

Highlights

Global	Market is zooming on minutes from June's FOMC meeting. In particular, it is paying attention to the fact that several FOMC officials expressed concerns that progress towards its 2% inflation target has slowed. There also appears to be a split in opinions among the committee members, with some pondering whether it is more appropriate to ease back on policy normalization and wait for inflation to take root. However, the other camp appears to remain worried that robust employment could lead to a sharp rise in inflation, and hence warrants further policy normalization. All in all, the minutes essentially show that these officials do not seem to have a clear picture of where things are really heading, and what the appropriate policy calibration will be. For what it's worth, however, the futures market is pricing in a higher probability, at roughly two-thirds chance, of another rate hike this year after the minutes.
US	Fed minutes showed some uncertainty over the timing of the balance sheet reduction, and discomfort over persistently anemic inflation data. On net, the minutes showed that the Fed may still favour one more rate hike in 2017, but with the consensus fraying on the margins. Future data releases on inflation and wage growth may be key to whether this consensus holds. 2y and 10y benchmark yields slipped in response, standing at 1.40% and 2.32% at NY close.
SG	COE premiums were mostly higher. Aside from the COE premium for smaller cars (Cat A) and motorcycles which were flat at \$42,801 and \$6,001 respectively, other COE premiums edged higher in the latest reading. Cat B premiums are now at \$49,802 (up from \$47,501), while the open category Cat E premium is at \$49,899 (up from \$48,001). Meanwhile, COE premiums for goods vehicles and buses rose to S\$40,212 (up from \$36,879).
TH	BOT upgraded GDP growth to 3.5% (up from a previous 3.4%) while downgrading its CPI outlook to 0.8% (down from 1.2%) in its latest MPC meeting. The committee members also voted unanimously to keep its benchmark rate unchanged at 1.50%, citing expansion in its merchandise exports and tourist arrival numbers. For more, please refer to our report.
Commodities	Crude oil's rally faded into the late trading hours yesterday, after failing to break past its \$47/bbl handle in the last three days. However, the fall could have been driven by official rhetoric from Russia and Iraq, with the former commenting that it will oppose plans for deeper production cuts while the latter prefers a "wait-and-see" approach. Coupled with dampened hopes over deeper OPEC cuts into its next meeting, US plans to sell another 270 million barrels from its strategic petroleum reserves (SPR) over the next decade suggest that the supply environment continues to appear extremely flushed. Empirically, note that US SPR inventories have fallen by some 13 million barrels over the last 17 consecutive weeks to its lowest level in 12 years. Market-watchers have appeared to shrug off American Petroleum Institute (API) reporting of a sizeable 5.764 million barrels drawdown in crude oil inventories, and on a similar note, look out for tonight's DOE's oil inventories.

Major Markets

- **US:** Equities had a positive showing post-Independence Day holiday. Tech stocks reversed recent downward pressures to rally, carrying the Nasdaq Composite higher by 0.67%. Energy shares slipped on headlines from Russia that it is opposed to further output cuts, causing crude price to fall for the second straight day. Overall, the S&P 500 nudged a 0.15% gain, while the Dow is essentially unchanged.
- **Singapore:** The STI index rose by 37.54% to close at 3,248.71. The index was boosted by Hutchison Port Holdings Trust (3.49%), Oversea-Chinese Banking Corp Ltd (2.07%) and DBS Groups Holdings (1.98%). However, losses by Thai Beverage PCL (-0.55%), ComfortDelGro Corp Ltd (-0.44%) and City Developments Ltd (-0.19%) limited the gains

Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates trading 2-6bps across all tenors. Flows in SGD corporates were heavy, with better buying seen in OLAMSP 5.5%-PERPs, HSBC 4.7%-PERPs, and mixed interest seen in LMRTSP 6.6%-PERPs. In the broader dollar space, the spread on JACI IG corporates fell by 2bps to 185bps, while the yield on JACI HY corporates fell by 1bps to 6.88%. 10y UST yields fell by 3bps to 2.32%, as a slide in oil prices caused yields to decline, reversing the earlier gain in yields post the release of FOMC meeting minutes.
- **New Issues:** Hindustan Petroleum Corp Ltd has priced a USD500mn 10-year bond at CT10+167.5bps, tightening from initial guidance of CT10+200bps area. The expected issue ratings are 'NR/Baa3/BBB-'. Shanghai Pudong Development Bank Co Ltd, Hong Kong branch has priced a two-tranche deal, with the USD400mn 3-year bond at 3mL+85bps, tightening from initial guidance of 3mL+110bps area; and the USD350mn 5-year bond at 3mL+95bps, tightening from initial guidance of 3mL+120bps. The expected issue ratings are 'BBB/NR/NR'. ABN AMRO Bank NV has priced a USD450mn 5-year bond at 3mL+80bps, tightening from initial guidance of 3mL+80-83bps. The expected issue ratings are 'NR/A1/NR'. 21Vianet Group, Inc Ltd has scheduled investor meetings for potential USD bond issuance from 6 Jul.
- **Rating Changes:** Moody's has upgraded Pakuwon Jati Tbk (PT)'s corporate family rating to 'Ba2' from 'Ba3' while upgrading its subsidiary Pakuwon Prima Pte. Ltd.'s (Pakuwon Prima) backed senior unsecured rating to 'Ba2' from 'Ba3'. The outlook on the ratings is stable. The rating action reflects Pakuwon Jati's continued growth in scale and maintenance of a strong financial and liquidity profile, supported by a well-balanced income stream from its portfolio of development and investment properties. Fitch has downgraded CAR Inc's (CAR) Issuer Default Rating (IDR) and senior unsecured rating to 'BB-' from 'BB' with stable outlook. The rating action reflects CAR's aggressive pricing strategy and declining fleet rental revenue from UCAR, CAR's largest shareholder and biggest customer.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.290	0.07%	USD-SGD	1.3808	-0.15%
USD-JPY	113.260	-0.02%	EUR-SGD	1.5676	-0.10%
EUR-USD	1.1352	0.05%	JPY-SGD	1.2190	-0.14%
AUD-USD	0.7603	-0.04%	GBP-SGD	1.7860	-0.05%
GBP-USD	1.2934	0.11%	AUD-SGD	1.0498	-0.19%
USD-MYR	4.2980	--	NZD-SGD	1.0066	-0.12%
USD-CNY	6.8019	0.02%	CHF-SGD	1.4324	0.02%
USD-IDR	13365	0.01%	SGD-MYR	3.1066	-0.10%
USD-VND	22740	0.02%	SGD-CNY	4.9192	0.00%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	1.1717	--
2M	-0.3410	--	1M	1.2233	--
3M	-0.3290	--	2M	1.2539	--
6M	-0.2720	--	3M	1.3021	--
9M	-0.2020	--	6M	1.4577	--
12M	-0.1590	--	12M	1.7512	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.23 (+0.01)	1.40 (-0.01)	-0.61 (+0.01)	-0.41 (+0.01)	-0.15 (+0.01)
5Y	1.55 (+0.01)	1.91 (-0.02)	-0.15 (+0.09)	-0.06 (--)	0.83 (+0.03)
10Y	2.17 (+0.01)	2.32 (-0.03)	0.47 (-0.01)	0.82 (--)	2.15 (+0.04)
15Y	2.38 (+0.03)	--	0.74 (-0.01)	1.18 (-0.01)	2.74 (+0.04)
20Y	2.44 (--)	--	1.01 (-0.01)	1.49 (-0.01)	2.86 (+0.04)
30Y	2.50 (--)	2.85 (-0.02)	1.27 (-0.02)	1.77 (-0.01)	3.29 (+0.04)

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
26/07/2017	0.0%	0.7%	99.3%	0.0%	0.0%
20/09/2017	16.0%	0.6%	83.4%	16.0%	0.0%
01/11/2017	16.7%	0.6%	82.8%	16.5%	0.1%
13/12/2017	51.6%	0.3%	48.1%	44.5%	7.1%
31/01/2018	52.5%	0.3%	47.2%	44.6%	7.7%
21/03/2017	67.8%	0.2%	32.0%	45.4%	19.7%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	45.13	-4.12%	Copper (per mt)	5,864.3	-1.23%
Brent (per barrel)	47.79	-3.67%	Nickel (per mt)	9,123.5	-0.21%
Heating Oil (per gallon)	1.4785	-2.27%	Aluminium (per mt)	1,919.8	0.03%
Gasoline (per gallon)	1.5024	-2.11%			
Natural Gas (per MMBtu)	2.8400	-3.76%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,538.0	1.20%
			Rubber (JPY/KG)	197.5	0.77%
Precious Metals	Futures	% chg			
Gold (per oz)	1,221.7	0.21%			
Silver (per oz)	15.896	-1.22%			

Source: Bloomberg, Reuters
(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	21,478.17	-1.10
S&P	2,432.54	3.53
Nasdaq	6,150.86	40.79
Nikkei 225	20,081.63	49.28
STI	3,248.71	37.54
KLCI	1,768.16	6.08
JCI	5,825.05	-40.31
Baltic Dry	871.00	--
VIX	11.07	-0.15

Financial Spread (bps)

	Value	Change
LIBOR-OIS	13.38	-0.01
EURIBOR-OIS	3.02	0.17
TED	26.38	--

Government CDS (USD)

	5Y	% Change
Germany	15.192	1.82%
France	21.763	1.24%
Italy	144.824	0.83%

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
07/05/2017	01:00	NZ QV House Prices YoY	Jun	--	8.10%	9.70%	--
07/05/2017	05:00	SK Foreign Reserves	Jun	--	\$380.57b	\$378.46b	--
07/05/2017	07:00	SK BoP Current Account Balance	May	--	\$5937.3m	\$3995.0m	\$3891.1m
07/05/2017	07:30	AU AiG Perf of Services Index	Jun	--	54.8	51.5	--
07/05/2017	08:30	JN Nikkei Japan PMI Services	Jun	--	53.3	53	--
07/05/2017	08:30	JN Nikkei Japan PMI Composite	Jun	--	52.9	53.4	--
07/05/2017	08:30	HK Nikkei Hong Kong PMI	Jun	--	51.1	50.5	--
07/05/2017	09:00	NZ ANZ Commodity Price	Jun	--	2.10%	3.20%	--
07/05/2017	09:00	PH CPI YoY	Jun	3.00%	2.80%	3.10%	--
07/05/2017	09:00	PH CPI NSA MoM	Jun	0.30%	0.10%	0.10%	0.00%
07/05/2017	09:45	CH Caixin China PMI Composite	Jun	--	51.1	51.5	--
07/05/2017	09:45	CH Caixin China PMI Services	Jun	--	51.6	52.8	--
07/05/2017	13:00	IN Nikkei India PMI Services	Jun	--	53.1	52.2	--
07/05/2017	13:00	IN Nikkei India PMI Composite	Jun	--	52.7	52.5	--
07/05/2017	15:05	TH BoT Benchmark Interest Rate	Jul-05	1.50%	1.50%	1.50%	--
07/05/2017	15:45	IT Markit/ADACI Italy Services PMI	Jun	54.6	53.6	55.1	--
07/05/2017	15:45	IT Markit/ADACI Italy Composite PMI	Jun	54.9	54.5	55.2	--
07/05/2017	15:50	FR Markit France Services PMI	Jun F	55.3	56.9	55.3	--
07/05/2017	15:50	FR Markit France Composite PMI	Jun F	55.3	56.6	55.3	--
07/05/2017	15:55	GE Markit Germany Services PMI	Jun F	53.7	54	53.7	--
07/05/2017	15:55	GE Markit/BME Germany Composite PMI	Jun F	56.1	56.4	56.1	--
07/05/2017	16:00	EC Markit Eurozone Services PMI	Jun F	54.7	55.4	54.7	--
07/05/2017	16:00	EC Markit Eurozone Composite PMI	Jun F	55.7	56.3	55.7	--
07/05/2017	16:00	UK New Car Registrations YoY	Jun	--	-4.80%	-8.50%	--
07/05/2017	16:00	TA WPI YoY	Jun	-1.90%	-1.68%	-1.12%	-1.26%
07/05/2017	16:00	TA CPI YoY	Jun	0.90%	1.00%	0.59%	--
07/05/2017	16:00	SI Automobile COE Open Bid Cat A	Jul-05	--	42801	42801	--
07/05/2017	16:00	SI Automobile COE Open Bid Cat B	Jul-05	--	49802	47501	--
07/05/2017	16:00	SI Automobile COE Open Bid Cat E	Jul-05	--	49899	48001	--
07/05/2017	16:20	TA Foreign Reserves	Jun	--	\$441.94b	\$440.25b	--
07/05/2017	16:30	UK Markit/CIPS UK Services PMI	Jun	53.5	53.4	53.8	--
07/05/2017	16:30	UK Markit/CIPS UK Composite PMI	Jun	53.9	53.8	54.4	54.3
07/05/2017	16:30	UK Official Reserves Changes	Jun	--	\$491m	\$1115m	--
07/05/2017	17:00	EC Retail Sales MoM	May	0.40%	0.40%	0.10%	--
07/05/2017	17:00	EC Retail Sales YoY	May	2.30%	2.60%	2.50%	2.60%
07/05/2017	22:00	US Factory Orders	May	-0.50%	-0.80%	-0.20%	-0.30%
07/05/2017	22:00	US Durable Goods Orders	May F	-0.80%	-0.80%	-1.10%	--
07/05/2017	22:00	US Durables Ex Transportation	May F	--	0.30%	0.10%	--
07/05/2017	22:00	US Cap Goods Orders Nondef Ex Air	May F	--	0.20%	-0.20%	--
07/05/2017	22:00	US Cap Goods Ship Nondef Ex Air	May F	--	0.10%	-0.20%	--
07/06/2017	07:50	JN Japan Buying Foreign Bonds	Jun-30	--	--	¥321.8b	--
07/06/2017	07:50	JN Japan Buying Foreign Stocks	Jun-30	--	--	¥366.1b	--
07/06/2017	07:50	JN Foreign Buying Japan Bonds	Jun-30	--	--	-¥1463.9b	--
07/06/2017	07:50	JN Foreign Buying Japan Stocks	Jun-30	--	--	-¥26.3b	--
07/06/2017	09:30	AU Trade Balance	May	A\$1000m	--	A\$555m	--
07/06/2017	11:30	TH Consumer Confidence Economic	Jun	--	--	64.3	--
07/06/2017	14:00	GE Factory Orders MoM	May	1.90%	--	-2.10%	--
07/06/2017	14:00	GE Factory Orders WDA YoY	May	4.50%	--	3.50%	--
07/06/2017	15:30	GE Markit Germany Construction PMI	Jun	--	--	55.3	--
07/06/2017	16:10	GE Markit Germany Retail PMI	Jun	--	--	55	--
07/06/2017	16:10	EC Markit Eurozone Retail PMI	Jun	--	--	52	--
07/06/2017	16:10	FR Markit France Retail PMI	Jun	--	--	53.3	--
07/06/2017	16:10	IT Markit Italy Retail PMI	Jun	--	--	45.5	--
07/06/2017	19:00	US MBA Mortgage Applications	Jun-30	--	--	-6.20%	--
07/06/2017	19:30	US Challenger Job Cuts YoY	Jun	--	--	9.70%	--
07/06/2017	20:15	US ADP Employment Change	Jun	185k	--	253k	--
07/06/2017	20:30	CA Building Permits MoM	May	1.00%	--	-0.20%	--
07/06/2017	20:30	CA Int'l Merchandise Trade	May	-0.50b	--	-0.37b	--
07/06/2017	20:30	US Initial Jobless Claims	Jul-01	243k	--	244k	--
07/06/2017	20:30	US Continuing Claims	Jun-24	1940k	--	1948k	--
07/06/2017	20:30	US Trade Balance	May	-\$46.3b	--	-\$47.6b	--
07/06/2017	21:45	US Markit US Services PMI	Jun F	53	--	53	--
07/06/2017	21:45	US Bloomberg Consumer Comfort	Jul-02	--	--	48.6	--
07/06/2017	21:45	US Markit US Composite PMI	Jun F	--	--	53	--
07/06/2017	22:00	US ISM Non-Manf. Composite	Jun	56.5	--	56.9	--
07/06/2017	07:13	VN Domestic Vehicle Sales YoY	Jun	--	--	-3.20%	--

Source: Bloomberg

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