

Highlights

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| Global | Nasdaq was marginally buoyed by Netflix results, but S&P500 ended flat, the 10-year UST bond yield crept 2bps lower to 2.31% and the USD steadied off a 10-month low in another overall rangy session. This contrasted with Asia where the better-than-expected Chinese 2Q17 GDP data failed to assuage market uncertainties over the weekend establishment of a Financial Stability Development Committee under the State Council which weighed on the Shanghai Composite Index. Asian bourses may take Wall Street's overnight cue and tread water for today. Today's economic data release calendar comprises of US' import prices and NAHB housing market index, German ZEW survey, UK's CPI/PPI and ECB's bank lending survey. |
| US | US' Empire manufacturing retreated from 19.8 in June to 9.8 in July, signalling a slower but still expanding pace amid cooling shipments and new exports. Meanwhile, the US trade office published its NAFTA renegotiation objectives ahead of talks that could start as early as 16 August. President Trump had said a revamp of NAFTA will help to improve the US trade balance and reduce the trade deficit with NAFTA countries. |
| EZ | The IMF has backed French president Macron's plans to reform the labor market, trim deficits and restructure the pension system. |
| UK | Brexit Secretary Davis resumed talks with the EU, but today's inflation data would be key amid recent hawkish leanings from BOE governor Carney. Separately, Carney had also warned that Libor reforms are not sufficient "although controls over Libor submissions had become much tighter since 2012". |
| CH | The Chinese economy grew by 6.9% yoy in 2Q, at a faster than expected pace. The negative impact of financial de-leverage on the real economy has been well balanced by two factors including stronger private sentiment and resilient manufacturing sector due to improving global outlook. However, we expect growth to slow down in the second half for two reasons. First, the favourable base effect will fade away. Second, the higher funding costs in the first half is likely to be translated to the real economy eventually in the second half. China's equity market reacted negatively to the National Financial Work Conference over the weekend due to concerns about potential regulatory tightening. However, we think market may over react to the outcome as PBoC is unlikely to tighten further from here. |
| Commodities | Crude oil rally fizzles again as market-watchers digested recent Ecuador oil minister's comment that the country is not able to honor its OPEC pledge to cut output as per the agreement made in the previous OPEC agreement. Moreover, investors also observed the higher US oil rig count data by Baker Hughes released on Friday. Elsewhere, gold prices edged higher for the second trading day, crossing its \$1,230/oz handle, likely on short-covering behaviour after the yellow metal fell starkly to its \$1,210/oz level two weeks ago. As iterated in our 2H17 Commodities Chartpack, we do see some short-term upside risk to gold prices, especially if risk aversion materialises again. |

Major Markets

- **US:** Equities were essentially unchanged on Monday. High-dividend stocks and consumer stocks led gains, but were offset by declines in financials and healthcare. Continue to watch for earnings results, especially of tech companies to see if the recent run-up is backed by fundamentals. After-hours, Netflix's result announcement revealed stronger than expected subscriber growth, possibly setting the stage for a strong session for tech stocks on Tuesday. VIX up 3.26% to 9.26. Meanwhile, 2y Treasury yield were largely unchanged at 1.36%, while the 10y yield was softer by 2 bps at 2.31%.
- **Singapore:** STI added another 0.33% to close at 3298.24 yesterday, just shy of the key 3300 resistance, amid the sea of gains across Asian bourses except for the notable exception of China where concerns about the new Financial Stability Committee dominated. Given S&P500 stalling overnight and morning slippage by Nikkei and Kospi, STI may also tread water within a 3260-3300 range. The UST bond rally extended yesterday with yields lower by up to 2bps, and the SGS market is likely to follow suit again today. With the 3-month SOR rapidly approaching its recent low of 64bps in late June, but the 3-month SIBOR holding above 1.1%, the spread has widened to a record wide of 44bps.
- **Indonesia:** State-owned auction house, Pegadaian, is reportedly planning to sell IDR2.5tn worth of bonds. An Antara report suggests that the company plans to use the proceeds to strengthen its financing structure and that it will be part of a IDR6tn financing program.

Bond Market Updates

- **Market Commentary:** The SGD swap curve bull-flattened yesterday, with swap rates trading 5-6bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%-PERPS and STHSP 3.95%-PERPs. In the broader dollar space, the spread on JACI IG Corporates rose 1bps to 189bps, while the yield on JACI HY Corporates also rose 1bps to 6.88%. 10y UST yields fell 2bps to 2.31% yesterday, as data from the US Empire State Manufacturing Survey came in lower than expected.
- **New Issues:** Greenko Dutch BV has priced a two-tranche deal (guaranteed by Greenko Energy Holdings), with the USD350mn 5NC2 bond priced at 4.875%, tightening from initial guidance of 5.125%; and the USD650mn 7NC3 bond priced at 5.250%, tightening from initial guidance of 5.50%. The expected issue ratings are 'NR/Na2/BB-'. Kyobo Life Insurance Co has priced a USD500mn 30NC5 bond at 3.95%, tightening from initial guidance of 4.5%. The expected issue ratings are 'NR/A3/A-'. ENN Energy Holdings Ltd has priced a USD600mn 5-year bond at CT5+142.5bps, tightening from initial guidance of CT5+170bps. The expected issue ratings are 'BBB/Baa2/BBB'. Chong Hing Bank Ltd has priced a USD360mn 10NC5 bond at CT10+203bps, tightening from initial guidance of CT10+240bps. The expected issue ratings are 'NR/NR/BBB-'. American Honda Finance Corp has priced a three-tranche deal, with the USD750mn 1.5year floating rate bond priced at 3mL+15bps, tightening from 3mL+25bps; the USD700mn 3-year fixed rate bond priced at CT3+45bps, tightening from initial guidance of CT3+60bps; and the USD300mn 3-year floating rate bond at 3mL+27bps. The expected issue ratings are 'NR/A1/NR'. China Jinjiang Environment Holding Company Ltd has scheduled investor meetings for potential USD bond issuance from 17 Jul. Gemdale Ever Prosperity Investment Ltd has scheduled investor meetings for potential USD bond issuance (guaranteed by Famous Commercial Ltd) from 18 Jul. The expected issue ratings are 'NR/Ba3/NR'. Incitec Pivot Ltd has scheduled investor meetings for potential USD bond issuance from 19 Jul. KT Corp has scheduled investor meetings for potential USD bond issuance from 20-27 Jul. DBS Group has scheduled investor meetings for potential USD 5-year green bond issuance from 17 Jul. The expected issue ratings are 'NR/Aa2/AA-'. Yinson Holdings has scheduled investor

meetings for potential USD Perp issuance from 19 Jul.

- **Rating Changes:** S&P has assigned China Jinjiang Environment Holding Co Ltd (CJE) a corporate credit rating and senior unsecured rating of 'BB' and 'BB-' respectively. The outlook is stable. The rating action reflects CJE's near-term capital spending, potential exposure to increasingly stringent environmental standards and declining quality of new projects. However, S&P did take into account CJE's favorable business model, strong market position, satisfactory operating record, and its strategic importance to its parent, Hangzhou Jinjiang Group Co Ltd. S&P has placed Dalian Wanda Commercial Properties Co Ltd's (Wanda Commercial) 'BBB-' corporate credit rating on CreditWatch with negative implications. S&P has also placed Wanda Commercial's subsidiary, Dalian Commercial Properties (Hong Kong) Co Ltd's (Wanda HK) 'BB+' corporate credit rating on CreditWatch with negative implications. The rating action reflects Wanda Commercial's sale of its equity interest in tourism projects, which could weaken its business position, as well as its lack of transparency over its business strategy and execution. S&P has affirmed Energy Developments Ltd's (EDL) 'BBB-' issuer credit rating, while removing the rating from CreditWatch where it was placed with positive implications. The outlook is stable. The rating action reflects EDL's parent, Cheung Kong Infrastructure Holdings Ltd's (CKI) commitment to maintaining EDL's investment-grade profile while EDL pursues growth opportunities which might require the reinvestment of operational cash flows. Moody's has affirmed Adani Abbot Point Terminal Pty Ltd's (AAPT) 'Ba2' senior secured debt and senior secured bank credit facility ratings, while changing the outlook to stable from negative. The rating action reflects AAPT's progress in renegotiating tariffs with its users as well as improved coal market conditions, which strengthens AAPT's credit profile and reduces its refinancing risk. Moody's has assigned China Jinjiang Environment Holding Co Ltd (CJE) a corporate family rating and senior unsecured rating of 'Ba2' and 'Ba3' respectively. The outlook is stable. The rating action reflects CJE's solid market position, geographically diversified waste-to-energy assets, fairly high visibility of cash flows and favourable industry policies that support its credit profile over the next one to two years. However, the rating action is constrained by CJE's overseas expansion, which could lead to higher business and regulatory risks. Moody's has assigned Gemdale Ever Prosperity Investment Limited's (Gemdale) proposed bonds that are guaranteed by Famous Commercial Limited (Famous) a senior unsecured rating of 'Ba3'. The outlook is stable. The rating action reflects the fact that the bond will not have a material impact on either Gemdale's or Famous' credit metrics as the proceeds will largely be used to repay Gemdale's existing debt. Moody's has downgraded Reward Science and Technology Industry Group Co Ltd's (Reward) corporate family rating and backed senior unsecured notes to 'B2' from 'B1'. The outlook is negative. The rating action reflects Moody's expectation that Reward's leverage will remain high, given the volatility in its operating performance and its dependence on the dairy segment for operating cash flows, as well as the low transparency in the company's financial disclosure.

Key Financial Indicators

Foreign Exchange

| | Day Close | % Change | | Day Close | % Change |
|----------------|-----------|----------|----------------|-----------|----------|
| DXY | 95.128 | -0.03% | USD-SGD | 1.3693 | -0.19% |
| USD-JPY | 112.630 | 0.09% | EUR-SGD | 1.5717 | -0.10% |
| EUR-USD | 1.1478 | 0.07% | JPY-SGD | 1.2158 | -0.21% |
| AUD-USD | 0.7801 | -0.40% | GBP-SGD | 1.7876 | -0.46% |
| GBP-USD | 1.3055 | -0.33% | AUD-SGD | 1.0682 | -0.74% |
| USD-MYR | 4.2880 | -0.10% | NZD-SGD | 1.0022 | -0.52% |
| USD-CNY | 6.7700 | -0.08% | CHF-SGD | 1.4227 | -0.04% |
| USD-IDR | 13326 | -0.10% | SGD-MYR | 3.1291 | 0.15% |
| USD-VND | 22720 | -0.05% | SGD-CNY | 4.9447 | 0.07% |

Equity and Commodity

| Index | Value | Net change |
|-------------------|-----------|------------|
| DJIA | 21,629.72 | -8.02 |
| S&P | 2,459.14 | -0.13 |
| Nasdaq | 6,314.43 | 1.97 |
| Nikkei 225 | 20,118.86 | -- |
| STI | 3,298.24 | 10.81 |
| KLCI | 1,755.19 | 0.19 |
| JCI | 5,841.28 | 9.48 |
| Baltic Dry | 900.00 | -- |
| VIX | 9.82 | 0.31 |

Interbank Offer Rates (%)

| Tenor | EURIBOR | Change | Tenor | USD LIBOR | Change |
|------------|---------|--------|------------|-----------|--------|
| 1M | -0.3730 | -- | O/N | 1.1772 | -- |
| 2M | -0.3410 | -- | 1M | 1.2261 | -- |
| 3M | -0.3310 | -- | 2M | 1.2567 | -- |
| 6M | -0.2730 | -- | 3M | 1.3036 | -- |
| 9M | -0.2070 | -- | 6M | 1.4560 | -- |
| 12M | -0.1510 | -- | 12M | 1.7398 | -- |

Government Bond Yields (%)

| Tenor | SGS (chg) | UST (chg) |
|------------|--------------|--------------|
| 2Y | 1.17 (-0.02) | 1.36 (--) |
| 5Y | 1.47 (-0.03) | 1.86 (-0.01) |
| 10Y | 2.06 (-0.04) | 2.31 (-0.02) |
| 15Y | 2.28 (-0.04) | -- |
| 20Y | 2.32 (-0.03) | -- |
| 30Y | 2.40 (-0.02) | 2.90 (-0.02) |

Fed Rate Hike Probability

| Meeting | Prob Hike | Prob Cut | 1-1.25 | 1.25-1.5 | 1.5-1.75 |
|------------|-----------|----------|--------|----------|----------|
| 07/26/2017 | 0.0% | 0.1% | 99.9% | 0.0% | 0.0% |
| 09/20/2017 | 10.1% | 0.1% | 89.8% | 10.1% | 0.0% |
| 11/01/2017 | 10.8% | 0.1% | 89.1% | 10.7% | 0.1% |
| 12/13/2017 | 42.3% | 0.1% | 57.7% | 38.4% | 3.8% |
| 01/31/2018 | 43.9% | 0.1% | 56.0% | 39.0% | 4.8% |
| 03/21/2018 | 58.6% | 0.0% | 41.4% | 43.4% | 13.8% |

Financial Spread (bps)

| | Value | Change |
|--------------------|-------|--------|
| LIBOR-OIS | 13.98 | -0.21 |
| EURIBOR-OIS | 2.73 | -0.02 |
| TED | 27.20 | -- |

Commodities Futures

| Energy | Futures | % chg | Base Metals | Futures | % chg |
|--------------------------|---------|--------|-------------------------|---------|--------|
| WTI (per barrel) | 46.02 | -1.12% | Copper (per mt) | 6,005.4 | 1.23% |
| Brent (per barrel) | 48.42 | -1.00% | Nickel (per mt) | 9,554.5 | 0.26% |
| Heating Oil (per gallon) | 1.4995 | -1.02% | Aluminium (per mt) | 1,896.3 | -0.65% |
| Gasoline (per gallon) | 1.5567 | -0.24% | | | |
| Natural Gas (per MMBtu) | 3.0200 | 1.34% | | | |
| | | | Asian Commodities | Futures | % chg |
| | | | Crude Palm Oil (MYR/MT) | 2,537.0 | -1.21% |
| | | | Rubber (JPY/KG) | 201.6 | 0.00% |
| Precious Metals | Futures | % chg | | | |
| Gold (per oz) | 1,233.7 | 0.51% | | | |
| Silver (per oz) | 16.099 | 1.04% | | | |

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

Key Economic Indicators

| Date | Time | Event | | Survey | Actual | Prior | Revised | |
|-------------------|--------------|-----------|-------------------------------------|--------------|---------------|----------------|---------------|---------------|
| 07/17/2017 | 07:01 | UK | Rightmove House Prices MoM | Jul | -- | 0.10% | -0.40% | -- |
| 07/17/2017 | 07:01 | UK | Rightmove House Prices YoY | Jul | -- | 2.80% | 1.80% | -- |
| 07/17/2017 | 08:30 | SI | Non-oil Domestic Exports SA MoM | Jun | -4.90% | -2.70% | 8.10% | 9.40% |
| 07/17/2017 | 08:30 | SI | Non-oil Domestic Exports YoY | Jun | 5.00% | 8.20% | -1.20% | 0.40% |
| 07/17/2017 | 08:30 | SI | Electronic Exports YoY | Jun | 8.30% | 5.40% | 23.30% | 28.90% |
| 07/17/2017 | 10:00 | CH | GDP YoY | 2Q | 6.80% | 6.90% | 6.90% | -- |
| 07/17/2017 | 10:00 | CH | GDP SA QoQ | 2Q | 1.70% | 1.70% | 1.30% | -- |
| 07/17/2017 | 10:00 | CH | GDP YTD YoY | 2Q | 6.80% | 6.90% | 6.90% | -- |
| 07/17/2017 | 10:00 | CH | Retail Sales YoY | Jun | 10.60% | 11.00% | 10.70% | -- |
| 07/17/2017 | 10:00 | CH | Retail Sales YTD YoY | Jun | 10.30% | 10.40% | 10.30% | -- |
| 07/17/2017 | 10:00 | CH | Fixed Assets Ex Rural YTD YoY | Jun | 8.50% | 8.60% | 8.60% | -- |
| 07/17/2017 | 10:00 | CH | Industrial Production YoY | Jun | 6.50% | 7.60% | 6.50% | -- |
| 07/17/2017 | 10:00 | CH | Industrial Production YTD YoY | Jun | 6.70% | 6.90% | 6.70% | -- |
| 07/17/2017 | 12:04 | ID | Imports YoY | Jun | 9.25% | -17.21% | 24.03% | 23.58% |
| 07/17/2017 | 12:04 | ID | Exports YoY | Jun | 7.28% | -11.82% | 24.08% | 24.55% |
| 07/17/2017 | 12:04 | ID | Trade Balance | Jun | \$605m | \$1631m | \$474m | \$578m |
| 07/17/2017 | 12:27 | PH | Overseas Remittances YoY | May | 5.20% | 5.50% | -5.90% | -- |
| 07/17/2017 | 12:27 | PH | Overseas Workers Remittances | May | \$2340m | \$2310m | \$2083m | -- |
| 07/17/2017 | 17:00 | EC | CPI MoM | Jun | 0.00% | 0.00% | -0.10% | -- |
| 07/17/2017 | 17:00 | EC | CPI YoY | Jun F | 1.30% | 1.30% | 1.30% | -- |
| 07/17/2017 | 17:00 | EC | CPI Core YoY | Jun F | 1.10% | 1.10% | 1.10% | -- |
| 07/17/2017 | 20:30 | CA | Int'l Securities Transactions | May | -- | 29.46b | 10.60b | 10.61b |
| 07/17/2017 | 20:30 | US | Empire Manufacturing | Jul | 15 | 9.8 | 19.8 | -- |
| 07/18/2017 | 06:45 | NZ | CPI QoQ | 2Q | 0.20% | 0.00% | 1.00% | -- |
| 07/18/2017 | 06:45 | NZ | CPI YoY | 2Q | 1.90% | 1.70% | 2.20% | -- |
| 07/18/2017 | 09:30 | AU | New Motor Vehicle Sales MoM | Jun | -- | -- | 2.90% | -- |
| 07/18/2017 | 09:30 | AU | New Motor Vehicle Sales YoY | Jun | -- | -- | 4.90% | -- |
| 07/18/2017 | 11:00 | NZ | Non Resident Bond Holdings | Jun | -- | -- | 61.40% | -- |
| 07/18/2017 | 12:00 | JN | Tokyo Condominium Sales YoY | Jun | -- | -- | -13.30% | -- |
| 07/18/2017 | 16:30 | HK | Unemployment Rate SA | Jun | 3.20% | -- | 3.20% | -- |
| 07/18/2017 | 16:30 | UK | CPI MoM | Jun | 0.20% | -- | 0.30% | -- |
| 07/18/2017 | 16:30 | UK | CPI YoY | Jun | 2.90% | -- | 2.90% | -- |
| 07/18/2017 | 16:30 | UK | CPI Core YoY | Jun | 2.60% | -- | 2.60% | -- |
| 07/18/2017 | 16:30 | UK | Retail Price Index | Jun | 272.7 | -- | 271.7 | -- |
| 07/18/2017 | 16:30 | UK | RPI MoM | Jun | 0.40% | -- | 0.40% | -- |
| 07/18/2017 | 16:30 | UK | RPI YoY | Jun | 3.60% | -- | 3.70% | -- |
| 07/18/2017 | 16:30 | UK | RPI Ex Mort Int.Payments (YoY) | Jun | 3.80% | -- | 3.90% | -- |
| 07/18/2017 | 16:30 | UK | PPI Input NSA MoM | Jun | -0.90% | -- | -1.30% | -- |
| 07/18/2017 | 16:30 | UK | PPI Input NSA YoY | Jun | 9.40% | -- | 11.60% | -- |
| 07/18/2017 | 16:30 | UK | PPI Output NSA MoM | Jun | 0.10% | -- | 0.10% | -- |
| 07/18/2017 | 16:30 | UK | PPI Output NSA YoY | Jun | 3.40% | -- | 3.60% | -- |
| 07/18/2017 | 16:30 | UK | PPI Output Core NSA YoY | Jun | 2.80% | -- | 2.80% | -- |
| 07/18/2017 | 17:00 | GE | ZEW Survey Current Situation | Jul | 88 | -- | 88 | -- |
| 07/18/2017 | 17:00 | EC | ZEW Survey Expectations | Jul | -- | -- | 37.7 | -- |
| 07/18/2017 | 17:00 | GE | ZEW Survey Expectations | Jul | 18 | -- | 18.6 | -- |
| 07/18/2017 | 20:30 | US | Import Price Index MoM | Jun | -0.20% | -- | -0.30% | -- |
| 07/18/2017 | 20:30 | US | Import Price Index YoY | Jun | 1.30% | -- | 2.10% | -- |
| 07/18/2017 | 22:00 | US | NAHB Housing Market Index | Jul | 67 | -- | 67 | -- |

Source: Bloomberg

| <u>OCBC Treasury Research</u> | |
|---|---|
| <u>Macro Research</u> Selena Ling LingSSSelena@ocbc.com Emmanuel Ng NgCYEmmanuel@ocbc.com Wellian Wiranto WellianWiranto@ocbc.com Tommy Xie Dongming XieD@ocbc.com Barnabas Gan BarnabasGan@ocbc.com Terence Wu TerenceWu@ocbc.com | <u>Credit Research</u> Andrew Wong WongVKAM@ocbc.com Wong Liang Mian (Nick) NickWong@ocbc.com Ezien Hoo EzienHoo@ocbc.com Wong Hong Wei WongHongWei@ocbc.com |

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