

## Highlights

<b>Global</b>	<p>With both the ECB and BOJ sounding a tad cautious, financial markets may revert to business as usual mode today. Notably, the ECB's Draghi was less committal on the timing for tapering asset purchases, saying that "a very substantial degree of monetary accommodation is still needed for underlying inflation pressures to gradually build up" and "the last thing that the Governing Council may want is an unwanted tightening of the financial conditions". Meanwhile, over in Asia, the BOJ voted 7-2 to keep policy unchanged for the 6<sup>th</sup> straight time and 10-year bond yield target at 0%, but delayed its 2% inflation target timing further with its revised inflation forecasts of 1.1% for FY18 (previously 1.4%) and 1.5% for FY19 (previously 1.7%). BOJ governor Kuroda said he would not rule out future easing for now. Separately, BI also kept its 7-day reverse repo rate unchanged at 4.75% as widely anticipated. Asian bourses may see some relief trading this morning, but may not deviate too far from recent ranges. Today's economic data release calendar remains light with only foreign reserve data from Malaysia and Thailand, and the ECB survey of professional forecasters. RBA's Debelle and Bullock are also speaking.</p>
<b>US</b>	<p>US labor market strengthened as initial jobless claims fell more than expected less week by 15k to 233k, with the 4-week moving average at 243.75k. The Philadelphia Fed business outlook eased to 19.5 (low since November 2016).</p>
<b>EZ</b>	<p>ECB's Draghi opined "the incoming information confirms a continued strengthening of the economic expansion in the euro area, which has been broadening across sectors and regions" and "we were unanimous in communicating no change in the forward guidance and also we were also unanimous is setting no precise date for when to discuss changes". He flagged that "we said: are we there? And the answer was: no we aren't there yet. He also said the euro repricing had received "some attention" and ECB officials will reassess when they have "more information than we have today". Note Draghi is attending the Jackson Hole meeting on 24-26 August, ahead of the 7 September ECB meeting, so any further rhetoric priming may be more apparent then.</p>
<b>ID</b>	<p>Head of fiscal policy at the Finance Ministry, Suhasil Nazara, said that there is no need to increase Indonesia's budget deficit ceiling above the 3% that is legally mandated, because growth is on a positive trend. He added that the government will take a "very cautious" approach if there is a need to increase borrowing. Separately, Bank Indonesia kept its 7-day reverse repo policy rate unchanged at 4.75% yesterday, given relatively controlled inflation and currency stability. The decision was widely expected.</p>
<b>UK</b>	<p>The first round of Brexit negotiations ended with few compromises. GBP slipped amid uncertainty if British ministers would walk away with no deal.</p>
<b>SG</b>	<p>MAS will re-open \$1.3b of the non-benchmark 7-year SGS maturing on 1 June 2025. The auction closes on noon of 27 July for issue on August.</p>

## Major Markets

- **US:** Equities ended mixed on Thursday, with the ECB and political drama dominating headlines. The S&P 500 and Dow were marginally lower, but the tech sector buoyed the Nasdaq Composite to yet another new high. The tech sector may be on the verge of a new leg higher, having recovered all ground lost in the jolt which started in early June. Other gainers include telecoms and utilities, while the industrials and materials were the main drags. Early price movements in US Treasuries were initially dictated by the ECB meeting and consequent bund movements. But any gains were later erased after a poor 10y TIPS auction. 2y and 10y benchmark yields closed the session within 1 bp of the previous close, at 1.35% and 2.26% respectively.
- **Singapore:** STI saw profit-taking of 0.96% to close at 3293.13 yesterday, and may see further pressure ahead of the weekend. Wall Street had ended flat overnight and morning signals from Nikkei and Kospi are negative. STI support and resistance are tipped at 3280 and 3300 respectively. With the UST bond market moribund due to ECB's flip-flop dovishness, the SGS market may continue to see selling pressure in the belly of the curve to accommodate the upcoming \$1.3b re-opening of the 7-year non-benchmark SGS bond.
- **Hong Kong:** Inflation retreated to 1.9% in June, weaker than expectations. Specifically, food inflation accelerated to 2.5% from 2.4%. However the resultant inflationary risks were offset due to the deflation of alcoholic drinks and tobacco prices which dropped for the first time since April 2016 by 0.4% yoy. In addition, the inflation of miscellaneous services remained subdued at 1.9% as charges for package tours subsided after holiday effects abated. Furthermore, clothing and footwear prices deflated for the third consecutive month by 1.4% yoy while durable goods' price index fell by its fastest pace since last December. This reflects muted tourist spending and sluggish local consumption at physical stores. Adding on muted external price pressure, we believe that inflationary risks will be limited while overall CPI may print about 2% in 2017.
- **China:** The deficit in net settlement of foreign exchange by banks widened to US\$20.9 billion in June, up from US\$17.1 billion. However, settlement by banks on behalf of clients in forward contract increased to US\$13 billion in June, resulting in a surplus of US\$4.5bn. The increasing demand for forward hedge of dollar receivable shows improving sentiment on RMB.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-flattened yesterday, with swap rates trading 2-3bps higher across all tenors. Flows in SGD corporates were heavy, with better buying seen in OLAMSP 5.5%-PERP, and mixed interest seen in OLAMSP 6%'18s, NTUCSP 3.65%'27s, LMRTSP 6.6%-PERPs HSBC 4.7%-PERPs. In the broader dollar space, the spread on JACI IG Corporates traded little changed at 190bps, while the yield on JACI HY Corporates fell 1bps to 6.88%. 10y UST yields fell 1bps to 2.26% yesterday, as European Central Bank President (ECB) Mario Draghi took a less hawkish stance in yesterday's ECB meeting and results from the 10Y TIPs auction came in poor.
- **New Issues:** Oceanwide Holdings International 2017 Co has priced a USD400mn 3-year bond (guaranteed by Oceanwide Holdings Co), tightening from initial guidance of 7%. The expected issue ratings are 'B/NR/B'. China Life Insurance (Overseas) Company Ltd, Hong Kong Branch has priced a USD250mn 10NC5 bond at 3.35%, tightening from initial guidance of 3.8% area. The expected issue ratings are 'A/NR/NR'. China Jinjiang Environment Holding Company Ltd has priced a USD200mn 3-year bond at 6.25%, tightening from initial guidance of 6.5% area. The expected issue ratings are 'BB-/Ba3/NR'. Parkway Pantai Ltd has priced a USD500mn Perp NC5 at 4.25%, tightening from initial guidance of 4.625% area.

- **Rating Changes:** S&P has affirmed Intime Retail (Group) Company Limited's (Intime) corporate credit rating at 'BBB-'. The outlook is stable. The rating action reflects S&P's view that Intime will maintain its good market position as a leading department store operator in China with a relatively diversified retail format and a favorable concessionaire sales model. S&P then withdrew the ratings on the company's request. S&P has upgraded China Aoyuan Property Group Ltd's (Aoyuan) corporate credit rating to 'B+' from 'B', while upgrading its senior unsecured notes to 'B' from 'B-'. The outlook is stable. The rating action reflects S&P's view that Aoyuan's leverage will continue to improve based on sales performance and a disciplined approach to land acquisition.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	94.306	-0.50%	<b>USD-SGD</b>	1.3662	-0.16%
<b>USD-JPY</b>	111.910	-0.05%	<b>EUR-SGD</b>	1.5890	0.84%
<b>EUR-USD</b>	1.1631	1.01%	<b>JPY-SGD</b>	1.2203	-0.16%
<b>AUD-USD</b>	0.7958	0.08%	<b>GBP-SGD</b>	1.7722	-0.55%
<b>GBP-USD</b>	1.2973	-0.38%	<b>AUD-SGD</b>	1.0874	-0.07%
<b>USD-MYR</b>	4.2910	0.10%	<b>NZD-SGD</b>	1.0103	0.36%
<b>USD-CNY</b>	6.7597	0.12%	<b>CHF-SGD</b>	1.4361	0.29%
<b>USD-IDR</b>	13333	0.09%	<b>SGD-MYR</b>	3.1315	-0.01%
<b>USD-VND</b>	22730	0.00%	<b>SGD-CNY</b>	4.9515	0.35%

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	21,611.78	-28.97
<b>S&amp;P</b>	2,473.45	-0.38
<b>Nasdaq</b>	6,390.00	4.96
<b>Nikkei 225</b>	20,144.59	123.73
<b>STI</b>	3,293.13	-31.94
<b>KLCI</b>	1,755.63	-1.64
<b>JCI</b>	5,825.21	18.52
<b>Baltic Dry</b>	948.00	--
<b>VIX</b>	9.58	-0.21

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3730	--	<b>O/N</b>	1.1789	--
<b>2M</b>	-0.3410	--	<b>1M</b>	1.2289	--
<b>3M</b>	-0.3320	--	<b>2M</b>	1.2572	--
<b>6M</b>	-0.2740	--	<b>3M</b>	1.3072	--
<b>9M</b>	-0.2050	--	<b>6M</b>	1.4532	--
<b>12M</b>	-0.1510	--	<b>12M</b>	1.7334	--

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.24 (+0.02)	1.35 (--)
<b>5Y</b>	1.54 (+0.02)	1.82 (-0.01)
<b>10Y</b>	2.10 (+0.03)	2.26 (-0.01)
<b>15Y</b>	2.31 (+0.01)	--
<b>20Y</b>	2.34 (--)	--
<b>30Y</b>	2.40 (--)	2.83 (-0.03)

### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
07/26/2017	0.0%	0.1%	99.9%	0.0%	0.0%
09/20/2017	10.1%	0.1%	89.8%	10.1%	0.0%
11/01/2017	10.8%	0.1%	89.1%	10.7%	0.1%
12/13/2017	42.3%	0.1%	57.7%	38.4%	3.8%
01/31/2018	43.9%	0.1%	56.0%	39.0%	4.8%
03/21/2018	58.6%	0.0%	41.4%	43.4%	13.8%

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	14.10	-0.14
<b>EURIBOR-OIS</b>	2.80	0.25
<b>TED</b>	22.42	--

### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	46.79	-0.70%	Copper (per mt)	5,987.7	0.20%
Brent (per barrel)	49.30	-0.80%	Nickel (per mt)	9,459.0	-1.63%
Heating Oil (per gallon)	1.5436	-0.50%	Aluminium (per mt)	1,901.3	-0.20%
Gasoline (per gallon)	1.6062	-0.66%			
Natural Gas (per MMBtu)	3.0430	-0.75%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,576.0	2.02%
			Rubber (JPY/KG)	216.2	4.09%
Precious Metals	Futures	% chg			
Gold (per oz)	1,252.1	0.26%			
Silver (per oz)	16.345	0.29%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
07/20/2017	07:50	JN Trade Balance	Jun	¥488.0b	¥439.9b	-¥203.4b	-¥204.2b
07/20/2017	07:50	JN Trade Balance Adjusted	Jun	¥127.5b	¥81.4b	¥133.8b	¥122.7b
07/20/2017	07:50	JN Exports YoY	Jun	9.50%	9.70%	14.90%	--
07/20/2017	09:30	AU NAB Business Confidence	2Q	--	7	6	7
07/20/2017	09:30	<b>AU Employment Change</b>	<b>Jun</b>	<b>15.0k</b>	<b>14.0k</b>	<b>42.0k</b>	<b>38.0k</b>
07/20/2017	09:30	<b>AU Unemployment Rate</b>	<b>Jun</b>	<b>5.60%</b>	<b>5.60%</b>	<b>5.50%</b>	<b>5.60%</b>
07/20/2017	09:30	AU Full Time Employment Change	Jun	--	62.0k	52.1k	53.4k
07/20/2017	09:30	AU Part Time Employment Change	Jun	--	-48.0k	-10.1k	-15.4k
07/20/2017	09:30	<b>AU Participation Rate</b>	<b>Jun</b>	<b>64.90%</b>	<b>65.00%</b>	<b>64.90%</b>	--
07/20/2017	09:30	AU RBA FX Transactions Market	Jun	--	A\$1100m	A\$735m	--
07/20/2017	11:10	JN BOJ Policy Balance Rate	Jul-20	-0.10%	-0.10%	-0.10%	--
07/20/2017	12:30	<b>JN All Industry Activity Index MoM</b>	<b>May</b>	<b>-0.80%</b>	<b>-0.90%</b>	<b>2.10%</b>	<b>2.30%</b>
07/20/2017	14:00	GE PPI MoM	Jun	-0.10%	0.00%	-0.20%	--
07/20/2017	14:00	GE PPI YoY	Jun	2.30%	2.40%	2.80%	--
07/20/2017	15:00	<b>TH Customs Exports YoY</b>	<b>Jun</b>	<b>8.20%</b>	<b>11.73%</b>	<b>13.20%</b>	<b>12.70%</b>
07/20/2017	15:00	TH Customs Imports YoY	Jun	11.20%	13.74%	18.20%	18.35%
07/20/2017	15:00	TH Customs Trade Balance	Jun	\$1500m	\$1917m	\$944m	--
07/20/2017	15:00	JN Convenience Store Sales YoY	Jun	--	-0.10%	1.00%	--
07/20/2017	16:00	EC ECB Current Account SA	May	--	30.1b	22.2b	23.5b
07/20/2017	16:00	<b>TA Export Orders YoY</b>	<b>Jun</b>	<b>7.00%</b>	<b>13.00%</b>	<b>9.10%</b>	--
07/20/2017	16:30	<b>UK Retail Sales Ex Auto Fuel MoM</b>	<b>Jun</b>	<b>0.50%</b>	<b>0.90%</b>	<b>-1.60%</b>	<b>-1.50%</b>
07/20/2017	16:30	<b>UK Retail Sales Ex Auto Fuel YoY</b>	<b>Jun</b>	<b>2.50%</b>	<b>3.00%</b>	<b>0.60%</b>	--
07/20/2017	16:30	<b>UK Retail Sales Inc Auto Fuel MoM</b>	<b>Jun</b>	<b>0.40%</b>	<b>0.60%</b>	<b>-1.20%</b>	<b>-1.10%</b>
07/20/2017	16:30	<b>UK Retail Sales Inc Auto Fuel YoY</b>	<b>Jun</b>	<b>2.60%</b>	<b>2.90%</b>	<b>0.90%</b>	--
07/20/2017	16:30	<b>HK CPI Composite YoY</b>	<b>Jun</b>	<b>2.10%</b>	<b>1.90%</b>	<b>2.00%</b>	--
07/20/2017	16:30	IT Current Account Balance	May	--	3261m	3432m	--
07/20/2017	19:45	<b>EC ECB Main Refinancing Rate</b>	<b>Jul-20</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	--
07/20/2017	19:45	<b>EC ECB Marginal Lending Facility</b>	<b>Jul-20</b>	<b>0.25%</b>	<b>0.25%</b>	<b>0.25%</b>	--
07/20/2017	19:45	<b>EC ECB Deposit Facility Rate</b>	<b>Jul-20</b>	<b>-0.40%</b>	<b>-0.40%</b>	<b>-0.40%</b>	--
07/20/2017	20:30	<b>US Initial Jobless Claims</b>	<b>Jul-15</b>	<b>245k</b>	<b>233k</b>	<b>247k</b>	<b>248k</b>
07/20/2017	20:30	US Continuing Claims	Jul-08	1949k	1977k	1945k	1949k
07/20/2017	20:30	<b>US Philadelphia Fed Business Outlook</b>	<b>Jul</b>	<b>23</b>	<b>19.5</b>	<b>27.6</b>	--
07/20/2017	21:45	US Bloomberg Consumer Comfort	Jul-16	--	47.6	47	--
07/20/2017	21:45	US Bloomberg Economic Expectations	Jul	--	47	52	--
07/20/2017	22:00	<b>EC Consumer Confidence</b>	<b>Jul A</b>	<b>-1.2</b>	<b>-1.7</b>	<b>-1.3</b>	--
07/20/2017	22:00	<b>US Leading Index</b>	<b>Jun</b>	<b>0.40%</b>	<b>0.60%</b>	<b>0.30%</b>	<b>0.20%</b>
07/21/2017	07:50	JN Japan Buying Foreign Bonds	Jul-14	--	--	¥839.5b	--
07/21/2017	07:50	JN Japan Buying Foreign Stocks	Jul-14	--	--	¥324.9b	--
07/21/2017	07:50	JN Foreign Buying Japan Bonds	Jul-14	--	--	-¥408.5b	--
07/21/2017	07:50	JN Foreign Buying Japan Stocks	Jul-14	--	--	-¥35.0b	--
07/21/2017	11:00	NZ Credit Card Spending YoY	Jun	--	--	7.60%	--
07/21/2017	13:30	JN Nationwide Dept Sales YoY	Jun	--	--	0.00%	--
07/21/2017	13:30	JN Tokyo Dept Store Sales YoY	Jun	--	--	-1.10%	--
07/21/2017	15:00	MA Foreign Reserves	Jul-14	--	--	\$98.9b	--
07/21/2017	15:30	<b>TH Foreign Reserves</b>	<b>Jul-14</b>	--	--	<b>\$184.3b</b>	--
07/21/2017	16:30	UK Public Finances (PSNCR)	Jun	--	--	13.4b	--
07/21/2017	16:30	UK Public Sector Net Borrowing	Jun	4.2b	--	6.0b	--
07/21/2017	16:30	UK PSNB ex Banking Groups	Jun	4.9b	--	6.7b	--
07/21/2017	20:30	<b>CA CPI NSA MoM</b>	<b>Jun</b>	<b>-0.10%</b>	--	<b>0.10%</b>	--
07/21/2017	20:30	<b>CA CPI YoY</b>	<b>Jun</b>	<b>1.10%</b>	--	<b>1.30%</b>	--
07/21/2017	20:30	<b>CA Retail Sales MoM</b>	<b>May</b>	<b>0.30%</b>	--	<b>0.80%</b>	--
07/21/2017	20:30	CA Retail Sales Ex Auto MoM	May	0.00%	--	1.50%	--
07/21/2017		MU CPI Composite YoY	Jun	--	--	0.95%	--
07/21/2017	07/27	TH Car Sales	Jun	--	--	--	--
07/19/2017	07/31	PH Budget Balance PHP	Jun	--	--	-33.4b	--

Source: Bloomberg

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