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**Highlights**

<b>Global</b>	<p>Global risk appetite is likely to remain fragile this week ahead of Yellen's monetary policy testimony on Tuesday and Wednesday, but the elephant in the room is the Brexit referendum on 23 June. While latest polls show a small tilt towards remain (45%-42% according to the Bloomberg composite poll tracker), following the tragic death of Jo Cox, market sentiments could stay choppy in the interim. Asian markets may see some marginal risk appetite returning today, with little economic data releases to chew on apart from Taiwan's May export orders and German PPI. Elsewhere, RBI governor Rajan has indicated that he will step down in early September. Central bank meetings this week include BOT (likely static at 1.5% on 22 June) and BSP (also likely unchanged at 3.0% on 23 June).</p>
<b>US</b>	<p>Housing starts fell less than expected by 0.3% mom in May to 1164k annual pace, following a 4.9% gain in April, albeit building permits rose for the second straight month by 0.7% in May and added to the 4.9% jump in April. Fed's Bullard revealed he is the lone official anticipating one 25bp rate hike this year and non in 2017-2018.</p> <p>Meanwhile, equities fell on Friday, capping a difficult week for markets as investors focused on a potential Brexit. S&amp;P 500 closed at 2071.22, down 0.33%. The Dow and Nasdaq also fell by 0.33% and 0.92% respectively. US Treasury bonds yields rose on Friday, after spending most of the week declining in line with the yield of gilts and bunds. 2-year and 10-year US Treasury bonds yield 0.69% and 1.61% respectively. Unless Brexit truly comes to pass, strong technical resistance may prevent US Treasuries from rising much higher, giving support to yields at the lows recorded last week. Meanwhile, VIX closer 0.21% higher at 19.41.</p>
<b>China</b>	<p>Thanks to dovish Fed, RMB's depreciation against both dollar and basket currency paused after the USDCNY fixing touched a high of 6.6001 last Wednesday just ahead of June FOMC decision. Under the current new fixing mechanism, there are only two ways to reverse RMB's mild depreciation trend against the dollar including a stronger daily closing for RMB and broader dollar weakness. It seems that PBoC chose to intervene in the closing price to bring down the base for next day's fixing. Meanwhile, the dovish FOMC meeting also lent support to RMB via basket currency system. Nevertheless, despite weaker dollar index, RMB bear continued to push the USDCNH higher in the offshore market, with the pair ended the week slightly shy of 6.60 handle.</p>
<b>TH</b>	<p>Looking ahead into the week, we look for the Bank of Thailand to keep interest rates unchanged at 1.50% on Wednesday, 22 June.</p>
<b>Commodities</b>	<p>Crude oil recovered substantially likely on short-covering behaviour, but still failed to breach the \$50/bbl at closing last week. Elsewhere, gold remained strong at 1,292.5/oz, though fell marginally amid a rally in the sterling, signalling that the fears surrounding the Brexit referendum has eased somewhat. On agricultural, although the El Nino phenomenon has eased considerably, market-watchers may be likely watching the start of the rainy season, or as known as the La Nina, in 3Q16. Palm oil futures rallied to MYR2,485/MT.</p>

## Major Market

- **Singapore:** The STI added 0.43% to close at 2763.42 on Friday, and may attempt to climb higher as Brexit concerns subside slightly, given morning rallies by Nikkei and Kospi. The STI could see support and resistance at 2740 and 2800 respectively. SGS bonds may range trade for now.

## Bond Market Updates

- **Market Commentary:** The SGD Swap rates traded upwards last Friday, trading 1-6 bps higher across all tenors. Flows in the SGD corporates were light with better buying in SOCGEN 4.3%'26s and better selling in GENSSP 5.13%'49s. Meanwhile we also saw mixed interest in MFCCN 3.85%'26s. In the broader dollar space, the spread on JACI IG Corporates decreased by 3bps to 231bps, while the yield on JACI HY Corporates increased by 1bps to 7.03%. 10y UST yield increased by 3bps to 1.61%.
- **New Issues:** Astrea III is to price its USD and SGD Bonds by 21 June, 2016. The Class A-1 notes amounts to SGD228mn with initial guidance of 4%-4.25% and expected ratings of "A/NR/A". Class A-2 notes amounts to USD170mn with initial guidance of 4.75%-5% and expected ratings of "NR/NR/A". Class B notes amounts to USD100mn with initial guidance of 6.5%-6.75% with expected rating of "NR/NR/BBB". Class C notes amounts to USD70mn with initial guidance of 9.5%-9.75% and are unrated. SGSP Australia priced a AUD350mn 7-year bond at Swap +182bps, tightening from its initial guidance of Swap+185bps. Fullerton Health Corp. Ltd. has scheduled investor meetings on 22 and 23 June, 2016 in Hong Kong and Singapore for a potential SGD Bond issuance. The bond is expected to be rated "AA/NR/NR".
- **Rating Changes:** S&P affirmed its "AA-" ratings on United Overseas Bank Ltd (UOB) with a stable outlook. However the stand-alone credit profile was raised to "a" from "a-". As a result, the issue ratings on UOB's Basel-III compliant Tier 2 notes were raised to "BBB+" from "BBB", the ratings on its preference shares were raised to "BBB" from "BBB-" and the ratings on the Basel-III compliant Tier 1 notes were raised to "BBB-" from "BB+". S&P placed Renhe Commercial Holdings Co. Ltd.'s "CCC-" credit rating on CreditWatch positive. The placement reflects S&P's expectation that Renhe's leverage and liquidity position could substantially improve once the company completes its planned asset disposals and uses the proceeds to repay debt. S&P downgraded its credit rating on Shanghai Pudong Development Bank (SPDB) Co. Ltd. to "BBB" from "BBB+", reflecting expectation that SPDB's capitalization is to remain under pressure over the next 12-24 months. The bank's capital and earnings position weakened following its accelerated credit growth through investment receivables and continued strong issuance of off-balance sheet wealth management products (WMPs) in 2015. Moody's affirmed its credit rating on Virgin Australia Holdings Limited of "B2" with negative outlook. The rating action concludes the review for downgrade initiated on 4 April, 2016 and reflects Moody's expectation that the company's debt/EBITDA and liquidity profile will improve following the proposed equity raising announced on 15 June, 2016. Moody's assigned a credit rating of "Ba3" to Hua Han Health Industry Holdings Ltd.'s USD150mn, 7% 3-year bond. The assignment follows Hua Han's completion of its US Dollar-denominated note issuance, the final terms and conditions which are consistent with Moody's expectation. The outlook is stable. Fitch revised its outlook on Bank of Ayudhya Public Co. Ltd. (BAY) and Easy Buy Public Co. Ltd. (EB) to negative from stable. The outlook revision follows similar revision in the outlook of their respective parents in the Mitsubishi UFJ Financial Group, Inc., namely the Bank of Tokyo-Mitsubishi UFJ Ltd. on 16 June, 2016, which came after the outlook on the Japanese sovereign was revised to negative from stable on 13 June, 2016. Fitch has placed Australia-based Crown Resorts Ltd. (Crown) credit rating on Rating Watch Negative (RWN) following the announcement of the company to pursue a demerger of certain international investments and adopt a dividend pay-out ratio (DPR) of 100% of net profit after tax. The RWN reflects Fitch's view that the demerger will result in the removal of material

investments that will reduce Crown's cash flow. Combined with higher dividend, Crown's credit metrics will likely weaken, particularly as the company has a significant capex pipeline for its Australian casino assets.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	94.206	<b>-0.38%</b>	<b>USD-SGD</b>	1.3494	0.04%
<b>USD-JPY</b>	104.160	<b>-0.10%</b>	<b>EUR-SGD</b>	1.5214	0.48%
<b>EUR-USD</b>	1.1132	0.00%	<b>JPY-SGD</b>	1.2956	0.15%
<b>AUD-USD</b>	0.7387	0.33%	<b>GBP-SGD</b>	1.9366	1.09%
<b>GBP-USD</b>	1.4358	1.09%	<b>AUD-SGD</b>	0.9986	0.58%
<b>USD-MYR</b>	4.1007	0.02%	<b>NZD-SGD</b>	0.9519	0.19%
<b>USD-CNY</b>	6.5870	<b>-0.07%</b>	<b>CHF-SGD</b>	1.4064	0.62%
<b>USD-IDR</b>	13339	<b>-0.27%</b>	<b>SGD-MYR</b>	3.0372	0.08%
<b>USD-VND</b>	22300	<b>-0.06%</b>	<b>SGD-CNY</b>	4.8767	0.13%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3560	--	<b>O/N</b>	0.3865	0.0010
<b>2M</b>	-0.3050	--	<b>1M</b>	0.4478	<b>-0.0003</b>
<b>3M</b>	-0.2650	<b>-0.0010</b>	<b>2M</b>	0.5358	0.0020
<b>6M</b>	-0.1590	0.0010	<b>3M</b>	0.6444	<b>-0.0022</b>
<b>9M</b>	-0.0930	--	<b>6M</b>	0.9247	0.0000
<b>12M</b>	-0.0260	--	<b>12M</b>	1.2408	0.0023

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
<b>Portugal</b>	0.87	1.70	3.31
<b>Italy</b>	0.05	<b>-4.30</b>	1.51
<b>Ireland</b>	<b>-0.35</b>	<b>-0.40</b>	0.87
<b>Greece*</b>	9.61	<b>-177.40</b>	8.16
<b>Spain</b>	0.02	<b>-4.50</b>	1.56
<b>Russia^</b>	2.72	0.60	4.81

\* 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
<b>DJIA</b>	17,675.16	<b>-57.90</b>
<b>S&amp;P</b>	2,071.22	<b>-6.80</b>
<b>Nasdaq</b>	4,800.34	<b>-44.60</b>
<b>Nikkei 225</b>	15,599.66	165.50
<b>STI</b>	2,763.42	11.90
<b>KLCI</b>	1,624.18	9.30
<b>JCI</b>	4,835.14	20.80
<b>Baltic Dry</b>	587.00	<b>-11.00</b>
<b>VIX</b>	19.41	--

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.01 (+0.06)	0.69 (+0.01)
<b>5Y</b>	1.58 (+0.09)	1.11 (+0.02)
<b>10Y</b>	2.09 (+0.1)	1.61 (+0.03)
<b>15Y</b>	2.38 (+0.09)	--
<b>20Y</b>	2.45 (+0.09)	--
<b>30Y</b>	2.54 (+0.1)	2.42 (+0.02)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	26.20	<b>-1.80</b>
<b>EURIBOR-OIS</b>	8.70	<b>-0.10</b>
<b>TED</b>	39.01	<b>-0.22</b>

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	47.98	3.83%	Coffee (per lb)	1.408	0.90%
Brent (per barrel)	49.17	4.20%	Cotton (per lb)	0.6457	2.01%
Heating Oil (per gallon)	1.482	4.13%	Sugar (per lb)	0.1976	0.41%
Gasoline (per gallon)	1.51	2.73%	Orange Juice (per lb)	1.6705	0.60%
Natural Gas (per MMBtu)	2.623	1.67%	Cocoa (per mt)	3,106	1.54%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	4,552.0	0.37%	Wheat (per bushel)	4.8125	1.85%
Nickel (per mt)	9,036	2.20%	Soybean (per bushel)	11.595	2.20%
Aluminium (per mt)	1,608.0	0.69%	Corn (per bushel)	4.3775	2.94%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,292.5	<b>-0.28%</b>	Crude Palm Oil (MYR/MT)	2,485.0	1.80%
Silver (per oz)	17.411	<b>-1.11%</b>	Rubber (JPY/KG)	153.5	1.93%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### **CFTC Commodities Futures and Options**

For the week ended: 14 Jun 2016

	<b>Current</b>	<b>Previous</b>	<b>Net Chg</b>		<b>Current</b>	<b>Previous</b>	<b>Net Chg</b>
Gold	306,040	250,677	55,363	Nymex Crude	373,451	384,921	-11,470
Corn	373,443	326,643	46,800	Copper	-44,710	-39,210	-5,500
Coffee	26,258	9,418	16,840	Soybean	250,956	255,950	-4,994
Silver	71,128	58,455	12,673	RBOB Gasoline	50,426	55,370	-4,944
Lean Hogs	81,526	69,535	11,991	Platinum	29,677	31,177	-1,500
Sugar	314,554	304,878	9,676	Palladium	3,093	4,267	-1,174
Wheat	-43,216	-52,875	9,659	Live Cattle	42,299	42,444	-145
Cocoa	35,168	27,228	7,940	Cotton	59,626	59,654	-28
Heating Oil	18,584	14,588	3,996	Natural Gas	-152,180	-154,580	2,400

Source: CFTC

### **Key Economic Indicators**

<b>Date Time</b>	<b>Event</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>	<b>Revised</b>
06/17/2016 06:30	NZ <b>BusinessNZ Mfg PMI</b>	May	--	57.1	56.5
06/17/2016 08:30	SI <b>NODX YoY</b>	May	-1.60%	11.60%	-7.90%
06/17/2016 08:30	SI <b>NODX SA MoM</b>	May	2.00%	16.80%	4.50%
06/17/2016 15:30	TH <b>Foreign Reserves</b>	Jun-10	--	\$178.9b	\$178.0b
06/17/2016 16:00	IT <b>Trade Balance Total</b>	Apr	--	4520m	5365m
06/17/2016 16:34	HK <b>Composite Interest Rate</b>	May	--	0.26%	0.26%
06/17/2016 20:30	US <b>Housing Starts</b>	May	1150k	1164k	1172k
06/17/2016 20:30	US <b>Building Permits</b>	May	1145k	1138k	1116k
06/17/2016 20:30	CA <b>CPI NSA MoM</b>	May	0.50%	0.40%	0.30%
06/17/2016 20:30	CA <b>CPI YoY</b>	May	1.60%	1.50%	1.70%
06/17/2016 20:30	CA <b>CPI Core MoM</b>	May	0.30%	0.30%	0.20%
06/17/2016 20:30	CA <b>CPI Core YoY</b>	May	2.10%	2.10%	2.20%
06/20/2016 05:00	SK <b>PPI YoY</b>	May	--	-3.10%	-3.10%
06/20/2016 07:01	UK <b>Rightmove House Prices MoM</b>	Jun	--	0.80%	0.40%
06/20/2016 07:01	UK <b>Rightmove House Prices YoY</b>	Jun	--	5.50%	7.80%
06/20/2016 07:50	JN <b>Trade Balance</b>	May	¥70.0b	--	¥823.5b
06/20/2016 07:50	JN <b>Trade Balance Adjusted</b>	May	¥113.4b	--	¥426.6b
06/20/2016 13:30	JN <b>Nationwide Dept Sales YoY</b>	May	--	--	-3.80%
06/20/2016 14:00	GE <b>PPI MoM</b>	May	0.30%	--	0.10%
06/20/2016 14:00	GE <b>PPI YoY</b>	May	-2.90%	--	-3.10%
06/20/2016 16:00	TA <b>Export Orders YoY</b>	May	-7.00%	--	-11.10%
06/20/2016 20:30	CA <b>Wholesale Trade Sales MoM</b>	Apr	0.50%	--	-1.00%
06/20/2016	PH <b>BoP Overall</b>	May	--	--	\$184m
06/20/2016 06/24	PH <b>Budget Balance PHP</b>	Apr	--	--	-74.4b

Source: Bloomberg

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