

Highlights

Global	<p>A healthy US nonfarm payrolls print (+209k versus 180k expected), with the unemployment rate down to 4.3% (previously 4.4%) and wage growth firming a touch to 0.3% mom (2.5% yoy), led USD's biggest gain since January. Wall Street and UST bond yields also edged higher on Friday. Meanwhile, the UN has fresh sanctions on North Korea, with China expressing confidence that it would bring North Korea to the negotiating table. Separately, US' VP Mike Pence has disputed a weekend report that he is preparing to run for president in 2020 if Trump does not seek a second term.</p> <p>Asian bourses may trade with a more upbeat tone today following the robust US unemployment report. Market focus will be Indonesia's 2Q GDP growth, German industrial production, UK' Halifax house prices and foreign reserve data from China. Fed's Bullard is also speaking on the US economy. For the week ahead, RBNZ meets on 9 August (likely to be steady at 1.75%), BSP on 10 August (also likely static at 3% and 2.5% for its overnight borrowing and standing overnight deposit rates respectively).</p>
US	<p>The labor force participation rate also improved from 62.8% to 62.9% in July, even as private payrolls surging 205k, up from a revised 194k. US' trade deficit narrowed from a revised US\$46.4b in May to a 8-month low of US\$43.6b in June, as exports jumped 1.2% with higher capital equipment, petroleum and soybeans whilst imports declined 0.2% as crude oil and consumer goods fell.</p>
UK	<p>UK will put GBP36b to settle the Brexit to move discussion for a future trade deal with the EU, according to a Sunday Telegraph report.</p>
SG	<p>Halimah Yacob will step down as speaker and member of parliament to campaign for the next month's presidential election.</p>
Korea	<p>Korea's chief economic advisor Kim Hyun-chul commented that Korea's low benchmark rate of 1.25% could be a "problem" if the US Federal Reserve raises interest rate. He added that low rates had probably led to the surge in household debt and an overheating of the property market</p>
ID	<p>Bank Indonesia's Governor Agus Martowardojo said that the central bank is not closed to the possibility of easing, if it sees that inflation continues to be manageable and provided conditions remain good with supporting data. He reportedly added that BI sees room to ease to support economic growth if exchange rate continues to be stable.</p>
MA	<p>Exports for the month of June rose by 10%yoy, against median market expectation of 18.3% growth. Meanwhile, imports rose by 3.7%, compared to median estimate of 3.7%yoy. Overall, trade surplus was at MYR9.88bn for the month.</p>
Commodities	<p>A mix of optimism and perhaps a sustained hope that more OPEC compliance can be achieved at the oil producers meeting in Abu Dubai on 7-8 Aug lifted oil prices. WTI (+1.1%) and Brent (+0.8%) rallied over the weekend. Elsewhere, gold fell 0.8% (the largest fall in a month) to \$1,264.6/oz as market-watchers reacted to the surprisingly strong US NFP print and a fall in overall US unemployment levels.</p>

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Major Markets

- **US:** Equities closed higher on Friday, and marked gains for the whole week. S&P 500 and Dow saw gains of 0.19% and 0.30%, while the Nasdaq Composite rose 0.18%. Equities, led by financials, were buoyed by better than expected nonfarm payrolls data, signifying a strong underlying domestic economy. This is matched by improving corporate earnings, with a majority of companies beating estimates. However, there appears to be some underlying suspicion that the indices are being increasingly supported only by the mega-caps, with a lack of broad participation from smaller companies. VIX lower at 10.03, down 3.9%.
Meanwhile, US Treasury yields were firmer, with the 2- and 10-year benchmark yields higher by 2-4 bps to 1.35% and 2.26% respectively. Despite strong nonfarm data, the market implied odds for another rate hike is still less than evens. The week ahead will see new Treasury auctions in the 3y, 10y and 30y space. Watch also for Fed speakers scheduled, including Bullard, Kashkari, Dudley and Kaplan. Data-wise, eyes will be on CPI numbers at the end of the week.
- **Singapore:** STI fell 0.49% to close at 3326.52 on Friday, but may open a little firmer today given positive leads from Wall Street post-NFP. Note the fed funds future probabilities for a third FOMC rate hike by year-end edged up a little to 36.6%. STI may trade in a range of 3300-3340. With the UST bond yield curve bear-steepening by around 3bps on Friday, SGS bonds may reverse the earlier gains seen on Friday.
- **China:** US President Trump's scheduled White House speech about China's trade practices and intellectual property last Friday was postponed with no explanation given. Nevertheless, the concerns about the trade dispute between China and US continued to rise. In addition to section 232 investigation, the US may start section 301 investigation under Trade Act of 1974 to investigate foreign government acts which discriminate against US commerce. This will give President unilateral power to impose trade tariff or other trade restrictions. President Trump may continue to use trade policies as bargaining chips to press China to tighten the grip on North Korea. The latest United Nation sanction imposed unanimously by the Security Council on North Korea may buy China more time to ease the bilateral relationship with the US.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull flattened last Friday, with swap rates trading 2-3bps lower across all tenors. In the broader dollar space, the spread on JACI IG Corporates traded little changed at 187bps. Similarly, the yield on JACI HY Corp traded little changed at 6.99%. 10y UST yields rose 4bps to 2.26% on Friday, after better-than-expected employment data caused the US Treasury yield curve to bear-steepen.
- **New Issues:** China Huiyuan Juice Group Ltd has scheduled investor meetings for potential USD bond issuance from 7 Aug. The expected issue ratings are 'NR/B1/B+'.
- **Rating Changes:** S&P has affirmed Hutchison Port Holdings Trust (HPHT) 'BBB+' corporate credit rating and issuer ratings on its senior unsecured notes, while revising the outlook to positive from stable. The rating action on HPHT follows the same rating action on the company's ultimate parent, CK Hutchison Holdings Ltd (CKHH). Moody's assesses HPHT as a strategically important member of CKHH. The positive outlook on CKHH reflects Moody's expectation that the group's financial performance is likely to remain strong despite volatile global economic conditions and rising interest rates. Moody's has upgraded RWH Finance Pty Ltd's (RWH) backed senior unsecured rating to 'A2' from 'Baa2'. The outlook is stable. The rating action reflects Moody's expectation that RWH's financial flexibility will materially strengthen after refinancing. Moody's has withdrawn Geo Coal

International Pte Ltd's (Geo Coal) 'B2' backed senior unsecured ratings. This follows the unsuccessful issuance of Geo Coal's proposed USD bond issue. Moody's has withdrawn China ZhengTong Auto Services Holdings Ltd's 'B1' corporate family rating with a stable outlook. Moody's stated that it has withdrawn the rating for its own business reason. Moody's has assigned China Huiyuan Juice Group Limited (Huiyuan) a corporate family rating and senior unsecured rating of 'B1'. The rating action reflects the company's leading position, strong brand name and improved profitability. The rating also takes into account Huiyuan's vertically integrated business operations, which allows it to control the entire value chain. However, Huiyuan has been experiencing working capital outflows and heavy capital expenditures in the last two years, which has weakened the company's free cash flow.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	93.542	0.76%	USD-SGD	1.3611	0.18%
USD-JPY	110.690	0.58%	EUR-SGD	1.6021	-0.66%
EUR-USD	1.1773	-0.82%	JPY-SGD	1.2298	-0.41%
AUD-USD	0.7922	-0.35%	GBP-SGD	1.7746	-0.59%
GBP-USD	1.3040	-0.75%	AUD-SGD	1.0790	-0.10%
USD-MYR	4.2782	-0.01%	NZD-SGD	1.0090	-0.13%
USD-CNY	6.7289	0.17%	CHF-SGD	1.3989	-0.29%
USD-IDR	13316	-0.08%	SGD-MYR	3.1549	0.23%
USD-VND	22736	--	SGD-CNY	4.9454	0.04%

Equity and Commodity

Index	Value	Net change
DJIA	22,092.81	66.71
S&P	2,476.83	4.67
Nasdaq	6,351.56	11.22
Nikkei 225	19,952.33	-76.93
STI	3,326.52	-16.40
KLCI	1,774.53	2.63
JCI	5,777.48	-3.09
Baltic Dry	1,032.00	9.00
VIX	10.03	-0.41

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3720	--	O/N	1.1778	0.0006
2M	-0.3390	0.0010	1M	1.2289	-0.0017
3M	-0.3290	--	2M	1.2594	0.0017
6M	-0.2710	0.0010	3M	1.3119	0.0003
9M	-0.2090	--	6M	1.4494	-0.0017
12M	-0.1510	0.0010	12M	1.7229	-0.0028

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.23 (-0.01)	1.35 (+0.01)
5Y	1.56 (-0.02)	1.82 (+0.03)
10Y	2.11 (-0.03)	2.26 (+0.04)
15Y	2.32 (-0.03)	--
20Y	2.40 (-0.02)	--
30Y	2.46 (-0.02)	2.84 (+0.04)

Fed Rate Hike Probability

Meeting	Prob Hike	1-1.25	1.25-1.5	1.5-1.75	1.75 - 2.0
09/20/2017	5.6%	94.4%	5.6%	0.0%	0.0%
11/01/2017	10.3%	89.7%	10.0%	0.3%	0.0%
12/13/2017	40.2%	59.8%	36.6%	3.5%	0.1%
01/31/2018	40.7%	59.3%	36.8%	3.8%	0.1%
03/21/2018	56.2%	43.8%	42.7%	12.4%	1.1%
05/02/2018	57.0%	43.0%	42.7%	13.0%	1.3%

Financial Spread (bps)

	Value	Change
LIBOR-OIS	14.95	0.25
EURIBOR-OIS	3.04	0.06
TED	24.19	0.41

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	49.58	1.12%	Copper (per mt)	6,360.3	0.24%
Brent (per barrel)	52.42	0.79%	Nickel (per mt)	10,209.5	-1.23%
Heating Oil (per gallon)	1.6486	0.59%	Aluminium (per mt)	1,892.0	-0.29%
Gasoline (per gallon)	1.6463	0.88%			
Natural Gas (per MMBtu)	2.7740	-0.93%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,608.0	0.15%
			Rubber (JPY/KG)	206.8	2.43%
Precious Metals	Futures	% chg			
Gold (per oz)	1,264.6	-0.77%			
Silver (per oz)	16.252	-2.27%			

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

CFTC Commodities Futures and Options

For the week ended: 01 Aug 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Nymex Crude	533,521	471,298	62,223	Corn	133,579	166,635	-33,056
Gold	135,641	92,335	43,306	Natural Gas	-59,398	-43,650	-15,748
Sugar	-23,206	-47,378	24,172	Wheat	14,488	23,804	-9,316
Cocoa	-26,011	-38,207	12,196	Soybean	42,701	49,648	-6,947
Silver	30,045	19,431	10,614	Live Cattle	131,359	137,293	-5,934
Heating Oil	22,373	11,957	10,416	Lean Hogs	75,826	80,905	-5,079
Coffee	-5,774	-15,602	9,828	Palladium	20,448	19,261	1,187
Copper	30,995	23,883	7,112	Cotton	34,929	32,303	2,626
RBOB Gasoline	63,804	58,248	5,556	Platinum	13,068	10,335	2,733

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised
08/04/2017 08:00	JN	Labor Cash Earnings YoY	Jun 0.50%	-0.40%	0.70%	0.60%
08/04/2017 09:00	PH	CPI YoY	Jul 2.80%	2.80%	2.80%	2.70%
08/04/2017 09:00	PH	CPI NSA MoM	Jul 0.20%	0.30%	0.10%	0.00%
08/04/2017 09:30	AU	Retail Sales MoM	Jun 0.20%	0.30%	0.60%	--
08/04/2017 12:00	MA	Exports YoY	Jun 18.30%	10.00%	32.50%	--
08/04/2017 12:00	MA	Imports YoY	Jun 19.80%	3.70%	30.40%	--
08/04/2017 12:00	MA	Trade Balance MYR	Jun 5.70b	9.88b	5.49b	5.52b
08/04/2017 14:00	GE	Factory Orders MoM	Jun 0.50%	1.00%	1.00%	1.10%
08/04/2017 14:00	GE	Factory Orders WDA YoY	Jun 4.40%	5.10%	3.70%	3.80%
08/04/2017 15:30	GE	Markit Germany Construction PMI	Jul --	55.8	55.1	--
08/04/2017 15:30	TH	Foreign Reserves	Jul-28 --	\$189.3b	\$186.6b	\$186.6b
08/04/2017 16:00	IT	Retail Sales MoM	Jun 0.10%	0.60%	-0.10%	0.00%
08/04/2017 16:00	IT	Retail Sales YoY	Jun --	1.50%	1.00%	--
08/04/2017 16:10	GE	Markit Germany Retail PMI	Jul --	50.7	54.5	--
08/04/2017 16:10	EC	Markit Eurozone Retail PMI	Jul --	51	53.2	--
08/04/2017 16:10	FR	Markit France Retail PMI	Jul --	54.1	56.3	--
08/04/2017 16:10	IT	Markit Italy Retail PMI	Jul --	47.3	47.1	--
08/04/2017 16:20	TA	Foreign Reserves	Jul --	\$444.45b	\$441.94b	--
08/04/2017 20:30	CA	Int'l Merchandise Trade	Jun -1.25b	-3.60b	-1.09b	-1.36b
08/04/2017 20:30	US	Change in Nonfarm Payrolls	Jul 180k	209k	222k	231k
08/04/2017 20:30	CA	Net Change in Employment	Jul 12.5k	10.9k	45.3k	--
08/04/2017 20:30	CA	Unemployment Rate	Jul 6.50%	6.30%	6.50%	--
08/04/2017 20:30	US	Change in Manufact. Payrolls	Jul 5k	16k	1k	12k
08/04/2017 20:30	US	Unemployment Rate	Jul 4.30%	4.30%	4.40%	--
08/04/2017 20:30	US	Trade Balance	Jun -\$44.5b	-\$43.6b	-\$46.5b	-\$46.4b
08/07/2017 07:30	AU	AiG Perf of Construction Index	Jul --	--	56	--
08/07/2017 09:30	AU	ANZ Job Advertisements MoM	Jul --	--	2.70%	--
08/07/2017 11:00	NZ	2Yr Inflation Expectation	3Q --	--	2.17%	--
08/07/2017 13:00	JN	Leading Index CI	Jun P 106.2	--	104.6	--
08/07/2017 14:00	GE	Industrial Production SA MoM	Jun 0.20%	--	1.20%	--
08/07/2017 14:00	GE	Industrial Production WDA YoY	Jun 3.70%	--	5.00%	--
08/07/2017 15:00	MA	Foreign Reserves	Jul-31 --	--	\$99.1b	--
08/07/2017 15:30	UK	Halifax House Price 3Mths/Year	Jul 2.10%	--	2.60%	--
08/07/2017 15:30	UK	Halifax House Prices MoM	Jul 0.30%	--	-1.00%	--
08/07/2017 16:00	TA	Imports YoY	Jul 3.30%	--	3.70%	--
08/07/2017 16:00	TA	Trade Balance	Jul \$4.99b	--	\$5.83b	--
08/07/2017 16:00	TA	Exports YoY	Jul 10.00%	--	13.00%	--
08/07/2017 17:00	SI	Foreign Reserves	Jul --	--	\$266.30b	--
08/07/2017	HK	Foreign Reserves	Jul --	--	\$408.0b	--
08/07/2017	PH	Foreign Reserves	Jul --	--	\$81.4b	\$81.3b
08/07/2017	CH	Foreign Reserves	Jul \$3074.9b	--	\$3056.8b	--
08/07/2017	ID	GDP QoQ	2Q 4.07%	--	-0.34%	--
08/07/2017	ID	GDP YoY	2Q 5.08%	--	5.01%	--
08/07/2017	ID	Foreign Reserves	Jul --	--	\$123.09b	--
08/06/2017 08/13	VN	Domestic Vehicle Sales YoY	Jul --	--	4.00%	--

Source: Bloomberg

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