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Highlights

Global	<p>Global risk sentiments stabilised as the energy price rebound led equities higher overnight. On the data front, Thailand reported 1Q16 GDP growth that beat market expectations at +0.9% qoq sa (+3.2% yoy), up from +0.8% qoq sa (+2.8% yoy) in 4Q15. Meanwhile, BSP also narrowed its interest rate corridor to +/- 50bps from 3 June, with the overnight deposit facility (which replaces the special deposit account) at 2.5% whereas the lending rate was trimmed from 6% to 3.5%. The economic data calendar gets busier today with US' April CPI, building permits, housing starts, industrial production and capacity utilisation, UK's CPI/PPI/RPI, and Japan's industrial production data. Speakers include ECB's Praet, Nouy and Costa, with Fed's Williams, Lockhart, and Kaplan to follow.</p>
US	<p>Empire manufacturing unexpectedly shrank to -9.02 in May, down from +9.56 in April, the weakest since Feb amid broad-based weakness in factory activities. The outlook deteriorated with the 6-month expectations gauge slipped from 29.4 to 28.5, and interestingly, the employment index edged higher from 1.9 to 2.1, albeit the average workweek fell sharply from +1.9 to -8.3. Market players are now awaiting the April FOMC minutes due tomorrow and Dudley's comments on 19 May to divine if a June rate hike is completely out of the window.</p>
Singapore	<p>NODX shrank for a second month by 7.9% yoy (+4.5% mom sa) in April, worse than our forecast of -6.5% yoy (+9.2% mom sa), as electronics exports contracted by 7.4% yoy, following a 9.1% slump in March, as PCs, PC parts and ICs exports underperformed. Non-electronics exports also declined 8.1% yoy, weighed down by volatile ship & boat structures (-94.3% yoy), petrochemicals (-16.7% yoy) and civil engineering equipment parts (-54.0% yoy), despite pharmaceuticals exports rising 17.9% yoy. The March NODX data was also revised a tad down to -15.7% yoy. Separately, NODX to all 8 of the top 10 NODX markets fell in April, dragged down by Taiwan (-22.5% yoy), South Korea (-16.7% yoy) and Indonesia (-20.4% yoy), and with the exception of EU28 (+20.6% yoy) and Hong Kong (+13.5% yoy). The trade outlook, especially for the region, remains lacklustre, and this NODX slump could drag into 2Q16.</p> <p>Minister for Industry S Iswaran will now be the Committee of Future Economy's co-chair (previously deputy chairman), while Minister in the PMO Chan Chun Sing will be appointed as deputy chairman with immediate effect.</p>
China	<p>Capital outflows continued to moderate in April. The deficit for settlement of foreign currency fell to US\$23.7 billion, the lowest since October 2015. The willingness for corporates to sell foreign currency continued to improve with the ratio of sale of foreign currency to cross border payment improved to 49% in April from 46.6% in March.</p>
Thailand	<p>1Q GDP grew by 3.2%, beating estimates of 2.8% on the back of government spending, which helped to cushion the dip in local consumption and investment. Moreover, strong growth by the hotel/restaurant industry (+15.8%) seems to suggest a pick-up in tourism activities. Coupled with the 600bn baht fiscal stimulus plan implemented since Sep15, the economy may be able to sustain a gradual economic recovery this year. However, much is still contingent on whether export growth can surprise on the upside, especially when initial forecasts have been revised to -1.7% (prev: +1.2%)</p>

Major Market

- **US:** Wall Street etched out gains overnight as energy stocks benefited from yesterday's oil rally. S&P500 +0.98%, Dow Jones +1.0% and NASDAQ +1.22%. On the other hand, VIX fell by 2.39% to come in at 14.68. Meanwhile, US Treasuries capped a good session, with yields experiencing a broad based decline across the curve. 2 – and 10-year UST yield 0.78% and 1.74% respectively.
- **Singapore:** The STI stabilised (+0.04%) at 2736.06 yesterday, finally settling after a whippy session in the Chinese and Asian bourses. Given the energy-led rebound in Wall Street, the STI may attempt to edge higher today. The STI could see support and resistance at 2720 and 2750 respectively. SGS bonds could remain moribund today, given the lack of domestic catalysts, even though UST bonds retreated overnight.

Bond Market Updates

- **Market Commentary:** The SGD curve shifted downwards yesterday, trading 3bps – 5bps lower across all tenors. Flows in the SGD corporates were heavy, where we saw better buyers in, NAB 4.15%'28s, STANLIN 4.4%'26s, GEMAU 5.5%'19s, better sellers in SCISP 4.75%'49s, NOLSP 4.4%'19s and BNP 4.3%'25s. Meanwhile we saw mixed interest in, GENSSP 5.125%'49s, SOCGEN 4.3%'26s, UOBSP%'49s and ABNAV 4.75%'26s, and FCLSP 5%'49s. In the broader dollar space, the spread on JACI IG corporates increased by 1bps to 228bps, while the yield on JACI HY Corporate decreased by 2bps to 7.19%. 10y UST increased by 6bps to 1.75% reversing Friday's movements as WTI hit year to date highs.
- **New Issues:** Manulife Financial Corporation priced a SGD500m 10NC5 tier 2 bond at 3.85%, tightening from its initial guidance of 4.15%. The expected rating given is "A-/NR/NR". ICBC Hong Kong priced a USD500m 3-year bond at CT3+107.5bps, tightening from its initial guidance of CT3+130bps. The expected rating is "A/A1/NR". Mapletree Logistic Trust ("MLT") priced a SGD250m PerpNC5.5 at 4.18%, tightening from its initial guidance of 4.5%. The issue currently has no expected rating. MLT is currently rated "Baa1" by Moody's. United Engineers has scheduled an investor's road show on May 18.
- **Rating Changes:** Moody's downgraded China Minmetals rating to "Baa1" from "A3". The rating outlook is negative. The downgrade reflects the weak state of earnings in the company's metals and mining portfolio, deteriorated credit metrics and expectation of high albeit improved leverage, measured by adjusted Debt/EBITDA of about 7x by end of 2017. This rating action concludes the rating review for downgrade that was initiated on 22 January. S&P downgraded Mitsubishi Motor rating by two notches, to "BB-" from "BB+". Outlook is negative, due to the recent falsification of fuel-consumption data and possible damage to its brand recognition. Moody's confirmed Noble Group's "Ba3" rating, following Noble Group's successful refinancing of its bank facilities. This concludes the rating review for downgrade that was initiated on 23 February 2016. Outlook is negative reflecting uncertainty regarding its ability to rebuild and reposition its operations and improve profitability, cash flow and liquidity. Meanwhile, Moody's confirmed its rating on Tingyi Cayman Island Holdings Corporation at "Baa1" with no further information furnished on Bloomberg.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.572	-0.04%	USD-SGD	1.3695	-0.20%
USD-JPY	109.030	0.37%	EUR-SGD	1.5505	-0.08%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2561	-0.55%
AUD-USD	0.7289	0.25%	GBP-SGD	1.9723	0.09%
GBP-USD	1.4402	0.26%	AUD-SGD	0.9983	0.09%
USD-MYR	4.0273	-0.09%	NZD-SGD	0.9299	0.12%
USD-CNY	6.5205	-0.18%	CHF-SGD	1.4007	-0.41%
USD-IDR	13310	-0.11%	SGD-MYR	2.9429	0.06%
USD-VND	22281	-0.34%	SGD-CNY	4.7614	0.05%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3490	--	O/N	0.3855	--
2M	-0.2940	--	1M	0.4340	--
3M	-0.2570	--	2M	0.5164	--
6M	-0.1440	--	3M	0.6276	--
9M	-0.0770	--	6M	0.9069	--
12M	-0.0120	--	12M	1.2289	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.62	-0.30	3.14
Italy	-0.07	-0.10	1.48
Ireland	-0.35	0.60	0.80
Greece*	9.20	14.90	7.40
Spain	-0.07	-0.70	1.60
Russia^	3.00	-1.70	4.68

* Greece's bond yields data reflect 3-year (instead of 2-year) tenor

^ Russia's bond yields data reflects 3-year and 15-year tenors instead

Equity and Commodity

Index	Value	Net change
DJIA	17,710.71	175.40
S&P	2,066.66	20.10
Nasdaq	4,775.46	57.80
Nikkei 225	16,466.40	54.20
STI	2,736.06	1.20
KLCI	1,621.21	-7.00
JCI	4,731.56	-30.20
Baltic Dry	613.00	13.00
VIX	14.68	-0.40

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.00 (-0.01)	0.79 (+0.04)
5Y	1.53 (-0.02)	1.26 (+0.06)
10Y	1.93 (-0.02)	1.75 (+0.05)
15Y	2.26 (-0.03)	--
20Y	2.33 (-0.03)	--
30Y	2.45 (-0.02)	2.60 (+0.05)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	24.43	0.36
EURIBOR-OIS	8.60	0.45
TED	36.16	-0.15

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	47.72	3.27%	Coffee (per lb)	1.327	3.03%
Brent (per barrel)	48.97	2.38%	Cotton (per lb)	0.6099	0.61%
Heating Oil (per gallon)	1.440	2.64%	Sugar (per lb)	0.1689	0.90%
Gasoline (per gallon)	1.61	1.14%	Orange Juice (per lb)	1.4350	-1.27%
Natural Gas (per MMBtu)	2.029	-3.20%	Cocoa (per mt)	2,927	-1.15%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,645.0	0.38%	Wheat (per bushel)	4.7475	2.10%
Nickel (per mt)	8,681	0.94%	Soybean (per bushel)	10.645	0.90%
Aluminium (per mt)	1,532.0	0.97%	Corn (per bushel)	3.9400	3.14%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,274.2	0.12%	Crude Palm Oil (MYR/MT)	2,626.0	-0.34%
Silver (per oz)	17.142	0.16%	Rubber (JPY/KG)	164.7	0.43%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
05/16/2016 07:01	UK Rightmove House Prices MoM	May	--	0.40%	1.30%	--
05/16/2016 07:01	UK Rightmove House Prices YoY	May	--	7.80%	7.30%	--
05/16/2016 07:50	JN PPI MoM	Apr	0.20%	-0.30%	-0.10%	--
05/16/2016 07:50	JN PPI YoY	Apr	-3.70%	-4.20%	-3.80%	--
05/16/2016 10:30	TH GDP SA QoQ	1Q	0.60%	0.90%	0.80%	--
05/16/2016 10:30	TH GDP YoY	1Q	2.80%	3.20%	2.80%	--
05/16/2016 12:04	ID Exports YoY	Apr	-10.90%	-12.64%	-13.51%	-13.38%
05/16/2016 12:13	ID Trade Balance	Apr	\$168m	\$667m	\$497m	\$508m
05/16/2016 14:00	JN Machine Tool Orders YoY	Apr P	--	-26.40%	-21.20%	--
05/16/2016 14:30	IN Wholesale Prices YoY	Apr	-0.23%	0.34%	-0.85%	--
05/16/2016 14:33	PH Overseas Remittances YoY	Mar	1.10%	1.50%	9.10%	--
05/16/2016 14:33	PH Overseas Workers Remittances	Mar	\$2445m	\$2425m	\$2110m	--
05/16/2016 15:14	PH BSP Overnight Rate	May-16	--	3.00%	4.00%	--
05/16/2016 17:27	ID Local Auto Sales	Apr	--	84685	93990	--
05/16/2016 20:30	US Empire Manufacturing	May	6.5	-9.02	9.56	--
05/17/2016 04:00	US Total Net TIC Flows	Mar	--	-\$98.3b	\$33.5b	\$31.7b
05/17/2016 04:00	US Net Long-term TIC Flows	Mar	--	\$78.1b	\$72.0b	\$72.6b
05/17/2016 08:30	SI NODX YoY	Apr	-8.40%	-7.90%	-15.60%	--
05/17/2016 08:30	SI NODX SA MoM	Apr	4.40%	4.50%	0.20%	--
05/17/2016 09:30	AU New Motor Vehicle Sales MoM	Apr	--	--	2.20%	--
05/17/2016 09:30	AU New Motor Vehicle Sales YoY	Apr	--	--	4.20%	--
05/17/2016 11:00	NZ 2Yr Inflation Expectation	2Q	--	--	1.63%	--
05/17/2016 12:30	JN Industrial Production YoY	Mar F	--	--	0.10%	--
05/17/2016 12:30	JN Industrial Production MoM	Mar F	--	--	3.60%	--
05/17/2016 12:30	JN Capacity Utilization MoM	Mar	--	--	-5.40%	--
05/17/2016 16:00	IT Trade Balance Total	Mar	--	--	3856m	--
05/17/2016 16:30	UK CPI MoM	Apr	0.30%	--	0.40%	--
05/17/2016 16:30	UK CPI YoY	Apr	0.50%	--	0.50%	--
05/17/2016 16:30	UK CPI Core YoY	Apr	1.40%	--	1.50%	--
05/17/2016 16:30	UK Retail Price Index	Apr	261.9	--	261.1	--
05/17/2016 16:30	UK RPI MoM	Apr	0.30%	--	0.40%	--
05/17/2016 16:30	UK RPI YoY	Apr	1.50%	--	1.60%	--
05/17/2016 16:30	UK PPI Output NSA MoM	Apr	0.20%	--	0.30%	--
05/17/2016 16:30	UK PPI Output NSA YoY	Apr	-0.80%	--	-0.90%	--
05/17/2016 16:30	UK ONS House Price YoY	Mar	--	--	7.60%	--
05/17/2016 16:30	HK Unemployment Rate SA	Apr	3.40%	--	3.40%	--
05/17/2016 20:30	CA Manufacturing Sales MoM	Mar	-1.90%	--	-3.30%	--
05/17/2016 20:30	US Housing Starts	Apr	1125k	--	1089k	--
05/17/2016 20:30	US Building Permits	Apr	1135k	--	1086k	1076k
05/17/2016 20:30	US CPI MoM	Apr	0.30%	--	0.10%	--
05/17/2016 20:30	US CPI Ex Food and Energy MoM	Apr	0.20%	--	0.10%	--
05/17/2016 20:30	US CPI YoY	Apr	1.10%	--	0.90%	--
05/17/2016 20:30	US CPI Ex Food and Energy YoY	Apr	2.10%	--	2.20%	--
05/17/2016 21:15	US Industrial Production MoM	Apr	0.30%	--	-0.60%	--
05/17/2016 21:15	US Capacity Utilization	Apr	75.00%	--	74.80%	--

Source: Bloomberg

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