

Highlights

Global	Market sentiment seems to have relatively stabilized with a rebound in US stock market, especially for the technology sector tickets which had been beaten down in the previous sessions. Meanwhile, US Attorney General, Jeff Sessions, testified in the Senate Intelligence Committee hearings yesterday, in which he called any suggestion that he had colluded with Russia during the election an “appalling and detestable lie.” Market does not seem to care as much about these proceedings, however, especially as we inch closer to the outcome of tonight’s FOMC meeting. Probability of hike now stands at 97.8% according to the futures market.
SG	Seasonally-adjusted unemployment rate held steady at 2.2% in 1Q17, while unemployment rate for Singaporeans (3.5%) and permanent residents (3.2%) were also unchanged from the previous quarter. Encouragingly, the seasonally adjusted ratio of vacancies to unemployed people improved slightly to 0.81, up from 0.77 in the previous quarter, suggesting that there are more job vacancies available as a percentage of total job seekers. Overall, unemployment fell 6,800 in 1Q17, driven largely by lower work permit holders employed in the manufacturing and construction sectors.
CH	The Ministry of Finance unveiled the plan to issue CNY14 billion worth of dim sum bonds in Hong Kong and CNY2 billion worth of dollar denominated sovereign bonds in 2H17. It will be the first dollar denominated sovereign issuance in the offshore market since October 2004. The move is probably to celebrate 20-year anniversary of Hong Kong’s return to mainland. We think the issuance is unlikely to be affected by Moody’s downgrade.
ID	The government is assuming growth at 5.2-5.6% in the 2018 budget, as reported by Kontan daily and relayed by Bloomberg. Finance Minister Sri Mulyani Indrawati said that the government and parliament have agreed on a number of assumptions for the 2018 state budget. For instance, IDR is seen at 13300-13500/USD level and CPI slated to be between 2.5-4.5%.
KR	Moon Jae-in, South Korea’s president, has nominated Cho Myoung-gyon, a veteran government official with long experience in handling relationship ties with North Korea, as his new unification minister.
TH	International tourist arrivals rose encouragingly by 4.6% yoy in May, with tourism revenue clocking a robust 6.9% growth. Still, tourism and sport permanent secretary Pongpanu Svetarundra commented that the appreciating Thai Baht could eventually discourage this lucrative industry.
KR	May’s unemployment levels on a seasonally adjusted basis fell more than expected to 3.6% (vs est: 3.9%) from April’s 4.0% print.
CMD	Crude oil resumes decline this morning, after gaining to \$46.5/bbl at closing yesterday. The declines were likely driven by higher US oil inventories reported by the American Petroleum Institute (API) of 2.75 million barrels in the latest week, thus likely fuelling sentiments over a possible climb in tonight’s official US crude oil stock print by the Department of Energy.

Major Markets

- **US:** A broad advance led by materials and the tech sector saw the S&P 500 and Dow set record highs ahead of the FOMC decision tomorrow. This rebound in the tech sector may signal the end of the reorientation of money away tech. Overall, the S&P 500 and Dow rose 0.45% and 0.44% to their respective highs, while the Nasdaq Composite also gained 0.73%. VIX ended lower at 10.42, down 9.1%. The US Treasury curve flattened under the influence of a strong 30y auction. 2y and 10y yields stand at 1.36% and 2.21% respectively. A rate hike has been fully priced in. However, market participants will look for any forward guidance relating to the third hike this year. Any signs of excessive dovishness may trigger concerns.
- **Singapore:** The STI index rose 0.28% to close at 3,257.52. Gains were driven by stocks like Hutchison Port Holdings Trust (+2.44%), UOL Group Ltd (+2.23%), and Wilmar International Ltd (+1.74%) while losses from Ascendas Real Estate Investment Trust (-1.10%) and Jardine Matheson Holdings Ltd (-0.99%) limited the advance of the index.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards yesterday, with swap rates trading 2-4bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in LMRTSP 6.6%'49s, HSBC 4.7%'49s, STHSP 3.95%'49s, GEMAU 5.5%'19s. In the broader dollar space, the spread on JACI IG corporates changed little at 198bps. Similarly, the yield on JACI HY corporates changed little at 6.79%. 10y UST yields closed unchanged at 2.21%, ahead of expected rate hike at Wednesday's FOMC meeting.
- **New Issues:** Marble II Pte. Ltd priced a USD500mn 5NC2 bond at 5.3%, tightening from initial guidance of 5.75%. Rural Electrification Corp Ltd hired banks for potential USD Green bond issuance.
- **Rating Changes:** S&P upgraded Nissan Motor Co. Ltd's (Nissan) long-term corporate credit and senior unsecured debt ratings to 'A' from 'A-'. The outlook on the long-term corporate credit rating on Nissan is stable. The rating action reflects S&P's view that Nissan's profitability has been improving and its stability has been growing as a result of improved brand recognition and product competitiveness in key markets together with cost reductions. Fitch has downgraded Singapore-based outsourced assembly and testing (OSAT) services company Global A&T Electronics Ltd's (GATE) Long-Term Foreign-Currency and Local-Currency Issuer Default Ratings (IDRs) to 'CC', from 'CCC'. The rating action reflects Fitch's view that default is now probable and possible remedies that avoid a debt restructuring have all but evaporated.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.975	-0.17%	USD-SGD	1.3810	-0.23%
USD-JPY	110.070	0.11%	EUR-SGD	1.5482	-0.17%
EUR-USD	1.1211	0.07%	JPY-SGD	1.2547	-0.34%
AUD-USD	0.7537	-0.05%	GBP-SGD	1.7613	0.51%
GBP-USD	1.2754	0.75%	AUD-SGD	1.0410	-0.27%
USD-MYR	4.2630	-0.12%	NZD-SGD	0.9972	0.08%
USD-CNY	6.7991	0.01%	CHF-SGD	1.4254	-0.24%
USD-IDR	13291	-0.13%	SGD-MYR	3.0827	-0.04%
USD-VND	22693	0.02%	SGD-CNY	4.9224	0.25%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3740	--	O/N	0.9311	--
2M	-0.3410	--	1M	1.1393	--
3M	-0.3310	--	2M	1.1817	--
6M	-0.2660	--	3M	1.2417	--
9M	-0.1980	--	6M	1.4218	--
12M	-0.1470	--	12M	1.7357	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.27 (+0.01)	1.36 (+0.01)	-0.71 (+0.02)	-0.51 (+0.02)	-0.29 (-0.01)
5Y	1.61 (-0.02)	1.78 (--)	-0.44 (+0.02)	-0.25 (+0.02)	0.69 (-0.03)
10Y	2.13 (-0.01)	2.21 (--)	0.26 (+0.02)	0.61 (+0.01)	1.97 (-0.04)
15Y	2.27 (-0.01)	--	0.52 (+0.01)	0.98 (--)	2.54 (-0.03)
20Y	2.33 (--)	--	0.82 (+0.01)	1.30 (--)	2.66 (-0.03)
30Y	2.42 (--)	2.86 (--)	1.11 (--)	1.58 (-0.01)	3.12 (-0.05)

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
14/06/2017	97.8%	0.0%	97.8%	0.0%	0.0%
26/07/2017	97.1%	0.0%	97.1%	0.0%	0.0%
20/09/2017	98.1%	0.0%	65.0%	33.2%	0.0%
01/11/2017	98.1%	0.0%	64.5%	33.4%	0.3%
13/12/2017	98.6%	0.0%	48.8%	41.2%	8.5%
31/01/2018	98.6%	0.0%	47.5%	41.4%	9.5%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	46.46	0.82%	Copper (per mt)	5,724.3	-0.73%
Brent (per barrel)	48.72	0.89%	Nickel (per mt)	8,743.0	0.02%
Heating Oil (per gallon)	1.4477	1.56%	Aluminium (per mt)	1,876.0	--
Gasoline (per gallon)	1.4995	0.77%			
Natural Gas (per MMBtu)	2.9660	-1.92%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,649.0	-1.16%
			Rubber (JPY/KG)	192.0	0.95%
Precious Metals	Futures	% chg			
Gold (per oz)	1,265.8	-0.02%			
Silver (per oz)	16.767	-1.04%			

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

Equity and Commodity

Index	Value	Net change
DJIA	21,328.47	92.80
S&P	2,440.35	10.96
Nasdaq	6,220.37	44.90
Nikkei 225	19,898.75	-9.83
STI	3,257.52	9.18
KLCI	1,784.44	-4.45
JCI	5,707.65	16.21
Baltic Dry	870.00	--
VIX	10.42	-1.04

Financial Spread (bps)

	Value	Change
LIBOR-OIS	8.90	0.21
EURIBOR-OIS	3.02	0.12
TED	25.05	--

Government CDS (USD)

	5Y	% Change
Germany	16.022	4.24%
France	26.462	-0.75%
Italy	155.399	-2.32%

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
06/13/2017	02:00	US Monthly Budget Statement	May	-\$87.0b	-\$88.4b	-\$52.5b	--
06/13/2017	09:30	AU NAB Business Conditions	May	--	12	14	13
06/13/2017	09:30	AU NAB Business Confidence	May	--	7	13	--
06/13/2017	16:30	UK CPI MoM	May	0.20%	0.30%	0.50%	--
06/13/2017	16:30	UK CPI YoY	May	2.70%	2.90%	2.70%	--
06/13/2017	16:30	UK CPI Core YoY	May	2.40%	2.60%	2.40%	--
06/13/2017	16:30	UK Retail Price Index	May	271.4	271.7	270.6	--
06/13/2017	16:30	UK RPI MoM	May	0.30%	0.40%	0.50%	--
06/13/2017	16:30	UK RPI YoY	May	3.50%	3.70%	3.50%	--
06/13/2017	16:30	UK RPI Ex Mort Int.Payments (YoY)	May	3.80%	3.90%	3.80%	--
06/13/2017	16:30	UK PPI Input NSA YoY	May	13.50%	11.60%	16.60%	15.60%
06/13/2017	16:30	UK PPI Output NSA MoM	May	0.10%	0.10%	0.40%	--
06/13/2017	16:30	UK PPI Output NSA YoY	May	3.60%	3.60%	3.60%	--
06/13/2017	17:00	GE ZEW Survey Current Situation	Jun	85	88	83.9	--
06/13/2017	17:00	EC ZEW Survey Expectations	Jun	--	37.7	35.1	--
06/13/2017	17:00	GE ZEW Survey Expectations	Jun	21.7	18.6	20.6	--
06/13/2017	18:00	US NFIB Small Business Optimism	May	104.5	104.5	104.5	--
06/13/2017	20:30	US PPI Final Demand MoM	May	0.00%	0.00%	0.50%	--
06/13/2017	20:30	US PPI Ex Food and Energy MoM	May	0.10%	0.30%	0.40%	--
06/13/2017	20:30	US PPI Final Demand YoY	May	2.30%	2.40%	2.50%	--
06/13/2017	20:30	US PPI Ex Food and Energy YoY	May	1.90%	2.10%	1.90%	--
06/14/2017	05:30	NZ REINZ House Sales YoY	May	--	-18.40%	-31.00%	--
06/14/2017	06:45	NZ Food Prices MoM	May	--	2.40%	-0.80%	--
06/14/2017	06:45	NZ BoP Current Account Bal NZD	1Q	1.000b	0.244b	-2.335b	-2.415b
06/14/2017	07:00	SK Unemployment rate SA	May	3.90%	3.60%	4.00%	--
06/14/2017	08:30	AU Westpac Cons Conf SA MoM	Jun	--	--	-1.10%	--
06/14/2017	10:00	CH Retail Sales YoY	May	10.70%	--	10.70%	--
06/14/2017	10:00	CH Fixed Assets Ex Rural YTD YoY	May	8.80%	--	8.90%	--
06/14/2017	10:00	CH Industrial Production YoY	May	6.40%	--	6.50%	--
06/14/2017	10:00	CH Industrial Production YTD YoY	May	6.60%	--	6.70%	--
06/14/2017	12:30	JN Industrial Production MoM	Apr F	--	--	4.00%	--
06/14/2017	12:30	JN Industrial Production YoY	Apr F	--	--	5.70%	--
06/14/2017	12:30	JN Capacity Utilization MoM	Apr	--	--	-1.60%	--
06/14/2017	14:00	GE CPI MoM	May F	-0.20%	--	-0.20%	--
06/14/2017	14:00	GE CPI YoY	May F	1.50%	--	1.50%	--
06/14/2017	14:00	GE CPI EU Harmonized MoM	May F	-0.20%	--	-0.20%	--
06/14/2017	14:00	GE CPI EU Harmonized YoY	May F	1.40%	--	1.40%	--
06/14/2017	14:30	IN Wholesale Prices YoY	May	2.90%	--	3.85%	--
06/14/2017	16:30	UK Claimant Count Rate	May	--	--	2.30%	--
06/14/2017	16:30	UK Jobless Claims Change	May	--	--	19.4k	--
06/14/2017	16:30	UK ILO Unemployment Rate 3M	Apr	4.60%	--	4.60%	--
06/14/2017	17:00	EC Industrial Production SA MoM	Apr	0.50%	--	-0.10%	--
06/14/2017	17:00	EC Industrial Production WDA YoY	Apr	1.40%	--	1.90%	--
06/14/2017	19:00	US MBA Mortgage Applications	Jun-09	--	--	7.10%	--
06/14/2017	20:30	US CPI MoM	May	0.00%	--	0.20%	--
06/14/2017	20:30	US CPI Ex Food and Energy MoM	May	0.20%	--	0.10%	--
06/14/2017	20:30	US CPI YoY	May	2.00%	--	2.20%	--
06/14/2017	20:30	US CPI Ex Food and Energy YoY	May	1.90%	--	1.90%	--
06/14/2017	20:30	US Retail Sales Advance MoM	May	0.00%	--	0.40%	--
06/14/2017	20:30	US Retail Sales Ex Auto MoM	May	0.10%	--	0.30%	--
06/14/2017	20:30	US Retail Sales Ex Auto and Gas	May	0.30%	--	0.30%	--
06/14/2017	06/15	CH Money Supply M2 YoY	May	10.40%	--	10.50%	--
06/14/2017	06/15	CH New Yuan Loans CNY	May	1000.0b	--	1100.0b	--

Source: Bloomberg

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