

Highlights

Global	<p>Market sentiment continued to consolidate ahead of this week's key events including Tuesday's Trump-Kim summit as well as three major central banks' meetings including FOMC, ECB and BOJ. The G7 meeting over the weekend did not bode well for risk sentiment as President Trump walked away without endorsing the G7 statement as he criticized Canadian Prime Minister Trudeau and called him "dishonest and weak". However, market reaction was mainly constrained to Canadian dollar, which weakened in early Asian trading hours post G7 Summit. Market will move forward to wait for the outcome of Trump-Kim summit tomorrow. China's official Global Times shows the optimism for the summit to yield a positive outcome.</p> <p>Elsewhere, China's trade surplus with most countries shrank but not with the US. The widening of surplus with the US may be distorted by the recent trade tension but may not bode well for the upcoming negotiation. The USTR is scheduled to unveil the list of Chinese imports to be taxed additional tariff on 15 June.</p> <p>For central banks, it is almost a done deal for the Fed to hike its interest rate for the second time this year. However, the key focus will be the dot charts as well as the terminal rate, where market will assess whether the Fed rate hike will be three or four times. The ECB meeting on Thursday will be important watch; note the comments from ECB officials last week hint that the ECB may start its discussion about the QE tapering this week.</p> <p>For today, look out for Malaysia's industrial production and a slew of manufacturing growth prints from Europe. For the week ahead, aside from central bank meetings, China's money supply growth would be particularly interesting as well.</p>
SI	<p>The Singapore government is reportedly spending about S\$20 million to host this week's US-Pyongyang summit, with PM Lee adding that the contribution is made as "an international endeavour which is in our profound interest".</p>
CN	<p>The country's banking regulator and central bank issued a joint statement to improve its monitoring of deposit fluctuation. The new rule will increase the deviation in deposits on the final day of the month to 4% of a bank's monthly average deposit from previously 3%. In addition, the penalty for the banks to breach the deposit fluctuation requirement will be lowered. The recent fine-tune of deposit fluctuation rules is likely to alleviate bank's pressure to compete for deposits. On data, China's CPI rose by 1.8% in May, in line with market expectation. However, PPI beat market expectation and accelerated to 4.1% yoy in May. The higher than expected PPI shows that China's manufacturing activities remain resilient.</p>
CMD	<p>Commodity prices were largely range-bound with little change into the weekend, as market-watchers look on as the US-Pyongyang summit event tomorrow. Still, Brent oil futures staged a 1.1% fall, in tandem with WTI's decline of 0.32% as investors digested the sustained climb in oil rigs for the third consecutive week into 8th June. Elsewhere in Asia, crude palm oil futures declined for its fifth consecutive trading day into the second week of June, owing to (1) the rapid climb in early May given the uptick in seasonal demand amid (2) intensified concerns over US-Sino trade relationships which could see palm as a viable substitute for soybeans.</p>

Major Market

- **US:** Wall Street rose Friday with the Dow Jones, S&P 500 and the Nasdaq composite adding 0.3%, 0.31% and 0.14%, respectively. However, post-G7 summit could inject further concern following further escalation of trade tensions between the US and its trading partners. Elsewhere, market-watchers wait in anticipation for the historic Trump-Kim summit tomorrow; with several major central banks such as the Fed, ECB and BoJ meeting for their respective policy meetings later this week. VIX advanced marginally up to 12.18 on Friday, compared to Thursday's 12.15. Meanwhile, the 2y US treasury yield rose 1bp to close up at 2.498%. Similarly, the 10y treasury yield added 2bps to end firmer at 2.946%.
- **Singapore:** The Straits Times Index slid 1.06% to close down at 3,436.37 on Friday as investors anticipated the outcome of the G7-summit. Hutchison Port Holdings Trust advanced 3.28% to emerge the top mover on Friday. Meanwhile, Yangzijiang Shipbuilding Holdings Ltd (-2.88%) and ComfortDelGro Corp Ltd (-2.44%) registered losses. The index may range trade today amid weak opening cues from Nikkei and Kospi despite Wall Street gains on Friday, coupled with market anticipation of the Trump-Kim summit tomorrow.
- **Malaysia:** Prime Minister Mahathir Mohamad has commented on the Trans-Pacific Partnership, stating that "it is important to take into consideration the level of development of a country". He further elaborated by saying that "small, weaker economies must be given a chance to protect their products".
- **Indonesia:** Foreign reserves further declined to US\$122.90bn in May (April 2018: US\$124.90bn). According to BI, the reserve asset position was equivalent to financing 7.4 months of imports or 7.2 months of imports and servicing of government external debt, well above the international standard of reserve adequacy of 3 months of imports.

Bond Market Updates

- **Market Commentary:** The SGD swap curve flattened last Friday, with swap rates for the shorter tenors trading 2bps higher while the longer tenors traded 2bps lower. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened by 1bps to 138bps and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened by 2bps to 453bps. 10Y UST yield fell 5bps to 2.89% around the opening of the European markets last Friday, as traders await for the outcome of the G7 summit, fretting about the growing trade tension between the US and its major allies on global economic growth. However, 10Y UST recovered 6bps by the end of the trading session to close at 2.95% on recovery of risk sentiments.
- **New issues:** There were no new issuances over 8 June 2018.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.535	0.11%	USD-SGD	1.3360	0.16%
USD-JPY	109.550	-0.14%	EUR-SGD	1.5718	-0.13%
EUR-USD	1.1769	-0.26%	JPY-SGD	1.2192	0.27%
AUD-USD	0.7601	-0.30%	GBP-SGD	1.7899	-0.03%
GBP-USD	1.3405	-0.13%	AUD-SGD	1.0149	-0.18%
USD-MYR	3.9885	0.29%	NZD-SGD	0.9388	0.13%
USD-CNY	6.4067	0.23%	CHF-SGD	1.3553	-0.37%
USD-IDR	13932	0.41%	SGD-MYR	2.9833	-0.08%
USD-VND	22788	-0.05%	SGD-CNY	4.7979	0.02%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.7150	0.0006
2M	-0.3380	0.0010	1M	2.0462	-0.0002
3M	-0.3210	--	2M	2.1349	-0.0004
6M	-0.2670	0.0020	3M	2.3263	-0.0008
9M	-0.2110	0.0010	6M	2.4888	-0.0031
12M	-0.1800	--	12M	2.7403	-0.0135

Fed Rate Hike Probability

Meeting	Prob Hike	1.75-2	2-2.25	2.25-2.5	2.5-2.75
06/13/2018	100.0%	86.0%	14.0%	0.0%	0.0%
08/01/2018	100.0%	84.2%	15.5%	0.3%	0.0%
09/26/2018	100.0%	25.3%	63.6%	10.9%	0.2%
11/08/2018	100.0%	23.3%	60.4%	15.2%	1.1%
12/19/2018	100.0%	12.1%	42.7%	36.8%	7.8%
01/30/2019	100.0%	11.2%	40.2%	37.3%	10.2%

Equity and Commodity

Index	Value	Net change
DJIA	25,316.53	75.12
S&P	2,779.03	8.66
Nasdaq	7,645.51	10.44
Nikkei 225	22,694.50	-128.76
STI	3,436.37	-36.71
KLCI	1,778.32	-7.49
JCI	5,993.63	-113.07
Baltic Dry	1,391.00	-4.00
VIX	12.18	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.97 (-0.01)	2.50 (+0.01)
5Y	2.31 (-0.01)	2.78 (+0.02)
10Y	2.59 (-0.01)	2.95 (+0.03)
15Y	2.87 (-)	--
20Y	2.91 (-)	--
30Y	2.99 (+0.02)	3.09 (+0.02)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	41.14	0.87
EURIBOR-OIS	2.90	-0.38
TED	41.92	0.98

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	65.74	-0.32%	Copper (per mt)	7,275.2	0.76%
Brent (per barrel)	76.46	-1.11%	Nickel (per mt)	15,356.0	-0.66%
Heating Oil (per gallon)	2.1643	-0.72%	Aluminium (per mt)	2,302.0	-0.31%
Gasoline (per gallon)	2.1153	0.02%			
Natural Gas (per MMBtu)	2.8900	-1.37%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,366.0	-0.88%
			Rubber (JPY/KG)	186.1	-1.90%
Precious Metals	Futures	% chg			
Gold (per oz)	1,302.7	-0.02%			
Silver (per oz)	16.741	-0.44%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 05 Jun 2018

	Current	Previous	Net Chg		Current	Previous	Net Chg
Sugar	22,060	-11,611	33,671	Corn	227,637	316,976	-89,339
Copper	44,933	36,082	8,851	Soybean	94,996	131,736	-36,740
Coffee	-29,757	-36,596	6,839	Nymex Crude	628,185	654,148	-25,963
Cotton	127,052	124,094	2,958	RBOB Gasoline	95,333	105,123	-9,790
Natural Gas	-60,096	-62,450	2,354	Cocoa	50,691	59,065	-8,374
Silver	17,762	15,582	2,180	Heating Oil	37,276	43,837	-6,561
Palladium	11,602	10,032	1,570	Gold	107,245	112,754	-5,509
Lean Hogs	-9,871	-11,151	1,280	Wheat	22,345	27,264	-4,919
Live Cattle	21,223	21,414	-191	Platinum	2,510	4,413	-1,903

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
06/08/2018 03:00	US Consumer Credit	Apr	\$14.000b	\$9.262b	\$11.622b	\$12.278b
06/08/2018 07:50	JN BoP Current Account Balance	Apr	¥2076.5b	¥1845.1b	¥3122.3b	--
06/08/2018 07:50	JN Trade Balance BoP Basis	Apr	¥742.3b	¥573.8b	¥1190.7b	--
06/08/2018 07:50	JN GDP SA QoQ	1Q F	-0.10%	-0.20%	-0.20%	--
06/08/2018 07:50	JN GDP Annualized SA QoQ	1Q F	-0.40%	-0.60%	-0.60%	--
06/08/2018 07:50	JN GDP Nominal SA QoQ	1Q F	-0.30%	-0.40%	-0.40%	--
06/08/2018 07:50	JN GDP Deflator YoY	1Q F	0.50%	0.50%	0.50%	--
06/08/2018 07:50	JN Bank Lending Incl Trusts YoY	May	--	2.00%	2.10%	--
06/08/2018 09:00	PH Exports YoY	Apr	-3.20%	-8.50%	-8.20%	-6.80%
06/08/2018 09:00	PH Imports YoY	Apr	13.70%	22.20%	0.10%	0.30%
06/08/2018 09:00	PH Trade Balance	Apr	-\$2800m	-\$3615m	-\$2608m	-\$2532m
06/08/2018 11:24	CH Trade Balance	May	\$33.25b	\$24.92b	\$28.78b	\$28.30b
06/08/2018 11:24	CH Exports YoY	May	11.10%	12.60%	12.90%	12.60%
06/08/2018 11:24	CH Imports YoY	May	18.00%	26.00%	21.50%	--
06/08/2018 12:30	JN Bankruptcies YoY	May	--	-4.36%	-4.41%	--
06/08/2018 14:00	GE Trade Balance	Apr	20.2b	20.4b	25.2b	24.7b
06/08/2018 14:00	GE Current Account Balance	Apr	20.0b	22.7b	29.1b	29.6b
06/08/2018 14:00	GE Exports SA MoM	Apr	-0.30%	-0.30%	1.70%	1.80%
06/08/2018 14:00	GE Imports SA MoM	Apr	0.60%	2.20%	-0.90%	-0.20%
06/08/2018 14:00	GE Industrial Production SA MoM	Apr	0.30%	-1.00%	1.00%	1.70%
06/08/2018 14:45	FR Industrial Production MoM	Apr	0.30%	-0.50%	-0.40%	--
06/08/2018 14:45	FR Manufacturing Production MoM	Apr	1.30%	0.40%	0.10%	0.30%
06/08/2018 15:30	TH Foreign Reserves	Jun-01	--	\$212.1b	\$212.5b	--
06/08/2018 16:00	TA Trade Balance	May	\$4.32b	\$4.41b	\$4.15b	--
06/08/2018 16:00	TA Exports YoY	May	12.00%	14.20%	10.00%	--
06/08/2018 16:00	TA Imports YoY	May	9.00%	12.00%	4.90%	--
06/08/2018 17:57	ID Foreign Reserves	May	--	\$122.90b	\$124.90b	--
06/08/2018 20:15	CA Housing Starts	May	220.0k	195.6k	214.4k	216.8k
06/08/2018 20:30	CA Capacity Utilization Rate	1Q	86.40%	86.10%	86.00%	85.60%
06/08/2018 20:30	CA Net Change in Employment	May	23.5k	-7.5k	-1.1k	--
06/08/2018 20:30	CA Unemployment Rate	May	5.80%	5.80%	5.80%	--
06/08/2018 20:30	CA Full Time Employment Change	May	15	-31	28.8	--
06/08/2018 20:30	CA Participation Rate	May	65.5	65.3	65.4	--
06/08/2018 22:00	US Wholesale Inventories MoM	Apr F	0.00%	0.10%	0.00%	--
06/09/2018 09:30	CH PPI YoY	May	3.90%	4.10%	3.40%	--
06/09/2018 09:30	CH CPI YoY	May	1.80%	1.80%	1.80%	--
06/11/2018 06:45	NZ Mfg Activity SA QoQ	1Q	--	0.60%	2.80%	2.60%
06/11/2018 07:50	JN Money Stock M2 YoY	May	3.30%	--	3.30%	--
06/11/2018 07:50	JN Money Stock M3 YoY	May	2.80%	--	2.80%	--
06/11/2018 07:50	JN Core Machine Orders MoM	Apr	2.40%	--	-3.90%	--
06/11/2018 12:00	MA Industrial Production YoY	Apr	4.30%	--	3.10%	--
06/11/2018 14:00	JN Machine Tool Orders YoY	May P	--	--	22.00%	--
06/11/2018 14:30	FR Bank of France Ind. Sentiment	May	102	--	102	--
06/11/2018 16:00	IT Industrial Production MoM	Apr	-0.50%	--	1.20%	--
06/11/2018 16:30	UK Visible Trade Balance GBP/Mn	Apr	£11,400	--	£12,287	--
06/11/2018 16:30	UK Trade Balance	Apr	£2,500	--	£3,091	--
06/11/2018 16:30	UK Industrial Production MoM	Apr	0.10%	--	0.10%	--
06/11/2018 16:30	UK Manufacturing Production MoM	Apr	0.30%	--	-0.10%	--
06/11/2018 19:00	UK NIESR GDP Estimate	May	0.30%	--	0.10%	--
06/10/2018 06/15	CH Money Supply M2 YoY	May	8.50%	--	8.30%	--
06/10/2018 06/15	CH Aggregate Financing CNY	May	1300.0b	--	1560.0b	1560.5b
06/10/2018 06/15	CH New Yuan Loans CNY	May	1200.0b	--	1180.0b	--
06/08/2018 06/13	VN Domestic Vehicle Sales YoY	May	--	--	-3.70%	--
06/11/2018 06/29	IN BoP Current Account Balance	1Q	-\$12.50b	--	-\$13.50b	--
06/10/2018 06/15	CH Money Supply M1 YoY	May	7.30%	--	7.20%	--
06/10/2018 06/15	CH Money Supply M0 YoY	May	4.40%	--	4.50%	--

Source: Bloomberg

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