

Highlights

Global	Equity markets may start to take a breather soon amid a light economic data calendar and market players await the ECB and BI rate decisions due on Thursday. Elsewhere, Moody's warned that Turkey's Baa3 credit rating could be cut to junk to "assess the medium-term impact" of the failed coup. Today's economic data calendar will focus on the US' housing starts and building permits, German ZEW survey, UK's CPI/RPI/PPI and ECB bank lending survey results. For US earnings season, Goldman Sachs is due to report after Bank of America and JPMorgan beat 2Q expectations.
US	NAHB housing market index unexpectedly slipped slightly from a 5-month high of 60 in June to 59 in July as the selling season peaked.
NZ	RBNZ will raise deposits to at least 40% for property investments from 1 September, up from the existing 30% requirement for Auckland. This could pave the way for RBNZ to cut its policy rate next month, for which the swap market has already priced in a 78% probability.
Singapore	Non-oil domestic exports (NODX) contracted 2.3% yoy and 12.9% mom sa in June, which is a turnaround from the outstanding May surge of +11.6% yoy and +16.8% mom sa that we had earlier suspected was unsustainable. The June NODX performance beat market consensus forecast of -3.0% yoy (-12.8% mom sa) but was a tad worse than our expectation of -1.1% yoy (-10% mom sa). While it remains to be seen in the coming months if there could be some knock-on effects and downside risks to NODX growth to the EU28 market in the kneejerk sentiment reaction to the Brexit referendum, still we anticipate that 2H16 NODX growth could improve slightly to -1.6% yoy given a relatively low base in 2H15 (-2.8% yoy).
China	PBOC will sell CNY50bn of three-month treasury deposits on July 21, reinforcing that the central bank prefers non-traditional tools over traditional ones to inject liquidity. Elsewhere, the raising expectations on additional monetary easing given mixed Chinese economic data, coupled with the heightening geopolitical risks, pushed the CNY down beyond the crucial level of 6.7 against the greenback. It signals the PBOC's high tolerance of a gradual depreciation in the yuan. As the USD is unlikely to retreat significantly in the near term, the yuan will continue to face downward risks.
Commodities	Market drivers that affect commodity prices are gradually shifting back to the ones similar to pre-Brexit environment. First off, oversupply woes had crept back to the oil markets for a while now, ever since the worrying increases in the US oil-rig counts that started a few weeks ago. Elsewhere, the Canadian wildfires are reportedly "under control" since the start of the month. On the demand side, we are still waiting more cues on global demand especially after the Brexit. Should oversupply woes continue, we reckon that any risk-on sentiment seen from the bullish global equities (especially Wall Street seen overnight) would have a diluted effect on crude oil into the months ahead. On precious metals, the implied probability for the Fed rate hike has risen considerably to 41% for the FOMC Dec meeting, compared to a mere 9.2% and 30.9% at end June and mid-July respectively.

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Major Market

- **US:** Wall Street gained to new highs, specifically seen in the Dow Jones Index (+0.09%) and S&P Index (+0.24%), while Nasdaq also gained 0.52% as well. All-in-all, market risk-on sentiment continues to build, even as the implied probability for the Fed rate hike in its December FOMC meeting has risen significantly from a mere 9.2% back in end June to today's 41%, suggesting that some calls for a rate hike has gone back on the table. Overnight, 2y- and 10y- UST also gained with their respective yields printing at 0.6755% (-1.4bp) and 1.5585% (-2.4bp) respectively. VIX lost 1.82% to 12.44.
- **Singapore:** Both electronics and non-electronics NODX fell 1.7% yoy (milder than -6.0% yoy in May) and -2.5% yoy (which underperformed the +19.0% yoy in May) in June. Notably, electronics NODX still felt the drag from PCs (-29% yoy), disk drives (-26.9% yoy) and PC parts (-8.5% yoy), whilst non-electronics NODX contracted due to petrochemicals (-15.6% yoy), primary chemicals (-30.5% yoy) and electrical machinery (-33.0% yoy). This brought 1H16 NODX growth to a lacklustre -4.5% yoy, which is within the IESingapore's full-year NODX forecast of -3% to -5% and our house 2016 NODX growth forecast of -3% yoy. There were some green shoots, nevertheless, as 5 of the top 10 NODX markets saw an expansion in NODX in June, compared to only 3 out of the top 10 in May. NODX gains were led by Taiwan (+23% yoy), South Korea (+6.2% yoy), US (+5.9% yoy), Hong Kong (+3.3% yoy) and Malaysia (+2.1% yoy), whereas the largest decline in NODX growth were registered in Indonesia (-15% yoy), followed by China (-9.9%), EU28 (-5.8% yoy), Japan (-4.5% yoy) and Thailand (-1.4% yoy).
- The STI added 0.12% to close at 2928.76 yesterday, but momentum appears to be fading somewhat. While Wall Street ended modestly higher overnight, the STI may be running into resistance at 2930 with support at 2900. The SGS bond yields may tip higher in line with the US Treasury bond market performance.
- **Indonesia:** The government has officially started its tax amnesty program this week. Ken Dwijugastead, director-general of tax affairs at the Finance Ministry, said that the government will suspend tax inspections for those who participate in the amnesty program. Separately, chairman of the Investment Coordinating Board said that FDI numbers may decline in Q3 because some FDI sources may be re-categorized as domestic investment to benefit from the tax amnesty.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve traded slightly upwards with swap rates traded 1-2bps higher across all tenors. Flows in the SGD were heavy with better buying seen in STANLN 4.4%'26s and BPCEGP 4.5%'26s. Better selling were seen in FCLSP 4.88%'49s and GEMAU 5.5%'19s while mixed interest were seen in MFCCN 3.85%'26s, OLAMSP'22s and GENSSP 5.13%'49s. In the broader dollar space, the spread on JACI IG corporates remains relatively unchanged at 217bps while the yield on JACI HY corporates increase by 1bps to 6.47%. 10y UST yield increase by 3bps to 1.59%.
- **New Issues:** Toyota Motor Credit Corp. has launched a AUD 5-year bond with initial price guidance of ASW+100bps with expected issue ratings of "AA-/Aa3/NR". The bond is to be priced later today. Busan Bank has set its final guidance on USD250mn 10-year tier 2 bond at CT10+210-215bps, tightening from its initial guidance of CT10+240bps. The expected issue ratings are "BBB+/A2/BBB+".
- **Rating Changes:** Moody's has placed Turkey's "Baa3" ratings on review for downgrade given broader political challenges and elevated credit risks associated with the failed coup. S&P affirmed

Beijing Enterprises Holdings Ltd.'s (BEH) "BBB+" issuer rating with negative outlook. The affirmation reflects S&P's expectation that the company's parent Beijing Enterprises Group Co. Ltd. (BEG) is likely to maintain its credit profile over the next two years. S&P continues to view BEH as a core subsidiary of BEG. The rating on BEG is therefore the same as the assessment of BEG's group credit profile. Additionally, BEH is likely to receive extraordinary support from the Chinese government indirectly through its parent, if needed. S&P revised its outlook on Australian National University (ANU) to negative from stable. The negative outlook on ANU follows the revision of S&P's outlook revision on Australia's long-term rating to negative from stable. At the same time, S&P revised its outlook on University of Wollongong to negative from stable, citing the same reason. Fitch has assigned Chongqing Nan'an Urban Construction & Development (Group) Co. Ltd.'s 3-year USD300mn 2.88% note with a "BBB+" rating. The rating reflects Chongqing's strong credit worthiness and municipality which Fitch believes it is likely to receive extraordinary support from the municipal government, if needed.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.562	-0.02%	USD-SGD	1.3475	-0.03%
USD-JPY	106.160	1.22%	EUR-SGD	1.4923	0.40%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2693	-1.28%
AUD-USD	0.7591	0.17%	GBP-SGD	1.7860	0.52%
GBP-USD	1.3255	0.48%	AUD-SGD	1.0229	0.16%
USD-MYR	3.9785	0.83%	NZD-SGD	0.9589	-0.05%
USD-CNY	6.7045	0.16%	CHF-SGD	1.3716	-0.03%
USD-IDR	13087	-0.07%	SGD-MYR	2.9487	0.47%
USD-VND	22301	0.00%	SGD-CNY	4.9720	0.12%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.4152	--
2M	-0.3300	--	1M	0.4833	--
3M	-0.2930	--	2M	0.5705	--
6M	-0.1870	--	3M	0.6879	--
9M	-0.1230	--	6M	0.9938	--
12M	-0.0570	--	12M	1.3083	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.70	-2.00	3.13
Italy	-0.06	-1.40	1.25
Ireland	-0.43	-0.30	0.49
Greece*	7.79	38.20	7.92
Spain	-0.14	-1.80	1.24
Russia^	2.28	6.40	4.29

* 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

Equity and Commodity

Index	Value	Net change
DJIA	18,533.05	16.50
S&P	2,166.89	5.20
Nasdaq	5,055.78	26.20
Nikkei 225	16,497.85	--
STI	2,928.76	3.40
KLCI	1,670.84	2.40
JCI	5,127.50	17.30
Baltic Dry	748.00	3.00
VIX	12.44	-0.20

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.92 (-0.01)	0.69 (+0.02)
5Y	1.31 (-0.01)	1.13 (+0.03)
10Y	1.72 (-0.02)	1.58 (+0.03)
15Y	2.03 (-0.01)	--
20Y	2.12 (--)	--
30Y	2.27 (--)	2.29 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	28.65	0.54
EURIBOR-OIS	6.20	1.00
TED	40.06	1.28

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	45.24	-1.55%	Coffee (per lb)	1.478	1.44%
Brent (per barrel)	46.96	-1.37%	Cotton (per lb)	0.7363	-0.31%
Heating Oil (per gallon)	1.378	-1.40%	Sugar (per lb)	0.1937	0.31%
Gasoline (per gallon)	1.39	-2.45%	Orange Juice (per lb)	1.8445	0.33%
Natural Gas (per MMBtu)	2.722	-1.23%	Cocoa (per mt)	3,085	0.65%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,939.0	0.43%	Wheat (per bushel)	4.2950	1.12%
Nickel (per mt)	10,505	2.60%	Soybean (per bushel)	10.783	0.54%
Aluminium (per mt)	1,644.8	-0.62%	Corn (per bushel)	3.5700	1.35%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,329.3	0.14%	Crude Palm Oil (MYR/MT)	2,319.0	0.91%
Silver (per oz)	20.044	-0.40%	Rubber (JPY/KG)	173.5	0.00%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
07/18/2016 06:45	NZ CPI QoQ	2Q	0.50%	0.40%	0.20%	--
07/18/2016 06:45	NZ CPI YoY	2Q	0.005	0.40%	0.40%	--
07/18/2016 07:01	UK Rightmove House Prices MoM	Jul	--	-0.90%	0.80%	--
07/18/2016 07:01	UK Rightmove House Prices YoY	Jul	--	4.50%	5.50%	--
07/18/2016 08:30	SI Non-oil Domestic Exports YoY	Jun	-0.03	-0.023	0.116	--
07/18/2016 08:30	SI Non-oil Domestic Exports SA	Jun	-0.128	-0.129	0.168	--
07/18/2016 20:30	CA Int'l Securities Transactions	May	--	14.73b	15.52b	--
07/19/2016 04:00	US Total Net TIC Flows	May	--	-\$11.0b	\$80.4b	\$93.1b
07/19/2016 04:00	US Net Long-term TIC Flows	May	--	\$41.1b	-\$79.6b	-\$67.4b
07/19/2016 05:00	SK PPI YoY	Jun	--	-0.027	-3.10%	-0.03
07/19/2016 09:30	AU RBA July Meeting Minutes					
07/19/2016 16:00	EC ECB Bank Lending Survey					
07/19/2016 16:30	UK CPI MoM	Jun	0.002	--	0.002	--
07/19/2016 16:30	UK CPI YoY	Jun	0.004	--	0.003	--
07/19/2016 16:30	UK CPI Core YoY	Jun	0.013	--	0.012	--
07/19/2016 16:30	UK Retail Price Index	Jun	262.7	--	262.1	--
07/19/2016 16:30	UK RPI MoM	Jun	0.002	--	0.30%	--
07/19/2016 16:30	UK RPI YoY	Jun	0.015	--	0.014	--
07/19/2016 16:30	UK RPI Ex Mort Int. Payments (YoY)	Jun	0.015	--	0.015	--
07/19/2016 16:30	UK PPI Output NSA MoM	Jun	0.002	--	0.001	--
07/19/2016 16:30	UK PPI Output NSA YoY	Jun	-0.005	--	-0.007	--
07/19/2016 16:30	HK Unemployment Rate SA	Jun	0.035	--	0.034	--
07/19/2016 17:00	GE ZEW Survey Current Situation	Jul	51.8	--	54.5	--
07/19/2016 17:00	GE ZEW Survey Expectations	Jul	9	--	19.2	--
07/19/2016 17:00	EC ZEW Survey Expectations	Jul	--	--	20.2	--
07/19/2016 20:30	US Housing Starts	Jun	1166k	--	1164k	--
07/19/2016 20:30	US Building Permits	Jun	1150k	--	1138k	1136k
07/19/2016	HK Composite Interest Rate	Jun	--	--	0.0026	--
07/19/2016	PH BoP Overall	Jun	--	--	\$241m	--

Source: Bloomberg

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