

**Highlights**

Global	Wall Street closed higher whilst the USD ended lower and 10-year UST bond rallied overnight ahead of US resident Trump's meeting with EC president Juncker in Washington today. Trump had tweeted "tariffs are the greatest", which likely sets up a confrontational tone for the meeting as the EU has vowed to retaliate against any import duties, but market players preferred to focus on US earnings optimism. This was somewhat mixed global manufacturing PMI prints. Asian markets may see a brighter start but watch headlines out from the Trump-Juncker meeting today. Market is also awaiting tomorrow's ECB policy meeting and Draghi's press conference for direction. Today's economic data calendar comprises of US' new home sales and mortgage applications, German IFO, and Australia CPI.
US	US' PMI improved to 55.5 in July, but the services and composite PMIs slipped to 56.2 and 55.9 respectively. The Richmond Fed manufacturing index was unchanged at 20 in July, but saw higher raw materials prices (expected to rise at 2.84% annualised rate which is the highest since 2013) and a persistent shortfall of experienced workers. Notably, the goods export orders also fell for a second straight month amid a record surge in prices charged and more supply-chain delays, which could be due to the trade frictions. Separately, Republicans are planning to make the 2017 tax cuts permanent, according to the Tax Reform 2.0. Meanwhile, the Trump administration is planning US\$12b of aid for farmers who have been hit by retaliation against US tariffs.
EU	The Eurozone's manufacturing PMI rose from 54.9 to 55.1 in July, but the services and composite PMIs were softer at 54.4 and 54.3 respectively as expectations fell to a 20-month low amid weaker new orders and deteriorating confidence. The ECB's loan survey also showed that demand for corporate and household loans are expected to rise further in 3Q with easier credit standards.
SG	MAS has directed banks to tighten customer verification after the SingHealth hacking.
CH	China's profit from state-owned enterprises rose by 21.1% in the first half of 2018 according to Ministry of Finance. Meanwhile, Premier Li reiterated yesterday that China will continue to open its market to lower the barrier for foreign investors.
MA	According to Bloomberg, Minister of Economic Affairs Azmin Ali has said the government will be revisiting old policies such as the New Economic Policy and New Economic Model, to consider how successful they have been. Azmin also made mention that the government will revise the 11th Malaysia Plan to be based on the Pakatan Harapan manifesto.
ID	BI will launch a new benchmark overnight interbank money market rate called "Indonia", which is to eventually replace the existing Jakarta Interbank Offered Rate.

## Major Market

- **US:** S&P500 was up for a second session led by tech and healthcare stocks, while the 2-10 year US Treasury yield curve flattened to 31bps as the longer tenors gained but the front end sold off ahead of this week's upcoming supply. The US\$35b 2-year note auction fetched a high yield of 2.657% (highest yield since 2008) and a bid-cover ratio of 2.92x (highest since January).
- The Dow gained 0.79% to reach 25,241.94, while the S&P500 gained 0.48% to 2,820.40. The Nasdaq composite dipped slightly to 7,840.77 (-0.01%). The VIX Index fell to 12.41 on Tuesday, as compared to 12.62 on Monday.
- **Singapore:** The STI closed marginally lower by 0.03% at 3292.65 yesterday, swimming against the tide for most Asian bourses which took comfort from China's more proactive fiscal policy stance. Note the Shanghai Composite Index registered its largest three-day gain in more than two years after policy measures were announced to buffer growth. While the S&P500 closed in positive territory overnight, Kospi is still off to a weak start this morning, albeit Nikkei is faring better. Hence it's not clear if the party will sustain today. STI may trade a 3260-3300 range. The SGS bond market may take the cue from the UST market overnight and reverse its steepening bias seen yesterday.
- **Indonesia:** According to the Jakarta Post, the government has emphasized that the 2018 state budget is designed to handle the impact of rising global oil prices on state finances. The Finance Ministry budget director has said, "The increase in the ICP (Indonesian Crude Price) will, on the one hand, jack up our revenue; on the other hand, we must shoulder a higher [energy] subsidy." The government in its latest projection expects non-tax revenue to be at Rp349.2 trillion (\$24.15 billion) this year, far exceeding the Rp275.4 trillion target stipulated in the 2018 state budget. Meanwhile, the energy subsidy was projected to swell to Rp163.49 trillion this year from the 94.52 trillion initially stated in the budget.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates for the shorter tenors trading 1-2bps higher while the longer tenors traded 2-4bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 2bps to 140bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 9bps to 501bps. 10Y UST yields rose 2bps in the earlier part of the trading session on the back of continued concerns over global central banks turning less accommodative and ahead of a USD36bn new supply in 2-year notes. Yields subsequently fell 2bps to close at 2.95%, in line with yesterday's levels.
- **New Issues:** CFLD Cayman Investment Ltd has priced a USD200mn 3-year bond (guaranteed by China Fortune Land Development Co Ltd) at 9.0%, tightening from its initial price guidance of 9.5%. Sino-Ocean Land Treasure IV Ltd has priced a USD700mn 3-year FRN (guaranteed by Sino-Ocean Group Holding Ltd) at 3mL+230bps, tightening from its initial price guidance of 3mL+250bps area. Sunac China Holdings Ltd has priced a USD400mn 2-year bond at 8.625%, tightening from its initial price guidance of 9.0%. China Merchants Port Holdings Co Ltd has scheduled for investor meetings from 25 July for its potential USD bond issuance. Lotte Property & Development Co Ltd has scheduled for investor meetings from 26 July for its potential USD bond issuance.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	94.613	-0.02%	<b>USD-SGD</b>	1.3634	-0.14%
<b>USD-JPY</b>	111.200	-0.13%	<b>EUR-SGD</b>	1.5936	-0.17%
<b>EUR-USD</b>	1.1687	-0.04%	<b>JPY-SGD</b>	1.2266	0.02%
<b>AUD-USD</b>	0.7423	0.57%	<b>GBP-SGD</b>	1.7922	0.20%
<b>GBP-USD</b>	1.3145	0.34%	<b>AUD-SGD</b>	1.0120	0.43%
<b>USD-MYR</b>	4.0660	0.10%	<b>NZD-SGD</b>	0.9272	0.10%
<b>USD-CNY</b>	6.7927	-0.09%	<b>CHF-SGD</b>	1.3725	-0.30%
<b>USD-IDR</b>	14545	0.44%	<b>SGD-MYR</b>	2.9782	-0.02%
<b>USD-VND</b>	23238	0.11%	<b>SGD-CNY</b>	4.9805	0.04%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3690	--	<b>O/N</b>	1.9184	--
<b>2M</b>	-0.3370	--	<b>1M</b>	2.0636	--
<b>3M</b>	-0.3210	--	<b>2M</b>	2.1646	--
<b>6M</b>	-0.2690	--	<b>3M</b>	2.3353	--
<b>9M</b>	-0.2160	--	<b>6M</b>	2.5209	--
<b>12M</b>	-17.9%	--	<b>12M</b>	279.9%	--

#### 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	91.4%	74.7%	16.6%	0.0%	0.0%
11/08/2018	91.8%	71.1%	19.8%	0.9%	0.0%
12/19/2018	97.1%	30.5%	52.9%	13.1%	0.6%
01/30/2019	97.3%	28.3%	51.1%	16.3%	1.6%
03/20/2019	98.8%	13.9%	38.3%	35.8%	9.8%

#### Commodities Futures

<b>Energy</b>			<b>Soft Commodities</b>		
	Futures	% chg		Futures	% chg
WTI (per barrel)	68.52	0.93%	Coffee (per lb)	1.110	-0.63%
Brent (per barrel)	73.44	0.52%	Cotton (per lb)	0.8670	-0.13%
Heating Oil (per gallon)	2.1326	0.69%	Sugar (per lb)	0.1119	0.99%
Gasoline (per gallon)	2.0956	0.20%	Orange Juice (per lb)	1.6315	-2.80%
Natural Gas (per MMBtu)	2.7320	0.40%	Cocoa (per mt)	2,257	-1.83%
<b>Base Metals</b>			<b>Grains</b>		
	Futures	% chg		Futures	% chg
Copper (per mt)	6,196.1	2.33%	Wheat (per bushel)	5.1025	-0.68%
Nickel (per mt)	13,525.0	1.49%	Soybean (per bushel)	8.733	1.22%
Aluminium (per mt)	2,072.0	0.69%	Corn (per bushel)	3.6600	-1.41%
<b>Precious Metals</b>			<b>Asian Commodities</b>		
	Futures	% chg		Futures	% chg
Gold (per oz)	1,234.6	0.02%	Crude Palm Oil (MYR/MT)	2,152.0	-0.78%
Silver (per oz)	15.520	0.62%	Rubber (JPY/KG)	166.3	-1.01%

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

#### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	25,241.94	197.65
<b>S&amp;P</b>	2,820.40	13.42
<b>Nasdaq</b>	7,840.77	-1.10
<b>Nikkei 225</b>	22,510.48	113.49
<b>STI</b>	3,292.65	-1.06
<b>KLCI</b>	1,762.93	4.97
<b>JCI</b>	5,931.84	16.05
<b>Baltic Dry</b>	1,718.00	--
<b>VIX</b>	12.41	-0.21

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.88 (+0.01)	2.63 (--)
<b>5Y</b>	2.18 (+0.02)	2.82 (--)
<b>10Y</b>	2.46 (+0.02)	2.95 (-0.01)
<b>15Y</b>	2.79 (+0.03)	--
<b>20Y</b>	2.83 (+0.03)	--
<b>30Y</b>	2.91 (+0.04)	3.08 (-0.02)

#### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	33.90	-1.40
<b>EURIBOR-OIS</b>	3.92	-0.03
<b>TED</b>	36.10	--

### Economic Calendar

Date Time		Event		Survey	Actual	Prior	Revised
07/24/2018 08:30	JN	Nikkei Japan PMI Mfg	Jul P	--	51.6	53	--
07/24/2018 13:00	JN	Supermarket Sales YoY	Jun	--	0.10%	-2.30%	--
07/24/2018 13:00	JN	Leading Index CI	May F	--	106.9	106.9	--
07/24/2018 13:00	JN	Coincident Index	May F	--	116.8	116.1	--
07/24/2018 13:30	JN	Nationwide Dept Sales YoY	Jun	--	3.10%	-2.00%	--
07/24/2018 13:30	JN	Tokyo Dept Store Sales YoY	Jun	--	6.90%	1.30%	--
07/24/2018 14:45	FR	Manufacturing Confidence	Jul	110	108	110	109
07/24/2018 14:45	FR	Production Outlook Indicator	Jul	13	10	14	--
07/24/2018 14:45	FR	Own-Company Production Outlook	Jul	25	22	22	24
07/24/2018 15:00	FR	Markit France Manufacturing PMI	Jul P	52.5	53.1	52.5	--
07/24/2018 15:00	FR	Markit France Services PMI	Jul P	55.7	55.3	55.9	--
07/24/2018 15:00	FR	Markit France Composite PMI	Jul P	54.9	54.5	55	--
07/24/2018 15:30	GE	BME Germany Manufacturing PMI	Jul P	55.5	57.3	55.9	--
07/24/2018 15:30	GE	Markit Germany Services PMI	Jul P	54.5	54.4	54.5	--
07/24/2018 15:30	GE	Markit/BME Germany Composite PMI	Jul P	54.8	55.2	54.8	--
07/24/2018 16:00	EC	Markit Eurozone Manufacturing PMI	Jul P	54.7	55.1	54.9	--
07/24/2018 16:00	EC	Markit Eurozone Services PMI	Jul P	55.1	54.4	55.2	--
07/24/2018 16:00	EC	Markit Eurozone Composite PMI	Jul P	54.8	54.3	54.9	--
07/24/2018 21:00	US	FHFA House Price Index MoM	May	0.30%	0.20%	0.10%	0.20%
07/24/2018 21:45	US	Markit US Manufacturing PMI	Jul P	55.1	55.5	55.4	--
07/24/2018 21:45	US	Markit US Services PMI	Jul P	56.3	56.2	56.5	--
07/24/2018 21:45	US	Markit US Composite PMI	Jul P	--	55.9	56.2	--
07/24/2018 22:00	US	Richmond Fed Manufact. Index	Jul	18	20	20	21
07/25/2018 05:00	SK	Consumer Confidence	Jul	--	101	105.5	--
07/25/2018 06:45	NZ	Trade Balance NZD	Jun	200m	-113m	294m	208m
07/25/2018 06:45	NZ	Exports NZD	Jun	5.06b	4.91b	5.42b	5.35b
07/25/2018 06:45	NZ	Imports NZD	Jun	4.92b	5.02b	5.12b	5.15b
07/25/2018 06:45	NZ	Trade Balance 12 Mth YTD NZD	Jun	-3681m	-4031m	-3598m	-3675m
07/25/2018 09:30	AU	CPI QoQ	2Q	0.50%	--	0.40%	--
07/25/2018 09:30	AU	CPI YoY	2Q	2.20%	--	1.90%	--
07/25/2018 09:30	AU	CPI Trimmed Mean QoQ	2Q	0.50%	--	0.50%	--
07/25/2018 09:30	AU	CPI Trimmed Mean YoY	2Q	1.90%	--	1.90%	--
07/25/2018 09:30	AU	CPI Weighted Median QoQ	2Q	0.50%	--	0.50%	--
07/25/2018 09:30	AU	CPI Weighted Median YoY	2Q	1.90%	--	2.00%	--
07/25/2018 14:45	FR	PPI MoM	Jun	--	--	0.60%	--
07/25/2018 14:45	FR	PPI YoY	Jun	--	--	2.90%	--
07/25/2018 16:00	EC	M3 Money Supply YoY	Jun	4.00%	--	4.00%	--
07/25/2018 16:00	GE	IFO Business Climate	Jul	101.5	--	101.8	--
07/25/2018 16:00	GE	IFO Expectations	Jul	98.3	--	98.6	--
07/25/2018 16:00	GE	IFO Current Assessment	Jul	104.9	--	105.1	--
07/25/2018 16:30	UK	UK Finance Loans for Housing	Jun	39000	--	39244	--
07/25/2018 19:00	US	MBA Mortgage Applications	Jul-20	--	--	-2.50%	--
07/25/2018 22:00	US	New Home Sales	Jun	668k	--	689k	--
07/25/2018 22:00	US	New Home Sales MoM	Jun	-3.10%	--	6.70%	--
07/25/2018 07/31	VN	Exports YTD YoY	Jul	15.80%	--	16.00%	--
07/25/2018 07/31	VN	Imports YTD YoY	Jul	10.40%	--	10.00%	--
07/25/2018 07/31	VN	CPI YoY	Jul	4.90%	--	4.67%	--
07/25/2018 07/31	VN	Retail Sales YTD YoY	Jul	--	--	10.70%	--

Source: Bloomberg

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