

Highlights

Global	<p>US nonfarm payrolls surprised on the upside at +211k while the unemployment rate unexpectedly fell to 4.4% (lowest since May07), down from +79k and 4.5% previously in March. Consensus forecasts were only anticipating +190k and 4.6% respectively. The kneejerk reaction was typical, with USD, Wall Street and UST bond yields higher, with the futures market pricing for a June hike surging. The other key development over the weekend was that Emmanuel Macron is set to become the next and youngest French president after the weekend election, with a well over 20% lead, and pledged that a “new chapter has been opened”, albeit the parliamentary elections in June. Elsewhere, news that Russia is ready to join OPEC in extending production cuts staved off further weakness in crude oil prices.</p> <p>Asian markets should heave a sigh of relief at the prospect that Brexit has been avoided and US labour market remains robust to fully price in a June FOMC rate hike. Today’s economic data calendar marks a quiet start to the week post-payrolls, with market likely to zoom in on China’s inflation and trade data, apart from German factory orders, UK Halifax house prices, Taiwan’s trade and foreign reserves data across Asia. Fed’s Meter and Bullard are also speaking today. For the week ahead, BOE, RBNZ and BSP are meeting on Thursday and BNM on Friday, but are unlikely to rock the boat for now. South Korea is also headed to the polls tomorrow (voting starts at 6am and closes at 8pm), with frontrunner Moon Jae-in pledging to rein in chaebols, create jobs for youth and seek talks with North Korea.</p>
US	<p>Fed’s Williams said “I haven’t changed, again, my views on what appropriate policy is” and reiterated his view that the FOMC should start shrinking his balance sheet later this year. Meanwhile, wages rose 2.5% yoy (+0.3% mom) in April, whilst the under-employment rate also fell to its lowest since Nov07. Services added 183k jobs, while goods-producing contributed 21k. Private sector hiring also accelerated from 54k to 173k, and the workweek rose 0.3% to 34.4 hours.</p>
UK	<p>Local elections saw Theresa May’s Conservative Party winning 1,992 of the 4,851 council seats contested last Thursday, with a net gain of 556 seats. This bode well for the 8 June general elections.</p>
CH	<p>China’s FX reserve rebounded by US\$20.4 billion in April to US\$3.0295 trillion, up for its third consecutive month. The recovery of China’s FX reserve was mainly due to a valuation effect, benefiting from the correction of the broad dollar in April. Given the unwinding of the strong dollar expectation after Trump’s tax reform plan which did not include the border adjustment tax element, we think that the RMB is likely to remain stable in the coming months. This should further warrant the stability of China’s FX reserve in the next few months.</p>

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Major Markets

- **US:** Equities ended the week on a positive note, with the S&P 500 and Nasdaq both closing at all-time highs, after gaining 0.41% and 0.42% respectively. The S&P 500 ended a shade below the 2400 handle, while the Nasdaq closed above 6100. Meanwhile, the Dow also gained 0.27% to close within a sliver of its high marked in March 2017. Equities were buoyed by April's non-farm payrolls data, which printed a strong number. This gave investors confidence in the underlying economy in the US. Energy stocks led gains as crude prices rebounded 2% after touching below US\$45 per barrel. We expect the positive sentiments derived from payrolls data and Macron's victory in French elections to continue to drive equities ahead in the coming week. VIX closed at 10.57.
- Meanwhile, US Treasuries were largely unchanged. The yield curve flattened slightly as shorter term notes underperformed. The 2-year yield rose to 1.31%, while the 10-year yield declined to 2.35%. Treasuries may remain pressured this week if risk sentiments build up following the lifting of election uncertainty in France.
- **Singapore:** STI ended nearly flat (+0.03%) to close at 3229.73 on Friday, but may open on a firmer tone today given the renewed market optimism post-NFP and French election results. STI's support and resistance are tipped at 3200 and 3250 respectively. With the recovery of risk appetite to kickstart this week, SGS bond market may again sell off today after yields had closing.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards last Friday, with swap rates trading 1-3bps higher across all tenors. Flows in SGD corporates were heavy, with better buying seen in HPLSP 4.65%'49s, NTUCSP 3.65%'27s, better selling seen in MAPLSP 4.5%'49s, mixed interest in OUESP 3.75%'22s, BNP 4.3%'25s, BNP 3.65%'24s, UOBSP 3.5%'29s, SCISP 4.75%'49s, MAPLSP 5.13%'49s, MLTSP 4.18%'49s, ABNANV 4.75%'26s. In the broader dollar space, the spread on JACI IG corporates held steady at 195bps, while the yield on JACI HY corporates added 2bps to 6.63%. 10y UST yield changed little at 2.35% last Friday, after Treasuries prices fell when nonfarm payrolls increased more than forecast, followed by a rebound as attention turned to downward revisions to March data and an unexpected drop in y/y average hourly earnings.
- **New Issues:** Huachen Energy Co. Ltd. scheduled investor meetings from 8 May for potential USD bond issuance. The expected issue ratings are 'NR/B2/NR'.
- **Rating Changes:** Moody's upgraded Yingde Gases Group Company Limited's (Yingde Gases) corporate family rating to 'B3' from 'Caa1'. In addition, Moody's upgraded the senior unsecured rating on the bonds issued by Yingde Gases Investment Limited and guaranteed by Yingde Gases to 'Caa1' from 'Caa2'. The ratings have been placed on review for further upgrade. The rating action reflects Yingde Gases' reduced risk of default following its change of ownership and management control to PAG Asia II LP, an investment partnership managed by PAG Asia Capital Limited. Moody's assigned a first-time '(P)B1' corporate family rating and '(P)B2' senior unsecured rating to the proposed bond issued by Huachen Energy Co. Ltd. (Huachen) The rating action reflects Huachen's solid market positions in the power generation sector in Zhangjiagang in Jiangsu Province and Zhengzhou in Henan Province; and its competitiveness due to its high operating efficiency.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.648	-0.15%	USD-SGD	1.4049	0.31%
USD-JPY	112.710	0.22%	EUR-SGD	1.5450	0.43%
EUR-USD	1.0998	0.12%	JPY-SGD	1.2464	0.09%
AUD-USD	0.7424	0.20%	GBP-SGD	1.8242	0.79%
GBP-USD	1.2982	0.46%	AUD-SGD	1.0426	0.47%
USD-MYR	4.3387	0.26%	NZD-SGD	0.9723	1.06%
USD-CNY	6.9031	0.10%	CHF-SGD	1.4233	0.24%
USD-IDR	13330	0.02%	SGD-MYR	3.0897	-0.26%
USD-VND	22733	-0.07%	SGD-CNY	4.9181	-0.06%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3740	--	O/N	0.9278	--
2M	-0.3400	--	1M	0.9944	0.0017
3M	-0.3290	--	2M	1.0600	-0.0003
6M	-0.2480	0.0020	3M	1.1804	0.0011
9M	-0.1780	0.0010	6M	1.4327	-0.0033
12M	-0.1240	0.0020	12M	1.7790	-0.0017

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.24 (-)	1.31 (-)	-0.69 (+0.02)	-0.44 (+0.02)	-0.14 (-0.02)
5Y	1.62 (+0.01)	1.88 (-)	-0.30 (+0.02)	-0.06 (+0.01)	0.94 (-0.05)
10Y	2.16 (+0.01)	2.35 (-0.01)	0.42 (+0.02)	0.84 (+0.02)	2.16 (-0.09)
15Y	2.33 (+0.02)	--	0.62 (+0.02)	1.19 (+0.01)	2.66 (-0.08)
20Y	2.43 (+0.02)	--	0.91 (+0.02)	1.51 (+0.01)	2.78 (-0.08)
30Y	2.48 (+0.02)	2.98 (-0.02)	1.19 (+0.02)	1.81 (+0.01)	3.23 (-0.08)

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
14/06/2017	100.0%	0.0%	98.8%	1.3%	0.0%
26/07/2017	92.8%	0.0%	91.7%	1.2%	0.0%
20/09/2017	96.1%	0.0%	52.8%	42.8%	0.5%
13/12/2017	97.1%	0.0%	40.3%	45.1%	11.4%
31/01/2018	97.3%	0.0%	38.1%	44.8%	13.4%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	46.22	1.54%	Copper (per mt)	5,554.5	0.70%
Brent (per barrel)	49.10	1.49%	Nickel (per mt)	9,096.5	1.45%
Heating Oil (per gallon)	1.4366	1.72%	Aluminium (per mt)	1,895.3	-0.54%
Gasoline (per gallon)	1.5046	1.58%			
Natural Gas (per MMBtu)	3.2660	2.51%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,775.0	1.65%
			Rubber (JPY/KG)	270.0	0.00%
Precious Metals	Futures	% chg			
Gold (per oz)	1,226.9	-0.14%			
Silver (per oz)	16.215	-0.18%			

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

Equity and Commodity

Index	Value	Net change
DJIA	21,006.94	55.47
S&P	2,399.29	9.77
Nasdaq	6,100.76	25.42
Nikkei 225	19,445.70	--
STI	3,229.73	1.11
KLCI	1,762.74	4.07
JCI	5,683.38	13.93
Baltic Dry	994.00	-10.00
VIX	10.57	0.11

Financial Spread (bps)

	Value	Change
LIBOR-OIS	15.54	-1.05
EURIBOR-OIS	3.00	-0.20
TED	29.54	-0.20

Government CDS (USD)

	5Y	% Change
Germany	16.808	-3.18%
France	31.387	-1.48%
Italy	157.454	-2.93%

CFTC Commodities Futures and Options

For the week ended: 02 May 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Wheat	-104,219	-143,292	39,073	Nymex Crude	429,219	456,693	-27,474
Natural Gas	21,388	-2,898	24,286	Silver	71,812	94,428	-22,616
Corn	-113,075	-123,048	9,973	Sugar	53,990	71,137	-17,147
Copper	18,526	12,576	5,950	Heating Oil	14,352	31,404	-17,052
Lean Hogs	18,429	13,111	5,318	Gold	185,006	196,259	-11,253
Soybean	-33,207	-38,371	5,164	RBOB Gasoline	41,206	51,830	-10,624
Cotton	113,255	108,904	4,351	Platinum	16,885	27,088	-10,203
Palladium	21,365	19,826	1,539	Cocoa	-34,764	-27,188	-7,576
Live Cattle	155,719	159,874	-4,155	Coffee	-4,142	95	-4,237

Date	Time	Event		Survey	Actual	Prior	Revised
05/05/2017	07:30	AU AiG Perf of Construction Index	Apr	--	51.9	51.2	--
05/05/2017	08:30	TA CPI YoY	Apr	0.50%	0.12%	0.18%	--
05/05/2017	08:30	TA WPI YoY	Apr	1.57%	1.12%	1.84%	1.74%
05/05/2017	08:30	HK Nikkei Hong Kong PMI	Apr	--	51.1	49.9	--
05/05/2017	09:00	PH CPI YoY	Apr	3.50%	3.40%	3.40%	--
05/05/2017	10:14	ID GDP YoY	1Q	5.10%	5.01%	4.94%	--
05/05/2017	11:00	NZ 2Yr Inflation Expectation	2Q	--	2.17%	1.92%	--
05/05/2017	12:00	MA Exports YoY	Mar	20.00%	24.10%	26.50%	26.60%
05/05/2017	12:00	MA Imports YoY	Mar	28.60%	39.40%	27.70%	--
05/05/2017	12:00	MA Trade Balance MYR	Mar	9.35b	5.41b	8.71b	8.73b
05/05/2017	15:00	MA Foreign Reserves	Apr-28	--	\$96.1b	\$95.7b	--
05/05/2017	15:30	GE Markit Germany Construction PMI	Apr	--	54.6	56.4	--
05/05/2017	15:30	TH Foreign Reserves	Apr-28	--	\$184.5b	\$183.6b	--
05/05/2017	16:10	GE Markit Germany Retail PMI	Apr	--	56.2	52.5	--
05/05/2017	16:10	EC Markit Eurozone Retail PMI	Apr	--	52.7	49.5	--
05/05/2017	16:10	FR Markit France Retail PMI	Apr	--	51.8	49.4	--
05/05/2017	16:10	IT Markit Italy Retail PMI	Apr	--	48.3	45.1	--
05/05/2017	16:20	TA Foreign Reserves	Apr	--	\$438.43b	\$437.53b	--
05/05/2017	16:30	HK Retail Sales Value YoY	Mar	-0.90%	3.10%	-5.70%	--
05/05/2017	16:30	HK Retail Sales Volume YoY	Mar	-1.00%	2.70%	-6.10%	--
05/05/2017	17:14	PH Foreign Reserves	Apr	--	\$81.8b	\$80.9b	--
05/05/2017	20:30	US Change in Nonfarm Payrolls	Apr	190k	211k	98k	79k
05/05/2017	20:30	CA Net Change in Employment	Apr	10.0k	3.2k	19.4k	--
05/05/2017	20:30	CA Unemployment Rate	Apr	6.70%	6.50%	6.70%	--
05/05/2017	20:30	US Change in Private Payrolls	Apr	190k	194k	89k	77k
05/05/2017	20:30	CA Full Time Employment Change	Apr	--	-31.2	18.4	--
05/05/2017	20:30	US Change in Manufact. Payrolls	Apr	10k	6k	11k	13k
05/05/2017	20:30	US Unemployment Rate	Apr	4.60%	4.40%	4.50%	--
05/07/2017		CH Foreign Reserves	Apr	\$3020.0b	\$3029.5b	\$3009.1b	--
05/08/2017	09:30	AU Building Approvals YoY	Mar	-10.00%	--	-4.90%	--
05/08/2017	09:30	AU ANZ Job Advertisements MoM	Apr	--	--	0.30%	--
05/08/2017	09:30	AU NAB Business Conditions	Apr	--	--	14	--
05/08/2017	09:30	AU NAB Business Confidence	Apr	--	--	6	--
05/08/2017	14:00	GE Factory Orders WDA YoY	Mar	2.10%	--	4.60%	--
05/08/2017	15:30	UK Halifax House Price 3M/Year	Apr	3.60%	--	3.80%	--
05/08/2017	16:00	TA Trade Balance	Apr	\$4.00b	--	\$3.93b	--
05/08/2017	16:00	TA Exports YoY	Apr	10.90%	--	13.20%	--
05/08/2017	16:00	TA Imports YoY	Apr	18.00%	--	19.80%	--
05/08/2017	17:00	SI Foreign Reserves	Apr	--	--	\$259.15b	--
05/08/2017	17:00	IT Bol Balance Sheet Aggregates					
05/08/2017	20:15	CA Housing Starts	Apr	215.0k	--	253.7k	253.2k
05/08/2017		HK Foreign Reserves	Apr	--	--	\$395.6b	--
05/08/2017		CH Imports YoY	Apr	18.00%	--	20.30%	--
05/08/2017		CH Exports YoY	Apr	11.30%	--	16.40%	--
05/08/2017		CH Trade Balance	Apr	\$35.20b	--	\$23.93b	\$23.92b
05/08/2017		ID Foreign Reserves	Apr	--	--	\$121.81b	--
05/08/2017	05/13	VN Domestic Vehicle Sales YoY	Apr	--	--	-1.70%	--

Source: Bloomberg

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