

Highlights

Global	In the absence of major data release, market continues to focus on comments from central bank officials. Overnight, Lael Brainard, a Federal Reserve governor, said that she finds slow inflation data 'concerning' and that, if they persist, it could cause her to reassess the path forward for monetary policy. Nonetheless, she suggested that her baseline expectation is that it is appropriate to adjust the fed funds rate and start to shrink the balance sheet. For the day ahead, Asian markets will try to take some cues from India's GDP growth and China's manufacturing PMI print.
US	Equities were broadly weaker on Tuesday after being closed on Monday for the Memorial Day holiday. Crude oil prices moving below US\$50 per barrel added pressure to energy stocks, which were the biggest drag on the indices. Meanwhile, telecommunications and utilities led gains. Overall, the Dow fell 0.24%, while the S&P 500 and Nasdaq Composite were down 0.12% and 0.11% respectively. VIX was higher at 10.38, up 5.8%. US Treasury yields were softer amidst strong demand due to month-end buying. Yields were 1-4 bps lower across the curve, with the 2- and 10-year yields standing at 1.28% and 2.21% respectively.
SG	The STI index clocked in its 3 rd consecutive days of losses as it ended 0.30% lower on Tuesday at 3,204.79. Golden Agri-Resources Ltd continued to lead the losses for its 2 nd consecutive day as its stock value fell by 1.37%, likely on lower crude palm oil prices which dipped by 1.08%. Other equities that also weighed down on the performance of the index would include Singapore Press Holdings Ltd (-1.22%) and Thai Beverage PCL (-1.18%). However, gains from Singapore Airlines Ltd (+0.72%) and Singapore Technologies Engineering Ltd (+0.55%) helped to cushioned the fall of the index.
ID	Finance Minister Sri Mulyani said that economic growth could be better than the current official target of 5.1%, suggesting that growth of 5.3% is possible. She suggested that the government may revise state budget assumption, including that for oil price from USD45 per barrel currently to ~USD50.
MA	Employees Provident Fund (EPF) said that it posted a 74% jump in investment income to MYR11.8bn in Q1 this year, as it benefited from rising global equity prices. It added that the total assets under management rose by 2.2% or MYR16bn in Q1 compared to Q4 2016.
KR	A sluggish 2Q17 start to Korea's industrial space is seen from the unexpected contraction in its industrial production growth (-2.2% m/m vs mkt est +0.6%). On a year-on-year basis, industrial production grew a mere 1.1% despite the low-base of -2.1% y/y in April last year. This marks the second straight month of slowing growth.
TH	Thai cabinet approves two projects amounting to THB44.8 billion to build two expressways, according to the Prime Minister's Office.
Commodities	Crude oil prices fell below its \$50/bbl handle once again, suggesting that the market remains unconvinced that OPEC's production cuts are sufficient to balance the supply glut, though market-watchers will be eyeing closely on US crude oil inventory prints tomorrow. Gold prices snapped two consecutive days of gain overnight, likely on news that India's gold imports declined by about 13.5% to \$27.4 billion in 2016/7, although gold imports rose to \$4.17 billion in March (vs \$974 million in Feb), according to the commerce ministry.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull flattened yesterday, with swap rates trading 1-3bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in UOBSP 3.5%'29s, FCLSP 4.15%'27s, mixed interest seen in RHTSP 4.5%'18s. In the broader dollar space, the spread on JACI IG corporates fell 1bps to 198bps, while the yield on JACI HY corporates changed little at 6.82%. 10y UST yields fell 4bps yesterday to 2.21%, supported by month-end buying of 10y and 30y USTs.
- **New Issues:** Frasers Centrepoint priced a SGD50mn re-tap on its FCL 4.15%'27s at 100.50. The expected issue ratings are 'BBB+/NR/NR'. The Republic of Maldives scheduled investor calls yesterday for potential USD bond issuance. The expected issue ratings are 'NR/B2/B+'. Shougang Corporation scheduled investor meetings from 31 May for potential EUR 3-year bond issuance. The expected issue ratings are 'NR/NR/A-'.
- **Rating Changes:** S&P downgraded Australia-based sandalwood producer Quintis Ltd.'s (Quintis) corporate credit rating and the ratings on the company's senior secured notes to 'CCC+' from 'B'. Quintis has also been placed on CreditWatch with negative implications. The rating action reflects the company's stressed liquidity, due to 1) continued delays in the sale of Quintis' Indian sandalwood products which would worsen plantation investor confidence and potentially result in materially lower investor inflows for the company, and 2) the prospect of the AUD37mn option on 400 hectares (ha) being put back to the company. S&P upgraded Australian business services company Broadspectrum Ltd.'s (Broadspectrum) corporate credit rating to 'BBB-' from 'BB+'. The outlook on the rating is stable. The rating action reflects Broadspectrum's position as a highly strategic subsidiary to its sole parent Ferrovial S.A. Broadspectrum is rated one notch below the rating on Ferrovial and S&P expects the parent to maintain its 100% ownership of Broadspectrum over the next two to three years.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.280	-0.17%	USD-SGD	1.3844	-0.14%
USD-JPY	110.850	-0.38%	EUR-SGD	1.5485	0.05%
EUR-USD	1.1186	0.20%	JPY-SGD	1.2490	0.24%
AUD-USD	0.7465	0.34%	GBP-SGD	1.7803	0.01%
GBP-USD	1.2859	0.15%	AUD-SGD	1.0334	0.19%
USD-MYR	4.2825	0.24%	NZD-SGD	0.9824	0.42%
USD-CNY	6.8555	--	CHF-SGD	1.4205	0.17%
USD-IDR	13323	0.02%	SGD-MYR	3.0867	-0.03%
USD-VND	22711	-0.13%	SGD-CNY	4.9509	--

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	0.9300	--
2M	-0.3410	--	1M	1.0447	--
3M	-0.3290	--	2M	1.1208	--
6M	-0.2540	--	3M	1.2018	--
9M	-0.1830	--	6M	1.4138	--
12M	-0.1310	--	12M	1.7212	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.20 (-0.01)	1.28 (-0.01)	-0.72 (+0.01)	-0.49 (+0.01)	-0.17 (+0.01)
5Y	1.58 (-0.03)	1.75 (-0.03)	-0.44 (--)	-0.19 (--)	0.92 (+0.03)
10Y	2.09 (-0.03)	2.21 (-0.04)	0.29 (--)	0.73 (-0.01)	2.17 (-0.01)
15Y	2.26 (-0.03)	--	0.54 (--)	1.10 (--)	2.66 (+0.01)
20Y	2.38 (-0.03)	--	0.84 (+0.01)	1.43 (--)	2.79 (+0.02)
30Y	2.50 (-0.03)	2.88 (-0.03)	1.14 (+0.01)	1.71 (+0.01)	3.26 (+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	90.6%	0.0%	90.6%	0.0%	0.0%
26/07/2017	90.7%	0.0%	89.2%	1.5%	0.0%
20/09/2017	93.3%	0.0%	66.7%	26.2%	0.4%
13/12/2017	95.0%	0.0%	51.3%	36.4%	7.1%
31/01/2018	95.1%	0.0%	50.9%	36.6%	7.3%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	49.66	-0.28%	Copper (per mt)	5,652.6	0.18%
Brent (per barrel)	51.84	-0.86%	Nickel (per mt)	9,075.0	0.35%
Heating Oil (per gallon)	1.5494	-0.89%	Aluminium (per mt)	1,918.0	-1.35%
Gasoline (per gallon)	1.6389	-0.23%			
Natural Gas (per MMBtu)	3.1450	-2.81%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,757.0	-1.08%
			Rubber (JPY/KG)	248.0	-5.67%
Precious Metals	Futures	% chg			
Gold (per oz)	1,262.1	-0.47%			
Silver (per oz)	17.427	0.83%			

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

Equity and Commodity

Index	Value	Net change
DJIA	21,029.47	-50.81
S&P	2,412.91	-2.91
Nasdaq	6,203.19	-7.01
Nikkei 225	19,677.85	-4.72
STI	3,204.79	-9.76
KLCI	1,765.34	0.45
JCI	5,693.39	-18.94
Baltic Dry	900.00	-12.00
VIX	10.38	0.57

Financial Spread (bps)

	Value	Change
LIBOR-OIS	11.93	-0.21
EURIBOR-OIS	3.21	1.36
TED	29.24	--

Government CDS (USD)

	5Y	% Change
Germany	14.812	8.78%
France	27.442	9.51%
Italy	170.889	25.59%

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
05/30/2017 06:45	NZ	Building Permits MoM	Apr	--	-7.60%	-1.80%	-1.20%
05/30/2017 07:30	JN	Jobless Rate	Apr	2.80%	2.80%	2.80%	--
05/30/2017 07:30	JN	Job-To-Applicant Ratio	Apr	1.46	1.48	1.45	--
05/30/2017 07:30	JN	Overall Household Spending YoY	Apr	-0.90%	-1.40%	-1.30%	--
05/30/2017 07:50	JN	Retail Trade YoY	Apr	2.30%	3.20%	2.10%	--
05/30/2017 09:30	AU	Building Approvals MoM	Apr	3.00%	4.40%	-13.40%	-10.30%
05/30/2017 09:30	AU	Building Approvals YoY	Apr	-18.10%	-17.20%	-19.90%	--
05/30/2017 10:00	SK	Department Store Sales YoY	Apr	--	0.50%	2.30%	--
05/30/2017 14:45	FR	Consumer Confidence	May	101	102	100	--
05/30/2017 14:45	FR	GDP YoY	1Q P	0.80%	1.00%	0.80%	--
05/30/2017 16:00	IT	PPI MoM	Apr	--	0.10%	-0.10%	--
05/30/2017 17:00	EC	Economic Confidence	May	110	109.2	109.6	109.7
05/30/2017 17:00	EC	Consumer Confidence	May F	-3.3	-3.3	-3.3	--
05/30/2017 20:00	GE	CPI YoY	May P	1.60%	1.50%	2.00%	--
05/30/2017 20:00	GE	CPI EU Harmonized MoM	May P	-0.10%	-0.20%	0.00%	--
05/30/2017 20:00	GE	CPI EU Harmonized YoY	May P	1.50%	1.40%	2.00%	--
05/30/2017 20:30	CA	Current Account Balance	1Q	-\$12.00b	-\$14.05b	-\$10.73b	-\$11.78b
05/30/2017 20:30	US	Personal Income	Apr	0.40%	0.40%	0.20%	--
05/30/2017 20:30	US	Personal Spending	Apr	0.40%	0.40%	0.00%	0.30%
05/30/2017 20:30	CA	Industrial Product Price MoM	Apr	--	0.60%	0.80%	--
05/30/2017 20:30	CA	Raw Materials Price Index MoM	Apr	--	1.60%	-1.60%	-1.70%
05/30/2017 20:30	US	PCE Core MoM	Apr	0.10%	0.20%	-0.10%	--
05/30/2017 21:00	US	S&P CL CS 20-City NSA Index	Mar	--	195.39	193.49	193.5
05/30/2017 22:00	US	Conf. Board Consumer	May	119.5	117.9	120.3	119.4
05/30/2017 22:30	US	Dallas Fed Manf. Activity	May	15	17.2	16.8	--
05/31/2017 05:00	SK	Business Survey Manufacturing	Jun	--	84	84	--
05/31/2017 07:00	SK	Industrial Production SA MoM	Apr	0.60%	-2.20%	1.00%	1.20%
05/31/2017 07:00	SK	Industrial Production YoY	Apr	5.00%	1.70%	3.00%	3.30%
05/31/2017 07:01	UK	GfK Consumer Confidence	May	-8	-5	-7	--
05/31/2017 07:50	JN	Industrial Production MoM	Apr P	4.20%	--	-1.90%	--
05/31/2017 07:50	JN	Industrial Production YoY	Apr P	6.10%	--	3.50%	--
05/31/2017 09:00	NZ	ANZ Business Confidence	May	--	--	11	--
05/31/2017 09:00	CH	Manufacturing PMI	May	51	--	51.2	--
05/31/2017 09:00	CH	Non-manufacturing PMI	May	--	--	54	--
05/31/2017 09:30	AU	Private Sector Credit MoM	Apr	0.40%	--	0.30%	--
05/31/2017 09:30	AU	Private Sector Credit YoY	Apr	4.90%	--	5.00%	--
05/31/2017 13:00	JN	Housing Starts YoY	Apr	-1.50%	--	0.20%	--
05/31/2017 13:00	JN	Small Business Confidence	May	--	--	48.6	--
05/31/2017 14:00	GE	Retail Sales MoM	Apr	0.30%	--	0.10%	--
05/31/2017 14:00	GE	Retail Sales YoY	Apr	2.20%	--	2.30%	--
05/31/2017 14:45	FR	CPI EU Harmonized MoM	May P	0.10%	--	0.10%	--
05/31/2017 14:45	FR	CPI EU Harmonized YoY	May P	1.10%	--	1.40%	--
05/31/2017 14:45	FR	CPI MoM	May P	0.10%	--	0.10%	--
05/31/2017 14:45	FR	CPI YoY	May P	0.90%	--	1.20%	--
05/31/2017 15:30	TH	Exports YoY	Apr	--	--	10.80%	--
05/31/2017 15:30	TH	Trade Balance	Apr	--	--	\$2909m	--
05/31/2017 15:30	TH	BoP Current Account Balance	Apr	\$1020m	--	\$2576m	--
05/31/2017 15:55	GE	Unemployment Change (000's)	May	-15k	--	-15k	--
05/31/2017 15:55	GE	Unemployment Claims Rate SA	May	5.70%	--	5.80%	--
05/31/2017 16:30	UK	Mortgage Approvals	Apr	66.0k	--	66.8k	--
05/31/2017 16:30	UK	Money Supply M4 MoM	Apr	--	--	0.30%	--
05/31/2017 16:30	UK	M4 Money Supply YoY	Apr	--	--	6.60%	--
05/31/2017 17:00	IT	CPI NIC incl. tobacco MoM	May P	-0.20%	--	0.30%	0.40%
05/31/2017 17:00	EC	Unemployment Rate	Apr	9.40%	--	9.50%	--
05/31/2017 17:00	IT	CPI NIC incl. tobacco YoY	May P	1.50%	--	1.80%	1.90%
05/31/2017 17:00	IT	CPI EU Harmonized MoM	May P	-0.20%	--	0.80%	--
05/31/2017 17:00	IT	CPI EU Harmonized YoY	May P	1.50%	--	2.00%	--
05/31/2017 17:00	EC	CPI Estimate YoY	May	1.50%	--	1.90%	--
05/31/2017 17:00	EC	CPI Core YoY	May A	1.00%	--	1.20%	--
05/31/2017 19:00	US	MBA Mortgage Applications	May-26	--	--	4.40%	--
05/31/2017 20:30	CA	Quarterly GDP Annualized	1Q	4.20%	--	2.60%	--
05/31/2017 20:30	CA	GDP MoM	Mar	0.20%	--	0.00%	--
05/31/2017 21:45	US	Chicago Purchasing Manager	May	57	--	58.3	--
05/31/2017 22:00	US	Pending Home Sales MoM	Apr	0.50%	--	-0.80%	--
05/31/2017	PH	Bank Lending YoY	Apr	--	--	18.40%	--
05/31/2017	MU	Hotel Occupancy Rate	Apr	--	--	82.7	--

Source: Bloomberg

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