

Highlights

Global	<p>Wall Street managed to close higher overnight as tech and financial stocks rebounded, while US Treasury bonds also strengthened into the month-end and oil prices jumped to multi-year highs for the second straight day. On the data front, US' 1Q18 GDP growth was revised down to 2.0% annualised qoq amid downward revisions in consumer spending (0.9%), services (1.5%) and inventories and net exports actually subtracted from GDP. Meanwhile, Fed's Bullard warned of "full-throated angst" from regional companies against the escalating trade tensions and "uncertainty over trade policy can feed back" into decision-making, while Bostic also noted that businesses are "extremely concerned about the prospects of a trade war" and "the more there is uncertainty, the less likely we will see the numbers of firms robustly investing in their businesses".</p> <p>After a choppy week, Asian bourses may see a small reprieve into the month-end amid more positive overnight cues from Wall Street. Key to watch today is the BI rate decision (where another hike to 5% has already been discounted). The economic data calendar includes US' core PCE deflator, personal income and spending, and Chicago PMI, UK' final 1Q18 GDP growth estimates, German unemployment change and retail sales, Thai trade data, and S'pore bank loans data. Market watchers are also awaiting China's official June PMIs for a glimpse into any impact from the trade war concerns as well as watching the RMB.</p>
US	<p>Wall Street edged up on Thursday, with the Dow Jones gaining 0.41%, S&P500 climbing 0.62% while the Nasdaq composite advanced 0.79%. The ascent was mainly led by gains in technology and financial stocks. In the banking sector, US regulators cleared 34 banks, all except Deutsche Bank AG, for the second round of the annual stress tests to pay dividends and repurchase shares. VIX fell to 16.85 on Thursday, as compared to Wednesday's 17.91. The 2Y yield was relatively unchanged at 2.510%, while the 10Y yield increased by 1bps to 2.837%.</p> <p>Initial jobless claims rose for the first time in five weeks by 9k to 227k, while the Kansas City Fed manufacturing activity index softened marginally from 29 to 28 in June.</p>
SG	<p>May bank loans growth may continue to expand around 5.5-6.0%, after growing by 5.7% in April, as the domestic economic activities remain healthy.</p>
CN	<p>China's Ministry of Finance announced to expedite the refund of value-added tax retained to advanced manufacturing sectors as well as high-tech industries listed in Made in China 2025 to support cash flows of those companies. Against the backdrop of a slowing economy and looming US-China trade tensions, China has been shifting to more proactive monetary and fiscal policies.</p>
MA	<p>Prime Minister Mahathir Mohamad has begun an official visit to Indonesia where he was greeted in person by President Joko Widodo upon his arrival at the airport. Malaysia's Ministry of Foreign Affairs has said that "the visit will provide a platform for the two leaders to further strengthen bilateral relations and cooperation".</p>

Major Markets

- **Singapore:** The STI ended in marginally positive territory yesterday, up 0.09% to close at 3257.57. Given a slightly more positive overnight cue from Wall Street and morning gains in Kospi, the STI may see a more stable range of 3250-3280. The SGS bond market is likely to remain bid into the month-end, but with the 2-10 year UST bond yield curve already at its flattest since 2007, it remains to be seen if the SGS curve would follow suit and flatten further.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded little changed with only the 12-year swap rates trading 1bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 2bps to 147bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 25bps to 514bps. 10Y UST yields fell 1bps to 2.82% initially, nearing one-month lows as fears about trade wars as well as higher-than-expected US jobless claims kept up demand for safe haven bonds. However, yields rose 2bps to close at 2.84% subsequently.
- **New Issues:** Posco has hired banks for its potential USD bond issuance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	95.312	0.02%	USD-SGD	1.3677	0.01%
USD-JPY	110.490	0.21%	EUR-SGD	1.5823	0.13%
EUR-USD	1.1569	0.13%	JPY-SGD	1.2377	-0.19%
AUD-USD	0.7352	0.16%	GBP-SGD	1.7887	-0.26%
GBP-USD	1.3078	-0.27%	AUD-SGD	1.0055	0.16%
USD-MYR	4.0425	0.31%	NZD-SGD	0.9241	-0.48%
USD-CNY	6.6270	0.28%	CHF-SGD	1.3710	-0.03%
USD-IDR	14394	1.52%	SGD-MYR	2.9557	0.13%
USD-VND	22938	0.00%	SGD-CNY	4.8483	0.13%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3700	--	O/N	1.9338	--
2M	-0.3380	--	1M	2.0935	--
3M	-0.3240	--	2M	2.1711	--
6M	-0.2700	--	3M	2.3344	--
9M	-0.2140	--	6M	2.5006	--
12M	-0.1810	--	12M	2.7628	--

Fed Rate Hike Probability

Meeting	Prob Hike	2-2.25	2.25-2.5	2.5-2.75	2.75-3
08/01/2018	22.7%	22.7%	0.0%	0.0%	0.0%
09/26/2018	76.3%	60.5%	15.7%	0.0%	0.0%
11/08/2018	77.5%	58.5%	18.2%	0.9%	0.0%
12/19/2018	89.3%	39.6%	39.4%	10.0%	0.5%
01/30/2019	90.4%	36.7%	39.4%	12.9%	1.4%
03/20/2019	94.6%	24.8%	38.2%	24.6%	6.5%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	73.45	0.95%	Copper (per mt)	6,551.0	-1.20%
Brent (per barrel)	77.85	0.30%	Nickel (per mt)	14,722.0	-0.66%
Heating Oil (per gallon)	2.1782	0.05%	Aluminium (per mt)	2,181.3	-0.81%
Gasoline (per gallon)	2.1329	-0.03%			
Natural Gas (per MMBtu)	2.9400	-1.87%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,343.0	1.21%
			Rubber (JPY/KG)	175.2	0.81%
Precious Metals	Futures	% chg			
Gold (per oz)	1,251.0	-0.41%			
Silver (per oz)	16.041	-1.21%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,216.05	98.46
S&P	2,716.31	16.68
Nasdaq	7,503.68	58.60
Nikkei 225	22,270.39	-1.38
STI	3,257.57	2.80
KLCI	1,665.68	-0.40
JCI	5,667.32	-120.23
Baltic Dry	1,309.00	--
VIX	16.85	-1.06

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.96 (--)	2.51 (+0.01)
5Y	2.29 (--)	2.71 (+0.02)
10Y	2.55 (--)	2.84 (+0.01)
15Y	2.78 (-0.01)	--
20Y	2.82 (-0.02)	--
30Y	2.89 (-0.01)	2.97 (--)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	39.40	-0.84
EURIBOR-OIS	3.40	-0.15
TED	42.17	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
06/28/2018 05:00	NZ RBNZ Official Cash Rate	Jun-28	1.75%	1.75%	1.75%	--
06/28/2018 07:50	JN Japan Buying Foreign Bonds	Jun-22	--	¥27.4b	¥1490.4b	¥1511.9b
06/28/2018 07:50	JN Foreign Buying Japan Stocks	Jun-22	--	¥483.5b	¥40.8b	¥40.0b
06/28/2018 07:50	JN Retail Trade YoY	May	1.40%	0.60%	1.60%	1.50%
06/28/2018 10:00	SK Department Store Sales YoY	May	--	1.80%	-0.20%	--
06/28/2018 14:00	GE GfK Consumer Confidence	Jul	10.6	10.7	10.7	--
06/28/2018 17:00	EC Economic Confidence	Jun	112	112.3	112.5	--
06/28/2018 17:00	IT CPI NIC incl. tobacco MoM	Jun P	0.20%	0.30%	0.40%	0.30%
06/28/2018 17:00	EC Consumer Confidence	Jun F	-0.5	-0.5	-0.5	--
06/28/2018 20:00	GE CPI YoY	Jun P	2.10%	2.10%	2.20%	--
06/28/2018 20:30	US Initial Jobless Claims	Jun-23	220k	227k	218k	--
06/28/2018 20:30	US Continuing Claims	Jun-16	1717k	1705k	1723k	1726k
06/28/2018 20:30	US GDP Annualized QoQ	1Q T	2.20%	2.00%	2.20%	--
06/28/2018 20:30	US Personal Consumption	1Q T	1.00%	0.90%	1.00%	--
06/28/2018 20:30	US GDP Price Index	1Q T	1.90%	2.20%	1.90%	--
06/28/2018 20:30	US Core PCE QoQ	1Q T	--	2.30%	2.30%	--
06/28/2018 21:45	US Bloomberg Consumer Comfort	Jun-24	--	57.3	56.5	--
06/29/2018 05:00	SK Business Survey Manufacturing	Jul	--	80	80	79
06/29/2018 06:45	NZ Building Permits MoM	May	--	7.10%	-3.70%	-3.60%
06/29/2018 07:00	SK Industrial Production YoY	May	0.90%	0.90%	0.90%	0.80%
06/29/2018 07:01	UK GfK Consumer Confidence	Jun	-7	-9	-7	--
06/29/2018 07:30	JN Job-To-Applicant Ratio	May	1.59	1.6	1.59	--
06/29/2018 07:30	JN Jobless Rate	May	2.50%	2.20%	2.50%	--
06/29/2018 07:30	JN Tokyo CPI YoY	Jun	0.40%	0.60%	0.40%	--
06/29/2018 07:30	JN Tokyo CPI Ex-Fresh Food YoY	Jun	0.60%	0.70%	0.50%	--
06/29/2018 07:50	JN Industrial Production MoM	May P	-1.00%	--	0.50%	--
06/29/2018 09:30	AU Private Sector Credit MoM	May	0.40%	--	0.40%	--
06/29/2018 10:00	VN CPI YoY	Jun	4.35%	--	3.86%	--
06/29/2018 10:00	VN Exports YTD YoY	Jun	15.70%	--	15.80%	--
06/29/2018 10:00	VN GDP YTD YoY	2Q	6.95%	--	7.38%	--
06/29/2018 13:00	JN Housing Starts YoY	May	-5.70%	--	0.30%	--
06/29/2018 14:00	GE Retail Sales MoM	May	-0.50%	--	2.30%	1.60%
06/29/2018 14:45	FR PPI YoY	May	--	--	2.30%	--
06/29/2018 14:45	FR CPI YoY	Jun P	2.10%	--	2.00%	--
06/29/2018 15:30	TH Foreign Reserves	Jun-22	--	--	\$211.5b	--
06/29/2018 15:30	TH Exports YoY	May	--	--	14.60%	--
06/29/2018 15:30	TH Imports YoY	May	--	--	22.70%	--
06/29/2018 15:30	TH Trade Balance	May	--	--	\$234m	--
06/29/2018 15:30	TH BoP Current Account Balance	May	\$1500m	--	\$1364m	--
06/29/2018 15:55	GE Unemployment Change (000's)	Jun	-8k	--	-11k	-12k
06/29/2018 15:55	GE Unemployment Claims Rate SA	Jun	5.20%	--	5.20%	--
06/29/2018 16:30	UK Mortgage Approvals	May	62.3k	--	62.5k	--
06/29/2018 16:30	UK GDP QoQ	1Q F	0.10%	--	0.10%	--
06/29/2018 17:00	EC CPI Estimate YoY	Jun	2.00%	--	1.90%	--
06/29/2018 20:30	CA Industrial Product Price MoM	May	0.90%	--	0.50%	--
06/29/2018 20:30	CA Raw Materials Price Index MoM	May	2.70%	--	0.70%	--
06/29/2018 20:30	US Personal Income	May	0.40%	--	0.30%	--
06/29/2018 20:30	CA GDP MoM	Apr	0.00%	--	0.30%	--
06/29/2018 20:30	US Personal Spending	May	0.40%	--	0.60%	--
06/29/2018 20:30	US PCE Core MoM	May	0.20%	--	0.20%	--
06/29/2018 21:45	US Chicago Purchasing Manager	Jun	60	--	62.7	--
06/29/2018 22:00	US U. of Mich. Sentiment	Jun F	99	--	99.3	--
06/29/2018	ID Bank Indonesia 7D Reverse Repo	Jun-29	5.00%	--	4.75%	--
06/29/2018	PH Bank Lending YoY	May	--	--	19.90%	--

Source: Bloomberg

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