

Highlights

Global	The IMF kept its 2018-19 forecast of 3.9% unchanged, but warned of less even expansion and rising trade tensions. In particular, IMF marked down Euro area and Japan's growth prospects. Meanwhile, China's 2Q18 GDP growth met expectations to come in at 6.7% yoy (1.8% qoq sa), compared to 1Q18's 6.8% yoy (1.4% qoq sa), but the underlying details for June industrial production and fixed asset investments continued to point to deceleration in momentum. With Wall Street moribund and UST bond yields edging higher overnight, Asian markets may similarly trade a cautious range today. Today's economic data calendar includes US' industrial production and NAHB housing market index, UK' jobless claims and ILO unemployment rate. Of interest will be Fed chair Powell's semi-annual monetary policy testimony to the Senate panel today, as well as RBA's July minutes which may shed light on how these two central banks views the downside growth risks from ongoing trade tensions. Elsewhere, BOE's Carney and Cunliffe are also speaking on financial stability.
US	Retail sales rose 0.5% mom in June, in line with market expectations, suggesting that consumers have made a comeback in after a weak 1Q18. Meanwhile retail sales excluding autos also rose 0.4% mom in June, while the May print was also revised up from 0.9% to 1.4%. The Empire manufacturing index eased less than expected from 25.0 in June to 22.6 in July. Separately, the business inventories rose 0.4% in May.
SG	Private home sales fell to 654 units (-41.7% mom) in June, down from a revised 1,122 units in May, according to URA data. The number of total unsold units rose from 10,695 in May to 11,148 in June, while the number of new units launched also fell 31.5% on-month. NODX expanded by 1.1% yoy (-10.8% momsa) in June. This is a moderation from 15.5% yoy (10.3% momsa) in May, as trade war concerns and moderating electronics momentum weigh.
CH	The Chinese economy decelerated to 6.7% yoy in 2Q as expected from 6.8% yoy in 1Q against the backdrop of financial de-leverage and rising uncertainties from the US-China trade war. On a positive note, China's fiscal policy has been more proactive with fiscal deposit falling by more than expected. This will provide the floor for growth. As such, we expect the growth to slow down further, but at a gradual and manageable pace.
TH	The Bank of Thailand commented that a "more hawkish" policy signal may be needed should economic growth exceeds 4.5% in 2Q18. Note that BOT has left its benchmark rate unchanged at 1.50% in its latest meeting.
KR	Note that the KRW fell to its weakest against the dollar since Oct 2017 to KRW1,129 per USD, on concerns that the US-Sino trade war is likely to adversely drag the Korea's intermediate and semi-conductors exports to China, and consequently overall economic growth.
CMD	Crude oil traded lower once again, a sign that market-watchers are viewing the rally with some caution. The fall in oil prices were also led by news that Saudi Arabia is increasing its crude oil supply to Asia, amid US administration's consideration to use emergency reserves to arrest higher oil prices.

Major Market

- **US:** Wall Street ended mixed on Monday as financial stocks made gains, but were offset by declines in energy shares dragged by lower oil prices. The Dow gained 0.18% to close up at 25,064.36. On the other hand, the S&P500 dipped 0.1% while the Nasdaq composite fell by 0.26% to close at 7,805.72. The VIX Index rose to 12.83 on Monday, as compared to 12.18 on Friday. On the Treasury front, the 2y yield climbed to 2.597% (+1.9bp), and the 10y yield gained 3.1bp to 2.858%.
- **Singapore:** The STI slipped 0.85% to close at 3232.79 yesterday, and may tread a 3200-3260 range today amid flattish cues from Wall Street overnight and Kospi this morning. With UST bond yields treading up to 3bps higher, led by the longer dated tenors, SGS bonds may reverse yesterday's gains.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with short end swap rates flat and the longer end trading 3-5bps lower across most tenors. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 146bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 6bps to 550bps. 10Y UST yields initially rose 5bps to 2.87% yesterday on the back of strong US domestic retail sales data which sparked a sell-off in US treasuries. Yields subsequently reversed 1bps to close at 2.86%.
- **New Issues:** Bank Rakyat Indonesia has priced a USD500mn 5-year bond at CT5+195bps, tightening from its initial price guidance of CT5+215bps area. Industrial & Commercial Bank of China Ltd/Hong Kong has priced a USD100mn 2-year bond at 3mL+70bps. NongHyup Bank has scheduled for investor meetings from 16 July for its potential USD bond issuance. Bayfront Infrastructure Capital Pte Ltd has hired banks for its potential USD bond issuance (collateral manager: Clifford Capital Pte Ltd).

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	94.511	-0.18%	USD-SGD	1.3621	-0.27%
USD-JPY	112.290	-0.08%	EUR-SGD	1.5950	-0.04%
EUR-USD	1.1711	0.22%	JPY-SGD	1.2129	-0.16%
AUD-USD	0.7419	-0.07%	GBP-SGD	1.8026	-0.19%
GBP-USD	1.3235	0.10%	AUD-SGD	1.0107	-0.32%
USD-MYR	4.0440	-0.17%	NZD-SGD	0.9231	0.11%
USD-CNY	6.6911	-0.01%	CHF-SGD	1.3666	0.25%
USD-IDR	14394	0.11%	SGD-MYR	2.9710	0.31%
USD-VND	23055	0.03%	SGD-CNY	4.9123	0.30%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3690	--	O/N	1.9176	--
2M	-0.3360	--	1M	2.0733	--
3M	-0.3210	--	2M	2.1734	--
6M	-0.2680	--	3M	2.3360	--
9M	-0.2180	--	6M	2.5209	--
12M	-17.9%	--	12M	278.7%	--

Fed Rate Hike Probability

Meeting	Prob Hike	2-2.25	2.25-2.5	2.5-2.75	2.75-3
08/01/2018	18.6%	18.6%	0.0%	0.0%	0.0%
09/26/2018	89.7%	73.5%	16.3%	0.0%	0.0%
11/08/2018	90.3%	70.0%	19.4%	0.9%	0.0%
12/19/2018	96.4%	32.3%	51.1%	12.5%	0.6%
01/30/2019	96.7%	30.0%	49.6%	15.5%	1.5%
03/20/2019	98.3%	16.7%	39.8%	32.6%	8.5%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	68.06	-4.15%	Copper (per mt)	6,094.7	-0.40%
Brent (per barrel)	71.84	-4.63%	Nickel (per mt)	13,571.5	-2.23%
Heating Oil (per gallon)	2.0543	-3.71%	Aluminium (per mt)	2,106.5	1.92%
Gasoline (per gallon)	2.0022	-4.96%			
Natural Gas (per MMBtu)	2.7590	0.25%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,173.0	1.21%
			Rubber (JPY/KG)	172.9	0.00%
Precious Metals	Futures	% chg			
Gold (per oz)	1,239.7	-0.12%			
Silver (per oz)	15.812	-0.02%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	25,064.36	44.95
S&P	2,798.43	-2.88
Nasdaq	7,805.72	-20.26
Nikkei 225	22,597.35	--
STI	3,232.79	-27.56
KLCI	1,726.67	4.74
JCI	5,905.16	-38.92
Baltic Dry	1,666.00	--
VIX	12.83	0.65

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.86 (-0.03)	2.60 (+0.02)
5Y	2.12 (-0.03)	2.75 (+0.03)
10Y	2.42 (-0.04)	2.86 (+0.03)
15Y	2.67 (-0.02)	--
20Y	2.71 (-0.02)	--
30Y	2.78 (-0.02)	2.96 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	37.04	-0.15
EURIBOR-OIS	3.77	0.07
TED	37.00	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
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%	6.70%	6.80%
07/16/2018 10:00	CH GDP SA QoQ	2Q	1.60%	1.80%	1.40%
07/16/2018 10:00	CH GDP YTD YoY	2Q	6.70%	6.80%	6.80%
07/16/2018 10:00	CH Retail Sales YoY	Jun	8.80%	9.00%	8.50%
07/16/2018 10:00	CH Retail Sales YTD YoY	Jun	9.40%	9.40%	9.50%
07/16/2018 10:00	CH Industrial Production YoY	Jun	6.50%	6.00%	6.80%
07/16/2018 10:00	CH Industrial Production YTD YoY	Jun	6.80%	6.70%	6.90%
07/16/2018 10:00	CH Fixed Assets Ex Rural YTD YoY	Jun	6.00%	6.00%	6.10%
07/16/2018 11:50	PH Overseas Workers Remittances	May	\$2425m	\$2469m	\$2347m
07/16/2018 11:50	PH Overseas Remittances YoY	May	5.00%	6.90%	12.70%
07/16/2018 12:00	ID Imports YoY	Jun	29.09%	12.66%	28.17%
07/16/2018 12:00	ID Exports YoY	Jun	15.64%	11.47%	12.47%
07/16/2018 12:00	ID Trade Balance	Jun	\$968m	\$1743m	-\$1524m
07/16/2018 14:30	IN Wholesale Prices YoY	Jun	5.23%	5.77%	4.43%
07/16/2018 16:00	IT Trade Balance Total	May	--	3378m	2938m
07/16/2018 17:00	EC Trade Balance SA	May	18.6b	16.9b	18.1b
07/16/2018 20:30	CA Int'l Securities Transactions	May	--	2.18b	9.13b
07/16/2018 20:30	US Empire Manufacturing	Jul	21	22.6	25
07/16/2018 20:30	US Retail Sales Advance MoM	Jun	0.50%	0.50%	0.80%
07/16/2018 20:30	US Retail Sales Ex Auto MoM	Jun	0.30%	0.40%	0.90%
07/16/2018 20:30	US Retail Sales Ex Auto and Gas	Jun	0.40%	0.30%	0.80%
07/16/2018 22:00	US Business Inventories	May	0.40%	0.40%	0.30%
07/17/2018 05:00	NZ REINZ House Sales YoY	Jun	--	-1.60%	1.30%
07/17/2018 06:45	NZ CPI QoQ	2Q	0.50%	0.40%	0.50%
07/17/2018 06:45	NZ CPI YoY	2Q	1.60%	1.50%	1.10%
07/17/2018 08:30	SI Non-oil Domestic Exports SA MoM	Jun	-8.70%	--	10.30%
07/17/2018 08:30	SI Electronic Exports YoY	Jun	--	--	-7.80%
07/17/2018 08:30	SI Non-oil Domestic Exports YoY	Jun	7.80%	--	15.50%
07/17/2018 11:00	NZ Non Resident Bond Holdings	Jun	--	--	58.90%
07/17/2018 12:00	JN Tokyo Condominium Sales YoY	Jun	--	--	-5.40%
07/17/2018 14:00	EC EU27 New Car Registrations	Jun	--	--	0.80%
07/17/2018 16:00	IT Industrial Sales WDA YoY	May	--	--	4.00%
07/17/2018 16:00	IT Industrial Sales MoM	May	--	--	0.30%
07/17/2018 16:00	IT Industrial Orders NSA YoY	May	--	--	6.40%
07/17/2018 16:00	IT Industrial Orders MoM	May	--	--	-1.30%
07/17/2018 16:30	UK Claimant Count Rate	Jun	--	--	2.50%
07/17/2018 16:30	UK Jobless Claims Change	Jun	--	--	-7.7k
07/17/2018 16:30	UK Average Weekly Earnings 3M/YoY	May	2.50%	--	2.50%
07/17/2018 16:30	UK ILO Unemployment Rate 3Mths	May	4.20%	--	4.20%
07/17/2018 17:00	IT CPI EU Harmonized YoY	Jun F	1.50%	--	1.50%
07/17/2018 20:30	CA Manufacturing Sales MoM	May	0.40%	--	-1.30%
07/17/2018 21:15	US Industrial Production MoM	Jun	0.50%	--	-0.10%
07/17/2018 21:15	US Capacity Utilization	Jun	78.30%	--	77.90%
07/17/2018 22:00	US NAHB Housing Market Index	Jul	68	--	68

Source: Bloomberg

OCBC Treasury Research	
<u>Macro Research</u> Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Tommy Xie Dongming XieD@ocbc.com Barnabas Gan BarnabasGan@ocbc.com Terence Wu TerenceWu@ocbc.com Alan Lau AlanLau@ocbc.com	<u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@ocbc.com

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