

### Highlights

<b>Global</b>	<p>An overnight tech sell-off on the back of disappointments from tech giants like Apple sent Nasdaq lower and VIX higher. UST bond yields also climbed ahead of a bumper corporate supply. On the economic data front, US durable goods orders surged more than expected by 6.5% in June, up from an upwardly revised 0.1% decline in May, and was largely led by nondefense aircraft orders from the Paris Air Show.</p> <p>Asian bourses may be susceptible to some profit-taking interest following a relatively strong post-FOMC performance. Today's economic data release calendar comprises US' revised 2Q GDP prints, German CPI, Eurozone's consumer confidence, Taiwan's 2Q preliminary GDP growth and Thai foreign reserves.</p>
<b>US</b>	<p>Durable goods orders excluding transportation rose a modest 0.2% in June, but followed an upwardly revised 0.6% jump in May. This brought the goods trade deficit down 3.7% to US\$63.9b. Meanwhile, initial jobless claims rose 11k to 244k, bringing the 4-week moving average to 244k, while wholesale inventories rose 0.6% in June. The Chicago Fed national activity index also rose from -0.30 to +0.13 in June, but was below market estimates.</p>
<b>SG</b>	<p>The \$1.3b 7-year SGS bond re-opening auction fetched a bid-cover ratio of 2.55x with a cut-off yield of 1.95% and a short tail of 2bps. The 2Q17 unemployment rate is due today and may hover near its 1Q print of 2.3%.</p>
<b>JP</b>	<p>Core consumer prices excluding fresh food rose 0.4% yoy, but remains a long stretch to the BOJ's 2% inflation target. That said, the unemployment rate fell to 2.8%, while household spending rose 2.3% yoy, marking its first increase in more than a year, and this could augur well for the growth momentum.</p>
<b>CN</b>	<p>Reuters reported quoting source that China may remove 20% reserve requirement for long dollar forward position as sentiment over RMB has improved significantly. Currently, Chinese banks were required to set aside 20% as reserve placed with central bank for 1-year with no interest for their clients who purchase dollar in the forward contract. This effectively increased hedging costs to discourage speculation.</p>
<b>KR</b>	<p>Korea GDP growth slowed to 0.6% qoqsa (+2.7%yoy), in line with market estimates. This marks a slowdown from the previous quarter growth of 1.1% qoqsa.</p>
<b>Commodities</b>	<p>Commodity prices rose across the board, led by higher energy, precious metals and base metal prices. Notably, crude oil futures continue to edge higher, with both WTI and Brent already clocking its four straight days of gains. As of this morning, WTI continue to point north, suggesting that market-watchers continue to see higher prices given recent lower US inventory print amid OPEC's efforts to curb exports in a bid to shore prices higher. In Asia, crude palm oil futures rose to its highest in over two months, closing at MYR2,677/MT last night, with the rally led by higher demand outlook from China and India.</p>

## Major Markets

- **Wall Street:** Equities ended mixed on Thursday, with the Dow higher by 0.39%, but the Nasdaq Composite lower by 0.63% and the S&P 500 marginally lower. Verizon posted strong results, following up a beat by AT&T earlier in the week, to put the telecoms sector in the spotlight again. As a group, the telecoms sector rose 5.20%. Crude oil had another good session, pushing energy stocks higher. In the other end of the spectrum, healthcare and tech sectors led losses, adding pressure on the Nasdaq Composite. VIX spiked higher at 10.11.
- Meanwhile, the US Treasury yields were firmer across the board. 2y and 10y benchmark yields stood at 1.36% and 2.31% respectively. Treasuries were pressured by IG corporate issuances, with AT&T announcing a US\$22.5b multi-tranche deal. A new 7y auction saw good response, drawing a yield of 2.126%.
- **S. Korea:** The growth slowdown in 2Q was led by a slower expansion in construction investment, while export volumes fell. Despite, the slowdown should not be seen as a bearish signal, given the high base last quarter. Moreover, other sectors including finance & insurance (+2.0%), business activities (+1.2%) and wholesale & retail (+0.3%) edged higher, suggesting that the general economy and consumer spending growth remained intact.
- **Hong Kong:** Exports jumped significantly by 11.1% yoy in June, in line with the rosy performance of China's trade activities in the same month. This is attributed to improved external demand on global recovery, especially major Asian markets. Specifically, overseas shipments to major trading partners including Mainland China, Japan, India, Singapore and Taiwan grew by 12.2%, 13.4%, 38%, 18.6% and 35% respectively. On the other hand, imports grew notably by 10.4% yoy in June. Therefore, trade deficit widened to HKD48.28 billion. In months to come, we expect exports to grow further given sustained growth in global economy and receding trade protectionism. A relatively weak HKD will also be supportive to the exports.
- **Macau:** Unemployment rate remained unchanged at 2% in 2Q while total employed population rose further to 382,300. Looking ahead, an expected slowdown in gaming revenue growth in 2H may hinder the growth of employment (-1.3% mom in Jun) in the sector. However, in a longer run, both gaming and tourism-related sectors will show higher labor force demand as a slew of new mega projects are scheduled to be opened in coming years. On the other hand, construction sector's employment (0.6% mom in Jun) is expected to increase given a large number of housing projects, infrastructure projects and mega recreational projects planned to be completed in coming years. Government policy supports and revival of tourism activities will also underpin the hiring sentiments in the retail sector where employment rose by 0.8% yoy in Jun. Therefore, unemployment rate is likely to remain stable around 2% for some time. However, like other developed countries/regions, a tight labor market did not translate into faster wage growth. Median of monthly employment earnings has remained unchanged at MOP15,000 since 1Q 2015. This is likely to undermine local consumption.

## Bond Market Updates:

- **Market Commentary:** The SGD swap curve traded downwards yesterday, with swap rates trading 2-4bps lower across all tenors. In the broader dollar space, the spread on JACI IG Corporates rose 1bps to 189bps, while the yield on JACI HY Corporates traded

little changed at 6.90%. 10y UST yields rose 2bps yesterday, as yields advanced with the announcement of AT&T's USD22.5bn debt offering and durable goods orders came in stronger than expected.

- **New Issues:** BNZ International Funding Ltd, through its London Branch, has priced a USD650mn 5.25-year bond (guaranteed by Bank of New Zealand) at CT5.25+85bps, tightening from initial guidance of CT5.25+95bps area. The expected issue ratings are 'NR/A1/NR'. Incitec Pivot Finance LLC has priced a USD400mn 10-year bond (guaranteed by Incitec Pivot Ltd) at CT10+167.5bps, tightening from initial guidance of CT10+195bps area. The expected issue ratings are 'BBB/Baa2/NR'. Azure Power Energy Ltd has priced a USD500mn 5.25NC3 green bond (guaranteed by Azure Power Global Ltd, guarantee falls away after certain metrics are met) at 5.5%, tightening from initial guidance of 5.625%. The expected issue ratings are 'NR/Baa3/BB-'. Shougang Group has priced a EUR400mn 3-year bond at CT3+145.2bps, tightening from initial guidance of CT3+142.5bps. The expected issue ratings are 'NR/NR/A-'.
- **Rating Changes:** S&P has affirmed CK Hutchison Holdings Ltd (CK Hutchinson) corporate credit rating and senior unsecured rating at 'A-', while affirming its guaranteed subordinated notes rating at 'BBB'. In the meantime, S&P also affirmed CK Hutchinson's subsidiaries, CK Infrastructure Holdings Ltd (CKI) and Power Assets Holdings Ltd's (PAH) corporate credit ratings at 'A-'. S&P has also revised the outlook on all three companies to positive from stable. The rating action on CK Hutchinson reflects S&P's expectation that CK Hutchinson's financial performance is likely to remain strong, and that the pace of the group's new investments are likely to moderate further. The rating action on CKI and PAH was due to the fact that CKI and PAH are core subsidiaries of CKHH, and therefore the ratings on these two companies are tied to CKHH's group credit profile. Moody's has affirmed China Resources Gas Group Limited's (CR Gas) issuer and senior unsecured ratings at 'Baa1', while revising the outlook to positive from stable. The rating action reflects CR Gas' strengthened credit profile that was underpinned by its robust operating performance, and Moody's expectation that the company will maintain its prudent financial policy. Moody's has withdrawn Soilbuild Business Space REIT's (Soilbuild REIT) 'Baa3' issuer and senior unsecured ratings, as well as the negative outlook on the issuer rating. Moody's states that it has withdrawn the ratings for its own business reasons. Fitch has assigned Kyobo Life Insurance Company Limited's (Kyobo) subordinated securities a rating of 'A-'. The rating action reflects Moody's assumption that the securities have 'below-average' recovery prospects in the event of a default, given the level of subordination.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.864	0.20%	USD-SGD	1.3594	0.15%
USD-JPY	111.260	0.07%	EUR-SGD	1.5873	-0.34%
EUR-USD	1.1677	-0.49%	JPY-SGD	1.2219	0.09%
AUD-USD	0.7967	-0.47%	GBP-SGD	1.7761	-0.27%
GBP-USD	1.3066	-0.43%	AUD-SGD	1.0831	-0.33%
USD-MYR	4.2767	-0.19%	NZD-SGD	1.0179	-0.25%
USD-CNY	6.7430	-0.16%	CHF-SGD	1.4089	-1.30%
USD-IDR	13318	-0.15%	SGD-MYR	3.1513	0.31%
USD-VND	22723	--	SGD-CNY	4.9579	-0.09%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.1778	--
2M	-0.3400	--	1M	1.2333	--
3M	-0.3300	--	2M	1.2578	--
6M	-0.2720	--	3M	1.3139	--
9M	-0.2090	--	6M	1.4572	--
12M	-0.1530	--	12M	1.7362	--

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.23 (-0.02)	1.36 (+0.01)	-0.68 (-0.01)	-0.44 (-0.01)	-0.23 (-0.01)
5Y	1.52 (-0.02)	1.85 (+0.03)	-0.18 (-0.02)	-0.08 (-0.02)	0.75 (-0.04)
10Y	2.08 (-0.03)	2.31 (+0.02)	0.53 (-0.02)	0.80 (-0.01)	2.09 (-0.03)
15Y	2.28 (-0.03)	--	0.75 (-0.02)	1.18 (-0.01)	2.66 (-0.03)
20Y	2.34 (-0.02)	--	1.03 (-0.02)	1.49 (-0.01)	2.80 (-0.02)
30Y	2.41 (-0.02)	2.92 (+0.03)	1.31 (-0.01)	1.87 (-)	3.23 (-0.01)

### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
26/07/2017	0.0%	0.7%	99.3%	0.0%	0.0%
20/09/2017	16.0%	0.6%	83.4%	16.0%	0.0%
01/11/2017	16.7%	0.6%	82.8%	16.5%	0.1%
13/12/2017	51.6%	0.3%	48.1%	44.5%	7.1%
31/01/2018	52.5%	0.3%	47.2%	44.6%	7.7%
21/03/2017	67.8%	0.2%	32.0%	45.4%	19.7%

### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	49.04	0.59%	Copper (per mt)	6,343.8	0.19%
Brent (per barrel)	51.49	1.02%	Nickel (per mt)	10,096.5	0.88%
Heating Oil (per gallon)	1.6032	0.50%	Aluminium (per mt)	1,921.3	-0.26%
Gasoline (per gallon)	1.6446	1.69%			
Natural Gas (per MMBtu)	2.9690	1.54%	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,677.0	1.83%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	Rubber (JPY/KG)	214.5	0.80%
Gold (per oz)	1,266.5	0.87%			
Silver (per oz)	16.573	0.69%			

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

### Equity and Commodity

Index	Value	Net change
DJIA	21,796.55	85.54
S&P	2,475.42	-2.41
Nasdaq	6,382.19	-40.56
Nikkei 225	20,079.64	29.48
STI	3,354.71	17.99
KLCI	1,770.07	4.07
JCI	5,819.74	19.54
Baltic Dry	968.00	--
VIX	10.11	0.51

### Financial Spread (bps)

	Value	Change
LIBOR-OIS	15.47	0.82
EURIBOR-OIS	2.83	-0.02
TED	20.34	--

### Government CDS (USD)

	5Y	% Change
Germany	12.831	-8.71%
France	17.666	0.02%
Italy	133.122	-0.06%

### Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
07/26/2017	06:45	NZ Trade Balance NZD	Jun	150m	242m	103m	74m
07/26/2017	06:45	NZ Exports NZD	Jun	4.60b	4.70b	4.95b	4.92b
07/26/2017	06:45	NZ Imports NZD	Jun	4.40b	4.46b	4.85b	4.84b
07/26/2017	06:45	NZ Trade Balance 12 Mth YTD NZD	Jun	-3680m	-3661m	-3754m	-3796m
07/26/2017	07:50	JN PPI Services YoY	Jun	0.80%	0.80%	0.70%	0.80%
07/26/2017	09:30	AU CPI QoQ	2Q	0.40%	0.20%	0.50%	--
07/26/2017	09:30	AU CPI YoY	2Q	2.20%	1.90%	2.10%	--
07/26/2017	09:30	AU CPI Trimmed Mean QoQ	2Q	0.50%	0.50%	0.50%	--
07/26/2017	09:30	AU CPI Trimmed Mean YoY	2Q	1.80%	1.80%	1.90%	1.80%
07/26/2017	09:30	AU CPI Weighted Median QoQ	2Q	0.50%	0.50%	0.40%	0.50%
07/26/2017	09:30	AU CPI Weighted Median YoY	2Q	1.70%	1.80%	1.70%	--
07/26/2017	13:00	JN Small Business Confidence	Jul	49.8	50	49.2	--
07/26/2017	13:00	SI Industrial Production YoY	Jun	8.50%	13.10%	5.00%	4.40%
07/26/2017	13:00	SI Industrial Production SA MoM	Jun	3.60%	9.70%	-3.50%	-4.00%
07/26/2017	14:45	FR Consumer Confidence	Jul	108	104	108	--
07/26/2017	16:00	IT Economic Sentiment	Jul	--	105.5	106.4	106.3
07/26/2017	16:00	IT Manufacturing Confidence	Jul	107	107.7	107.3	--
07/26/2017	16:00	IT Consumer Confidence Index	Jul	106.3	106.7	106.4	--
07/26/2017	16:30	UK BBA Loans for House Purchase	Jun	40000	40200	40347	40287
07/26/2017	16:30	UK GDP QoQ	2Q A	0.30%	0.30%	0.20%	--
07/26/2017	16:30	UK GDP YoY	2Q A	1.70%	1.70%	2.00%	--
07/26/2017	16:30	UK Index of Services 3M/3M	May	0.40%	0.40%	0.20%	--
07/26/2017	19:00	US MBA Mortgage Applications	Jul-21	--	0.40%	6.30%	--
07/26/2017	22:00	US New Home Sales	Jun	615k	610k	610k	605k
07/26/2017	22:00	US New Home Sales MoM	Jun	0.80%	0.80%	2.90%	4.90%
07/27/2017	02:00	US FOMC Rate Decision (Upper Bound)	Jul-26	1.25%	1.25%	1.25%	--
07/27/2017	07:00	SK GDP SA QoQ	2Q P	0.60%	0.60%	1.10%	--
07/27/2017	07:00	SK GDP YoY	2Q P	2.70%	2.70%	2.90%	--
07/27/2017	07:50	JN Japan Buying Foreign Bonds	Jul-21	--	--	¥947.8b	--
07/27/2017	07:50	JN Japan Buying Foreign Stocks	Jul-21	--	--	¥438.6b	--
07/27/2017	07:50	JN Foreign Buying Japan Bonds	Jul-21	--	--	¥413.7b	--
07/27/2017	07:50	JN Foreign Buying Japan Stocks	Jul-21	--	--	¥341.0b	--
07/27/2017	14:00	GE GfK Consumer Confidence	Aug	10.6	--	10.6	--
07/27/2017	16:00	EC M3 Money Supply YoY	Jun	5.00%	--	5.00%	--
07/27/2017	16:30	HK Exports YoY	Jun	6.40%	--	4.00%	--
07/27/2017	16:30	HK Imports YoY	Jun	5.20%	--	6.60%	--
07/27/2017	16:30	HK Trade Balance HKD	Jun	-42.9b	--	-35.6b	--
07/27/2017	20:30	US Initial Jobless Claims	Jul-22	240k	--	233k	--
07/27/2017	20:30	US Continuing Claims	Jul-15	1960k	--	1977k	--
07/27/2017	20:30	US Durable Goods Orders	Jun P	3.70%	--	-0.80%	--
07/27/2017	20:30	US Durables Ex Transportation	Jun P	0.40%	--	0.30%	--
07/27/2017	20:30	US Cap Goods Orders Nondef Ex Air	Jun P	0.30%	--	0.20%	--
07/27/2017	20:30	US Cap Goods Ship Nondef Ex Air	Jun P	0.30%	--	0.10%	--
07/27/2017	20:30	US Wholesale Inventories MoM	Jun P	0.30%	--	0.40%	--
07/27/2017	20:30	US Chicago Fed Nat Activity Index	Jun	0.35	--	-0.26	--
07/27/2017	21:45	US Bloomberg Consumer Comfort	Jul-23	--	--	47.6	--
07/27/2017		MU Unemployment Rate	Jun	--	--	2.00%	--
07/27/2017	08/03	GE Retail Sales MoM	Jun	0.20%	--	0.50%	--
07/27/2017	08/03	GE Retail Sales YoY	Jun	2.70%	--	4.80%	--

Source: Bloomberg

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