

Highlights

Global	<p>Risk sentiments improved modestly as US' 4Q16 GDP print was revised higher, and both Wall Street and oil prices gained. Fed rhetoric remained mixed, with Dudley believing that "the economy will be able to adjust to this just fine" to gradual normalisation, whereas Bullard opined "I think it is potentially overkill...it's not necessary to raise rates that quickly if the goal is to keep inflation near target and keep unemployment between 4.5-5%". Meanwhile, Kaplan noted three rate hikes this year is a "reasonable baseline" and advocated for MBS and Treasury holdings that "we allow both of those to run off".</p> <p>Expect that Asian bourses to open firmer this morning, but month/quarter-end positioning may set in. The economic data calendar finally picks up pace today, with US' Chicago PMI, University of Michigan sentiment index, Feb personal spending and income, UK's final 4Q16 GDP print and Nationwide house prices, Thai trade data, and China's manufacturing and non-manufacturing PMIs. Speakers include Fed's Dudley, Kashkari and Bullard, and ECB's Benoit.</p>
US	<p>4Q16 GDP growth was revised up from 1.9% to 2.1%, mainly due to stronger than expected consumer spending (+3.5%), but corporate profits moderated from +5.8% in 3Q16 to just 0.5%. Initial jobless claims declined 3k to 258k, with the four-week average at 254.25k (highest since Dec16), while the continuing claims rose 65k to 2.05m for the week ended 18 Mar.</p>
EZ	<p>German CPI rose 0.1% mom but decelerated to 1.5% yoy (previously 2.2% yoy), partly reflecting the Easter holiday timing in Mar16. Meanwhile, EU's Brexit point person Verhofstadt said "the first things to settle are the rights of the resident" and he wants an agreement by this year.</p>
JP	<p>Core consumer prices rose for a second straight month by 0.2% yoy in Feb, marking the first back-to-back gains since late 2015. Meanwhile, the unemployment rate fell to 2.8%, the lowest since 1994.</p>
SG	<p>Bank loans growth likely expanded for the 5th straight month in Feb, after growing 2.8% yoy in Jan17.</p>
KR	<p>A South Korean court has ordered the arrest of former President Park Guen-hye on suspicion of bribery and abuse of powers. The prosecutors have up to 19 more days to decide on indicting Park.</p>
TH	<p>Thailand's legislature has approved changes to the Petroleum Act. The amendment is aimed to introduce a production sharing and service contracts. More importantly, the military government is tasked to study the feasibility of setting up a National Oil Corporation (NOC) and submit deliberations within a year.</p>
CMD	<p>Crude oil breached above its \$50/bbl handle overnight, with investors digesting the positive economic data out from the US, coupled with recent US energy inventories and optimism over OPEC to extend production cuts. Moreover, with dollar rallying as much as 0.7% on intraday trading yesterday, gold fell below its \$1,250/oz handle.</p>

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Major Markets

- **US:** Equities rose on Thursday on an better-than-expected 4Q2016 US GDP print, and strong consumer spending. These data releases shifted market attention away from policy-driven imperatives, and refocused on macro fundamentals. Financials, up 1.2% as a group, led overall gains, while the energy stocks also outperformed as the WTI regained the US\$50 handle. Utilities underperformed on rising US Treasury yields. Overall, the S&P 500 rose 0.30%, Dow was up 0.34% and Nasdaq added 0.29%. VIX stood at 11.54. Meanwhile, the strong GDP print and recovering crude prices supported inflation expectations, and added pressure on US Treasuries. Yields were firmer by 1-4 bps as 2- and 10-year yields closed at 1.28% and 2.42% respectively.
- **Singapore:** STI retreated 0.36% to close lower at 3173.24 yesterday and may remain somewhat cautious into the quarter-end, notwithstanding modestly positive overnight cues from Wall Street and firmer morning openings from Nikkei and Kospi. STI's support and resistance are tipped at 3160 and 3180 respectively. With the reversal in the longer-dated UST bond rally and re-steepening of the yield curve, this similar pattern could also play out in the SGS bond market today.
- **Hong Kong:** To mitigate the base effect resulting from the different timing of the Lunar New Year between this year and last year, we prefer using the data prints for the first two months. Over the first two months, retail sales dropped by 3.2% yoy, extending the declining trend since Mar 2015. On one hand, the sales value of goods in supermarkets (-3.5% yoy) and that of consumer durable goods (-15.3% yoy) continued to fall. Though a strong labor market and fiscal stimulus supporting domestic consumption, households tend to consume online or overseas. On the other hand, the sales value of clothing and footwear as well as that of jewelry and watches dipped by 6.8% yoy and 1.2% yoy respectively. Therefore, even though higher energy costs drove up the sales value of fuels for the second consecutive month, the retail sector still remained sluggish. The rebound in tourism activities also appeared to have lent little support to the retail sector as a stronger HKD continues to weigh. As such, even with low base effect, we expect low single-digit growth in retail sales this year. Elsewhere, low base effect may also lead to a mild increase in retail shop rents and prices which had decreased for a year.
- **Macau:** The number of hotel guests increased in tandem with overnight visitors and was up for its 19th consecutive month by 8.1% yoy in February 2017. Furthermore, average occupancy rate edged up 5.7 percentage points to 84.9%. Though the number of hotels and guesthouses in operation grew to 108 and guest rooms totaled 36,000, room glut have not become a drag on the hotel sector. However, as 5-star hotels accounted for 60.2% of total hotels, the lack of budget hotels combined with high cost of transportation have pushed the number of hotel guests from Hong Kong down notably by 7.7% yoy in February. We are concerned that these two factors may hinder tourists from other regions from revisiting the gambling hub. If this is the case, room glut may also manifest and weighing on the hotel sector.
- **Indonesia:** Government said that the local unit of mining company, Freeport McMoran, has agreed to convert its long-term contract into a mining license, as reported by Bloomberg. This could potentially enable it to export copper concentrate once more from the Grasberg mine.
- **Malaysia:** Iskandar area still needs about 500,000 new homes to cater for an estimated 3mn-strong population by 2025, according to the region's development authority CEO, as reported by the Star. His calculation is apparently based on an expectation of growth rate of 7-8% in population from 1.45mn in 2005, and that the total population will need a total of 1.2mn homes by 2025.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards yesterday, with swap rates trading 1-2bps lower across all tenors. Flows in SGD corporates were heavy, with mixed interest in UOBSP 3.5%'29s, ABNANV 4.75%'26s. In the broader dollar space, the spread on JACI IG corporates rose 1bps to 195bps while the yield on JACI HY fell 3bps to 6.62%. 10y UST yields rose 4bps to 2.42% due to rekindled inflation expectations after the U.S. 4Q economic growth rate was revised higher and crude oil rose. Expectations were also supported by FOMC members' hawkish tone, with Federal Reserve Bank of New York President William Dudley mentioning that U.S. government policy may further boost the economy and eventually add fuel to an inflation rate that is already approaching the central bank's official target.
- **New Issues:** Keppel REIT MTN Pte. Ltd. issued a SGD75mn 7-year bond at 3.275%, while Frasers Centrepoint Ltd. priced a SGD52mn re-tap of its bond due 2027 at 4.15%. CK Hutchison International (17) Ltd. priced a USD1.8bn 2-tranche deal (guaranteed by CK Hutchison Holdings Ltd); with the USD1bn 5-year piece at CT5+95bps, tightening from initial guidance at CT5+115bps and; the USD800mn 10-year piece at CT10+115bps, tightening from initial guidance of CT10+135bps. The expected issue ratings are 'A-/A3/A-'. Indonesia Eximbank priced a USD500mn 7-year bond at 3.9%, tightening from initial guidance of 4.2%. The expected issue ratings are 'NR/Baa3/BBB-'. Hesteel Hong Kong Co. priced a USD500mn 3-year bond (guaranteed by Hesteel Group Co.) at 4.375%, tightening from initial guidance of 4.625%. Blue Skyview Company Ltd. priced a USD315mn NC3.5 Perp re-tap (guaranteed by Hong Kong Airlines International Holdings Ltd.) at 7.12%, tightening from initial guidance of 7.25%. Fullerton Health Corporation Ltd. priced a USD175mn Perp NC3 at 7%, tightening from initial price guidance of 7.25%. Tewood Group Finance No 3 Ltd. priced a USD500mn 2-tranche deal (guaranteed by Tewood Group Co.); with the USD300mn 3-year piece at CT3+335bps, tightening from initial guidance of CT3+360bps and; the USD200mn 5-year piece at CT5+375bps, tightening from initial guidance of CT3+385bps. The expected issue ratings are 'NR/NR/BBB-'. State Bank of India priced a USD500mn 3-year bond at 3mL+95bps, tightening from initial guidance of 3mL+110bps. The expected issue ratings are 'BBB-/Baa3/BBB-'. Beijing Enterprises Holdings Ltd. hired banks and scheduled investor meetings from 4-10 April for potential EUR bond issuance. The expected issue ratings are 'BBB+/ Baa1/NR'.
- **Rating Changes:** Moody's affirmed Wanhua Chemical Group Co. Ltd's (Wanhua Chemical) 'Baa3' issuer rating and senior unsecured notes issued by Wanhua Chemical International Holding Co., Ltd. and guaranteed by Wanhua Chemical. In addition, Moody's revised the outlook on the issuer rating to stable from negative. The rating action reflects Moody's expectation that Wanhua Chemical's improved credit metrics will be sustained over the next 12-18 months. Moody's assigned University of Technology Sydney (UTS) a first time issue rating of 'Aa1', with a stable outlook. The rating action reflects UTS' important market position as a leading technology-oriented university in Australia, with credit quality which is further enhanced by the presence of a supportive institutional framework.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	100.410	0.41%	USD-SGD	1.3982	0.29%
USD-JPY	111.920	0.79%	EUR-SGD	1.4925	-0.56%
EUR-USD	1.0674	-0.85%	JPY-SGD	1.2492	-0.49%
AUD-USD	0.7641	-0.38%	GBP-SGD	1.7434	0.57%
GBP-USD	1.2468	0.27%	AUD-SGD	1.0683	-0.09%
USD-MYR	4.4205	0.02%	NZD-SGD	0.9780	-0.25%
USD-CNY	6.8894	-0.01%	CHF-SGD	1.3965	-0.19%
USD-IDR	13316	0.02%	SGD-MYR	3.1677	-0.01%
USD-VND	22770	-0.02%	SGD-CNY	4.9407	0.03%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	0.9256	--
2M	-0.3390	--	1M	0.9822	--
3M	-0.3300	--	2M	1.0244	--
6M	-0.2420	--	3M	1.1468	--
9M	-0.1710	--	6M	1.4199	--
12M	-0.1090	--	12M	1.7940	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread
Portugal	0.61	3.95	-5.30
Italy	-0.06	2.15	1.10
Ireland	-0.39	0.97	--
Greece	7.69	6.95	0.60
Spain	-0.19	1.65	0.60
Russia	2.01	4.16	-1.00

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	50.35	1.70%	Coffee (per lb)	1.393	--
Brent (per barrel)	52.96	1.03%	Cotton (per lb)	0.7623	0.12%
Heating Oil (per gallon)	1.5582	1.02%	Sugar (per lb)	0.1681	-1.81%
Gasoline (per gallon)	1.6812	0.55%	Orange Juice (per lb)	1.6055	-4.86%
Natural Gas (per MMBtu)	3.1910	0.50%	Cocoa (per mt)	2,096	0.48%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	5,889.6	0.06%	Wheat (per bushel)	4.2100	-1.06%
Nickel (per mt)	10,089.0	0.92%	Soybean (per bushel)	9.630	-0.62%
Aluminium (per mt)	1,965.0	0.51%	Corn (per bushel)	3.5750	-0.28%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,245.0	-0.69%	Crude Palm Oil (MYR/MT)	2,831.0	-1.50%
Silver (per oz)	18.206	-0.12%	Rubber (JPY/KG)	267.9	-0.19%

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	20,728.49	69.17
S&P	2,368.06	6.93
Nasdaq	5,914.34	16.80
Nikkei 225	19,063.22	-154.26
STI	3,173.24	-11.33
KLCI	1,749.25	-1.16
JCI	5,592.95	0.44
Baltic Dry	1,324.00	-14.00
VIX	11.54	0.12

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.26 (-)	1.28 (+0.01)
5Y	1.72 (+0.1)	1.96 (+0.04)
10Y	2.19 (-0.02)	2.42 (+0.04)
15Y	2.32 (-0.03)	--
20Y	2.37 (-0.04)	--
30Y	2.40 (-0.04)	3.03 (+0.05)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	22.70	-0.39
EURIBOR-OIS	1.94	-0.02
TED	38.02	--

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
03/30/2017	07:50	JN Japan Buying Foreign Bonds	Mar-24	--	¥151.6b	¥149.4b	¥150.9b
03/30/2017	07:50	JN Foreign Buying Japan Bonds	Mar-24	--	¥1923.7b	¥586.8b	¥596.3b
03/30/2017	08:00	AU HIA New Home Sales MoM	Feb	--	0.20%	-2.20%	--
03/30/2017	10:00	SK Department Store Sales YoY	Feb	--	-1.30%	4.60%	--
03/30/2017	10:03	MU Hotel Occupancy Rate	Feb	--	84.9	81.6	--
03/30/2017	16:30	HK Retail Sales Value YoY	Feb	-0.60%	-5.70%	-0.90%	-1.00%
03/30/2017	16:30	HK Retail Sales Volume YoY	Feb	-1.10%	-6.10%	-1.40%	--
03/30/2017	17:00	EC Economic Confidence	Mar	108.3	107.9	108	--
03/30/2017	17:00	EC Consumer Confidence	Mar F	-5	-5	-5	--
03/30/2017	20:00	GE CPI YoY	Mar P	1.80%	1.60%	2.20%	--
03/30/2017	20:00	GE CPI EU Harmonized YoY	Mar P	1.90%	1.50%	2.20%	--
03/30/2017	20:30	US GDP Annualized QoQ	4Q T	2.00%	2.10%	1.90%	--
03/30/2017	20:30	US Personal Consumption	4Q T	3.00%	3.50%	3.00%	--
03/30/2017	20:30	US GDP Price Index	4Q T	2.00%	2.10%	2.00%	--
03/30/2017	20:30	CA Industrial Product Price MoM	Feb	0.40%	0.10%	0.40%	0.60%
03/30/2017	20:30	US Core PCE QoQ	4Q T	1.20%	1.30%	1.20%	--
03/30/2017	20:30	CA Raw Materials Price Index MoM	Feb	0.90%	1.20%	1.70%	--
03/30/2017	20:30	US Initial Jobless Claims	Mar-25	247k	258k	261k	--
03/30/2017	20:30	US Continuing Claims	Mar-18	2031k	2052k	1990k	1987k
03/30/2017	21:45	US Bloomberg Consumer Comfort	Mar-26	--	49.7	51.3	--
03/31/2017	05:45	NZ Building Permits MoM	Feb	--	14.00%	0.80%	2.10%
03/31/2017	07:00	SK Industrial Production YoY	Feb	7.20%	6.60%	1.70%	1.40%
03/31/2017	07:01	UK GfK Consumer Confidence	Mar	-7	-6	-6	--
03/31/2017	07:30	JN Jobless Rate	Feb	3.00%	2.80%	3.00%	--
03/31/2017	07:30	JN Job-To-Applicant Ratio	Feb	1.44	1.43	1.43	--
03/31/2017	07:30	JN Overall Household Spending YoY	Feb	-1.70%	-3.80%	-1.20%	--
03/31/2017	07:30	JN Natl CPI YoY	Feb	0.20%	0.30%	0.40%	--
03/31/2017	07:30	JN Natl CPI Ex Fresh Food YoY	Feb	0.20%	0.20%	0.10%	--
03/31/2017	07:30	JN Tokyo CPI YoY	Mar	-0.20%	-0.40%	-0.30%	--
03/31/2017	07:30	JN Tokyo CPI Ex-Fresh Food YoY	Mar	-0.20%	-0.40%	-0.30%	--
03/31/2017	07:50	JN Industrial Production YoY	Feb P	3.90%	4.80%	3.70%	--
03/31/2017	08:00	NZ ANZ Business Confidence	Mar	--	--	16.6	--
03/31/2017	08:30	AU Private Sector Credit YoY	Feb	5.30%	--	5.40%	--
03/31/2017	09:00	CH Manufacturing PMI	Mar	51.7	--	51.6	--
03/31/2017	09:00	CH Non-manufacturing PMI	Mar	--	--	54.2	--
03/31/2017	10:00	SI Bank Loans and Advances YoY	Feb	--	--	2.80%	--
03/31/2017	13:00	JN Housing Starts YoY	Feb	-1.40%	--	12.80%	--
03/31/2017	13:00	JN Annualized Housing Starts	Feb	0.953m	--	1.001m	--
03/31/2017	13:00	JN Construction Orders YoY	Feb	--	--	1.10%	--
03/31/2017	14:00	GE Retail Sales YoY	Feb	0.40%	--	2.30%	--
03/31/2017	14:00	UK Nationwide House Px NSA YoY	Mar	4.00%	--	4.50%	--
03/31/2017	14:45	FR CPI EU Harmonized YoY	Mar P	1.40%	--	1.40%	--
03/31/2017	14:45	FR CPI YoY	Mar P	1.20%	--	1.20%	--
03/31/2017	14:45	FR PPI YoY	Feb	--	--	3.30%	--
03/31/2017	15:30	TH Foreign Reserves	Mar-24	--	--	\$180.4b	--
03/31/2017	15:30	TH Exports YoY	Feb	--	--	8.50%	--
03/31/2017	15:30	TH Imports YoY	Feb	--	--	11.30%	--
03/31/2017	15:30	TH Trade Balance	Feb	--	--	\$1891m	--
03/31/2017	15:30	TH BoP Current Account Balance	Feb	\$4605m	--	\$5008m	--
03/31/2017	15:55	GE Unemployment Change (000's)	Mar	-10k	--	-14k	-15k
03/31/2017	15:55	GE Unemployment Claims Rate SA	Mar	5.90%	--	5.90%	--
03/31/2017	16:30	UK Current Account Balance	4Q	-16.0b	--	-25.5b	--
03/31/2017	16:30	UK GDP YoY	4Q F	2.00%	--	2.00%	--
03/31/2017	16:30	UK Total Business Investment QoQ	4Q F	-1.00%	--	-1.00%	--
03/31/2017	17:00	IT CPI NIC incl. tobacco YoY	Mar P	1.50%	--	1.50%	1.60%
03/31/2017	17:00	IT CPI EU Harmonized YoY	Mar P	1.60%	--	1.60%	--
03/31/2017	17:00	EC CPI Estimate YoY	Mar	1.80%	--	2.00%	--
03/31/2017	17:00	EC CPI Core YoY	Mar A	0.80%	--	0.90%	--
03/31/2017	18:00	IT PPI YoY	Feb	--	--	2.80%	--
03/31/2017	20:30	US Personal Income	Feb	0.40%	--	0.40%	--
03/31/2017	20:30	CA GDP YoY	Jan	1.90%	--	2.00%	--
03/31/2017	20:30	US Personal Spending	Feb	0.20%	--	0.20%	--
03/31/2017	20:30	US PCE Deflator YoY	Feb	2.10%	--	1.90%	--
03/31/2017	20:30	US PCE Core YoY	Feb	1.70%	--	1.70%	--
03/31/2017	21:45	US Chicago Purchasing Manager	Mar	56.9	--	57.4	--
03/31/2017	22:00	US U. of Mich. Sentiment	Mar F	97.6	--	97.6	--
03/31/2017		PH Bank Lending YoY	Feb	--	--	16.20%	--

Source: Bloomberg

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