

Highlights

Global	<p>Despite an acrimonious start to the EU leaders summit, global equity markets mostly staged a bounce yesterday as bargain-hunting interest emerged and US' 1Q16 GDP growth was revised up to 1.1% qoq annualised as an upward revision to trade and business spending compensated for a downward revision in personal consumption (+1.5%). Fed's Powell also sounded dovish, saying that "the Brexit vote has the potential to create new headwinds for economies around the world, including our own" and "it will be important to assess the implications for the US economy, and for the stance of policy appropriate to foster continued progress towards our objectives of maximum employment and price stability". His view was that "monetary policy will need to remain supportive of growth, as we work through the challenging global environment". As the EU leaders continue their discussions for a second day, rhetoric about EU's negotiation stance for Brexit will be the key to watch. Meanwhile suicide attacks at Istanbul's Main Airport killed at least 31 while 147 people are reported to be injured.</p> <p>Today's economic release calendar comprises of US' pending home sales, personal spending and income and core PCE deflator, European consumer confidence, German CPI and GfK consumer confidence, and UK' Nationwide house prices. Expect possible risk-nibbling at the margins to emerge but it's too early to say the Brexit concerns are over as it's still very early days yet.</p>
US	<p>The S&P/Case-Shiller house prices rose 0.45% mom sa (+5.44% yoy) in April as demand continued to pull ahead of supply, whilst consumer confidence also improved more than expected from 92.4 in May to a 8-month high of 98.0 in June, as expectations for the next six months hit a 5-month high of 84.5 (previously 78.5) and the present conditions gauge also rose to 118.3 (previously 113.2). In particular, the share of Americans anticipating more available jobs also rose to an 8-month high of 14.2%. Meanwhile, the Richmond Fed manufacturing index unexpectedly fell from -1 to -7 in June.</p>
EZ	<p>Ahead of the EU leader's summit, German chancellor Merkel already warned the UK that "we will ensure the cherry-picking principle won't apply I the negotiations" and "there must be – and there will be – a palpable difference between a country that wants to be part of the European Union and one that doesn't". She opined that "I see no way back from the Brexit vote" while EC president Juncker also warned that "If the next British PM is coming from the Leave campaign, it should be done the day after his appointment" even though there is no obligation or time-limit on UK to invoke Article 50.</p>
S'pore	<p>The \$1.8b 2-year SGS bond re-opening fetched a cut-off yield of 1.17% with a tail of 7bps and a bid-cover ratio of 1.95x. Next up will be the new 20-year SGS bond auction with the issue size details due on 20 July and for auction on 27 July for issue on 1 August.</p>
China	<p>Shanghai's currency regulator tightened its grip on purchase of foreign currency for overseas direct investment under partnership companies financed by individuals. This type of purchase of foreign currency will be banned as the partnership companies have been the channels for wealthy individuals to move money out of country bypassing the US\$50K rule.</p> <p>In addition, PBoC said yesterday that RMB has been stable against the basket currency despite it weakened against the dollar.</p>

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Major Market

- **US:** Signs of stabilization were noted in the markets. Post-Brexit trades appear to reverse, as the upswing is led by sectors that were most beaten down over the last two days – financial and energy. S&P 500 recovered 1.78%, while the Dow and Nasdaq rose 1.57% and 2.12% respectively. Meanwhile, U.S. Treasury yields rose from the year-to-date low. 2-year notes yield 0.61%, while the 10-year notes yield 1.47%. Volatility continues to subside as the markets stabilize, with VIX down 21.38% to close at 18.75.
- **Singapore:** The STI added 0.98% to close at 2756.53 yesterday, and given that risk appetite is stabilizing across the global equity market, expect the STI to attempt to chalk up modest gains again today. STI support and resistance are tipped at 2740 and 2780. SGS bonds are likely to continue to mimic but lag the UST bond market performance.
- **Indonesia:** Parliament finally approved the Tax Amnesty Law yesterday. The law will kick in July 1st and allows taxpayers to come clean on their past tax avoidance until March 2017. The penalty tax rates range from 2% to 10%, depending on when the assets are declared and, for the offshore ones, whether they are repatriated back to Indonesia or not.
- **Thailand:** Prime Minister Prayuth Chan-ocha commented that there will not be any delay to the constitution referendum scheduled on 7th August 2016. He also said that he will ask the Constitution Drafting Committee (CDC) to draft another charter should the referendum draft be rejected by the public.
- **Commodities:** Risk appetite somewhat improved with energy and base metal prices rallied considerably for the first time since the Brexit referendum, while gold faded below its \$1,315/oz handle on intraday trading yesterday. However, risk aversion may still be on the table into the weeks ahead given the lack of blueprints Britain may take as a non-member of the EU.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with the short-term rates traded 1-7bps lower while the belly-to-long-end rates traded 2-5bps higher. Flows in the SGD corporates were heavy with better buying seen in, STANLN 4.4%'26s, MFCCN 3.85%'26s and SOCGEN 4.3%'26s while we also saw mixed interest in ABNANV 4.7%'22s and ABNANV 4.75%'26s. In the broader dollar space, the spread on JACI IG corporates remained relatively unchanged at 235bps while the yield on JACI HY corporates decreased by 2bps to 6.93%. 10y UST yield increased by 3bps to 1.47% as treasuries snapped a two-day surge.
- **New Issues:** CITIC Envirotech Ltd. has launched a USD175mn perpetual bond with final guidance at 4.25% that may be priced later today (IPT at 4.45 %). HT Global IT Solutions has schedule investor road show meetings from 29 June, 2016 onwards for potential USD bond issue with expected ratings of “BB-/NR/BB-“.
- **Rating Changes:** S&P revised its outlook on Indonesia-based integrated power producer, PT Perusahaan Listrik Negara (PLN) to stable from positive. The outlook revision reflects S&P's assessment that PLN's cash flow adequacy and debt-servicing ratios will remain thin over the next three to four years. S&P assigned a first time corporate credit rating of “BB+” to Beijing Capital Land Ltd. (BCL) with a negative outlook. The rating is underpinned by the group credit profile of its parent company, Beijing Capital Group Co. Ltd. (BCG) which S&P assessed as a highly strategic subsidiary of BCG. Additionally, BCL has demonstrated satisfactory sales execution despite its land bank's positioning in some lower-tier cities. The negative outlook reflects S&P's expectation that BCG's

debt leverage and EBITDA interest coverage will remain weak over the next 24 months. Moody's revised its outlook on 12 UK financial institutions that include Barclays Plc. and HSBC Holdings Plc. to negative from stable, and Lloyds Bank Plc. to stable from positive. The outlook revisions reflects Moody's expectation of lower economic growth and heightened uncertainty over the UK's future trade relationship with the EU which could lead to reduced demand for credit, higher credit losses and more volatile wholesale funding conditions. Moody's upgraded its corporate credit rating on TFS Corporation Ltd. (Timber Resources) to "B2" from "B3", reflecting the transformation of TFS's business profile in view of the change in its revenue composition. The outlook is stable. Fitch has placed Baosteel Resources International Co. Ltd.'s (BRI) long-term issuer default rating of "BBB+" on Rating Watch Evolving (RWE), following Fitch's rating action of placing its parent company's, Baosteel Group Corp, credit rating of "A-" on RWE. The outlook revision reflects uncertainty over the outcome of Fitch's reassessment of Baosteel Group's announced restructuring with Wuhan Iron and Steel Group on 26 June, 2016. BRI is rated one notch below its parent company due to its strong linkage arising from its unique position as the group's only offshore resource development platform, overseas resource trading platform and offshore financing vehicle.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.245	-0.31%	USD-SGD	1.3535	-0.70%
USD-JPY	102.750	0.74%	EUR-SGD	1.4977	-0.35%
EUR-USD	1.1132	0.00%	JPY-SGD	1.3173	-1.41%
AUD-USD	0.7386	0.76%	GBP-SGD	1.8060	0.18%
GBP-USD	1.3344	0.90%	AUD-SGD	0.9997	0.02%
USD-MYR	4.0773	-0.54%	NZD-SGD	0.9541	0.07%
USD-CNY	6.6481	0.01%	CHF-SGD	1.3786	-1.03%
USD-IDR	13188	-1.22%	SGD-MYR	3.0059	-0.56%
USD-VND	22300	-0.20%	SGD-CNY	4.9021	0.56%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3640	--	O/N	0.4001	--
2M	-0.3210	--	1M	0.4588	--
3M	-0.2830	--	2M	0.5294	--
6M	-0.1760	--	3M	0.6271	--
9M	-0.1130	--	6M	0.8869	--
12M	-0.0480	--	12M	1.1957	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.76	-12.30	3.15
Italy	-0.04	-7.00	1.40
Ireland	-0.28	-4.50	0.64
Greece*	8.61	-85.40	8.61
Spain	-0.10	-7.30	1.31
Russia^	2.36	-11.50	4.69

* 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	17,409.72	269.50
S&P	2,036.09	35.60
Nasdaq	4,691.87	97.40
Nikkei 225	15,323.14	13.90
STI	2,756.53	26.70
KLCI	1,634.04	4.50
JCI	4,882.17	46.10
Baltic Dry	627.00	11.00
VIX	18.75	-5.10

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.18 (+0.19)	0.61 (+0.02)
5Y	1.49 (+0.04)	1.01 (+0.03)
10Y	1.89 (+0.04)	1.47 (+0.03)
15Y	2.17 (+0.04)	--
20Y	2.25 (+0.04)	--
30Y	2.35 (+0.04)	2.27 (+0.01)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	26.87	-0.40
EURIBOR-OIS	7.90	-0.70
TED	37.75	-0.61

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	47.85	3.28%	Coffee (per lb)	1.389	3.27%
Brent (per barrel)	48.58	3.01%	Cotton (per lb)	0.6466	1.86%
Heating Oil (per gallon)	1.471	2.93%	Sugar (per lb)	0.1981	1.69%
Gasoline (per gallon)	1.51	2.26%	Orange Juice (per lb)	1.6620	0.42%
Natural Gas (per MMBtu)	2.917	7.40%	Cocoa (per mt)	3,050	0.53%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,818.0	2.29%	Wheat (per bushel)	4.4375	-0.67%
Nickel (per mt)	9,306	4.02%	Soybean (per bushel)	11.505	1.54%
Aluminium (per mt)	1,617.8	1.76%	Corn (per bushel)	3.8525	--
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,315.3	-0.54%	Crude Palm Oil (MYR/MT)	2,440.0	-1.09%
Silver (per oz)	17.843	0.56%	Rubber (JPY/KG)	164.3	0.80%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
06/28/2016 09:55	VN GDP YTD YoY	2Q	5.83%	5.52%	5.46%	--
06/28/2016 10:00	VN Exports YTD YoY	Jun	6.50%	5.90%	6.60%	--
06/28/2016 14:00	GE Import Price Index MoM	May	0.60%	0.90%	-0.10%	--
06/28/2016 14:00	GE Import Price Index YoY	May	-5.80%	-5.50%	-6.60%	--
06/28/2016 14:45	FR Consumer Confidence	Jun	97	97	98	--
06/28/2016 16:00	IT Consumer Confidence Index	Jun	112.5	110.2	112.7	112.5
06/28/2016 16:00	IT Manufacturing Confidence	Jun	102.1	102.8	102.1	--
06/28/2016 16:00	IT Economic Sentiment	Jun	--	101.2	103.4	103
06/28/2016 20:30	US GDP Annualized QoQ	1Q T	1.00%	1.10%	0.80%	--
06/28/2016 20:30	US Personal Consumption	1Q T	2.00%	1.50%	1.90%	--
06/28/2016 20:30	US GDP Price Index	1Q T	0.60%	0.40%	0.60%	--
06/28/2016 20:30	US Core PCE QoQ	1Q T	2.10%	2.00%	2.10%	--
06/28/2016 22:00	US Consumer Confidence Index	Jun	93.5	98	92.6	92.4
06/28/2016 22:00	US Richmond Fed Manufact. Index	Jun	3	-7	-1	--
06/29/2016 05:00	SK Business Survey Manufacturing	Jul	--	72	74	--
06/29/2016 07:50	JN Retail Trade YoY	May	-1.60%	-1.90%	-0.80%	-0.90%
06/29/2016 07:50	JN Retail Sales MoM	May	0.00%	0.00%	0.00%	-0.10%
06/29/2016 09:00	AU HIA New Home Sales MoM	May	--	--	-4.70%	--
06/29/2016 10:00	SK Discount Store Sales YoY	May	--	--	1.70%	--
06/29/2016 10:00	SK Department Store Sales YoY	May	--	--	4.30%	--
06/29/2016 11:00	PH Budget Balance PHP	Apr	--	--	-74.4b	--
06/29/2016 13:00	JN Small Business Confidence	Jun	46	--	45.6	--
06/29/2016 14:00	GE GfK Consumer Confidence	Jul	9.8	--	9.8	--
06/29/2016 14:00	UK Nationwide House PX MoM	Jun	0.00%	--	0.20%	--
06/29/2016 15:00	GE CPI Saxony MoM	Jun	--	--	0.40%	--
06/29/2016 16:30	UK Mortgage Approvals	May	65.3k	--	66.3k	--
06/29/2016 16:30	UK Money Supply M4 MoM	May	--	--	-0.10%	--
06/29/2016 16:30	UK M4 Money Supply YoY	May	--	--	1.00%	--
06/29/2016 17:00	EC Economic Confidence	Jun	104.7	--	104.7	--
06/29/2016 17:00	EC Consumer Confidence	Jun F	-7.3	--	-7.3	--
06/29/2016 19:00	US MBA Mortgage Applications	Jun-24	--	--	2.90%	--
06/29/2016 20:00	GE CPI MoM	Jun P	0.20%	--	0.30%	--
06/29/2016 20:00	GE CPI YoY	Jun P	0.30%	--	0.10%	--
06/29/2016 20:00	GE CPI EU Harmonized MoM	Jun P	0.10%	--	0.40%	--
06/29/2016 20:00	GE CPI EU Harmonized YoY	Jun P	0.20%	--	0.00%	--
06/29/2016 20:30	US Personal Income	May	0.30%	--	0.40%	--
06/29/2016 20:30	US Personal Spending	May	0.40%	--	1.00%	--
06/29/2016 20:30	US PCE Core MoM	May	0.20%	--	0.20%	--
06/29/2016 22:00	US Pending Home Sales MoM	May	-1.10%	--	5.10%	--
06/29/2016	MU Hotel Occupancy Rate	May	--	--	79	--

Source: Bloomberg

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