely to have any impact on the market as the Democrats are short of a two-thirds majority in both chambers to override the President's veto Power.
<b>US</b>	Housing starts fell by 11.2% to a seasonally adjusted annual rate of 1.078 million, lowest since September 2016 while building permits increased slightly. Nevertheless, the weak housing start data was offset by the better than expected US consumer confidence, which jumped from 120.2 to 131.4 in February.
<b>CH</b>	The National Development and Reform Commission expects China's infrastructure investment to grow at a reasonable pace in 2019. Meanwhile, PBoC deputy Governor said China will broaden the channel for equity financing to correct the structural problem faced by China's financial sector.
<b>IND</b>	The conventional bond auction yesterday had raised Rp22tn, exceeding the Rp15tn target set. Incoming offers were reported at Rp93.9tn. According to Bloomberg, foreign investors constituted about 7.9% of offers and 5.9% of amounts raised. The amount raised though is the lowest this year for conventional bond sales. Yields have also reportedly fallen across the sovereign yield curve.
<b>SG</b>	Singapore's manufacturing output declined 3.1% yoy (+0.9% mom sa) in January. This is slightly better than our forecast of -4.0% yoy, but in line with the Bloomberg consensus forecast of -3.1% yoy. This is also the weakest yoy performance and also the first negative yoy print since December 2017. The main drag came from electronics whose output fell 13.7% yoy amid a weaker performance across most electronics segments except for electronics modules & components. With a weak start to the manufacturing momentum in January, 2019 manufacturing growth may remain soft in the coming months which may weigh on GDP growth in 1Q19. February in particular will be a seasonally slow period given the CNY festive holidays. Barring a quick resolution to the US-China trade war, regional manufacturing and trade activities may remain lacklustre.

## Major Markets

- **US:** Wall Street ended lower on Tuesday, with the S&P500 declining 0.1%. The DJIA fell 0.1%, while the Nasdaq composite tumbled 0.1%.
- **Singapore:** In tandem, precision engineering output also dipped 15.7% yoy, weighed down by machinery & systems segment due to semiconductor equipment, as well as precision modules & components. Excluding biomedical manufacturing, output fell a worse 5.9% yoy (-0.4% mom sa). Biomedical output actually increased 10.0% in January, lifted by pharmaceuticals (+13.5% yoy) due to higher production of active ingredients and biological products. While transport engineering rebounded 20.2% yoy, especially with a stronger performance in marine & offshore engineering (+26.9% yoy) amid an improved work pipeline for offshore projects and shipbuilding & repairing, as well as aerospace (+17.4% yoy).
- **Hong Kong:** Exports and imports fell by 0.4% yoy and 6% yoy respectively as this year's Lunar New Year came earlier than the previous year. However, exporters might have brought forward the exports while postpone the imports amid Lunar New Year. As such, still need more data to gauge the impact of trade war on HK's trade sector. Lately, the US and China seemed to have made progress after several rounds of trade talks with Trump announcing to delay the tariff hike. Nevertheless, global manufacturing PMI and other Asian countries' trade activities continued to disappoint. This indicates that the slowing global growth, the lingering trade tension and the existing tariff could remain a drag on the entire electronic value chain in Asia. In January, exports of "office machines and automatic data processing machines" and imports of "electrical machinery, apparatus and appliances, and electrical parts thereof" dropped by 8% yoy and 10.8% yoy respectively. All in all, this year, imports and exports are expected to show low single-digit growth.
- **Macau:** Inflation rebounded to 3.04% in January from 2.94% in December 2018. For the two most heavily-weighted items, food inflation accelerated to the strongest level since February 2018 at 3.13% amid higher food prices ahead of Lunar New Year while housing inflation decelerated further to 2.26% amid housing market correction. Furthermore, the inflation of recreation & culture slowed down to 0.78% from 2.42%, mainly due to lower charges for package tours. Moving forward, we keep our view unchanged that the overall CPI will moderate from 3% in 2018 to 2.4% in 2019 due to two major factors. Firstly, concerns over global economic slowdown may cap the growth of commodity price including crude oil price. This may add to the strong MOP in limiting the imported inflationary pressure. Secondly, local consumer sentiment may be hit by lingering trade risks and the worries about domestic economy.
- **Malaysia:** Finance Minister Lim Guan Eng has said that if the government were to maintain the existing toll system and freeze the charges until the end of each toll road concession period, taxpayers would have to cough up a whopping RM5.3 billion. The government had earlier announced that it would be acquiring four highways and replace the toll charges with congestion charges. Lim Guan Eng further stated that "initial projections estimate that commuters will save as much as RM180 million per annum immediately with the switch". He also said that the new model will ease traffic congestion by encouraging road users to plan their commute for less congested hours.
- **Thailand:** The Thai Electoral Committee is expected to come to a decision today regarding the dissolution of the Thai Rak Chart party, which has been rebuked by King

Vijaralongkorn for attempting to field Princess Ulboratana as their PM candidate. Another party leader – Future Forward’s Thanathorn Juangroongruangkit – is also facing disqualification on allegations of criticising the military government last year. Juangroongruangkit faces a ban but his party will be able to continue running, whereas the Thai Rak Chart party is facing a complete ban on the party.

- **Commodities:**

**Energy:** WTI continues to remain well supported above the \$55/bbl level, despite falling from \$57.26 to as low as \$55.08 the day before after President Trump told OPEC to “take it easy” with regards to the oil bloc’s production cuts.

**Gold:** Gold rose to as high as \$1,346.80 last Wednesday but presumably some profit-taking occurred as the precious metal neared the resistance of \$1,350, our short-term target from a month ago. Prices have come off to the \$1,325 level and the market is waiting on further trade talk developments before performing its next move. Some consolidation is expected to unfold meanwhile between the strong support of \$1,300 and the resistance of \$1,350.

### Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with most tenors trading within 1bps higher (with the exception of the 15-year and 20-year swap rate relatively unchanged albeit trading lower). The Bloomberg Barclays Asia USD IG Bond Index average OAS traded little changed at 144bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 3bps to 515bps. 10Y UST yields fell 2bps to 2.64%, after Federal Reserve Chair Jerome Powell reiterated the central bank’s “patient” stance regarding its interest rate hike policy. Strong demand for the USD32.0bn of US 7-year treasury notes sold also drove the decline in bond yields.
- **New Issues:** Bi Hai Co has priced a USD600mn 3-year bond (guarantor: Yunnan Provincial Investment Holdings Group Co) at 6.25%, tightening from IPT of 6.75% area. ICBCIL Finance Co has priced a USD700mn 3-year bond at CT3+125bps (tightening from IPT +165bps area) and a USD800mn 5-year bond at CT5+142.5bps (tightening from IPT of +180bps area). Zhaojin Mining International Finance Ltd has priced a USD300mn 3-year bond (guarantor: Zhaojin Mining Industry Co Ltd) at 5.5%, tightening from IPT of 5.8% area. Mitsubishi UFJ Financial Group has priced a USD1.5bn 3-year bond at CT3+77bps (IPT +95bps area), a USD500mn 3-year FRN at 3-month LIBOR +70bps (in line with IPT), a USD1.5bn 5-year bond at CT5+95bps (IPT +110-115bps area), a USD1.5bn 10-year bond at CT10+110bps (IPT +125-130bps area) and a USD500mn 20-year bond at CT20+115bps (IPT of +130-135bps area). Mitsui Sumitomo Insurance Co has scheduled investor meetings from 26 Feb for its potential USD perpetual NC10 bond issuance

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	96.003	-0.43%	<b>USD-SGD</b>	1.3473	-0.19%
<b>USD-JPY</b>	110.590	-0.42%	<b>EUR-SGD</b>	1.5345	0.08%
<b>EUR-USD</b>	1.1389	0.27%	<b>JPY-SGD</b>	1.2184	0.26%
<b>AUD-USD</b>	0.7186	0.27%	<b>GBP-SGD</b>	1.7855	1.01%
<b>GBP-USD</b>	1.3252	1.18%	<b>AUD-SGD</b>	0.9682	0.08%
<b>USD-MYR</b>	4.0715	0.11%	<b>NZD-SGD</b>	0.9283	-0.10%
<b>USD-CNY</b>	6.7002	0.17%	<b>CHF-SGD</b>	1.3472	-0.11%
<b>USD-IDR</b>	13992	-0.19%	<b>SGD-MYR</b>	3.0162	0.08%
<b>USD-VND</b>	23207	-0.04%	<b>SGD-CNY</b>	4.9644	0.12%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3660	--	<b>O/N</b>	2.3886	--
<b>2M</b>	-0.3360	--	<b>1M</b>	2.4791	--
<b>3M</b>	-0.3090	--	<b>2M</b>	2.5768	--
<b>6M</b>	-0.2300	--	<b>3M</b>	2.6386	--
<b>9M</b>	-0.1940	--	<b>6M</b>	2.6931	--
<b>12M</b>	-0.1080	--	<b>12M</b>	2.8831	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	2-2.25%	2.25-2.5%	2.5-2.75%
03/20/2019	1.7%	0.0%	0.0%	98.3%	1.7%
05/01/2019	1.6%	2.0%	2.0%	96.3%	1.6%
06/19/2019	1.6%	4.8%	4.7%	93.6%	1.6%
07/31/2019	1.5%	8.6%	8.4%	89.9%	1.5%
09/18/2019	1.5%	12.0%	11.4%	86.6%	1.5%
10/30/2019	1.4%	13.1%	12.3%	85.5%	1.4%

#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	55.50	0.04%	Coffee (per lb)	0.936	-2.96%
Brent (per barrel)	65.21	0.69%	Cotton (per lb)	0.7085	-1.50%
Heating Oil (per gallon)	1.9985	1.21%	Sugar (per lb)	0.1288	-1.68%
Gasoline (per gallon)	1.5863	2.66%	Orange Juice (per lb)	1.1665	-1.52%
Natural Gas (per MMBtu)	2.8550	0.67%	Cocoa (per mt)	2,267	0.89%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	#N/A	#N/A	Wheat (per bushel)	4.6025	-1.39%
Nickel (per mt)	12,920.0	--	Soybean (per bushel)	9.038	-0.88%
Aluminium (per mt)	1,888.5	--	Corn (per bushel)	3.6625	-1.15%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,325.1	-0.06%	Crude Palm Oil (MYR/MT)	1,982.0	-1.88%
Silver (per oz)	15.832	0.01%	Rubber (JPY/KG)	190.2	-1.91%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	26,057.98	-33.97
<b>S&amp;P</b>	2,793.90	-2.21
<b>Nasdaq</b>	7,549.30	-5.16
<b>Nikkei 225</b>	21,449.39	-78.84
<b>STI</b>	3,261.66	-10.69
<b>KLCI</b>	1,719.00	-5.58
<b>JCI</b>	6,540.95	15.59
<b>Baltic Dry</b>	637.00	--
<b>VIX</b>	15.17	0.32

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.95 (--)	2.48 (-0.02)
<b>5Y</b>	2.01 (+0.01)	2.45 (-0.03)
<b>10Y</b>	2.18 (+0.01)	2.64 (-0.03)
<b>15Y</b>	2.41 (+0.01)	--
<b>20Y</b>	2.46 (+0.01)	--
<b>30Y</b>	2.60 (--)	3.01 (-0.02)

#### Financial Spread (bps)

	Value	Change
<b>EURIBOR-OIS</b>	5.27	-0.01
<b>TED</b>	35.36	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
02/26/2019 05:00	SK Consumer Confidence	Feb	--	99.5	97.5	--
02/26/2019 13:00	SI Industrial Production SA MoM	Jan	1.50%	0.90%	-5.60%	-5.20%
<b>02/26/2019 13:00</b>	<b>SI Industrial Production YoY</b>	<b>Jan</b>	<b>-3.10%</b>	<b>-3.10%</b>	<b>2.70%</b>	<b>1.70%</b>
02/26/2019 15:00	GE GfK Consumer Confidence	Mar	10.8	10.8	10.8	--
<b>02/26/2019 15:45</b>	<b>FR Consumer Confidence</b>	<b>Feb</b>	<b>92</b>	<b>95</b>	<b>91</b>	<b>92</b>
02/26/2019 16:00	TA Industrial Production YoY	Jan	-1.70%	-1.86%	-1.22%	-1.06%
02/26/2019 16:00	TA Unemployment Rate	Jan	3.70%	3.72%	3.70%	--
02/26/2019 16:20	TA Money Supply M2 Daily Avg YoY	Jan	--	3.14%	3.07%	--
<b>02/26/2019 16:30</b>	<b>HK Exports YoY</b>	<b>Jan</b>	<b>-2.80%</b>	<b>-0.40%</b>	<b>-5.80%</b>	--
02/26/2019 16:30	HK Imports YoY	Jan	-2.20%	-6.00%	-7.00%	--
02/26/2019 16:30	HK Trade Balance HKD	Jan	-30.1b	-10.3b	-51.2b	--
<b>02/26/2019 16:54</b>	<b>MU Visitor Arrivals</b>	<b>Jan</b>	--	<b>3425t</b>	<b>3570t</b>	--
02/26/2019 16:55	MU CPI Composite YoY	Jan	--	3.04%	2.94%	--
02/26/2019 19:33	IN Fiscal Deficit INR Crore	Jan	--	69388	-15168	--
<b>02/26/2019 21:30</b>	<b>US Housing Starts</b>	<b>Dec</b>	<b>1256k</b>	<b>1078k</b>	<b>1256k</b>	<b>1214k</b>
02/26/2019 21:30	US Building Permits	Dec	1290k	1326k	1328k	1322k
02/26/2019 21:30	US Housing Starts MoM	Dec	-0.10%	-11.20%	3.20%	0.40%
02/26/2019 21:30	US Building Permits MoM	Dec	-2.60%	0.30%	5.00%	4.50%
02/26/2019 22:00	US House Price Purchase Index QoQ	4Q	--	1.10%	1.30%	--
02/26/2019 22:00	US FHFA House Price Index MoM	Dec	0.40%	0.30%	0.40%	--
02/26/2019 22:00	US S&P CoreLogic CS 20-City YoY NSA	Dec	4.50%	4.18%	4.68%	4.58%
02/26/2019 22:00	US S&P CoreLogic CS 20-City NSA Index	Dec	--	212.96	213.66	213.45
02/26/2019 22:00	US S&P CoreLogic CS US HPI YoY NSA	Dec	--	4.72%	5.19%	5.09%
02/26/2019 22:00	US S&P CoreLogic CS US HPI NSA Index	Dec	--	205.35	205.85	205.64
02/26/2019 23:00	US Richmond Fed Manufact. Index	Feb	5	16	-2	--
<b>02/26/2019 23:00</b>	<b>US Conf. Board Consumer Confidence</b>	<b>Feb</b>	<b>124.9</b>	<b>131.4</b>	<b>120.2</b>	<b>121.7</b>
02/27/2019 00:26	UK Finance Loans for Housing	Jan	38441	40634	38779	39350
02/27/2019 05:00	SK Business Survey Manufacturing	Mar	--	76	65	--
02/27/2019 05:00	SK Business Survey Non-Manufacturing	Mar	--	75	70	--
<b>02/27/2019 05:45</b>	<b>NZ Trade Balance NZD</b>	<b>Jan</b>	<b>-300m</b>	<b>-914m</b>	<b>264m</b>	<b>12m</b>
02/27/2019 05:45	NZ Exports NZD	Jan	4.80b	4.40b	5.48b	5.30b
02/27/2019 05:45	NZ Imports NZD	Jan	5.00b	5.32b	5.22b	5.28b
02/27/2019 05:45	NZ Trade Balance 12 Mth YTD NZD	Jan	-5496m	-6358m	-5858m	-6106m
02/27/2019 08:30	AU Construction Work Done	4Q	0.50%	--	-2.80%	--
02/27/2019 10:00	SK Department Store Sales YoY	Jan	--	--	-0.70%	--
02/27/2019 10:00	SK Discount Store Sales YoY	Jan	--	--	-3.60%	--
<b>02/27/2019 17:00</b>	<b>EC M3 Money Supply YoY</b>	<b>Jan</b>	<b>4.00%</b>	--	<b>4.10%</b>	--
<b>02/27/2019 17:00</b>	<b>IT Consumer Confidence Index</b>	<b>Feb</b>	<b>113.4</b>	--	<b>114</b>	--
<b>02/27/2019 17:00</b>	<b>IT Manufacturing Confidence</b>	<b>Feb</b>	<b>101.5</b>	--	<b>102.1</b>	--
<b>02/27/2019 17:00</b>	<b>IT Economic Sentiment</b>	<b>Feb</b>	--	--	<b>99.2</b>	--
02/27/2019 18:00	EC Economic Confidence	Feb	106	--	106.2	--
02/27/2019 18:00	EC Business Climate Indicator	Feb	0.66	--	0.69	--
02/27/2019 18:00	EC Industrial Confidence	Feb	0.1	--	0.5	--
02/27/2019 18:00	EC Services Confidence	Feb	10.9	--	11	--
<b>02/27/2019 18:00</b>	<b>EC Consumer Confidence</b>	<b>Feb F</b>	<b>-7.4</b>	--	<b>-7.4</b>	--
<b>02/27/2019 20:00</b>	<b>US MBA Mortgage Applications</b>	<b>Feb-22</b>	--	--	<b>3.60%</b>	--
<b>02/27/2019 21:30</b>	<b>CA CPI NSA MoM</b>	<b>Jan</b>	<b>0.10%</b>	--	<b>-0.10%</b>	--
<b>02/27/2019 21:30</b>	<b>CA CPI YoY</b>	<b>Jan</b>	<b>1.40%</b>	--	<b>2.00%</b>	--
02/27/2019 21:30	CA Consumer Price Index	Jan	133.6	--	133.4	--
<b>02/27/2019 21:30</b>	<b>US Wholesale Inventories MoM</b>	<b>Dec F</b>	<b>0.40%</b>	--	<b>1.10%</b>	--
<b>02/27/2019 23:00</b>	<b>US Pending Home Sales MoM</b>	<b>Jan</b>	<b>1.00%</b>	--	<b>-2.20%</b>	--
02/27/2019 23:00	US Pending Home Sales NSA YoY	Jan	-4.60%	--	-9.50%	--
<b>02/27/2019 23:00</b>	<b>US Factory Orders</b>	<b>Dec</b>	<b>0.60%</b>	--	<b>-0.60%</b>	--
<b>02/27/2019 23:00</b>	<b>US Durable Goods Orders</b>	<b>Dec F</b>	--	--	<b>1.20%</b>	--
02/27/2019 23:00	US Durables Ex Transportation	Dec F	--	--	0.10%	--
02/27/2019 23:00	US Cap Goods Orders Nondef Ex Air	Dec F	--	--	-0.70%	--
02/27/2019 23:00	US Cap Goods Ship Nondef Ex Air	Dec F	--	--	0.50%	--
<b>02/27/2019</b>	<b>MU Unemployment Rate</b>	<b>Jan</b>	--	--	<b>1.70%</b>	--
<b>02/27/2019</b>	<b>HK GDP YoY</b>	<b>4Q</b>	<b>2.20%</b>	--	<b>2.90%</b>	--
02/27/2019	HK GDP SA QoQ	4Q	-0.60%	--	0.10%	--
02/25/2019 03/04	SL Exports YoY	Dec	--	--	4.10%	--

Source: Bloomberg

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