DAILY TREASURY OUTLOOK

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Highlights

Global	Wall Street, UST bonds and the USD rose despite mixed US economic data – manufacturing ISM retreated from a near 3-year high of 57.8 in June to 56.3 in July as new orders slowed, while personal spending also moderated to 0.1% (May: 0.2%), the core PCE price index rose 1.5% yoy (0.1% mom) through June and construction spending fell 1.3% mom to US$1.21t (lowest since September 2016). Elsewhere, manufacturing PMI prints were also a mixed bag, with the Eurozone at 56.6 (down from a 6-year high of 57.4 in June), UK at 55.1 (up from 54.2 in June) and China's Caixin PMI improving to a 4-month high of 51.1 in July (June: 50.4). Within Asia, manufacturing PMIs have softened for South Korea (49.1 versus 50.1 previously), Thailand (49.6 versus 50.4), Malaysia (48.3 versus 46.9), Indonesia (48.6 versus 49.5), Philippines (52.8 versus 53.9), Vietnam (51.7 versus 52.5) and India (47.9 versus 50.9). Only Taiwan bucked the trend by rising from 53.3 to 53.6. Note Apple's 4Q revenue forecast topped analysts' estimates, and Asian suppliers to Apple products may be in market focus today. Asian bourses may await RBI policy decision later today (expected to trim 25bps for its repo and reverse repo rates to 6% and 5.75% respectively). There is the US' ADP employment data tonight, and Fed's Mester and Williams are also speaking.
US	Watch for a potential refunding wildcard today from the US Treasury department if it chooses to issue an ultra-long debt maturity as part of its quarterly refunding plans, which could exert a steepening bias.
EZ	The Eurozone grew 0.6% in 2Q, maintaining its robust pace after a revised 0.5% in 1Q. Meanwhile, German unemployment fell more than expected by 9k to 2.537m, but the unemployment rate was unchanged at 5.7% (lowest since reunification in 1990).
AU	RBA kept its cash rate unchanged at a record low of 1.5% as widely anticipated yesterday, but cited that "the higher exchange rate is expected to contribute to subdued price pressures in the economy" and "is also weighing on the outlook for output and employment", hence "an appreciating exchange rate would be expected to result in a slower pick-up in economic activity and inflation than currently forecast".
SG	The July manufacturing and electronics PMIs are due today and could show some softening from the June prints of 50.9 and 52.1 respectively.
ID	Inflation data for the month of July was released yesterday, showing that headline prices rose by 3.88% yoy. That figure is slightly lower than expected and also marks a decline from 4.37%yoy of the previous month. Meanwhile, core inflation stood at 3.05%yoy, higher than expected although lower than 3.13% of the previous month.
Macau	Gross gaming revenue (GGR) surprised on the upside and was up 29.2% yoy to MOP 23 billion in July, the highest level since this February. The gain in GGR marked the largest print since February 2014 due to the huge growth in VIP revenue.

Major Markets

- **US:** The Dow continued its march towards the 22,000 handle, breaking record highs on consecutive sessions to lead major equity indices higher on Tuesday. Overall, boosted by tech and financials, the S&P 500 closed 0.25% higher, while the Dow and Nasdaq Composite added 0.33% and 0.23% respectively. Apple Inc. posted strong results after-hours yesterday, and this should provide the platform for a broader tech rally in today's session. The equity momentum has been very strong, with investors willing to overlook a myriad of concerns, ranging from a tapering Fed to high valuations. VIX lower at 10.09. Meanwhile, US Treasury yields softened, with the long-end taking most of the hit. 2y benchmark yields were down less than 1 bp at 1.34%, but the 10y yield slumped to 2.25%, down 4 bps. Treasuries were supported by weak auto sales data, which investors perceived to be a sign for weaker consumption prints to come.

- **Singapore:** STI added 0.26% to close at 3338.20 yesterday and may range trade amid modest gain seen in Wall Street overnight and flattish morning cue from Kospi. STI's support and resistance are tipped at 3320 and 3340 respectively. With UST bond yields dipping up to 4bps lower in the longer tenors overnight, SGS bonds may reverse the sell-off seen yesterday.

- **Macau:** China's resilient growth and the provision of credit extensions by junkets supported the return of VIPs. Therefore, the impact of China's crackdown on corruption has been waning. Also, new hotels and casinos opened over the past two years have successfully attracted both high-rollers and recreational gamblers. Furthermore, visitor arrivals might have increased at a stronger pace during the summer holiday and render support to the mass-market segment of the gaming sector. However, it is still likely that the cooling housing markets in China's top-tier cities and tighter regulation on money laundering could weigh on the VIP segment. Therefore, we expect that GGR growth will print 12% to 15% yoy in 2017.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, with swap rates trading 1-3bps higher across all tenors. In the broader dollar space, the spread on JACI IG Corporates fell 1bps to 186bps. Similarly, the yield on JACI HY Corporates fell 1bps to 7.02%. 10y UST yields fell by 4bps to 2.25% after July auto sales came in weaker-than-expected, which stoked concerns about the impact of rising interest rates on consumer spending.

- **New Issues:** Axis Bank Ltd, through its DIFC branch, has priced a USD500mn 5-year bond at CT5+130bps, tightening from initial guidance of CT5+155bps area. The expected issue ratings are 'BBB-/Baa3/BBB-'. China Logistics Property Holdings Co has priced a USD100mn 3-year bond (guaranteed by certain non-PRC restricted subsidiaries) at 8%, unchanged from initial guidance. The expected issue ratings are 'NR/B3/B'. New Metro Global Ltd has priced a USD200mn 5NC3 bond (guaranteed by Future Land Holdings Co) at 5.25%, tightening from initial guidance of 5.75% area. The expected issue ratings are 'NR/Ba3/BB-'.

- **Rating Changes:** S&P has affirmed China Railway Group Ltd's (CREC) corporate credit rating and the rating on its guaranteed notes at 'BBB+', while revising the outlook to positive from stable. The rating action reflects S&P's view that CREC will continue to reduce its debt leverage and grow its revenue and profit over the next 12-24 months. Fitch has downgraded Global A&T Electronics Ltd's (GATE) Issuer Default Rating to 'C' from 'CC'. The rating action reflects GATE's announcement that it is unable to pay its coupon due on the 1st of August. GATE has also disclosed that it is in talks with certain bondholders for a potential debt restructuring.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.043	0.19%	USD-SGD	1.3579	0.19%
USD-JPY	110.360	0.09%	EUR-SGD	1.6027	-0.14%
EUR-USD	1.1802	-0.34%	JPY-SGD	1.2305	0.13%
AUD-USD	0.7969	-0.42%	GBP-SGD	1.7929	0.11%
GBP-USD	1.3203	-0.09%	AUD-SGD	1.0820	-0.23%
USD-MYR	4.2860	0.11%	NZD-SGD	1.0143	-0.37%
USD-CNY	6.7179	-0.13%	CHF-SGD	1.4062	0.31%
USD-IDR	13324	-0.01%	SGD-MYR	3.1571	0.09%
USD-VND	22721	-0.06%	SGD-CNY	4.9479	-0.18%

Equity and Commodity

Index	Value	Net change
DJIA	21,963.92	72.80
S&P	2,476.35	6.05
Nasdaq	6,362.94	14.82
Nikkei 225	19,985.79	60.61
STI	3,338.20	8.68
KLCI	1,765.13	5.10
JCI	5,805.21	-35.73
Baltic Dry	946.00	--
VIX	10.09	-0.17

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3700	--	O/N	1.1761	--
2M	-0.3400	--	1M	1.2317	--
3M	-0.3300	--	2M	1.2556	--
6M	-0.2710	--	3M	1.3106	--
9M	-0.2070	--	6M	1.4550	--
12M	-0.1510	--	12M	1.7273	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.24 (+0.01)	1.34 (-0.01)
5Y	1.57 (+0.03)	1.80 (-0.04)
10Y	2.13 (+0.03)	2.25 (-0.04)
15Y	2.33 (+0.03)	--
20Y	2.39 (+0.04)	--
30Y	2.46 (+0.03)	2.86 (-0.04)

Fed Rate Hike Probability

Meeting	Prob Hike	1-1.25	1.25-1.5	1.5-1.75	1.75 - 2.0
09/20/2017	5.6%	94.4%	5.6%	0.0%	0.0%
11/01/2017	10.3%	89.7%	10.0%	0.3%	0.0%
12/13/2017	38.7%	61.3%	35.2%	3.4%	0.1%
01/31/2018	40.4%	59.6%	36.0%	4.3%	0.2%
03/21/2018	56.0%	44.0%	42.2%	12.6%	1.2%
05/02/2018	56.8%	43.2%	42.2%	13.1%	1.4%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	14.91	-0.14
EURIBOR-OIS	2.90	0.05
TED	24.31	--

Commodities Futures

Energy	Futures	% chg
WTI (per barrel)	49.16	-2.01%
Brent (per barrel)	51.78	-1.65%
Heating Oil (per gallon)	1.6413	-0.64%
Gasoline (per gallon)	1.6613	-2.61%
Natural Gas (per MMBtu)	2.8190	0.89%

Base Metals	Futures	% chg
Copper (per mt)	6,351.5	-0.36%
Nickel (per mt)	10,248.0	0.71%
Aluminium (per mt)	1,888.3	-0.61%

Asian Commodities	Futures	% chg
Crude Palm Oil (MYR/MT)	2,654.0	-0.79%
Rubber (JPY/KG)	204.9	-0.39%

Precious Metals	Futures	% chg
Gold (per oz)	1,279.4	0.47%
Silver (per oz)	16.764	-0.13%

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

Key Economic Indicators

Date Time		Event		Survey	Actual	Prior	Revised
08/01/2017 07:00	**SK**	**CPI MoM**	**Jul**	**0.10%**	**0.20%**	**-0.10%**	**--**
08/01/2017 07:00	**SK**	**CPI YoY**	**Jul**	**2.10%**	**2.20%**	**1.90%**	**--**
08/01/2017 07:30	AU	AiG Perf of Mfg Index	Jul	--	56	55	--
08/01/2017 08:00	**SK**	**Exports YoY**	**Jul**	**15.90%**	**19.50%**	**13.70%**	**13.60%**
08/01/2017 08:30	**ID**	**Nikkei Indonesia PMI Mfg**	**Jul**	**--**	**48.6**	**49.5**	**--**
08/01/2017 08:30	**VN**	**Nikkei Vietnam PMI Mfg**	**Jul**	**--**	**51.7**	**52.5**	**--**
08/01/2017 08:30	**JN**	**Nikkei Japan PMI Mfg**	**Jul F**	**--**	**52.1**	**52.2**	**--**
08/01/2017 08:30	**SK**	**Nikkei South Korea PMI Mfg**	**Jul**	**--**	**49.1**	**50.1**	**--**
08/01/2017 08:30	**TA**	**Nikkei Taiwan PMI Mfg**	**Jul**	**--**	**53.6**	**53.3**	**--**
08/01/2017 09:45	**CH**	**Caixin China PMI Mfg**	**Jul**	**50.4**	**51.1**	**50.4**	**--**
08/01/2017 12:10	**ID**	**CPI YoY**	**Jul**	**3.92%**	**3.88%**	**4.37%**	**--**
08/01/2017 12:30	**AU**	**RBA Cash Rate Target**	**Aug-01**	**1.50%**	**1.50%**	**1.50%**	**--**
08/01/2017 13:00	**IN**	**Nikkei India PMI Mfg**	**Jul**	**--**	**47.9**	**50.9**	**--**
08/01/2017 14:00	**UK**	**Nationwide House PX MoM**	**Jul**	**-0.10%**	**0.30%**	**1.10%**	**--**
08/01/2017 14:00	**UK**	**Nationwide House Px NSA YoY**	**Jul**	**2.70%**	**2.90%**	**3.10%**	**--**
08/01/2017 14:30	**AU**	**Commodity Index SDR YoY**	**Jul**	**--**	**17.10%**	**25.00%**	**23.70%**
08/01/2017 15:00	**TH**	**CPI YoY**	**Jul**	**0.30%**	**0.17%**	**-0.05%**	**--**
08/01/2017 15:00	TH	CPI Core YoY	Jul	0.44%	0.48%	0.45%	--
08/01/2017 15:45	**IT**	**Markit/ADACI Italy Manufacturing PMI**	**Jul**	**55**	**55.1**	**55.2**	**--**
08/01/2017 15:50	**FR**	**Markit France Manufacturing PMI**	**Jul F**	**55.4**	**54.9**	**55.4**	**--**
08/01/2017 15:55	**GE**	**Markit/BME Germany Manufacturing PMI**	**Jul F**	**58.3**	**58.1**	**58.3**	**--**
08/01/2017 15:55	**GE**	**Unemployment Change (000's)**	**Jul**	**-5k**	**-9k**	**7k**	**6k**
08/01/2017 15:55	GE	Unemployment Claims Rate SA	Jul	5.70%	5.70%	5.70%	--
08/01/2017 16:00	**EC**	**Markit Eurozone Manufacturing PMI**	**Jul F**	**56.8**	**56.6**	**56.8**	**--**
08/01/2017 16:30	**UK**	**Markit UK PMI Manufacturing SA**	**Jul**	**54.5**	**55.1**	**54.3**	**54.2**
08/01/2017 17:00	**EC**	**GDP SA QoQ**	**2Q A**	**0.60%**	**0.60%**	**0.60%**	**0.50%**
08/01/2017 17:00	**EC**	**GDP SA YoY**	**2Q A**	**2.10%**	**2.10%**	**1.90%**	**--**
08/01/2017 20:30	**US**	**Personal Income**	**Jun**	**0.40%**	**0.00%**	**0.40%**	**0.30%**
08/01/2017 20:30	**US**	**Personal Spending**	**Jun**	**0.10%**	**0.10%**	**0.10%**	**0.20%**
08/01/2017 21:30	**CA**	**Markit Canada Manufacturing PMI**	**Jul**	**--**	**55.5**	**54.7**	**--**
08/01/2017 21:45	**US**	**Markit US Manufacturing PMI**	**Jul F**	**53.2**	**53.3**	**53.2**	**--**
08/01/2017 22:00	**US**	**ISM Manufacturing**	**Jul**	**56.4**	**56.3**	**57.8**	**--**
08/01/2017 22:00	**US**	**ISM Prices Paid**	**Jul**	**55.8**	**62**	**55**	**--**
08/01/2017 22:00	**US**	**Construction Spending MoM**	**Jun**	**0.40%**	**-1.30%**	**0.00%**	**0.30%**
08/02/2017 01:00	NZ	QV House Prices YoY	Jul	--	6.40%	8.10%	--
08/02/2017 06:45	**NZ**	**Unemployment Rate**	**2Q**	**4.80%**	**4.80%**	**4.90%**	**--**
08/02/2017 06:45	**NZ**	**Employment Change QoQ**	**2Q**	**0.70%**	**-0.20%**	**1.20%**	**1.10%**
08/02/2017 07:50	**JN**	**Monetary Base YoY**	**Jul**	**--**	**--**	**17.00%**	**--**
08/02/2017 09:30	**AU**	**Building Approvals MoM**	**Jun**	**1.00%**	**--**	**-5.60%**	**--**
08/02/2017 16:30	UK	Markit/CIPS UK Construction PMI	Jul	54	--	54.8	--
08/02/2017 16:30	**HK**	**Retail Sales Value YoY**	**Jun**	**2.30%**	**--**	**0.50%**	**--**
08/02/2017 17:00	**IN**	**RBI Repurchase Rate**	**Aug-02**	**6.00%**	**--**	**6.25%**	**--**
08/02/2017 17:00	**IN**	**RBI Reverse Repo Rate**	**Aug-02**	**5.75%**	**--**	**6.00%**	**--**
08/02/2017 17:00	IN	RBI Cash Reserve Ratio	Aug-02	4.00%	--	4.00%	--
08/02/2017 19:00	**US**	**MBA Mortgage Applications**	**Jul-28**	**--**	**--**	**0.40%**	**--**
08/02/2017 20:15	**US**	**ADP Employment Change**	**Jul**	**190k**	**--**	**158k**	**--**
08/02/2017 21:00	**SI**	**Purchasing Managers Index**	**Jul**	**--**	**--**	**50.9**	**--**

Source: Bloomberg

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