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Highlights

Global	Investors are confronted with a US tech market sell-off on Friday, lingering uncertainty over a UK hung parliament (with PM May address the 1922 Committee of Tory lawmakers today which may determine her longevity as PM), weekend French parliamentary elections (with President Macron's party Republic on the Move likely headed for a majority in the National Assembly with 33% of the vote that could give him up to 445 out of 577 seats according to Elabe) and the upcoming FOMC meeting with another potential 25bp rate hike, financial markets, including Asia, may tread a cautious path in the interim. Today's economic data calendar is light with only Singapore's retail sales and India's CPI and industrial production, hence market focus will still be mostly on newsflow. For this week, other central bank meetings include BOJ and BOE who are tipped to be static for now.
US	US' wholesale inventories fell 0.5% in Apr, compared to a decline of 0.3% in Mar. Meanwhile, president Trump has called James Comey leaks very "cowardly", even as AG Sessions has offered to testify as well. Equities, as a whole, sailed through the political uncertainties in Washington and the UK relatively unscathed. The Dow closed the week on a high, up 0.42% to a new record, while the S&P 500 was marginally lower. The big news is in the tech sector, where mega-caps like the FANG stocks fell 3-5%, on some bearish tweets and a cautionary report by Goldman analysts. The Nasdaq was pulled lower by 1.80% as a result. The tech sector has had a very good run year-to-date, with signs of over-buying apparent. Key to watch if this will lead to a quick rebound, or a deeper consolidation. VIX is higher by 5.3% to 10.70. Meanwhile, US Treasury yields were firmer on Friday. Losses in US Treasuries were deeper, but reversed on the sharp losses in the tech stocks. Overall, 2y and 10y benchmark yields were higher by about 2 bps, to 1.33% and 2.20%. Early this week, we will see new issuances of 3y, 10y (both Monday) and 30y (Tuesday) Treasuries. The central bank calendar also busy, with the Fed, SNB and BoE meetings coming up this week.
SG	Retail sales likely rose 4.3% yoy (+3.0% momsa) in Apr, versus 2.1% yoy (-0.3% mom sa) in Mar, amid the improving consumer sentiments and a still resilient labour market. STI climbed another 0.53% at 3254.19 on Friday, but may tread cautiously this morning, given Friday's US tech rout and morning weakness seen in Kospi. STI could see support and resistance at 3240 and 3260 respectively. With UST bond yields selling off some 1-2bps on Friday, SGS bonds may mirror the market action today as well, but declines are likely muted by the possible stock market weakness.
ID	The state-owned electricity provider, PLN, is reportedly planning to offer asset-backed securities to raise funds for its IDR1000tn electricity infrastructure development plan. The company is said to be planning to use revenue from its 3400MW Suralaya plant as the underlying asset for these notes.
MA	Sarawak's state government is planning to establish a state-owned offshore oil and gas exploration company. According to the Star newspaper, Chief Minister Datuk Amar Abang Johari Tun Openg said that he has discussed the plan with national oil company, Petronas, in terms of its planned participation in the industry.

Bond Market Updates

- **Market Commentary:** The SGD swap curve was relatively flattish last Friday. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%'49s, STHSP 3.95%'49s. The iTraxx Asia ex-Japan IG index fell 1bps to close at 86bps last Friday. 10y UST yields rose 1bps to 2.20%, with Treasuries recouping a portion of their session losses into the close after sharp drop in the Nasdaq composite drove a rebound, led by the long-end of the curve.
- **Rating Changes:** Moody's affirmed JD.com Inc.'s (JD.com) 'Baa3' issuer and senior unsecured ratings and revised the company's outlook to positive from ratings under review. The rating action reflects Moody's expectation that JD.com will sustain the profitable level of operations reported in 1Q 2017, and the improvement in JD.com's financial position, if it completes the disposal of its equity stake of 68.6% in JD Finance. Moody's Investors Service has affirmed the 'Baa1' issuer ratings of China Baowu Steel Group Corporation Limited (Baowu) and its flagship subsidiary, Baoshan Iron & Steel Co., Ltd. (BISC). In addition, Moody's affirmed the 'Baa2' issuer rating of Baosteel Resources International Company Ltd's (BRIC), a wholly owned subsidiary of Baowu, as well as the 'Baa2' senior unsecured rating on the USD bond BRIC guaranteed. Moody's revised the ratings outlook to stable from negative. The rating action reflects Baowu's distinctive market leadership, large business scale, improved financial profile and substantial financial assets which enhance its financial flexibility.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.274	0.37%	USD-SGD	1.3845	0.17%
USD-JPY	110.320	0.27%	EUR-SGD	1.5500	-0.01%
EUR-USD	1.1195	-0.17%	JPY-SGD	1.2545	-0.10%
AUD-USD	0.7527	-0.27%	GBP-SGD	1.7646	-1.46%
GBP-USD	1.2746	-1.62%	AUD-SGD	1.0413	-0.20%
USD-MYR	4.2653	-0.07%	NZD-SGD	0.9984	0.13%
USD-CNY	6.7980	-0.03%	CHF-SGD	1.4285	-0.01%
USD-IDR	13291	-0.05%	SGD-MYR	3.0812	-0.21%
USD-VND	22689	0.00%	SGD-CNY	4.9122	-0.18%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3740	--	O/N	0.9311	0.0005
2M	-0.3410	--	1M	1.1271	0.0100
3M	-0.3310	-0.0010	2M	1.1728	0.0100
6M	-0.2640	-0.0040	3M	1.2364	0.0083
9M	-0.1940	-0.0080	6M	1.4168	0.0014
12M	-0.1400	-0.0060	12M	1.7284	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.24 (+0.02)	1.33 (+0.02)	-0.74 (--)	-0.52 (+0.01)	-0.28 (-0.02)
5Y	1.61 (+0.02)	1.77 (+0.02)	-0.46 (--)	-0.25 (-0.01)	0.79 (-0.06)
10Y	2.11 (+0.02)	2.20 (+0.01)	0.26 (+0.01)	0.64 (--)	2.08 (-0.08)
15Y	2.26 (+0.02)	--	0.53 (+0.02)	1.03 (+0.01)	2.66 (-0.12)
20Y	2.32 (+0.02)	--	0.83 (+0.02)	1.36 (+0.01)	2.77 (-0.11)
30Y	2.41 (+0.01)	2.86 (--)	1.13 (+0.03)	1.65 (+0.01)	3.24 (-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	97.8%	0.0%	97.8%	0.0%	0.0%
26/07/2017	97.1%	0.0%	97.1%	0.0%	0.0%
20/09/2017	98.1%	0.0%	65.0%	33.2%	0.0%
01/11/2017	98.1%	0.0%	64.5%	33.4%	0.3%
13/12/2017	98.6%	0.0%	48.8%	41.2%	8.5%
31/01/2018	98.6%	0.0%	48.4%	41.2%	8.8%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	45.83	0.42%	Copper (per mt)	5,841.1	1.53%
Brent (per barrel)	48.15	0.61%	Nickel (per mt)	8,931.0	1.88%
Heating Oil (per gallon)	1.4312	0.63%	Aluminium (per mt)	1,897.3	0.16%
Gasoline (per gallon)	1.5017	0.66%			
Natural Gas (per MMBtu)	3.0390	0.36%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,680.0	0.37%
			Rubber (JPY/KG)	190.5	0.26%
Precious Metals	Futures	% chg			
Gold (per oz)	1,268.5	-0.61%			
Silver (per oz)	17.223	-1.10%			

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

Equity and Commodity

Index	Value	Net change
DJIA	21,271.97	89.44
S&P	2,431.77	-2.02
Nasdaq	6,207.92	-113.85
Nikkei 225	20,013.26	104.00
STI	3,254.19	17.14
KLCI	1,788.89	3.32
JCI	5,675.52	-27.40
Baltic Dry	849.00	25.00
VIX	10.70	0.54

Financial Spread (bps)

	Value	Change
LIBOR-OIS	8.69	-0.06
EURIBOR-OIS	3.13	0.01
TED	23.21	-1.32

Government CDS (USD)

	5Y	% Change
Germany	16.082	-2.61%
France	27.337	-0.30%
Italy	164.234	-4.06%

CFTC Commodities Futures and Options

For the week ended: 06 Jun 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Corn	-83,071	-138,038	54,967	Natural Gas	-2,931	30,971	-33,902
Gold	214,101	171,808	42,293	Sugar	8,562	39,635	-31,073
Nymex Crude	416,473	405,052	11,421	Soybean	-89,789	-76,276	-13,513
RBOB Gasoline	50,389	41,668	8,721	Heating Oil	6,805	15,874	-9,069
Lean Hogs	70,649	64,817	5,832	Coffee	-18,603	-10,581	-8,022
Wheat	-91,816	-97,576	5,760	Cotton	96,378	103,278	-6,900
Silver	65,310	60,439	4,871	Live Cattle	161,318	161,193	125
Cocoa	-20,330	-24,427	4,097	Copper	12,848	9,725	3,123
Palladium	21,136	17,902	3,234	Platinum	19,781	16,598	3,183

Date	Time	Event		Survey	Actual	Prior	Revised
06/09/2017 07:50	JN	Money Stock M2 YoY	May	4.30%	3.90%	4.30%	4.00%
06/09/2017 07:50	JN	Money Stock M3 YoY	May	3.60%	3.40%	3.60%	3.40%
06/09/2017 09:00	PH	Unemployment Rate	Apr	--	5.70%	6.60%	--
06/09/2017 09:00	PH	Exports YoY	Apr	19.40%	12.10%	21.00%	18.10%
06/09/2017 09:00	PH	Imports YoY	Apr	13.10%	-0.10%	24.00%	18.00%
06/09/2017 09:00	PH	Trade Balance	Apr	-\$2289m	-\$2052m	-\$2302m	-\$2297m
06/09/2017 09:30	CH	CPI YoY	May	1.50%	1.50%	1.20%	--
06/09/2017 09:30	CH	PPI YoY	May	5.60%	5.50%	6.40%	--
06/09/2017 09:30	AU	Home Loans MoM	Apr	-1.00%	-1.90%	-0.50%	-0.90%
06/09/2017 09:30	AU	Investment Lending	Apr	--	-2.30%	0.80%	--
06/09/2017 09:30	AU	Owner-Occupier Loan Value MoM	Apr	--	-1.10%	0.90%	0.80%
06/09/2017 12:00	MA	Industrial Production YoY	Apr	4.80%	4.20%	4.60%	--
06/09/2017 12:30	JN	Tertiary Industry Index MoM	Apr	0.50%	1.20%	-0.20%	-0.30%
06/09/2017 13:00	IN	Local Car Sales	May	--	166630	190788	--
06/09/2017 14:00	GE	Trade Balance	Apr	23.0b	18.1b	25.4b	25.3b
06/09/2017 14:00	GE	Current Account Balance	Apr	24.5b	15.1b	30.2b	31.1b
06/09/2017 14:00	GE	Exports SA MoM	Apr	0.30%	0.90%	0.40%	--
06/09/2017 14:00	GE	Imports SA MoM	Apr	-0.50%	1.20%	2.40%	2.10%
06/09/2017 14:45	FR	Budget Balance YTD	Apr	--	-57.9b	-29.6b	--
06/09/2017 14:45	FR	Industrial Production MoM	Apr	0.20%	-0.50%	2.00%	2.20%
06/09/2017 14:45	FR	Manufacturing Production MoM	Apr	-0.50%	-1.20%	2.50%	2.80%
06/09/2017 15:30	TH	Foreign Reserves	Jun-02	--	\$185.0b	\$184.0b	--
06/09/2017 16:00	IT	Unemployment Rate Quarterly	1Q	11.60%	11.60%	11.90%	11.80%
06/09/2017 16:30	UK	Industrial Production MoM	Apr	0.70%	0.20%	-0.50%	--
06/09/2017 16:30	UK	Manufacturing Production MoM	Apr	0.80%	0.20%	-0.60%	--
06/09/2017 16:30	UK	Visible Trade Balance GBP/Mn	Apr	-£12,000	-£10,383	-£13,441	-£12,048
06/09/2017 16:30	UK	Trade Balance Non EU GBP/Mn	Apr	--	-£2,068	-£4,674	-£3,893
06/09/2017 16:30	UK	Trade Balance	Apr	-£3,500	-£2,050	-£4,900	-£3,896
06/09/2017 20:00	UK	NIESR GDP Estimate	May	--	0.20%	0.20%	--
06/09/2017 20:30	CA	Capacity Utilization Rate	1Q	83.50%	83.30%	82.20%	81.80%
06/09/2017 20:30	CA	Net Change in Employment	May	15.0k	54.5k	3.2k	--
06/09/2017 20:30	CA	Unemployment Rate	May	6.60%	6.60%	6.50%	--
06/09/2017 20:30	CA	Full Time Employment Change	May	--	77	-31.2	--
06/09/2017 22:00	US	Wholesale Inventories MoM	Apr F	-0.30%	-0.50%	-0.30%	--
06/12/2017 07:50	JN	Machine Orders MoM	Apr	0.50%	-3.10%	1.40%	--
06/12/2017 07:50	JN	PPI YoY	May	2.20%	2.10%	2.10%	--
06/12/2017 13:00	SI	Retail Sales YoY	Apr	2.30%	--	2.10%	--
06/12/2017 14:00	JN	Machine Tool Orders YoY	May P	--	--	34.70%	--
06/12/2017 14:30	FR	Bank of France Bus. Sentiment	May	105	--	104	--
06/12/2017 16:00	IT	Industrial Production WDA YoY	Apr	2.50%	--	2.80%	--
06/12/2017 16:00	IT	Industrial Production MoM	Apr	0.20%	--	0.40%	--
06/12/2017 20:00	IN	CPI YoY	May	2.43%	--	2.99%	--
06/12/2017 20:00	IN	Industrial Production YoY	Apr	2.80%	--	2.70%	--
06/12/2017 06/15	CH	Money Supply M2 YoY	May	10.40%	--	10.50%	--
06/12/2017 06/15	CH	Money Supply M0 YoY	May	6.00%	--	6.20%	--
06/12/2017 06/15	CH	New Yuan Loans CNY	May	1000.0b	--	1100.0b	--
06/12/2017 06/16	NZ	REINZ House Sales YoY	May	--	--	-31.00%	--

Source: Bloomberg

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