

### Highlights

<b>Global</b>	<p>The negative takeaway from the G7 meeting had limited impact on the market on Monday and market is waiting patiently for the upcoming Trump-Kim summit. Chairman Kim's first-ever public casual selfie with Singapore's Foreign Minister Vivian Balakrishnan last night has normalized the image of world's most mysterious leader three months ago. This fuelled some hopes that the Summit may yield positive outcome, supporting the risk sentiment. Global equity market ended higher slightly and US Treasury yields edged higher marginally.</p> <p>The auction of 3-year US Treasury bonds on Monday received a strong bid from indirect bidders including fund managers and central banks. The yield for US\$32 billion was at 2.664%, slightly below the secondary pricing before the auction.</p>
<b>UK</b>	<p>Industrial production fell by 0.8% mom in April, much lower than market expected 0.1% increase. The weaker than expected manufacturing output justified BOE's decision to postpone the rate hike in May. As the BOE has switched to data dependant mode, market will watch out for more data this week including job market today, CPI tomorrow and retail sales on Thursday.</p>
<b>CN</b>	<p>Hong Kong Economic Journal reported that China may allow foreign investors to use their onshore bonds under bond connect as collateral for onshore repo to boost liquidity.</p>
<b>KR</b>	<p>Bank of Korea governor Lee Ju-yeol commented that Korean policy-makers must keep policy accommodative for now, even though consumption and exports remain solid amid other uncertainties including the weak labour market and financial unrests in some emerging countries. Importantly, he mentioned that Korea must consider the need to increase policy room in preparation for long-term economic changes.</p>
<b>MA</b>	<p>The industrial production index increased at a faster pace of 4.6% yoy for April (Mar 2018: 3.1% yoy). Meanwhile, Prime Minister Mahathir Mohamad has mentioned that a new BNM Governor has been identified but the person cannot be named until the King has given his approval. Regarding the creation of a national car maker, Mahathir also said, "our ambition is to start another national car, perhaps with some help from Southeast Asia".</p>
<b>CMD</b>	<p>Signs that the OPEC cartel may resist Saudi Arabia's call to raise production into 2H18 can be seen overnight. Iraqi oil minister Jabbar al-Luaibi commented that he "rejects unilateral decisions made by some producers which do not consult with the rest... (while other producers) have not yet reached the goals set." We opine that oil prices will however sustain its range-trading behaviour into the OPEC meeting on 22nd June, barring further concrete rhetoric by OPEC members regarding their production decisions. Elsewhere, palm oil futures continued to trend lower, closing 0.3% lower yesterday, as lower demand woes dragged prices lower. Note Malaysia's exports in the first 10 days of June fell 20% m/m (or 324,947 tonnes), suggesting that demand will continue to stay tepid into the month ahead. Malaysia keeps crude palm oil export tax at 5% in July, after raising it in May 2018.</p>

## Major Market

- **US:** Wall Street rose ahead of the highly anticipated Trump-Kim Summit that is taking place today. The Dow rose a marginal 0.02% up to close at 25,322.31 on Monday. Similarly, the S&P 500 and Nasdaq composite added 0.11% and 0.19%, respectively. Moving forward into the week full of major central banks meeting today, markets are likely to trade off the respective stances of the Fed, ECB and the BoJ. The VIX index edged slightly up to close at 12.35, vs Friday's close of 12.18. On the US Treasury front, the 2y benchmark yield rose 2bps to end firmer at 2.520%. Meanwhile, the 10y yield remained relatively unchanged, rising 0.5bp to close marginally up at 2.952%.
- **Singapore:** The Straits Times Index rose 0.15% to close up at 3,441.69. Counters in focus include Thai Beverage PCL (+3.25%) and Golden Agri-Resources Ltd (+1.64%) as they registered gains to support the index. Meanwhile, Venture Corp Ltd and Yangzijiang Shipbuilding Holdings Ltd declined 2.56% and 1.49%, respectively. Risk taking sentiment will likely remain supported today as investors anticipate the outcome of the historic first meeting between a US president and the leader of the hermit kingdom. Overnight Wall Street gains and positive morning cues from its Asian counterparts will give the index added legs.
- **Thailand:** The Board of Investment commented that China is increasingly becoming Thailand's significant source of foreign-direct investment, while Japan's share of FDI is projected to fall from the current 30% as fund inflows from China accelerate.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates for the shorter tenors trading 1-2bps higher while swap rates for the longer tenors traded 2-4bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 138bps and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 451bps. While 10Y UST yield traded little changed at 2.95%, intra-day movements were volatile. In the earlier part of the trading session, 10Y UST yields rose by 2bps to 2.97% as the Fed is expected to raise interest rates this Wednesday. However, yield movements reversed to close at 2.95% towards the latter part of the trading session, possibly due to safe haven flows ahead of the historic summit between President Donald Trump and North Korean leader Kim Jong Un.
- **New issues:** National Australia Bank Ltd/New York has priced a USD1.6bn deal across three-tranches, with the USD500mn 3.25-year bond priced at CT3+80bps, tightening from its initial price guidance of CT3+85bps; the USD750mn 5-year bond priced at CT5+90bps, tightening from its initial price guidance of CT5+105bps and the USD350mn 3.25-year FRN priced at 3mL+58bps, in line with its initial price guidance. Qingdao Jiaozhou Bay Development Co Ltd has priced a USD120mn 3-year bond at 6.9%, tightening from its initial price guidance of 7%. China Aoyuan Property Group Ltd has priced a USD225mn re-tap of its CAPG 7.5%'21 bond (guaranteed by certain non-PRC subsidiaries of the issuer) at 8.25%, tightening from its initial price guidance of 8.375%.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	93.608	0.08%	<b>USD-SGD</b>	1.3349	-0.08%
<b>USD-JPY</b>	110.030	0.44%	<b>EUR-SGD</b>	1.5731	0.08%
<b>EUR-USD</b>	1.1784	0.13%	<b>JPY-SGD</b>	1.2134	-0.48%
<b>AUD-USD</b>	0.7609	0.11%	<b>GBP-SGD</b>	1.7857	-0.23%
<b>GBP-USD</b>	1.3379	-0.19%	<b>AUD-SGD</b>	1.0156	0.07%
<b>USD-MYR</b>	3.9875	-0.03%	<b>NZD-SGD</b>	0.9378	-0.11%
<b>USD-CNY</b>	6.4018	-0.08%	<b>CHF-SGD</b>	1.3546	-0.05%
<b>USD-IDR</b>	13932	--	<b>SGD-MYR</b>	2.9870	0.12%
<b>USD-VND</b>	22803	0.07%	<b>SGD-CNY</b>	4.7981	0.00%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3710	--	<b>0/N</b>	1.7150	--
<b>2M</b>	-0.3380	--	<b>1M</b>	2.0462	--
<b>3M</b>	-0.3210	--	<b>2M</b>	2.1349	--
<b>6M</b>	-0.2670	--	<b>3M</b>	2.3263	--
<b>9M</b>	-0.2110	--	<b>6M</b>	2.4888	--
<b>12M</b>	-0.1800	--	<b>12M</b>	2.7403	--

#### 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%	84.0%	16.0%	0.0%	0.0%
08/01/2018	100.0%	82.3%	17.4%	0.3%	0.0%
09/26/2018	100.0%	21.4%	65.4%	13.0%	0.2%
11/08/2018	100.0%	19.7%	61.8%	17.2%	1.3%
12/19/2018	100.0%	9.5%	40.0%	40.3%	9.6%
01/30/2019	100.0%	8.5%	36.9%	40.3%	12.6%

#### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	66.10	0.55%	Copper (per mt)	7,180.4	-1.30%
Brent (per barrel)	76.46	0.00%	Nickel (per mt)	15,223.0	-0.87%
Heating Oil (per gallon)	2.1607	-0.17%	Aluminium (per mt)	2,308.0	0.26%
Gasoline (per gallon)	2.1049	-0.49%			
Natural Gas (per MMBtu)	2.9490	2.04%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,360.0	-0.25%
			Rubber (JPY/KG)	184.9	-0.64%
Precious Metals	Futures	% chg			
Gold (per oz)	1,303.2	0.04%			
Silver (per oz)	16.952	1.26%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,322.31	5.78
<b>S&amp;P</b>	2,782.00	2.97
<b>Nasdaq</b>	7,659.93	14.41
<b>Nikkei 225</b>	22,804.04	109.54
<b>STI</b>	3,441.69	5.32
<b>KLCI</b>	1,775.80	-2.52
<b>JCI</b>	5,993.63	--
<b>Baltic Dry</b>	1,391.00	--
<b>VIX</b>	12.35	0.17

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.98 (+0.01)	2.52 (+0.02)
<b>5Y</b>	2.33 (+0.03)	2.80 (+0.01)
<b>10Y</b>	2.63 (+0.04)	2.95 (+0.01)
<b>15Y</b>	2.90 (+0.03)	--
<b>20Y</b>	2.94 (+0.04)	--
<b>30Y</b>	3.03 (+0.03)	3.09 (-)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	41.14	-0.13
<b>EURIBOR-OIS</b>	3.44	0.54
<b>TED</b>	41.92	--

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
06/11/2018 06:45	NZ Mfg Activity SA QoQ	1Q	--	0.60%	2.80%	2.60%
<b>06/11/2018 07:50</b>	<b>JN Money Stock M2 YoY</b>	<b>May</b>	<b>3.30%</b>	<b>3.20%</b>	<b>3.30%</b>	--
<b>06/11/2018 07:50</b>	<b>JN Money Stock M3 YoY</b>	<b>May</b>	<b>2.80%</b>	<b>2.70%</b>	<b>2.80%</b>	--
<b>06/11/2018 07:50</b>	<b>JN Core Machine Orders MoM</b>	<b>Apr</b>	<b>2.40%</b>	<b>10.10%</b>	<b>-3.90%</b>	--
06/11/2018 12:00	MA Industrial Production YoY	Apr	4.40%	4.60%	3.10%	--
06/11/2018 12:00	MA Manufacturing Sales Value YoY	Apr	--	8.20%	3.90%	--
06/11/2018 14:00	JN Machine Tool Orders YoY	May P	--	14.90%	22.00%	--
06/11/2018 14:30	FR Bank of France Ind. Sentiment	May	102	100	102	--
<b>06/11/2018 16:00</b>	<b>IT Industrial Production MoM</b>	<b>Apr</b>	<b>-0.50%</b>	<b>-1.20%</b>	<b>1.20%</b>	--
06/11/2018 16:00	IT Industrial Production WDA YoY	Apr	3.60%	1.90%	3.60%	3.50%
06/11/2018 16:00	IT Industrial Production NSA YoY	Apr	--	6.70%	-1.10%	--
06/11/2018 16:30	UK Visible Trade Balance GBP/Mn	Apr	<b>-£11,300</b>	<b>-£14,035</b>	<b>-£12,287</b>	<b>-£12,003</b>
06/11/2018 16:30	UK Trade Balance Non EU GBP/Mn	Apr	<b>-£3,000</b>	<b>-£5,372</b>	<b>-£3,639</b>	<b>-£3,788</b>
06/11/2018 16:30	UK Trade Balance	Apr	<b>-£2,500</b>	<b>-£5,280</b>	<b>-£3,091</b>	<b>-£3,220</b>
<b>06/11/2018 16:30</b>	<b>UK Industrial Production MoM</b>	<b>Apr</b>	<b>0.10%</b>	<b>-0.80%</b>	<b>0.10%</b>	--
<b>06/11/2018 16:30</b>	<b>UK Manufacturing Production MoM</b>	<b>Apr</b>	<b>0.30%</b>	<b>-1.40%</b>	<b>-0.10%</b>	--
<b>06/11/2018 17:14</b>	<b>VN Domestic Vehicle Sales YoY</b>	<b>May</b>	<b>--</b>	<b>2.50%</b>	<b>-3.70%</b>	--
06/11/2018 19:09	UK NIESR GDP Estimate	May	0.30%	0.20%	0.10%	0.00%
<b>06/12/2018 07:50</b>	<b>JN PPI YoY</b>	<b>May</b>	<b>2.10%</b>	--	<b>2.00%</b>	--
06/12/2018 07:50	JN PPI MoM	May	0.20%	--	0.10%	--
06/12/2018 08:01	CH Manpower Survey	3Q	--	--	8%	--
06/12/2018 08:01	IN Manpower Survey	3Q	--	--	16%	--
06/12/2018 09:30	AU NAB Business Conditions	May	--	--	21	--
06/12/2018 09:30	AU NAB Business Confidence	May	--	--	10	--
<b>06/12/2018 09:30</b>	<b>AU Home Loans MoM</b>	<b>Apr</b>	<b>-1.80%</b>	--	<b>-2.20%</b>	--
06/12/2018 09:30	AU Investment Lending	Apr	--	--	-9.00%	--
06/12/2018 09:30	AU Owner-Occupier Loan Value MoM	Apr	--	--	-1.90%	--
<b>06/12/2018 12:30</b>	<b>JN Tertiary Industry Index MoM</b>	<b>Apr</b>	<b>0.60%</b>	--	<b>-0.30%</b>	--
06/12/2018 13:00	SI Retail Sales SA MoM	Apr	--	--	2.30%	--
<b>06/12/2018 13:00</b>	<b>SI Retail Sales YoY</b>	<b>Apr</b>	<b>2.10%</b>	--	<b>-1.50%</b>	--
06/12/2018 16:00	IT Unemployment Rate Quarterly	1Q	11.10%	--	11.00%	--
<b>06/12/2018 16:30</b>	<b>UK Claimant Count Rate</b>	<b>May</b>	--	--	<b>2.50%</b>	--
<b>06/12/2018 16:30</b>	<b>UK Jobless Claims Change</b>	<b>May</b>	--	--	<b>31.2k</b>	--
06/12/2018 16:30	UK Average Weekly Earnings 3M/YoY	Apr	2.50%	--	2.60%	--
<b>06/12/2018 16:30</b>	<b>UK ILO Unemployment Rate 3Mths</b>	<b>Apr</b>	<b>4.20%</b>	--	<b>4.20%</b>	--
<b>06/12/2018 17:00</b>	<b>GE ZEW Survey Current Situation</b>	<b>Jun</b>	<b>85</b>	--	<b>87.4</b>	--
<b>06/12/2018 17:00</b>	<b>GE ZEW Survey Expectations</b>	<b>Jun</b>	<b>-14</b>	--	<b>-8.2</b>	--
06/12/2018 17:00	EC ZEW Survey Expectations	Jun	--	--	2.4	--
06/12/2018 18:00	US NFIB Small Business Optimism	May	105	--	104.8	--
06/12/2018 20:00	IN CPI YoY	May	4.90%	--	4.58%	--
<b>06/12/2018 20:00</b>	<b>IN Industrial Production YoY</b>	<b>Apr</b>	<b>5.90%</b>	--	<b>4.40%</b>	--
<b>06/12/2018 20:30</b>	<b>US CPI MoM</b>	<b>May</b>	<b>0.20%</b>	--	<b>0.20%</b>	--
<b>06/12/2018 20:30</b>	<b>US CPI Ex Food and Energy MoM</b>	<b>May</b>	<b>0.20%</b>	--	<b>0.10%</b>	--
06/12/2018 20:30	US CPI Index NSA	May	251.57	--	250.546	--
06/12/2018 20:30	US CPI Core Index SA	May	256.884	--	256.45	--
06/11/2018 06/18	CH Foreign Direct Investment YoY CNY	May	--	--	-1.10%	--
06/11/2018 06/29	IN BoP Current Account Balance	1Q	-\$12.50b	--	-\$13.50b	--
06/11/2018 06/15	CH Aggregate Financing CNY	May	1300.0b	--	1560.0b	1560.5b
06/11/2018 06/15	CH New Yuan Loans CNY	May	1200.0b	--	1180.0b	--
06/11/2018 06/15	CH Money Supply M1 YoY	May	7.30%	--	7.20%	--
<b>06/11/2018 06/15</b>	<b>CH Money Supply M2 YoY</b>	<b>May</b>	<b>8.50%</b>	--	<b>8.30%</b>	--
06/11/2018 06/15	CH Money Supply M0 YoY	May	4.60%	--	4.50%	--

Source: Bloomberg

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