

### Highlights

Global	<p>A seemingly dovish comment from the Federal Reserve last night prompted a rebound in risk-taking sentiment. Fed official Richard Clarida said that the Fed would “assess the appropriate stance for monetary policy” if it sees mounting risks to the economy – a rare tilt away from the current rhetoric of preaching patience. The comments sent the S&amp;P 500 Index rising +0.2% last night and pushed UST yields down further. 10-year UST bond yield fell to 2.21%, the lowest since September 2017 and has officially tumbled by more than 1pp since touching a recent high of 3.23% in October 2018. The UST yield curve continues to invert and now stands at -15bp. A second estimate of 1Q US GDP showed the economy growing by 3.1%, less than the preliminary estimate of 3.2%. Initial jobless claims were 215K, 3K more than the prior week. Meanwhile, the White House continues with its dishing out of tariffs – this time a 5% tariff on Mexican goods effective 10 June (potentially rising to 25% by 1 October) until the latter finds a solution to its immigrants continuously entering the US illegally.</p> <p><b>Asian equity markets are likely to face downward pressure today as</b> the latest tariff on Mexico has already sunk S&amp;P500 futures by -1% already this morning. China manufacturing PMI at 9am today may likely to determine market momentum for the rest of the day, with consensus currently showing a contraction of 49.9. Today's economic print also includes Bank of Korea's monetary statement (likely static at 1.75%), Indonesia manufacturing PMI, Germany CPI and US personal income and PCE.</p>
US	<p>US data yesterday showed that the economy rose 3.1% in Q1, below the first estimate of 3.2%. Front loading of inventories and a larger-than-normal purchasing of defense goods contributed to the stellar Q1 GDP showing, but growth momentum is expected to taper off through the rest of the year as the country grapples with the tariffs on China. President Trump also opened a new front on the trade war, imposing a 5% tariff on Mexico, which is likely to derail the already-fragile market confidence.</p>
CH	<p>China's central bank Governor Yi Gang said yesterday that China has stepped up its support to funding demand from micro and small companies via the targeted reserve requirement ratio cut and targeted medium term lending facility. Loan to small and micro companies increased by 20% in the first four months, but still behind 30% annual target. This suggests that China will continue their support and more TMLF is expected.</p>
SG	<p>Minister for National Development Lawrence Wong said that property cooling measures rolled out in the middle of 2018 has stabilized the property cycle, in an interview with Bloomberg. He said Singapore will continue to monitor prices and that the country has sufficient liquidity in its financial system to sustain demand for housing. Elsewhere, DPM Heng Swee Keat met Japanese PM Shinzo Abe in Tokyo to reaffirm their commitment to a multilateral trading system that is “inclusive and rules-based”.</p>

## Major Markets

- **US:** Wall Street ended higher on Thursday, with the S&P500 advancing 0.2%. The DJIA rose 0.2%, and the Nasdaq composite jumped 0.3%.
- **Singapore:** The STI fell -0.6% yesterday to 3,143.00, marking the third consecutive day of losses for the benchmark index. A continued risk-off sentiment in global markets have seen equity prices around the world dipping as investors ply funds into bonds. The seemingly dovish comments from the Fed last night, as well as news of tariff implementation on Mexico by the US this morning, is likely to push the STI down further today. 3,100 may prove to be the next support level for the STI in the short to medium term.
- **Indonesia:** The manufacturing PMI edged higher to a nine month high of 51.6 from 50.4 for May. This was driven by stronger expansion in output growth and renewed expansion in new orders. Backlogs also increased for the first time in five years with business optimism at highest since early 2017. However, be wary that this pick – up may be seasonal in nature given higher demand amid the festive season.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with the shorter tenors trading within 2bps higher while the belly and longer tenors traded 2-3bps higher. The Bloomberg Barclays Asia USD IG Bond Index average OAS was little changed at 138bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 2bps to 498bps. 10Y UST yields fell 5bps to 2.21%, holding out above 20-month lows as safe haven demand continued to be fuelled by concerns about the impact of the US-China trade war on global growth.
- **New Issues:** Hejun Shunze Investment Co Ltd (parent guarantor: Sichuan Languang Development Co Ltd) has priced a USD200mn re-tap of its existing LGUANG 12%'21s at 11.125%, tightening from IPT of 11.625% area. Perfect Point Ventures Ltd (parent guarantor: C C Land Holdings Ltd) has priced USD250mn 3-year bond at 6.35%, tightening from IPT of 6.625% area. Xinjiang Zhongtai (Group) Co Ltd has priced a USD380mn 3-year bond at 7.25%, in line with final price guidance. Singapore Press Holdings Ltd has priced a SGD150mn NC5-perpetual bond at 4.50%, tightening from IPT of 4.75% area.

### Key Financial Indicators

#### Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	98.142	0.00%	USD-SGD	1.3791	-0.15%
USD-JPY	109.620	0.03%	EUR-SGD	1.5350	-0.16%
EUR-USD	1.1129	-0.02%	JPY-SGD	1.2582	-0.16%
AUD-USD	0.6912	-0.07%	GBP-SGD	1.7387	-0.30%
GBP-USD	1.2608	-0.14%	AUD-SGD	0.9532	-0.22%
USD-MYR	4.1920	-0.05%	NZD-SGD	0.8979	-0.14%
USD-CNY	6.9019	-0.18%	CHF-SGD	1.3683	-0.13%
USD-IDR	14415	--	SGD-MYR	3.0412	0.21%
USD-VND	23418	0.03%	SGD-CNY	5.0046	0.11%

#### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD Libor	Change
1M	-0.3740	--	O/N	2.3560	--
2M	-0.3360	--	1M	2.4385	--
3M	-0.3170	--	2M	2.4811	--
6M	-0.2450	--	3M	2.5218	--
9M	-0.1940	--	6M	2.5244	--
12M	-0.1580	--	12M	2.5708	--

#### Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1.75-2%	2-2.25%	2.25-2.5%
06/19/2019	0.0%	9.5%	0.0%	9.5%	90.5%
07/31/2019	0.0%	31.2%	2.3%	28.9%	68.8%
09/18/2019	0.0%	62.9%	14.5%	47.3%	37.1%
10/30/2019	0.0%	73.6%	24.0%	44.3%	26.4%
12/11/2019	0.0%	88.8%	35.7%	34.0%	11.2%
01/29/2020	0.0%	92.3%	35.2%	26.8%	7.7%

#### Equity and Commodity

Index	Value	Net change
DJIA	25,169.88	43.47
S&P	2,788.86	5.84
Nasdaq	7,567.72	20.41
Nikkei 225	20,942.53	-60.84
STI	3,143.00	-20.28
KLCI	1,636.50	12.83
JCI	6,104.11	--
Baltic Dry	1,107.00	--
VIX	17.30	-0.60

#### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.96 (+0.02)	2.06 (-0.05)
5Y	1.96 (+0.03)	2.02 (-0.05)
10Y	2.13 (+0.03)	2.21 (-0.05)
15Y	2.36 (+0.03)	--
20Y	2.42 (+0.04)	--
30Y	2.61 (+0.04)	2.64 (-0.05)

#### Financial Spread (bps)

	Value	Change
EURIBOR-OIS	5.00	-0.10
TED	35.36	--

#### Secured Overnight Fin. Rate

SOFR	2.37
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#### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	56.59	-3.8%	Corn (per bushel)	4.3625	4.2%
Brent (per barrel)	66.87	-3.7%	Soybean (per bushel)	8.890	1.9%
Heating Oil (per gallon)	1.9150	-2.7%	Wheat (per bushel)	5.1450	4.9%
Gasoline (per gallon)	1.8786	-3.4%	Crude Palm Oil (MYR/MT)	2,020.0	-1.2%
Natural Gas (per MMBtu)	2.5470	-3.3%	Rubber (JPY/KG)	216.9	-0.6%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	5,852	-0.5%	Gold (per oz)	1,287.1	0.5%
Nickel (per mt)	12,171	1.0%	Silver (per oz)	14.491	0.8%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised
05/30/2019 20:30	US GDP Annualized QoQ	1Q S	3.00%	3.10%	3.20%
05/30/2019 20:30	US Initial Jobless Claims	May-25	214k	215k	211k
05/31/2019 07:30	JN Jobless Rate	Apr	2.40%	2.40%	2.50%
05/31/2019 07:30	JN Tokyo CPI Ex-Fresh Food YoY	May	1.20%	1.10%	1.30%
05/31/2019 07:50	JN Industrial Production MoM	Apr P	0.20%	0.60%	-0.60%
05/31/2019 08:30	ID Nikkei Indonesia PMI Mfg	May	--	--	50.4
05/31/2019 09:00	CH Manufacturing PMI	May	49.9	--	50.1
05/31/2019 15:30	TH BoP Current Account Balance	Apr	\$2000m	--	\$6080m
05/31/2019 16:30	HK Retail Sales Value YoY	Apr	-0.20%	--	-0.20%
05/31/2019 22:00	US U. of Mich. Sentiment	May F	101.5	--	102.4
05/31/2019	SK BoK 7-Day Repo Rate	May-31	1.75%	--	1.75%

Source: Bloomberg

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