

Highlights

Global	Market sentiment appears to be relatively supported by US ISM manufacturing print, which printed better than market expectations in June, at 57.8 against 54.9 of the previous month. Given that US is heading into Independence Day holiday overnight, market might see lower volumes. Meanwhile, news about exaggerated movements in after-hours trading of Nasdaq would also command market attention. Shares in some of the biggest technology shares have reportedly swung wildly, with stocks like Google and Apple down or up by more than 50% in yet-to-be-explained movement.
SG	Manufacturing PMI rose for its 10 th consecutive month, led higher by new orders, output, and inventories.
CH	The debut trading volume via the bond connect reached CNY7.048 billion yesterday. 70 offshore institutions participated in China's bond market on the first day. Meanwhile, the primary issuance of Agriculture Development Bank of China's bond also received strong demand. Those showed the rising interest in China's assets due to an improved currency outlook.
ID	President Joko Widodo said that his government is planning to ease foreign ownership restrictions on certain industry sectors. In an interview with Reuters ahead of G20 summit in Hamburg, he added that he hopes for an additional USD10bn inflows from pension funds and other institutional investors over 2 years after S&P's recent investment grade upgrade.
MU	Gross gaming revenue (GGR) rose at its fastest pace since February 2014 and was up 25.9% yoy in June. The growth was mainly due to a low base effect which missed market expectations. Furthermore, GGR printed MOP 19.994 billion in June, its lowest level since January. Summer holidays during July and August may help to boost GGR back to above MOP 20 billion. As China's growth has been stronger than expected, we believe that tourism sector and the mass-market segment to remain resilient. However, with China's housing boom being calmed by cooling measures and tightening policy on money laundering, we expect the growth of VIP revenue to be volatile. Policy risks are also likely to hit low-end gambling demand. All in all, given the rosy performance of the gaming sector in 1H (GGR grew by 17.2% yoy in 1H), we revise our forecast on GGR growth for 2017 to about 12%.
KR	Domestic prices fell in June (-0.1% momsa, +1.9% yoy), disappointing market estimates, while core inflation was flat compared to May's at 1.4%. Though higher food and non-alcoholic beverage prices were seen, it was not enough to offset lower oil prices (transport prices decelerated to 2.0%yoy from a prior 4.5%) and recreation (-1.0% yoy).
TH	Inflation turned deflationary into June. Consumer prices fell 0.05%yoy, the first deflation print since March 2016, led by lower food and oil prices. Core inflation at 0.45% was also the lowest since March 2010.
Commodities	Crude oil prices rose for the 8 th consecutive trading day, as market-watchers increasingly latch on to the higher demand story. As reiterated, US oil demand is likely to point north, underpinned by the US driving season. In Asia, oil demand continues to support oil prices, especially led by Chinese demand. Gold fell to its lowest since May to \$1,219.2/oz as dollar rose to its strongest since March.

Major Markets

- **US:** Equities ended mixed in a holiday shortened trading session. The S&P 500 and Dow firmer by 0.23% and 0.61% respectively, while the Nasdaq Composite shedding 0.50%. The broad market is supported by a good showing in US ISM manufacturing data. The pattern of trade appear similar to previous sessions, with energy and financials leading gains, but the tech sector underperforming. VIX up 0.36% to 11.22. The strong showing in ISM data also supported US Treasury yields. 2y and 10y yields firmed 3-4 bps to 1.41% and 2.35% respectively. 2y yields stand at the highest level since June 2009.
- **Singapore:** The STI index fell by 3.02% to close at 3,223.46. The index was dragged by Wilmar International Ltd (-1.49%), Singapore Press Holdings Ltd (-1.24%) and Jardine Cycle & Carriage Ltd (-0.70%). However, gains by Yangzijiang Shipbuilding Holdings Ltd (+2.52%), Sembcorp Industries Ltd (+1.3%) and Hongkong Land Holdings Ltd (+1.22%) cushioned the overall loss.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates trading 1-7bps higher across all tenors. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%-PERPs, STHSP 3.95%-PERPs, LMRTSP 6.6%-PERPs, and mixed interest seen in WINGTA 4.08%-PERPs and OLAMSP 4.25% '19s. In the broader dollar space, the spread on JACI IG Corporates fell by 2bps to 187bps, while the yield on JACI HY Corporates rose by 2bps to 6.89%. 10y UST yields rose by 5bps to 2.35%, as the Institute for Supply Management's (ISM) PMI index rose more than expected.
- **New Issues:** Hengjian International Investment Limited has priced a USD500mn 3-year bond (guaranteed by Guangdong Hengjian Investment Holding Co Ltd) at CT3+130bps, tightening from initial guidance of CT3+160bps. The expected issue ratings are 'NR/A3/A+'. Bank of China Ltd, Hong Kong Branch has priced a USD1.05bn two-tranche deal, with the USD550mn 2-year bond priced at 3mL+73bps, tightening from initial guidance of 3mL+95bps; and the USD500mn 5-year bond priced at 3mL+88bps, tightening from initial guidance of 3mL+110bps. The expected issue ratings are 'A/A1/A'. The Agricultural Bank of China has scheduled investor meetings for potential USD bond issuance from 3 Jul.
- **Rating Changes:** Moody's has assigned Australian Catholic University Limited's (ACU) forthcoming AUD Medium Term Notes programme a provisional '(P)Aa2' rating. The rating action reflects ACU's 'Aa2' issuer rating. Moody's has assigned University of Technology Sydney's (UTS) forthcoming AUD Medium Term Notes programme a provisional '(P)Aa1' rating. The rating action reflects UTS's 'Aa1' issuer rating. Fitch has affirmed eHi Car Services Limited's (EHI) 'BB-' long-term issuer default rating, while revising its outlook to negative from stable. The rating action reflects EHI's higher leverage, ongoing CAPEX requirements and Fitch's expectation that deleveraging is not probable for EHI in the next few years.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.218	0.62%	USD-SGD	1.3827	0.47%
USD-JPY	113.380	0.88%	EUR-SGD	1.5713	-0.08%
EUR-USD	1.1364	-0.54%	JPY-SGD	1.2195	-0.43%
AUD-USD	0.7661	-0.36%	GBP-SGD	1.7893	-0.20%
GBP-USD	1.2940	-0.65%	AUD-SGD	1.0592	0.08%
USD-MYR	4.3005	0.18%	NZD-SGD	1.0087	-0.01%
USD-CNY	6.8003	0.29%	CHF-SGD	1.4349	0.02%
USD-IDR	13368	0.15%	SGD-MYR	3.1130	-0.19%
USD-VND	22733	0.01%	SGD-CNY	4.9174	-0.18%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	1.1617	--
2M	-0.3420	--	1M	1.2239	--
3M	-0.3310	--	2M	1.2533	--
6M	-0.2710	--	3M	1.2992	--
9M	-0.1970	--	6M	1.4477	--
12M	-0.1560	--	12M	1.7384	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.22 (-)	1.41 (+0.03)	-0.60 (-0.01)	-0.40 (-0.01)	-0.15 (-0.02)
5Y	1.54 (+0.04)	1.93 (+0.04)	-0.23 (-0.01)	-0.06 (-0.01)	0.83 (-0.03)
10Y	2.15 (+0.06)	2.35 (+0.05)	0.48 (+0.01)	0.83 (+0.01)	2.13 (-0.02)
15Y	2.33 (+0.06)	--	0.74 (+0.01)	1.19 (+0.02)	2.71 (-0.02)
20Y	2.44 (+0.06)	--	1.00 (+0.02)	1.50 (+0.02)	2.84 (-0.02)
30Y	2.49 (+0.06)	2.87 (+0.03)	1.27 (+0.02)	1.77 (+0.03)	3.26 (-0.04)

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
26/07/2017	0.0%	0.7%	99.3%	0.0%	0.0%
20/09/2017	16.0%	0.6%	83.4%	16.0%	0.0%
01/11/2017	16.7%	0.6%	82.8%	16.5%	0.1%
13/12/2017	51.6%	0.3%	48.1%	44.5%	7.1%
31/01/2018	52.5%	0.3%	47.2%	44.6%	7.7%
21/03/2017	67.8%	0.2%	32.0%	45.4%	19.7%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	47.07	2.24%	Copper (per mt)	5,937.0	-0.66%
Brent (per barrel)	49.68	3.67%	Nickel (per mt)	9,351.5	-0.04%
Heating Oil (per gallon)	1.5128	2.53%	Aluminium (per mt)	1,918.0	0.39%
Gasoline (per gallon)	1.5348	1.29%			
Natural Gas (per MMBtu)	2.9510	-2.77%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,503.0	1.79%
			Rubber (JPY/KG)	203.9	1.44%
Precious Metals	Futures	% chg			
Gold (per oz)	1,219.2	-1.86%			
Silver (per oz)	16.092	-3.22%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	21,479.27	129.64
S&P	2,429.01	5.60
Nasdaq	6,110.06	-30.36
Nikkei 225	20,055.80	22.37
STI	3,223.46	-3.02
KLCI	1,768.67	5.00
JCI	5,910.24	80.53
Baltic Dry	901.00	--
VIX	11.22	--

Financial Spread (bps)

	Value	Change
LIBOR-OIS	13.63	0.14
EURIBOR-OIS	2.73	-0.04
TED	28.73	--

Government CDS (USD)

	5Y	% Change
Germany	15.047	-2.89%
France	21.619	-0.89%
Italy	144.871	-0.51%

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
07/03/2017	07:30	AU	AiG Perf of Mfg Index	Jun	--	55	54.8 --
07/03/2017	07:50	JN	Tankan Large Mfg Index	2Q	15	17	12 --
07/03/2017	07:50	JN	Tankan Large Mfg Outlook	2Q	14	15	11 --
07/03/2017	07:50	JN	Tankan Large Non-Mfg Index	2Q	23	23	20 --
07/03/2017	07:50	JN	Tankan Large Non-Mfg Outlook	2Q	21	18	16 --
07/03/2017	07:50	JN	Tankan Large All Industry Capex	2Q	7.20%	8.00%	0.60% --
07/03/2017	08:30	ID	Nikkei Indonesia PMI Mfg	Jun	--	49.5	50.6 --
07/03/2017	08:30	VN	Nikkei Vietnam PMI Mfg	Jun	--	52.5	51.6 --
07/03/2017	08:30	JN	Nikkei Japan PMI Mfg	Jun F	--	52.4	52 --
07/03/2017	08:30	SK	Nikkei South Korea PMI Mfg	Jun	--	50.1	49.2 --
07/03/2017	08:30	TA	Nikkei Taiwan PMI Mfg	Jun	--	53.3	53.1 --
07/03/2017	09:00	AU	Melbourne Institute Inflation MoM	Jun	--	0.10%	0.00% --
07/03/2017	09:00	AU	Melbourne Institute Inflation YoY	Jun	--	2.30%	2.80% --
07/03/2017	09:30	AU	ANZ Job Advertisements MoM	Jun	--	2.70%	0.40% --
07/03/2017	09:30	AU	Building Approvals MoM	May	-1.30%	-5.60%	4.40% --
07/03/2017	09:30	AU	Building Approvals YoY	May	-14.10%	-19.70%	-17.20% --
07/03/2017	09:45	CH	Caixin China PMI Mfg	Jun	49.8	50.4	49.6 --
07/03/2017	11:30	TH	CPI YoY	Jun	0.00%	-0.05%	-0.04% --
07/03/2017	11:30	TH	CPI NSA MoM	Jun	-0.04%	0.02%	0.15% --
07/03/2017	11:30	TH	CPI Core YoY	Jun	0.44%	0.45%	0.46% --
07/03/2017	12:00	ID	CPI Core YoY	Jun	3.21%	3.13%	3.20% --
07/03/2017	12:00	ID	CPI YoY	Jun	4.29%	4.37%	4.33% --
07/03/2017	12:00	ID	CPI NSA MoM	Jun	0.60%	0.69%	0.39% --
07/03/2017	13:00	IN	Nikkei India PMI Mfg	Jun	--	50.9	51.6 --
07/03/2017	13:00	JN	Vehicle Sales YoY	Jun	--	9.70%	6.10% --
07/03/2017	14:30	AU	Commodity Index AUD	Jun	--	119.5	128.5
07/03/2017	14:30	AU	Commodity Index SDR YoY	Jun	--	25.00%	32.60%
07/03/2017	15:30	TH	Business Sentiment Index	Jun	--	50.7	52.3 --
07/03/2017	15:45	IT	Markit/ADACI Italy Manufacturing PMI	Jun	55.3	55.2	55.1 --
07/03/2017	15:50	FR	Markit France Manufacturing PMI	Jun F	55	54.8	55 --
07/03/2017	15:55	GE	Markit/BME Germany Manufacturing PMI	Jun F	59.3	59.6	59.3 --
07/03/2017	16:00	EC	Markit Eurozone Manufacturing PMI	Jun F	57.3	57.4	57.3 --
07/03/2017	16:00	IT	Unemployment Rate	May P	11.20%	11.30%	11.10%
07/03/2017	16:30	UK	Markit UK PMI Manufacturing SA	Jun	56.3	54.3	56.7
07/03/2017	17:00	EC	Unemployment Rate	May	9.30%	9.30%	9.30% --
07/03/2017	21:00	SI	Purchasing Managers Index	Jun	50.6	50.9	50.8 --
07/03/2017	21:00	SI	Electronics Sector Index	Jun	--	52.1	52.4 --
07/03/2017	21:45	US	Markit US Manufacturing PMI	Jun F	52.1	52	52.1 --
07/03/2017	22:00	US	ISM Manufacturing	Jun	55.3	57.8	54.9 --
07/03/2017	22:00	US	ISM Prices Paid	Jun	58.5	55	60.5 --
07/03/2017	22:00	US	Construction Spending MoM	May	0.30%	0.00%	-1.40%
07/04/2017	00:00	IT	New Car Registrations YoY	Jun	--	12.88%	8.19%
07/04/2017	00:13	IT	Budget Balance	Jun	--	-8.2b	-7.5b --
07/04/2017	07:00	SK	CPI MoM	Jun	-0.10%	-0.10%	0.10% --
07/04/2017	07:00	SK	CPI YoY	Jun	2.00%	1.90%	2.00% --
07/04/2017	07:50	JN	Monetary Base YoY	Jun	19.20%	--	19.40% --
07/04/2017	09:30	AU	Retail Sales MoM	May	0.20%	--	1.00% --
07/04/2017	12:30	AU	RBA Cash Rate Target	Jul-04	1.50%	--	1.50% --
07/04/2017	16:30	UK	Markit/CIPS UK Construction PMI	Jun	55	--	56 --
07/04/2017	17:00	EC	PPI MoM	May	-0.20%	--	0.00% --
07/04/2017	17:00	EC	PPI YoY	May	3.50%	--	4.30% --
07/04/2017	21:30	CA	Markit Canada Manufacturing PMI	Jun	--	--	55.1 --
07/03/2017	07/04	US	Wards Total Vehicle Sales	Jun	16.53m	16.41m	16.58m --
07/03/2017	07/04	US	Wards Domestic Vehicle Sales	Jun	12.94m	12.79m	12.84m --

Source: Bloomberg

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