

**Treasury Advisory**  
**Corporate FX & Structured**  
**Products**

Tel: 6349-1888 / 1881

**Interest Rate Derivatives**

Tel: 6349-1899

**Investments & Structured**  
**Products**

Tel: 6349-1886

**GT Institutional Sales**

Tel: 6349-1810

**Highlights**

<b>Global</b>	<p>Market sentiment continues to be caught by Brexit fears, as recent polls suggest that the “Leave” camp is winning more support than the “Remain” one. An endorsement by the Sun, UK’s largest-circulation newspaper, for the “Leave” campaign has also added to market concerns over the outcome of the Jun 23rd referendum. Sterling continues to get pounded as a result, and is closing in on 1.42 levels against the USD. The general risk-off sentiment inevitably caused an uptick in demand for safe haven, with gold consolidating its recent gains at USD1280/oz level. Japanese Yen has also stayed at a strong level of around 106 against the greenback. Concerns about how its currency strength would impact export competitiveness have hit the stock market, with Nikkei down by 3.5% yesterday. Asian markets will likely retain a cautious mode given the global backdrop, with an eye on FOMC meeting tomorrow evening as well.</p> <p>Meanwhile, on the economic calendar today we have Japan’s industrial production figures, Italy and UK’s headline core inflation prints and US retail sales figures which markets estimates to grow by 0.3% as compared to 1.3% in the April. China’s May’s M2 Money supply is also due to be out today.</p>
<b>US</b>	<p>Risk-off sentiments prevailed as investors stay on the sidelines before the start of the June FOMC tonight and BOJ’s meeting on Thursday. Brexit is also a key concern leading to increased volatility in the markets. S&amp;P 500 (-0.81%), Dow (-0.74%) and Nasdaq (-0.94%). US Treasury yields continued to decline as investors traded on the basis that there will not be a rate hike this week. 2-year and 10-year Treasuries yield 0.71% and 1.61% respectively. Elsewhere, volatility spiked sharply given the macro events affecting the markets recently. VIX closed 23.14% higher to 20.97.</p>
<b>S’pore</b>	<p>Unemployment rate remained flat at 1.9% in 1Q16. Comfortingly, unemployment levels declined among residents (2.9% to 2.7%) and citizens (3.0% to 2.6%), although the number of unemployed workers rose among those aged 50 and above (1.8% to 2.2%).</p>
<b>China</b>	<p>Industrial production and retail sales in May rose 6% yoy and 10% yoy respectively, in line with expectations. However, fixed asset investments grew at its slowest pace since May 2000, mainly due to sluggish private investment. Private sectors’ reluctance to increase expenditure may continue to put downward risks onto China’s growth in the second quarter. This may also resume market discussions on whether the PBOC will ease the policy in near term.</p>
<b>Commodities</b>	<p>Risk off sentiment continue to plague market sentiment, with crude oil prices taking another notch down, while gold rises to its highest in many months. Importantly, the two key milestone events: FOMC meeting on 16 June and Brexit referendum on 23 June, present major wildcards to how risk-related assets may behave in the coming weeks. Importantly, gold appears too rich for our comfort, given that much of the gains were largely triggered by the absence of a rate hike this week amid fears that UK may leave the EU free-market. Do look for the bullion to give up its rally stance especially when more clarity is seen on the timing Fed rate hike cycle.</p>

## Major Market

- **Singapore:** Industry-wise, sectors including services (+13,200 workers), community, social & personal services (+8,600), financial & insurance sectors (+1,900) and transportation & storage (+1,800) saw sustained labor demand. The gains in employment were then offset by industries such as retail trade (-700) and accommodation (-400).
- In general, manufacturing employment fell (-1,900) in all in 1Q16, suggesting the poor manufacturing environment, particularly in the transport & precision engineering and general manufacturing which are expected to see further reduction in hiring in 2Q16. Labor employed rose in the services (+13,200) and construction (+1,900) sectors.
- Meanwhile, STI dipped to the lowest in the month, closing Monday's session at 2785.43 (-1.33%). Commodity-related names Golden Agri-Resources Ltd (-3.95%), Keppel Corp Ltd (-3.40%) and Sembcorp Marine Ltd (-2.71%) took a hit as oil fell below \$50pb while the overall dip in the STI was cushioned by gains from Singapore Technologies Engineering Ltd (+2.24%), SATS Ltd (+4.12%) and Ascendas Real Estate Investment Trust (+0.43%). In the day ahead, expect further downside risk to the index as global markets adopt a more risk-off appetite ahead of the Fed meeting and Brexit Referendum. Expect support and resistance to be tipped at 2740 and 2820 respectively.

## Bond Market Updates

- **Market Commentary:** The SGD swap rates traded downwards yesterday, trading 1-4 bps lower across all tenors. Flows in the SGD corporates were light with better selling in OLAMSP 5.8%'19s, mixed interest in GENSSP 5.13%'49s, UOBSP 4%'49s, CITSP 3.78%'25s, MFCCN 3.85%'26s and CAPLSP 3.8%'24s. In the broader dollar space, the spread on JACI IG Corporates increased by 4 bps to 229bps while the yield on JACI HY Corporates increased by 3 bps to 6.96%. 10y UST yield decreased by 3 bps to 1.61%.
- **New Issues:** Fraser Centrepoint Trust priced a SGD50mn 5-year bond at 2.76%, aligned with its initial guidance. The expected ratings are "NR/BBB+/NR". ABC Leasing Glory Capital Ltd. priced a USD500mn 5-year bond at CT5+145bps, tightening from its initial guidance at CT5+170bps. The expected ratings are "NR/NR/A". Wuxi Construction Development Investment Co. has scheduled investor meetings from 15 June onwards for potential USD bond issuance.
- **Rating Changes:** Fitch has assigned a "BBB+" issuer default rating to Wuxi Construction and Development Investment Co. Ltd given its linkage with and strategic importance to the Wuxi municipality which mitigates the company's weak financial profile. Outlook is stable. Fitch has affirmed Japan's long term credit rating of "A" and revised its outlook to negative from stable. The revision reflects Fitch's decreased confidence in Japanese authorities' commitment to fiscal consolidation following the decision to delay its scheduled increase in the consumption tax in April 2017 to October 2019. Moody's confirmed its "Baa3" issuer ratings on Wanhua Chemical Group Ltd (diversified chemicals) due to an expected improvement in leverage from better cash flows and lower capital spending. Outlook is negative to reflect some uncertainty on the pace of debt reduction given China's slower operating environment. Moody's upgraded Mitsubishi UFJ Securities Holdings Co. Ltd. (MUSHD) long-term credit rating to "A1" from "A3". Moody's also upgraded the credit rating of MUSHD's subsidiaries Mitsubishi UFJ Morgan Stanley Securities Co. Ltd (MUMSS), Mitsubishi UFJ Securities International Plc. (MUSI) and affiliate Morgan Stanley MUFG Securities Co. Ltd. (MSMS) to "A1" from "A2", thereby aligning the ratings with the ratings of its parent company, Mitsubishi UFJ Financial Group (MUFG) at "A1". The upgrade and alignment of credit ratings on its subsidiaries reflects Moody's view that MUFG and its major subsidiaries will benefit from the same level of government support.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	94.362	-0.22%	<b>USD-SGD</b>	1.3551	-0.38%
<b>USD-JPY</b>	106.260	-0.66%	<b>EUR-SGD</b>	1.5302	-0.01%
<b>EUR-USD</b>	1.1132	0.00%	<b>JPY-SGD</b>	1.2753	0.35%
<b>AUD-USD</b>	0.7387	0.19%	<b>GBP-SGD</b>	1.9335	-0.28%
<b>GBP-USD</b>	1.4270	0.09%	<b>AUD-SGD</b>	1.0010	-0.20%
<b>USD-MYR</b>	4.0903	0.46%	<b>NZD-SGD</b>	0.9569	-0.30%
<b>USD-CNY</b>	6.5856	0.35%	<b>CHF-SGD</b>	1.4051	-0.35%
<b>USD-IDR</b>	13298	0.03%	<b>SGD-MYR</b>	3.0127	0.35%
<b>USD-VND</b>	22325	-0.04%	<b>SGD-CNY</b>	4.8631	0.55%

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	17,732.48	-132.90
<b>S&amp;P</b>	2,079.06	-17.00
<b>Nasdaq</b>	4,848.44	-46.10
<b>Nikkei 225</b>	16,019.18	-582.20
<b>STI</b>	2,785.43	-37.50
<b>KLCI</b>	1,629.77	-11.50
<b>JCI</b>	4,807.23	-40.80
<b>Baltic Dry</b>	609.00	-1.00
<b>VIX</b>	20.97	3.90

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3530	--	<b>O/N</b>	0.3861	--
<b>2M</b>	-0.3020	--	<b>1M</b>	0.4466	--
<b>3M</b>	-0.2630	--	<b>2M</b>	0.5397	--
<b>6M</b>	-0.1590	--	<b>3M</b>	0.6556	--
<b>9M</b>	-0.0880	--	<b>6M</b>	0.9442	--
<b>12M</b>	-0.0180	--	<b>12M</b>	1.2735	--

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	0.91 (-0.02)	0.71 (-0.01)
<b>5Y</b>	1.44 (-0.04)	1.13 (-0.04)
<b>10Y</b>	1.97 (-0.03)	1.61 (-0.03)
<b>15Y</b>	2.24 (-0.03)	--
<b>20Y</b>	2.32 (-0.03)	--
<b>30Y</b>	2.41 (-0.03)	2.43 (-0.02)

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
<b>Portugal</b>	0.62	6.90	3.22
<b>Italy</b>	-0.00	3.90	1.46
<b>Ireland</b>	-0.37	0.20	0.77
<b>Greece*</b>	9.92	181.30	7.84
<b>Spain</b>	-0.01	5.30	1.50
<b>Russia^</b>	2.68	0.00	4.80

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	26.31	0.62
<b>EURIBOR-OIS</b>	8.40	-0.10
<b>TED</b>	39.89	-1.32

\* Greece's bond yields data reflect 3-year (instead of 2-year) tenor

^ Russia's bond yields data reflects 3-year and 15-year tenors instead

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	48.88	-0.39%	Coffee (per lb)	1.373	0.26%
Brent (per barrel)	50.35	-0.38%	Cotton (per lb)	0.6379	-1.48%
Heating Oil (per gallon)	1.515	-0.10%	Sugar (per lb)	0.1954	-0.81%
Gasoline (per gallon)	1.54	-1.50%	Orange Juice (per lb)	1.6740	-0.09%
Natural Gas (per MMBtu)	2.585	1.13%	Cocoa (per mt)	3,147	0.38%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	4,557.0	1.04%	Wheat (per bushel)	4.9125	-0.76%
Nickel (per mt)	8,840	-0.48%	Soybean (per bushel)	11.690	-0.79%
Aluminium (per mt)	1,603.0	2.18%	Corn (per bushel)	4.3000	1.65%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,284.4	0.86%	Crude Palm Oil (MYR/MT)	2,571.0	-2.09%
Silver (per oz)	17.443	0.65%	Rubber (JPY/KG)	153.4	1.66%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
<b>06/13/2016 10:00</b>	<b>CH Industrial Production YoY</b>	<b>May</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>	--
06/13/2016 10:00	CH Industrial Production YTD YoY	May	5.90%	5.90%	5.80%	--
06/13/2016 10:00	CH Retail Sales YoY	May	10.10%	10.00%	10.10%	--
06/13/2016 10:00	CH Retail Sales YTD YoY	May	10.20%	10.20%	10.30%	--
06/13/2016 20:00	IN CPI YoY	May	5.60%	5.76%	5.39%	5.47%
<b>06/14/2016 06:45</b>	<b>NZ Food Prices MoM</b>	<b>May</b>	--	<b>-0.50%</b>	<b>0.30%</b>	--
06/14/2016 09:30	AU NAB Business Conditions	May	--	--	9	--
<b>06/14/2016 09:30</b>	<b>AU NAB Business Confidence</b>	<b>May</b>	--	--	<b>5</b>	--
<b>06/14/2016 12:30</b>	<b>JN Industrial Production MoM</b>	<b>Apr F</b>	--	--	<b>0.30%</b>	--
<b>06/14/2016 12:30</b>	<b>JN Industrial Production YoY</b>	<b>Apr F</b>	--	--	<b>-3.50%</b>	--
06/14/2016 12:30	JN Capacity Utilization MoM	Apr	--	--	3.20%	--
<b>06/14/2016 14:30</b>	<b>IN Wholesale Prices YoY</b>	<b>May</b>	<b>0.50%</b>	--	<b>0.34%</b>	--
<b>06/14/2016 16:00</b>	<b>IT CPI EU Harmonized YoY</b>	<b>May F</b>	<b>-0.30%</b>	--	<b>-0.30%</b>	--
<b>06/14/2016 16:30</b>	<b>UK CPI MoM</b>	<b>May</b>	<b>0.30%</b>	--	<b>0.10%</b>	--
<b>06/14/2016 16:30</b>	<b>UK CPI YoY</b>	<b>May</b>	<b>0.40%</b>	--	<b>0.30%</b>	--
<b>06/14/2016 16:30</b>	<b>UK CPI Core YoY</b>	<b>May</b>	<b>1.30%</b>	--	<b>1.20%</b>	--
06/14/2016 16:30	UK Retail Price Index	May	262.2	--	261.4	--
06/14/2016 16:30	UK RPI MoM	May	0.30%	--	0.10%	--
06/14/2016 16:30	UK RPI YoY	May	1.50%	--	1.30%	--
<b>06/14/2016 16:30</b>	<b>UK PPI Output NSA MoM</b>	<b>May</b>	<b>0.30%</b>	--	<b>0.40%</b>	--
<b>06/14/2016 16:30</b>	<b>UK PPI Output NSA YoY</b>	<b>May</b>	<b>-0.50%</b>	--	<b>-0.70%</b>	--
06/14/2016 17:00	EC Industrial Production SA MoM	Apr	0.80%	--	-0.80%	--
06/14/2016 17:00	EC Industrial Production WDA YoY	Apr	1.40%	--	0.20%	--
06/14/2016 17:00	EC Employment YoY	1Q	--	--	1.20%	--
06/14/2016 18:00	US NFIB Small Business Optimism	May	93.6	--	93.6	--
<b>06/14/2016 20:30</b>	<b>US Import Price Index MoM</b>	<b>May</b>	<b>0.70%</b>	--	<b>0.30%</b>	--
<b>06/14/2016 20:30</b>	<b>US Retail Sales Advance MoM</b>	<b>May</b>	<b>0.30%</b>	--	<b>1.30%</b>	--
06/14/2016 20:30	US Retail Sales Ex Auto MoM	May	0.40%	--	0.80%	--
06/14/2016 20:30	US Retail Sales Ex Auto and Gas	May	0.30%	--	0.60%	--
06/14/2016 06/15	CH New Yuan Loans CNY	May	750.0b	--	555.6b	--
06/14/2016 06/15	CH Money Supply M1 YoY	May	21.90%	--	22.90%	--
<b>06/14/2016 06/15</b>	<b>CH Money Supply M2 YoY</b>	<b>May</b>	<b>12.50%</b>	--	<b>12.80%</b>	--
06/13/2016 06/20	ID Local Auto Sales	May	--	--	84685	--
06/13/2016 06/17	IN Imports YoY	May	--	--	-23.10%	--
<b>06/13/2016 06/17</b>	<b>IN Exports YoY</b>	<b>May</b>	--	--	<b>-6.70%</b>	--

Source: Bloomberg

<b>OCBC Treasury Research</b>		
<b><u>Macro Research</u></b> <b>Selena Ling</b> LingSSSelena@ocbc.com <b>Emmanuel Ng</b> NgCYEmmanuel@ocbc.com <b>Wellian Wiranto</b> WellianWiranto@ocbc.com <b>Tommy Xie Dongming</b> XieD@ocbc.com <b>Barnabas Gan</b> BarnabasGan@ocbc.com	<b><u>Credit Research</u></b> <b>Andrew Wong</b> WongVKAM@ocbc.com <b>Wong Liang Mian (Nick)</b> NickWong@ocbc.com <b>Koh Jun Ming, Nicholas</b> NicholasKoh@ocbc.com <b>Ezien Hoo</b> EzienHoo@ocbc.com	<b><u>Wing Hang</u></b> <b>Kam Liu</b> kamyliu@ocbcwh.com <b>Carie Li</b> carierli@ocbcwh.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W