

Highlights

Global	The USD and Wall Street staged a comeback amid economic optimism and notwithstanding the political turmoil surrounding Trump now that a special counsel has been appointed to probe Russia's role in the 2016 election. Meanwhile, BI was static at 4.75% as widely anticipated, citing risks that included a "big chance" of a FOMC rate hike in June. Expect Asian markets to tread water today given a light economic data calendar. Of market interest will be the Malaysia's 1Q17 GDP print. Speakers include Fed's Bullard and Williams, and ECB's Praet and Constancio.
US	Initial jobless claims fell 4k to 232k, while continuing claims came in at 1.898m (a 28.5 year low), which pointed to a healthy labour market. Meanwhile, the Philadelphia Fed business outlook surged from 22.0 in Apr to 38.8 in May, albeit it was conducted prior to the Trump administration political fall-out regarding Russia. Fed's Mester also opined that "I think that it's important for the FOMC to remain very vigilant against falling behind, especially given the low level of interest rates and the large size of our balance sheet". She also said "you have to look through those temporary fluctuations in both economic and financial data and focus on what the implications are for the medium-term outlook" and the Fed wants the balance sheet to be pared in a "gradual and predictable" manner.
EZ	ECB minutes revealed mixed views - "some members considered that the risks to real gross domestic product could now be characterized as broadly balanced...other members maintained that downside risks to growth still prevailed". Meanwhile, ECB's Draghi suggested that "the recovery in the euro area is resilient and is increasingly broad-based across countries and sectors" and "what we need in Europe to ensure that economic growth and higher prosperity is sustained through time are structural reforms and a renewed sense of purpose for the EU."
SG	STI declined 0.08% to close at 3221.66 yesterday, but may attempt to stage a recovery today given positive overnight leads from Wall Street and morning gains in Kospi. STI's support and resistance are tipped at 3200 and 3240 today. With a bear-flattening in the UST bond yield curve overnight, the SGS bond market may risk following suit today.
ID	Bank Indonesia decided to keep its monetary policy stance unchanged yesterday. As widely expected, it held the 7-day reverse repo rate at 4.75%, as it remains watchful of an uptick in inflation risk, especially as we head into the Ramadan festivities.
MA	Q1 GDP data is due to be released today. We see a pick-up in growth momentum that would bring it to 4.6%yoy, compared to 4.5% of the previous quarter. Domestic demand appears to have remained stable even as exports proved to be better than expected for much of the period.
Commodities	Gold whiplashed on yesterday's trading, gaining to a high of \$1,265/oz on intraday trading before surrendering its gains to close lower. The sudden surge in gold prices seen since May 17, despite the fall overnight, clearly highlighted market concerns over the recent appointment of Robert Mueller to oversee investigations over US-Russia collusion. Elsewhere, crude oil prices gained further yesterday on expectations over a likely extension of the OPEC-led production curbs for at least six months into December 2017.

Major Markets

- **US:** Equities partly recovered from Thursday's bloodshed even as Trump continues to be mired in political turmoil. Investors seemed to take heart from the appointment of ex-FBI chief Mueller to oversee the Russian probe. Telecom stocks led gains, while energy stocks did not benefit from crude oil's recovery from declines earlier in the day. Overall, the Nasdaq recovered 0.73%, while the S&P 500 and Dow gained 0.37% and 0.27% respectively. VIX stepped lower to 14.66.
- Meanwhile, US Treasuries ended near session lows as haven flows reversed in late NY. Mester's comments that the Fed will likely ignore the market volatility resulting from the political chaos also helped soothe concerns in the bond market. The 2-year benchmark yield firmed to 1.27%, while the 10-year yield remained largely static at 2.23%.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull flattened yesterday, trading 1-5bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in LBBW 3.75%'27s, HRAM 3.2%'21s, better selling in GEMAU 5.5%'19s, GENSSP 5.13%'49s, mixed interest in BNP 3.65%'24s, TEELSP 6.5%'17. In the broader dollar space, the spread on JACI IG corporates rose 4bps to 200bps, while the yield on JACI HY corporates changed little at 6.76%. 10y UST yields rose 1bps to 2.23% yesterday, reversing further declines from the risk-off tone sparked by US President Trump's alleged undisclosed contacts with Russian officials during his campaign. UST yields fell due to Philadelphia Fed Index print beat estimates.
- **New Issues:** Amber Treasure Ventures Ltd. priced a USD500mn 3NC1.5 bond (guaranteed by Nan Hai Corporation Ltd.) at 3%, tightening from initial guidance of CT1.5+180bps. The expected issue ratings are 'NR/Baa2/NR'.
- **Rating Changes:** S&P upgraded China Evergrande Group's (Evergrande) corporate credit rating to 'B' from 'B-'. In addition, S&P upgraded the issue rating on Evergrande's senior unsecured notes to 'B-' from 'CCC+'. The outlook is stable. The rating action reflects the company's improved liquidity as a result of its strong sales performance, resulting in steady cash collection, as well as its diversified funding sources. S&P upgraded China-based department store operator Intime Retail (Group) Co. Ltd.'s (Intime) corporate credit rating to 'BBB-' from 'BB-'. The outlook is stable. The rating action reflects S&P's expectation for Intime to benefit from extraordinary group support from its new controlling shareholder, Alibaba Group Holding Ltd.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.879	0.31%	USD-SGD	1.3928	0.17%
USD-JPY	111.490	0.60%	EUR-SGD	1.5463	-0.34%
EUR-USD	1.1103	-0.50%	JPY-SGD	1.2493	-0.43%
AUD-USD	0.7419	-0.17%	GBP-SGD	1.8021	-0.04%
GBP-USD	1.2938	-0.25%	AUD-SGD	1.0334	0.04%
USD-MYR	4.3280	0.10%	NZD-SGD	0.9609	-0.41%
USD-CNY	6.8892	0.16%	CHF-SGD	1.4214	0.10%
USD-IDR	13356	0.24%	SGD-MYR	3.1104	0.34%
USD-VND	22695	0.05%	SGD-CNY	4.9488	0.12%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.9283	--
2M	-0.3410	--	1M	1.0036	--
3M	-0.3310	--	2M	1.0783	--
6M	-0.2510	--	3M	1.1784	--
9M	-0.1800	--	6M	1.4141	--
12M	-0.1290	--	12M	1.7329	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.18 (+0.01)	1.27 (+0.02)	-0.70 (-0.01)	-0.46 (-0.02)	-0.27 (-0.01)
5Y	1.54 (-0.02)	1.77 (+0.02)	-0.38 (-0.02)	-0.12 (-0.02)	0.84 (--)
10Y	2.06 (-0.03)	2.23 (+0.01)	0.34 (-0.03)	0.80 (-0.03)	2.14 (-0.01)
15Y	2.21 (-0.02)	--	0.59 (-0.03)	1.16 (-0.03)	2.67 (-0.01)
20Y	2.32 (-0.03)	--	0.88 (-0.03)	1.49 (-0.03)	2.79 (-0.01)
30Y	2.39 (-0.02)	2.90 (-0.02)	1.17 (-0.03)	1.78 (-0.03)	3.25 (-0.01)

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
14/06/2017	93.8%	0.0%	93.8%	0.0%	0.0%
26/07/2017	86.5%	0.5%	86.5%	0.0%	0.0%
20/09/2017	90.7%	0.3%	63.0%	27.7%	0.0%
13/12/2017	92.8%	0.3%	50.2%	35.7%	6.7%
31/01/2018	92.9%	0.2%	49.4%	36.0%	7.3%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	49.35	0.57%	Copper (per mt)	5,570.0	-0.63%
Brent (per barrel)	52.51	0.57%	Nickel (per mt)	9,143.5	-0.42%
Heating Oil (per gallon)	1.5453	0.77%	Aluminium (per mt)	1,917.5	-0.09%
Gasoline (per gallon)	1.6063	0.22%			
Natural Gas (per MMBtu)	3.1820	-0.31%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,871.0	-0.52%
			Rubber (JPY/KG)	305.2	-1.39%
Precious Metals	Futures	% chg			
Gold (per oz)	1,252.8	-0.47%			
Silver (per oz)	16.621	-1.37%			

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

Equity and Commodity

Index	Value	Net change
DJIA	20,663.02	56.09
S&P	2,365.72	8.69
Nasdaq	6,055.13	43.89
Nikkei 225	19,553.86	-261.02
STI	3,221.66	-2.44
KLCI	1,767.17	-8.48
JCI	5,645.45	29.96
Baltic Dry	957.00	-3.00
VIX	14.66	-0.93

Financial Spread (bps)

	Value	Change
LIBOR-OIS	15.39	0.69
EURIBOR-OIS	3.01	0.01
TED	28.70	--

Government CDS (USD)

	5Y	% Change
Germany	16.514	-1.37%
France	29.892	-0.67%
Italy	165.083	1.52%

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
05/18/2017	07:50	JN GDP SA QoQ	1Q P	0.50%	0.50%	0.30%	--
05/18/2017	07:50	JN GDP Annualized SA QoQ	1Q P	1.70%	2.20%	1.20%	1.40%
05/18/2017	07:50	JN GDP Nominal SA QoQ	1Q P	0.10%	0.00%	0.40%	--
05/18/2017	07:50	JN GDP Deflator YoY	1Q P	-0.70%	-0.80%	-0.10%	0.00%
05/18/2017	07:50	JN Japan Buying Foreign Bonds	May-12	--	¥1821.2b	¥426.1b	¥425.8b
05/18/2017	07:50	JN Japan Buying Foreign Stocks	May-12	--	¥273.4b	¥108.3b	¥108.4b
05/18/2017	07:50	JN Foreign Buying Japan Bonds	May-12	--	¥395.4b	-¥39.7b	-¥39.9b
05/18/2017	07:50	JN Foreign Buying Japan Stocks	May-12	--	¥372.2b	¥241.5b	¥237.9b
05/18/2017	09:30	AU RBA FX Transactions Market	Apr	--	A\$441m	A\$1248m	--
05/18/2017	09:30	AU Employment Change	Apr	5.0k	37.4k	60.9k	60.0k
05/18/2017	09:30	AU Unemployment Rate	Apr	5.90%	5.70%	5.90%	--
05/18/2017	09:30	AU Full Time Employment Change	Apr	--	-11.6k	74.5k	73.9k
05/18/2017	09:30	AU Part Time Employment Change	Apr	--	49.0k	-13.6k	-13.9k
05/18/2017	09:30	AU Participation Rate	Apr	64.70%	64.80%	64.80%	--
05/18/2017	10:00	PH GDP YoY	1Q	6.70%	6.40%	6.60%	--
05/18/2017	10:00	PH GDP SA QoQ	1Q	1.50%	1.10%	1.70%	1.80%
05/18/2017	13:30	FR ILO Unemployment Rate	1Q	10.00%	9.60%	10.00%	--
05/18/2017	14:30	JN Tokyo Condominium Sales YoY	Apr	--	38.60%	26.60%	--
05/18/2017	16:29	ID Bank Indonesia 7D Reverse Repo	May-18	4.75%	4.75%	4.75%	--
05/18/2017	16:30	UK Retail Sales Ex Auto Fuel MoM	Apr	1.00%	2.00%	-1.50%	-1.20%
05/18/2017	16:30	UK Retail Sales Ex Auto Fuel YoY	Apr	2.60%	4.50%	2.60%	2.80%
05/18/2017	16:30	UK Retail Sales Inc Auto Fuel MoM	Apr	1.10%	2.30%	-1.80%	-1.40%
05/18/2017	16:30	UK Retail Sales Inc Auto Fuel YoY	Apr	2.10%	4.00%	1.70%	2.00%
05/18/2017	17:16	HK Composite Interest Rate	Apr	--	0.32%	0.32%	--
05/18/2017	19:30	EC ECB account of policy meeting					
05/18/2017	20:30	CA Int'l Securities Transactions	Mar	--	15.13b	38.84b	39.16b
05/18/2017	20:30	US Initial Jobless Claims	May-13	240k	232k	236k	--
05/18/2017	20:30	US Continuing Claims	May-06	1950k	1898k	1918k	1920k
05/18/2017	20:30	US Philadelphia Fed Business	May	18.5	38.8	22	--
05/18/2017	21:45	US Bloomberg Consumer Comfort	May-14	--	50.2	49.7	--
05/18/2017	21:45	US Bloomberg Eco Expectations	May	--	49.5	53.5	--
05/18/2017	22:00	US Leading Index	Apr	0.40%	0.30%	0.40%	0.30%
05/19/2017	11:00	NZ Credit Card Spending YoY	Apr	--	--	7.10%	--
05/19/2017	12:00	MA GDP YoY	1Q	4.80%	--	4.50%	--
05/19/2017	12:00	MA BoP Current Account Balance MYR	1Q	6.6b	--	12.2b	--
05/19/2017	14:00	GE PPI MoM	Apr	0.20%	--	0.00%	--
05/19/2017	14:00	GE PPI YoY	Apr	3.20%	--	3.10%	--
05/19/2017	15:30	TH Foreign Reserves	May-12	--	--	\$183.7b	--
05/19/2017	16:00	EC ECB Current Account SA	Mar	--	--	37.9b	--
05/19/2017	16:20	TA BoP Current Account Balance	1Q	--	--	\$18300m	--
05/19/2017	16:30	HK Unemployment Rate SA	Apr	3.20%	--	3.20%	--
05/19/2017	16:30	IT Current Account Balance	Mar	--	--	1193m	--
05/19/2017	20:30	CA CPI NSA MoM	Apr	0.50%	--	0.20%	--
05/19/2017	20:30	CA CPI YoY	Apr	1.70%	--	1.60%	--
05/19/2017	20:30	CA Retail Sales MoM	Mar	0.30%	--	-0.60%	--
05/19/2017	20:30	CA Retail Sales Ex Auto MoM	Mar	0.20%	--	-0.10%	--
05/19/2017	22:00	EC Consumer Confidence	May A	-3	--	-3.6	--
05/19/2017		PH BoP Overall	Apr	--	--	-\$550m	--
05/19/2017	05/31	PH Budget Balance PHP	Apr	--	--	-61.5b	--

Source: Bloomberg

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