

Highlights

Global	<p>Wall Street climbed on Friday amid buoyant bank earnings, with S&P500 back above 2,800. Trade tensions also notched lower slightly towards the end of last week as China appeared to moderate their response to the latest announcement of additional 10% US tariffs on another US\$200b of Chinese imports, even as China's monthly trade surplus with the US hit a record of US\$28.97b in June. Meanwhile, US president Trump in an interview named the EU as a "foe" for the US based on "what they do to us in trade", while Russia is a "foe in certain respects" and China is a "foe economically".</p> <p>Asian markets may kick-start the week with a rangy trading tone notwithstanding US' earnings season optimism, as investors await fresh cues from China's 2Q18 GDP growth, retail sales, industrial production and FAI data. Other economic data and key events to watch include US' retail sales for Jun, Indonesia's trade data, and IMF's World Economic Outlook update, as well as any headlines from the first Trump-Putin summit and the annual EU-China summit hosted by Premier Li Keqiang. For the week ahead, watch for Fed chair Powell's semi-annual monetary policy testimony to the Senate and House panels (17-18 July), RBA's July minutes (Tue), BI policy decision (likely to be static on 19 July after the recent 100bps of rate hikes), hearings on whether auto imports threaten US' national security (Thu), the G20 summit in Buenos Aires (Sat), as well as US earnings from Bank of America, BlackRock, Goldman Sachs, Morgan Stanley, Amex, Netflix, Microsoft etc.</p>
US	<p>The University of Michigan sentiments eased more than expected from 87.2 in June to 97.1 in July, with the current conditions gauge being the main drag at 113.9 (previously 116.5) whilst the expectations gauge actually improved to 86.4 from 86.3. Note however, that the 1-year and 5-10 year inflation gauges eased to 2.9% and 2.4% respectively, down from 3.0% and 2.6% a month ago.</p>
SI	<p>NODX, which is due tomorrow at 830am, likely expanded by 8.0% yoy (-10.7% mom sa) in June. This is a moderation from 10.3% yoy (-7.8% mom sa) in May, as trade war concerns and moderating electronics momentum weigh.</p>
CH	<p>China's broad money supply M2 decelerated further to a record low of 8% yoy in June against the backdrop of financial de-leverage. Funding supply continued to shift from off-balance sheet to on-balance sheet. Total new Yuan loan beat market expectations, increasing by CNY1.84 trillion, while aggregate social financing surprised on the downside, only increasing by CNY1.18 trillion, way below new Yuan loan growth.</p>
CMD	<p>WTI futures were briefly above its \$71/bbl over the weekend before market-players took concerns over US Trump's comments to tap on emergency crude supplies. Investors also shrugged off concerns over further Libyan oil supply outage in its Sharara deposit field, amid last week's lacklustre Chinese June crude oil import (34.35 million tons, lowest since Feb '18 at -4.9% y/y). Other growth-related commodities including base metals continue to point south into the week-end, a clear bearish reaction to the sustained trade war issues in the backdrop. In Asia, crude palm oil futures fell to its lowest since Sep 2015 at MYR2,147/MT on persistently poor fundamentals given high Indonesia's production and inventories while India's demand is projected to contract into 2018.</p>

Major Markets

- **US:** Wall Street closed higher on Friday on positive corporate earnings season. The S&P500 climbed 0.11% to 2,801.31 as it posted its best close since February. The Dow gained 0.38% to close up at 25,019.41, while the Nasdaq composite rose by 0.03% to 7,825.98. VIX fell to 12.18 on Friday, as compared to 12.58 on Thursday. The 2y yield fell to 2.578% (-0.8bp), while the 10y yield dropped to 2.827% (-1.8bp).
- **Singapore:** The STI added 0.23% to close up at 3260.35 on Friday, but may tread a 3230-3280 range today until China's 2Q18 GDP growth print is announced. Despite a positive Friday cue from Wall Street, the Kospi is trading softer this morning. With UST bond yields lower by 2bps led by the belly of the curve on Friday, SGS bonds which had sold off by around 3bps on Friday to produce a steeper yield curve may see some better support today.
- **China:** Financial de-leverage continued to take effect. The weaker than expected aggregate social financing is mainly the result of shrinking off-balance sheet financing. Three main off-balance sheet channels, including entrusted loan, trust loan and banker's acceptance bill fell by CNY164.2 billion, CNY162.3 billion and CNY365 billion respectively. The outstanding off-balance sheet financing fell by 0.6% yoy, first decline in record.
- The support from real estate may have peaked. Although the new Yuan loan increased by more than expected, the medium to long term loan to household only increased by CNY463.4 billion, down from CNY483.3 billion last June.
- Fiscal policy has become more proactive as monetary policy is constrained by financial de-leverage. Fiscal deposit fell by CNY685.2 billion in June, in line with the seasonal pattern. This is the largest single month decline in June in record, which shows a more proactive fiscal policy.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened last Friday, with swap rates for the shorter tenors trading 3-4bps lower while the longer tenors traded 1-2bps lower (with the exception of the 30-year swap rates trading 3bps lower). The Bloomberg Barclays Asia USD IG Bond Index average OAS was stable at 147bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 2bps to 556bps. Overall, 10Y UST yields fell 3bps to close at 2.83% after US President Donald Trump criticized UK Prime Minister Theresa May's Brexit strategy for killing hopes of a US trade deal.
- **New Issues:** State Bank of India/London has priced a USD200mn 2.5-year bond at 3.197%. SF Holding Investment Ltd has scheduled for investor meetings from 16 July for its potential USD bond issuance (guaranteed by SF Holding Co Ltd).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	94.677	-0.16%	USD-SGD	1.3658	0.19%
USD-JPY	112.380	-0.15%	EUR-SGD	1.5957	0.29%
EUR-USD	1.1685	0.11%	JPY-SGD	1.2148	0.28%
AUD-USD	0.7424	0.22%	GBP-SGD	1.8061	0.32%
GBP-USD	1.3222	0.12%	AUD-SGD	1.0139	0.40%
USD-MYR	4.0510	0.25%	NZD-SGD	0.9221	-0.26%
USD-CNY	6.6916	0.36%	CHF-SGD	1.3632	0.24%
USD-IDR	14378	-0.08%	SGD-MYR	2.9617	-0.15%
USD-VND	23047	0.00%	SGD-CNY	4.8976	0.08%

Equity and Commodity

Index	Value	Net change
DJIA	25,019.41	94.52
S&P	2,801.31	3.02
Nasdaq	7,825.98	2.06
Nikkei 225	22,597.35	409.39
STI	3,260.35	7.34
KLCI	1,721.93	18.36
JCI	5,944.07	36.20
Baltic Dry	1,666.00	34.00
VIX	12.18	-0.40

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	0.0010	O/N	1.9176	--
2M	-0.3360	--	1M	2.0733	0.0016
3M	-0.3210	--	2M	2.1734	0.0002
6M	-0.2680	0.0030	3M	2.3360	-0.0032
9M	-0.2180	-0.0020	6M	2.5209	0.0012
12M	-17.9%	--	12M	278.7%	0.2%

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.89 (+0.01)	2.58 (-0.01)
5Y	2.16 (--)	2.72 (-0.02)
10Y	2.45 (+0.02)	2.83 (-0.02)
15Y	2.70 (+0.03)	--
20Y	2.73 (+0.04)	--
30Y	2.80 (+0.03)	2.93 (-0.01)

Fed Rate Hike Probability

Meeting	Prob Hike	2-2.25	2.25-2.5	2.5-2.75	2.75-3
08/01/2018	16.5%	16.5%	0.0%	0.0%	0.0%
09/26/2018	86.2%	72.4%	13.8%	0.0%	0.0%
11/08/2018	87.0%	69.2%	17.0%	0.8%	0.0%
12/19/2018	94.6%	36.3%	47.6%	10.3%	0.4%
01/30/2019	95.0%	33.9%	46.7%	13.2%	1.2%
03/20/2019	97.5%	19.4%	40.3%	30.0%	7.2%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	37.04	-0.11
EURIBOR-OIS	3.70	-0.10
TED	37.00	-1.57

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	71.01	0.97%	Coffee (per lb)	1.099	-1.48%
Brent (per barrel)	75.33	1.18%	Cotton (per lb)	0.8784	-0.79%
Heating Oil (per gallon)	2.1334	0.49%	Sugar (per lb)	0.1096	-1.08%
Gasoline (per gallon)	2.1067	1.69%	Orange Juice (per lb)	1.6880	0.72%
Natural Gas (per MMBtu)	2.7520	-1.61%	Cocoa (per mt)	2,513	1.13%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	6,118.9	-0.05%	Wheat (per bushel)	4.9700	2.58%
Nickel (per mt)	13,881.0	-1.55%	Soybean (per bushel)	8.343	-1.77%
Aluminium (per mt)	2,066.8	-1.24%	Corn (per bushel)	3.5475	-1.25%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,241.2	-0.43%	Crude Palm Oil (MYR/MT)	2,147.0	-1.78%
Silver (per oz)	15.815	-1.01%	Rubber (JPY/KG)	172.9	0.17%

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

CFTC Commodities Futures and Options

For the week ended: 10 Jul 2018

	Current	Previous	Net Chg		Current	Previous	Net Chg
Live Cattle	52,779	33,431	19,348	Corn	-7,648	41,017	-48,665
Soybean	-31,398	-38,908	7,510	Copper	14,000	24,866	-10,866
RBOB Gasoline	102,466	98,033	4,433	Natural Gas	-100,660	-91,034	-9,626
Gold	69,056	66,319	2,737	Nymex Crude	693,179	702,356	-9,177
Heating Oil	50,485	48,638	1,847	Sugar	-14,162	-5,147	-9,015
Platinum	-6,314	-6,440	126	Wheat	7,566	9,938	-2,372
Cocoa	41,355	41,751	-396	Lean Hogs	-3,531	-1,624	-1,907
Coffee	-71,592	-70,501	-1,091	Palladium	7,549	8,853	-1,304
Silver	23,399	24,558	-1,159	Cotton	95,351	96,596	-1,245

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
07/13/2018 02:00	US Monthly Budget Statement	Jun	-\$80.0b	-\$74.9b	-\$90.2b	--
07/13/2018 05:00	SK Import Price Index YoY	Jun	--	10.90%	8.10%	--
07/13/2018 05:00	SK Export Price Index YoY	Jun	--	1.60%	0.10%	0.40%
07/13/2018 06:30	NZ BusinessNZ Manufacturing PMI	Jun	--	52.8	54.5	54.4
07/13/2018 08:00	SI GDP SAAR QoQ	2Q A	1.30%	1.00%	1.70%	1.50%
07/13/2018 08:00	SI GDP YoY	2Q A	4.10%	3.80%	4.40%	4.30%
07/13/2018 11:03	CH Trade Balance	Jun	\$27.72b	\$41.61b	\$24.92b	\$24.23b
07/13/2018 11:03	CH Exports YoY	Jun	9.50%	11.30%	12.60%	12.20%
07/13/2018 11:03	CH Imports YoY	Jun	21.30%	14.10%	26.00%	--
07/13/2018 12:30	JN Industrial Production MoM	May F	--	-0.20%	-0.20%	--
07/13/2018 12:30	JN Industrial Production YoY	May F	--	4.20%	4.20%	--
07/13/2018 12:30	JN Capacity Utilization MoM	May	--	-2.10%	1.80%	--
07/13/2018 15:30	TH Foreign Reserves	Jul-06	--	\$207.3b	\$206.8b	--
07/13/2018 16:30	CH Money Supply M1 YoY	Jun	5.90%	6.60%	6.00%	--
07/13/2018 16:30	CH Money Supply M2 YoY	Jun	8.40%	8.00%	8.30%	--
07/13/2018 16:30	CH Aggregate Financing CNY	Jun	1400.0b	1180.0b	760.8b	--
07/13/2018 16:30	CH New Yuan Loans CNY	Jun	1535.0b	1840.0b	1150.0b	--
07/13/2018 16:30	CH Money Supply M0 YoY	Jun	3.50%	3.90%	3.60%	--
07/13/2018 20:30	US Import Price Index MoM	Jun	0.10%	-0.40%	0.60%	0.90%
07/13/2018 20:30	US Import Price Index YoY	Jun	4.60%	4.30%	4.30%	4.50%
07/13/2018 20:33	IN Exports YoY	Jun	--	17.60%	20.20%	--
07/13/2018 20:33	IN Imports YoY	Jun	--	21.30%	14.90%	--
07/13/2018 22:00	US U. of Mich. Sentiment	Jul P	98	97.1	98.2	--
07/16/2018 07:01	UK Rightmove House Prices MoM	Jul	--	-0.10%	0.40%	--
07/16/2018 07:01	UK Rightmove House Prices YoY	Jul	--	1.40%	1.70%	--
07/16/2018 10:00	CH GDP YoY	2Q	6.70%	--	6.80%	--
07/16/2018 10:00	CH GDP SA QoQ	2Q	1.60%	--	1.40%	--
07/16/2018 10:00	CH GDP YTD YoY	2Q	6.70%	--	6.80%	--
07/16/2018 10:00	CH Retail Sales YoY	Jun	8.80%	--	8.50%	--
07/16/2018 10:00	CH Retail Sales YTD YoY	Jun	9.40%	--	9.50%	--
07/16/2018 10:00	CH Industrial Production YoY	Jun	6.50%	--	6.80%	--
07/16/2018 10:00	CH Industrial Production YTD YoY	Jun	6.80%	--	6.90%	--
07/16/2018 10:00	CH Fixed Assets Ex Rural YTD YoY	Jun	6.00%	--	6.10%	--
07/16/2018 12:00	ID Imports YoY	Jun	29.09%	--	28.17%	--
07/16/2018 12:00	ID Exports YoY	Jun	15.64%	--	12.47%	--
07/16/2018 12:00	ID Trade Balance	Jun	\$968m	--	-\$1524m	--
07/16/2018 14:30	IN Wholesale Prices YoY	Jun	5.23%	--	4.43%	--
07/16/2018 16:00	IT Trade Balance Total	May	--	--	2938m	--
07/16/2018 17:00	EC Trade Balance SA	May	18.6b	--	18.1b	--
07/16/2018 20:30	CA Int'l Securities Transactions	May	--	--	9.13b	--
07/16/2018 20:30	US Empire Manufacturing	Jul	21	--	25	--
07/16/2018 20:30	US Retail Sales Advance MoM	Jun	0.50%	--	0.80%	--
07/16/2018 20:30	US Retail Sales Ex Auto MoM	Jun	0.30%	--	0.90%	--
07/16/2018 20:30	US Retail Sales Ex Auto and Gas	Jun	0.40%	--	0.80%	--
07/16/2018 22:00	US Business Inventories	May	0.40%	--	0.30%	--
07/16/2018	PH Overseas Workers Remittances	May	--	--	\$2347m	--
07/16/2018	PH Overseas Remittances YoY	May	5.00%	--	12.70%	--

Source: Bloomberg

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