

Highlights

Global	With little economic data cues to trade on yesterday, the tech stock sell-off extended, dragging Wall Street lower for a second session. Meanwhile, UK PM May lived to fight another day after apologizing to Tory lawmakers that "I'm the person who got us into this mess and I'm the one who will get us out of it". She is due to meet DUP leader Forster today to thrash out the confidence and supply deal. Expect Asian bourses to continue to tread water with a topping of caution ahead of FOMC. Today's economic data calendar finally picks up the pace slightly with US' PPI and NFIB small business optimism, EZ/GE Zew survey, and UK's CPI/PPI/RPI. Speakers scheduled for today include ECB's Weidmann and BOE's Cleland
US	Treasury Secretary Mnuchin opined that he's "comfortable" the government can be funded until early September, but urged Congress that "the sooner we do it the better" to lift the debt-ceiling. Meanwhile, Commerce Secretary Ross is expected to "have a further update on the 232 review later this week" on the 1962 Trade Expansion Act on the impact of steel imports on US national security. Separately, AG Jeff Sessions will testify publicly today before the Senate Intelligence Committee to explain his role in the firing of Comey.
CA	Bank of Canada Senior Deputy Governor Wilkins sounded hawkish in her comments that "as growth continues and, ideally, broadens further, Governing Council will be assessing whether all of the considerable monetary policy stimulus presently in place is still required".
EZ	ECB's Coeure noted that "inflation is also less dependent on our monetary-policy measures, which is one step in the right direction, but it's not yet quite enough to start discussing tapering – we're not there yet".
SG	While April retail sales growth accelerated from a revised 2.0% yoy in March to 2.6% yoy in April, it was actually below our forecast of 4.3% yoy (+3.0% momsa) in Apr even though it registered the strongest growth since July 2016. In on-month terms, retail sales also grew 1.6% mom sa. Key drivers of the retail sales were watches & jewelry (+14.3% yoy), petrol service stations (+13.0% yoy), department stores (+7.6% yoy), suggesting that some pockets of discretionary spending had picked up with the improvement in consumer sentiments. With many brick-and-mortar retailers increasingly embracing the e-commerce route, credit card transactions and volumes for the e-channel will continue to grow. Motor vehicle sales, on the other hand, remained dismal in April, falling 6.4% yoy (-9.4% mom sa) in April. Excluding autos, retail sales also improved significantly from a downwardly revised 0.5% yoy growth in March to 4.9% yoy in April, marking the strongest since February 2015. At this juncture, it remains hard to see the light at the end of the tunnel for weak motor vehicle sales, notwithstanding the improvement in general retail sentiments. Separately, China and Singapore have agreed to work more closely on the One Belt One Road trade and infrastructure initiative.
KR	BOK governor Lee Ju-yeol hinted that though rates should stay accommodative "for now", the central bank should also review the possibility of adjusting the amount of easing especially if economic growth picks up. The governor had earlier hinted of a growth upgrade in its upcoming BOK meeting.

Major Markets

- **US:** Equities ended lower on Monday, with the tech sector continuing the slump from Friday. Telecoms and energy shares led gains to offset losses from materials and tech stocks. Overall, the S&P 500 was less than 0.1% lower, while the Dow and Nasdaq Composite shed 0.17% and 0.52% respectively. VIX spiked higher to 11.46, up 7.1%. Meanwhile, US Treasury yields are marginally firmer, with 2y and 10y yields standing at 1.35% and 2.21% at NY close, up 1-2 bps. An auction for new 10y notes yielded 2.195% on decent demand. This is lower than the 2.40% at the previous auction, and the lowest since November.
- **Singapore:** STI slipped 0.18% to close at 3248.34 yesterday, as the tech stock sell-off persisted. Investor tone is likely to remain cautious today, given weak leads from Wall Street overnight. STI's support and resistance are tipped at 3220 and 3260 respectively. With UST bond yields continuing to climb ahead of FOMC and given yesterday's 10-year auction, SGS bonds also play copycat today. The rising bond yields and ticking clock to FOMC has spurred a recent spate of corporate bond issuance and investor demand remains undeterred.
- **China:** Singapore and China reached agreement on Monday to work more closely on China's "One belt and one road" initiative. Both countries will work together on trade and infrastructure initiative while China commits to support Singapore as the offshore Yuan centre.
- **Indonesia:** Governor Agus Martowardojo of Bank Indonesia said that the central bank sees year-end inflation at 4.36%yoy, lower than the 4.63% estimated a month ago. He added that domestic factors are supportive, even though there is a need to monitor global risks and their impact on countries such as China, in deciding Indonesia's monetary policy.
- **Malaysia:** Civil service pension fund, KWAP, said that it may acquire the bulk of ANZ's shares in the RHB-AMMB post-merger entity. KWAP may reportedly end up with as much as 10% of the joint entity, compared to 1.76% of AMMB and 3.94% of RHB currently.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear steepened yesterday, with swap rates trading 1-4bps higher across all tenors. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%'49s, STHSP 3.95%'49s. In the broader dollar space, the spread on JACI IG corporates changed little at 197bps. Similarly, the yield on JACI HY corporates changed little at 6.79%. 10y UST yields rose 1bps to 2.21%, as markets continue to digest soft 10y auctions and hawkish comments from Bank of Canada's Wilkins weighed on Canadian bonds.
- **New Issues:** Korea East-West Power Co. Ltd priced a USD500mn 5-year bond at CT5+102.5bps, tightening from initial guidance of CT5+125bps. The expected issue ratings are 'NR/Aa2/AA-'. Shui On Development (Holding) Ltd. priced a USD600mn Perp NC5 (guaranteed by Shui On Land Ltd.) at 6.4%, tightening from initial guidance of 6.7%. PT Japfa Comfeed Indonesia Tbk set final guidance of a USD100mn re-tap of the existing JPFAIJ 5.5%'22s at 100.25. The expected issue ratings at 'BB-/NR/BB-'. Soechi Capital Pte Ltd. set final guidance for its 5NC3 bond at 8.375%, The expected issue ratings are 'NR/B1/B+'. Brightoil Petroleum (Holdings) Ltd. scheduled investor roadshows from 13 June for potential USD bond issuance. Vedanta Resources PLC in planning for a potential USD750mn – USD1bn bond issue. Lippo Malls Indonesia Retail Trust priced a SGD120mn 6.6% Perp NC5.5 at 100.2.
- **Rating Changes:** S&P affirmed China-based property developer China Vanke Co. Ltd.'s (Vanke) 'BBB+' corporate credit rating. In addition, S&P revised the rating outlook to stable from

negative. The rating action reflects S&P's view that the company will maintain its competitive position, strategy, operations, and financial discipline over the next 12-24 months. S&P takes the view that the shareholder and management power tussle at Vanke has reached a highly certain conclusion, with Shenzhen Metro Group becoming the largest and defacto controlling shareholder. S&P downgraded China-based oil and gas producer MIE Holdings Corp.'s (MIE) corporate credit rating and issue rating on the company's outstanding senior unsecured notes to 'CC' from 'CCC'. The rating outlook is negative. The rating action follows MIE's announcement of a cash tender offer for its senior unsecured notes due 2018 and 2019. S&P announced that they view the offer as a distressed exchange tantamount to an immediate default on conclusion because the offer is at a significant discount to the par value of the outstanding notes. S&P downgraded Hyakugo Bank Ltd.'s (Hyakugo) stand-alone credit profile to 'BBB+' from 'A-' after adjusting downward the assessment of the bank's business position to moderate from adequate. S&P subsequently withdrew the ratings at the bank's request.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.138	-0.14%	USD-SGD	1.3842	-0.02%
USD-JPY	109.950	-0.34%	EUR-SGD	1.5508	0.05%
EUR-USD	1.1203	0.07%	JPY-SGD	1.2590	0.36%
AUD-USD	0.7541	0.19%	GBP-SGD	1.7523	-0.70%
GBP-USD	1.2659	-0.68%	AUD-SGD	1.0438	0.24%
USD-MYR	4.2680	0.06%	NZD-SGD	0.9964	-0.20%
USD-CNY	6.7982	0.00%	CHF-SGD	1.4289	0.03%
USD-IDR	13308	0.13%	SGD-MYR	3.0840	0.09%
USD-VND	22689	--	SGD-CNY	4.9100	-0.04%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3740	--	O/N	0.9311	--
2M	-0.3410	--	1M	1.1271	--
3M	-0.3310	--	2M	1.1728	--
6M	-0.2640	--	3M	1.2364	--
9M	-0.1940	--	6M	1.4168	--
12M	-0.1400	--	12M	1.7284	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.26 (+0.02)	1.36 (+0.02)	-0.73 (+0.01)	-0.53 (-0.01)	-0.28 (--)
5Y	1.63 (+0.02)	1.78 (+0.01)	-0.46 (--)	-0.27 (-0.02)	0.72 (-0.07)
10Y	2.14 (+0.03)	2.21 (+0.01)	0.25 (-0.01)	0.59 (-0.05)	2.01 (-0.07)
15Y	2.28 (+0.03)	--	0.51 (-0.02)	0.98 (-0.05)	2.57 (-0.09)
20Y	2.34 (+0.02)	--	0.81 (-0.02)	1.30 (-0.05)	2.69 (-0.08)
30Y	2.42 (+0.02)	2.87 (+0.01)	1.10 (-0.02)	1.60 (-0.06)	3.17 (-0.07)

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)	46.08	0.55%	Copper (per mt)	5,766.2	-1.28%
Brent (per barrel)	48.29	0.29%	Nickel (per mt)	8,741.5	-2.12%
Heating Oil (per gallon)	1.4254	-0.41%	Aluminium (per mt)	1,876.0	-1.12%
Gasoline (per gallon)	1.4880	-0.91%			
Natural Gas (per MMBtu)	3.0240	-0.49%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,680.0	--
			Rubber (JPY/KG)	190.2	-0.16%
Precious Metals	Futures	% chg			
Gold (per oz)	1,266.1	-0.19%			
Silver (per oz)	16.944	-1.62%			

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

Equity and Commodity

Index	Value	Net change
DJIA	21,235.67	-36.30
S&P	2,429.39	-2.38
Nasdaq	6,175.47	-32.45
Nikkei 225	19,908.58	-104.68
STI	3,248.34	-5.85
KLCI	1,788.89	--
JCI	5,691.44	15.91
Baltic Dry	870.00	21.00
VIX	11.46	0.76

Financial Spread (bps)

	Value	Change
LIBOR-OIS	8.69	0.44
EURIBOR-OIS	2.90	-0.23
TED	23.21	--

Government CDS (USD)

	5Y	% Change
Germany	15.371	-4.42%
France	26.661	-2.47%
Italy	159.095	-3.13%

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
06/12/2017 07:50	JN	Machine Orders MoM	Apr	0.50%	-3.10%	1.40%	--
06/12/2017 07:50	JN	Machine Orders YoY	Apr	7.30%	2.70%	-0.70%	--
06/12/2017 07:50	JN	PPI MoM	May	0.10%	0.00%	0.20%	--
06/12/2017 07:50	JN	PPI YoY	May	2.20%	2.10%	2.10%	--
06/12/2017 13:00	SI	Retail Sales SA MoM	Apr	1.10%	1.60%	-0.30%	-0.40%
06/12/2017 13:00	SI	Retail Sales YoY	Apr	2.30%	2.60%	2.10%	2.00%
06/12/2017 14:00	JN	Machine Tool Orders YoY	May P	--	24.40%	34.70%	--
06/12/2017 14:30	FR	Bank of France Bus. Sentiment	May	105	105	104	105
06/12/2017 16:00	IT	Industrial Production NSA YoY	Apr	--	-6.50%	7.60%	7.70%
06/12/2017 16:00	IT	Industrial Production WDA YoY	Apr	2.50%	1.00%	2.80%	2.90%
06/12/2017 16:00	IT	Industrial Production MoM	Apr	0.20%	-0.40%	0.40%	--
06/12/2017 20:00	IN	CPI YoY	May	2.40%	2.18%	2.99%	--
06/12/2017 20:00	IN	Industrial Production YoY	Apr	2.70%	3.10%	2.70%	3.80%
06/13/2017 02:00	US	Monthly Budget Statement	May	-\$87.0b	-\$88.4b	-\$52.5b	--
06/13/2017 08:01	IN	Manpower Survey	3Q	--	--	18%	--
06/13/2017 09:30	AU	NAB Business Conditions	May	--	--	14	--
06/13/2017 09:30	AU	NAB Business Confidence	May	--	--	13	--
06/13/2017 13:30	FR	Non-Farm Payrolls QoQ	1Q F	0.30%	--	0.30%	--
06/13/2017 16:30	HK	PPI YoY	1Q	--	--	4.00%	--
06/13/2017 16:30	HK	Industrial Production YoY	1Q	--	--	-0.80%	--
06/13/2017 16:30	UK	CPI MoM	May	0.20%	--	0.50%	--
06/13/2017 16:30	UK	CPI YoY	May	2.70%	--	2.70%	--
06/13/2017 16:30	UK	CPI Core YoY	May	2.40%	--	2.40%	--
06/13/2017 16:30	UK	Retail Price Index	May	271.4	--	270.6	--
06/13/2017 16:30	UK	RPI MoM	May	0.30%	--	0.50%	--
06/13/2017 16:30	UK	RPI YoY	May	3.50%	--	3.50%	--
06/13/2017 16:30	UK	RPI Ex Mort Int.Payments (YoY)	May	3.80%	--	3.80%	--
06/13/2017 16:30	UK	PPI Input NSA MoM	May	-0.50%	--	0.10%	--
06/13/2017 16:30	UK	PPI Input NSA YoY	May	13.50%	--	16.60%	--
06/13/2017 16:30	UK	PPI Output NSA MoM	May	0.10%	--	0.40%	--
06/13/2017 16:30	UK	PPI Output NSA YoY	May	3.60%	--	3.60%	--
06/13/2017 16:30	UK	PPI Output Core NSA YoY	May	2.90%	--	2.80%	--
06/13/2017 17:00	GE	ZEW Survey Current Situation	Jun	85	--	83.9	--
06/13/2017 17:00	EC	ZEW Survey Expectations	Jun	--	--	35.1	--
06/13/2017 17:00	GE	ZEW Survey Expectations	Jun	21.7	--	20.6	--
06/13/2017 18:00	US	NFIB Small Business Optimism	May	104.5	--	104.5	--
06/13/2017 20:30	US	PPI Final Demand MoM	May	0.00%	--	0.50%	--
06/13/2017 20:30	US	PPI Ex Food and Energy MoM	May	0.10%	--	0.40%	--
06/13/2017 20:30	US	PPI Final Demand YoY	May	2.30%	--	2.50%	--
06/13/2017 20:30	US	PPI Ex Food and Energy YoY	May	1.90%	--	1.90%	--
06/13/2017 06/15	CH	Money Supply M2 YoY	May	10.40%	--	10.50%	--
06/12/2017 06/15	CH	Money Supply M1 YoY	May	17.60%	--	18.50%	--
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	--
06/13/2017 06/16	NZ	REINZ House Sales YoY	May	--	--	-31.00%	--
06/12/2017 06/30	IN	BoP Current Account Balance	1Q	-\$6.30b	--	-\$7.90b	--

Source: Bloomberg

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