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**Highlights**

<b>Global</b>	<p>Wall Street was reassured by the US new home sales data which surged 16.6% mom to a 8-year high of 619k pace, which in turn also saw the Fed funds futures pricing for the June FOMC creep higher above 30% probability. Elsewhere, the G7 will side-step the issue of China's WTO market economy status at this week's meeting. Expect Asian markets to take the cue from the S&amp;P500 and trade with a firmer tone today. The economic data calendar will focus on US' services and composite PMI and FHFA house price index, German Ifo and GfK consumer confidence. Bank of Canada is anticipated to keep its policy rate steady at 0.5% today.</p> <p>Speakers today include ECB's Linde, Klass, Constancio, Praet, and Fed's Harker and Kashkari.</p>
<b>US</b>	<p>Equities recorded the biggest gain in two months amid growing confidence on the health of the US economy. This confidence was spurred by housing data, which beat estimates comfortably. The gains were broad-based, with all sub-sectors in the S&amp;P 500 (+1.37%) closing higher. Moving forward, the strong gain today may set the stage for further upward momentum. Dow (+1.22%) and Nasdaq (+2.00%). US Treasury yields also ended at recent highs, with the 2-year and 10-year Treasuries yielding 0.91% and 1.86% respectively. VIX ended sharply lower by 8.85%.</p>
<b>EZ</b>	<p>German ZEW survey current situation rose more than expected from 47.7 in April to 53.1 in May, albeit the expectations gauge dipped from 11.2 to 6.4. This could put the emphasis on the IFO data due later today.</p>
<b>Singapore</b>	<p>1Q16 GDP growth was revised from the flash estimates of 1.8% yoy (0% qoq saar) to 1.8% yoy (+0.2% qoq saar), disappointing market and our expectations for a higher revision. The key revisions were in manufacturing which contracted a less severe 1.0% yoy (+23.3% qoq saar), while construction was unchanged at +6.2% yoy (+10.5% qoq saar). Worryingly, the services sector actually decelerated more than earlier estimated at +1.4% yoy (-5.9% qoq saar), with transport and storage activities contracting for the second straight quarter by 0.4% yoy. On a quarterly basis, momentum had cooled for the financial services (-15.2% qoq saar), and wholesale &amp; retail trade (-10.3% qoq saar) in 1Q16. As anticipated, MTI kept its 2016 growth forecast unchanged at 1-3% yoy, but tips NODX to shrink 3-5% yoy, with the risk of China reforms sparking a further demand drop. Our full-year forecast remains at 1.8%, with downside risks from Fed policy normalisation and to a lesser extent potential Brexit. Both domestic monetary and fiscal policy options are still available if economic conditions deteriorate significantly from here, but policymakers are essentially data-dependent.</p>
<b>China</b>	<p>Premier Li Keqiang reiterated that China is determined to reduce excessive capacity as part of its supply side structural reform. Meanwhile, China will also explore various measures to lower corporate leverage though he did not give details.</p>
<b>Indonesia</b>	<p>Bank Indonesia expects volatile food prices to rise ahead of Islamic fasting month. Going by its estimates, May's inflation stands at around 0.1% mom, as of the third week thus far. If that rate stays for the whole month, the year-on-year rate of inflation would register 3.2%, compared to 3.6% of April.</p>

## Major Market

- **Singapore:** The STI declined 0.60% to close at 2750.23 yesterday, but may attempt to capitalise on Wall Street's overnight gains today. The STI could see support and resistance at 2740 and 2780 respectively. SGS bond yields traded with a modestly firmer bias yesterday, could sustain the selling interest ahead of the upcoming 10-year SGS bond auction this Friday.
- **Vietnam:** Domestic prices beat expectations to climb 2.28%yoy (est: +2.04%) in May, the highest inflation print this year as prices rise on the back of healthcare (+26.8%) and education (+4.55%) prices. However, CPI continues to remain weighed down by transport prices (-9.76%), albeit prices may likely be lifted in the near term given the recent upticks in oil prices.
- **Commodities:** With the anticipation that US crude stockpiles may slide by 2 million barrels, WTI prices climbed to its highest since October last year, closing above the US\$49pb handle. A report by EIA also pointed at supply disruptions in Canada, Nigeria and Libya, providing additional bullish signals in the near term. Meanwhile, output disruptions in France have also worsened as all eight of the nation's refineries continue to be affected by labour strikes.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards yesterday, trading 3-5 bps higher across all tenors, as a corollary of higher US benchmark yields. Flows in the SGD corporates were heavy, where we saw better buyers in STANLN 4/4%'26s, SOCGEN 4.3%'26s, NAB 4.15%'28s, UOBSP 4%'49s and mixed interest in MFCCN 3.85%'26s, GEMAU 5.5%'19s, EXIMBK 3.375%'17s and ABNAV 4.7%'22s. In the broader dollar space the spread on JACI IG corporates was level at 222bps, while the yield on the JACI HY corporates increased by 1bps to 7.24%. 10y UST yield increased by 2bps to 1.86%.
- **New Issues:** DBS has launched a AUD 3-yr covered bond at a guidance of 3mBBSW+80bps. The issue is expected to be rated "NR/Aaa/AAA". CCB Leasing priced a two-tranche deal, with the USD400m 3-year bond priced at CT3+155bps, tightening from its initial guidance of CT3+175bps. CCB Leasing priced the other tranche of USD600m 5-year bond at CT5+168bps, tightening from its initial guidance of CT5+190bps. The expected ratings are "NR/A3/A". 361 Degrees priced a USD400m 5NC3 bond at 7.25%, tightening from its initial guidance of 7.75%. The expected ratings are "BB/NR/BB". China Three Gorges priced a two-tranche deal, with the USD500m 5-year bond at CT5+90bps, tightening from its initial guidance of CT5+110bps. China Three Gorges priced another USD1bn 10-year bond at CT+130bps, tightening from its initial guidance of CT10+150bps. The expected ratings are "NR/Aa3/A+". DP World Cresent Limited priced a USD1.2bn 7-year bond at 3.9%. The expected ratings are "NR/Baa3/BBB-".
- **Rating Changes:** Moody's has downgraded the credit ratings of Greenland Holding Group Company Limited and its subsidiaries, reflecting the group's high debt leverage and weak credit metrics which Moody's expects to persist over the next 12-18 months. Greenland Holding Group's issuer rating was downgraded to "Ba1" from "Baa3" and subsequently withdrawn while a "Ba1" corporate family rating was assigned. Greenland Hong Kong Holdings' corporate family rating was downgraded to "Ba2" from "Ba1" and the ratings on its MTN program and senior unsecured notes were downgraded to "Ba3" from "Ba1". The ratings on Greenland Global's MTN program and senior unsecured notes which are guaranteed by Greenland Holding Group Company Limited were downgraded to "Ba2" from "Baa3". The outlook is negative for all ratings. Fitch has downgraded Credit Suisse Group Long-Term Issuer Default rating to "A-" from "A", reflecting its vulnerabilities in the business model to challenging capital markets as demonstrated by losses recorded for the two quarters since the group was capitalised. The outlook is stable.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DXY</b>	95.571	0.36%	<b>USD-SGD</b>	1.3816	0.26%
<b>USD-JPY</b>	109.990	0.69%	<b>EUR-SGD</b>	1.5392	-0.45%
<b>EUR-USD</b>	1.1132	0.00%	<b>JPY-SGD</b>	1.2561	-0.43%
<b>AUD-USD</b>	0.7183	-0.57%	<b>GBP-SGD</b>	2.0220	1.31%
<b>GBP-USD</b>	1.4636	1.05%	<b>AUD-SGD</b>	0.9922	-0.32%
<b>USD-MYR</b>	4.1210	0.94%	<b>NZD-SGD</b>	0.9309	-0.12%
<b>USD-CNY</b>	6.5572	0.02%	<b>CHF-SGD</b>	1.3909	-0.12%
<b>USD-IDR</b>	13638	0.47%	<b>SGD-MYR</b>	2.9794	0.66%
<b>USD-VND</b>	22333	0.10%	<b>SGD-CNY</b>	4.7498	-0.09%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3490	--	<b>O/N</b>	0.3850	--
<b>2M</b>	-0.2980	--	<b>1M</b>	0.4460	--
<b>3M</b>	-0.2580	--	<b>2M</b>	0.5469	--
<b>6M</b>	-0.1440	--	<b>3M</b>	0.6623	--
<b>9M</b>	-0.0790	--	<b>6M</b>	0.9579	--
<b>12M</b>	-0.0120	--	<b>12M</b>	1.3030	--

### Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
<b>Portugal</b>	0.51	-3.10	3.03
<b>Italy</b>	-0.06	-0.20	1.42
<b>Ireland</b>	-0.35	-0.10	0.83
<b>Greece*</b>	8.28	22.10	7.23
<b>Spain</b>	-0.11	-0.50	1.54
<b>Russia^</b>	3.00	-5.50	4.85

\* 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>	17,706.05	213.10
<b>S&amp;P</b>	2,076.06	28.00
<b>Nasdaq</b>	4,861.06	95.30
<b>Nikkei 225</b>	16,498.76	-155.80
<b>STI</b>	2,750.23	-16.70
<b>KLCI</b>	1,625.84	-9.10
<b>JCI</b>	4,710.79	-32.90
<b>Baltic Dry</b>	618.00	-6.00
<b>VIX</b>	14.42	-1.40

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.07 (+0.02)	0.91 (+0.01)
<b>5Y</b>	1.73 (+0.06)	1.40 (+0.04)
<b>10Y</b>	2.15 (+0.03)	1.86 (+0.03)
<b>15Y</b>	2.44 (+0.04)	--
<b>20Y</b>	2.49 (+0.03)	--
<b>30Y</b>	2.55 (+0.02)	2.64 (+0.02)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	20.56	-1.57
<b>EURIBOR-OIS</b>	8.50	-0.05
<b>TED</b>	31.93	-2.25

### Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	48.62	1.12%	Coffee (per lb)	1.218	-0.29%
Brent (per barrel)	48.61	0.54%	Cotton (per lb)	0.6301	2.54%
Heating Oil (per gallon)	1.489	0.76%	Sugar (per lb)	0.1661	-1.13%
Gasoline (per gallon)	1.65	0.53%	Orange Juice (per lb)	1.4550	-1.46%
Natural Gas (per MMBtu)	1.98	-3.65%	Cocoa (per mt)	2,953	-0.20%
<b>Base Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Grains</b>	<b>Futures</b>	<b>% chg</b>
Copper (per mt)	4,601.0	0.85%	Wheat (per bushel)	4.6400	0.43%
Nickel (per mt)	8,368	0.83%	Soybean (per bushel)	10.548	-0.35%
Aluminium (per mt)	1,549.0	0.18%	Corn (per bushel)	3.9750	-0.06%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>	<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
Gold (per oz)	1,229.2	-1.78%	Crude Palm Oil (MYR/MT)	2,540.0	0.83%
Silver (per oz)	16.238	-1.05%	Rubber (JPY/KG)	150.1	-0.46%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

### Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
<b>05/24/2016 10:30</b>	<b>VN CPI YoY</b>	<b>May</b>	<b>2.04%</b>	<b>2.28%</b>	<b>1.89%</b>	--
05/24/2016 12:05	MU CPI Composite YoY	Apr	--	3.02%	3.31%	--
<b>05/24/2016 14:00</b>	<b>GE GDP SA QoQ</b>	<b>1Q F</b>	<b>0.70%</b>	<b>0.70%</b>	<b>0.70%</b>	--
05/24/2016 14:00	GE GDP WDA YoY	1Q F	1.60%	1.60%	1.60%	--
<b>05/24/2016 14:00</b>	<b>GE GDP NSA YoY</b>	<b>1Q F</b>	<b>1.30%</b>	<b>1.30%</b>	<b>1.30%</b>	--
<b>05/24/2016 14:45</b>	<b>FR Manufacturing Confidence</b>	<b>May</b>	<b>104</b>	<b>104</b>	<b>104</b>	<b>105</b>
05/24/2016 16:30	UK Public Finances (PSNCR)	Apr	--	-2.4b	16.6b	17.8b
05/24/2016 16:30	UK PSNB ex Banking Groups	Apr	6.4b	7.2b	4.8b	6.7b
<b>05/24/2016 17:00</b>	<b>GE ZEW Survey Current Situation</b>	<b>May</b>	<b>49</b>	<b>53.1</b>	<b>47.7</b>	--
<b>05/24/2016 17:00</b>	<b>GE ZEW Survey Expectations</b>	<b>May</b>	<b>12</b>	<b>6.4</b>	<b>11.2</b>	--
05/24/2016 17:00	EC ZEW Survey Expectations	May	--	16.8	21.5	--
05/24/2016 22:00	US Richmond Fed Manufact. Index	May	8	-1	14	--
<b>05/24/2016 22:00</b>	<b>US New Home Sales</b>	<b>Apr</b>	<b>523k</b>	<b>619k</b>	<b>511k</b>	<b>531k</b>
05/24/2016 22:00	US New Home Sales MoM	Apr	2.40%	16.60%	-1.50%	-1.30%
<b>05/25/2016 06:45</b>	<b>NZ Trade Balance</b>	<b>Apr</b>	<b>25m</b>	<b>292m</b>	<b>117m</b>	<b>189m</b>
05/25/2016 06:45	NZ Exports	Apr	4.08b	4.30b	4.20b	--
05/25/2016 06:45	NZ Imports	Apr	3.98b	4.01b	4.09b	4.01b
<b>05/25/2016 08:00</b>	<b>SI GDP YoY</b>	<b>1Q F</b>	<b>1.90%</b>	<b>1.80%</b>	<b>1.80%</b>	--
<b>05/25/2016 08:00</b>	<b>SI GDP SAAR QoQ</b>	<b>1Q F</b>	<b>0.60%</b>	<b>0.20%</b>	<b>0.00%</b>	--
05/25/2016 09:00	PH Imports YoY	Mar	8.90%	--	1.20%	--
05/25/2016 09:00	PH Trade Balance	Mar	-\$1355m	--	-\$1104m	--
05/25/2016 14:00	GE GfK Consumer Confidence	Jun	9.7	--	9.7	--
05/25/2016 15:00	TH Customs Imports YoY	Apr	-7.65%	--	-6.94%	--
<b>05/25/2016 15:00</b>	<b>TH Customs Exports YoY</b>	<b>Apr</b>	<b>-1.50%</b>	--	<b>1.30%</b>	--
05/25/2016 15:00	TH Customs Trade Balance	Apr	\$450m	--	\$2966m	--
<b>05/25/2016 16:00</b>	<b>GE IFO Business Climate</b>	<b>May</b>	<b>106.8</b>	--	<b>106.6</b>	--
<b>05/25/2016 16:00</b>	<b>GE IFO Current Assessment</b>	<b>May</b>	<b>113.3</b>	--	<b>113.2</b>	--
<b>05/25/2016 16:00</b>	<b>GE IFO Expectations</b>	<b>May</b>	<b>100.8</b>	--	<b>100.4</b>	--
05/25/2016 16:00	IT Industrial Orders MoM	Mar	--	--	0.70%	--
05/25/2016 16:00	IT Industrial Orders NSA YoY	Mar	--	--	3.80%	--
<b>05/25/2016 19:00</b>	<b>US MBA Mortgage Applications</b>	<b>May-20</b>	--	--	<b>-1.60%</b>	--
05/25/2016 21:00	US FHFA House Price Index MoM	Mar	0.50%	--	0.40%	--
05/25/2016 21:45	US Markit US Services PMI	May P	53	--	52.8	--
05/25/2016 21:45	US Markit US Composite PMI	May P	--	--	52.4	--
<b>05/25/2016 22:00</b>	<b>CA BOC Rate Decision</b>	<b>May-25</b>	<b>0.50%</b>	--	<b>0.50%</b>	--
05/25/2016 05/31	VN Exports YTD YoY	May	6.20%	--	6.00%	--

Source: Bloomberg

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