

Treasury Advisory
Corporate FX & Structured
Products

Tel: 6349-1888 / 1881

Interest Rate Derivatives

Tel: 6349-1899

Investments & Structured
Products

Tel: 6349-1886

GT Institutional Sales

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Highlights

Global	Weak US data dragged risk appetite, leaving Wall Street mixed over the weekend. Notably, US housing starts hit its eight-month low after falling for its third straight month in May as construction activity fell. Similarly, US consumer sentiment, calculated by the University of Michigan, fell further to its lowest level since the presidential election in November to 94.5 in June, from 97.1 in the previous month. The fall, according to the university, was triggered especially after former FBI Director James Comey's testimony. Elsewhere in Europe, relatively heartier news were seen, with exit polls projecting France President Emmanuel Macron's party to win a large majority in parliamentary elections (as many as 403 seats out of 577). Moreover, Eurozone governments approved another credit lifeline of EUR8.5 billion, and offering more clarity on a roadmap to possible debt relief in the future. In Asia, BOJ left its policy rate unchanged, while saying that private consumption will support the growing economy. Kuroda also assured the markets on BOJ's continued pledge to its ultra-loose monetary policy. Note start of Brexit discussion today.
CH	The stronger than expected fixing of 6.7995 on Friday was probably the result of the counter cyclical factor. Although we have been able to estimate the contribution of counter cyclical factor to daily fixing in our way, the rising discrepancy last Friday reinforces our previous concern that the forecast error could be bigger under the new regime as the counter cyclical factor may give PBoC more discretionary power to set the USDCNY fixing.
HK	Mainland developers issued 9 offshore dollar bonds totalling USD2.9 billion from April 1 to June 15, which pales in comparison as compared to the issuance of 23 USD-denominated bonds totalling USD10.1 billion in 1Q. This is due to the Chinese authorities' efforts to tighten liquidity of property developers, in order to cool the housing frenzy in Mainland China. As the funding channels for Mainland developers are blocked, they may be less aggressive in land purchases in HK. We believe that this will be one of the many factors that would lead to a moderate housing correction in HK in 2H.
ID	Tax office reportedly said the Indonesian government has signed an agreement with the Hong Kong authorities, to exchange tax information. This is said to allow Indonesia's tax department to have access to the financial information of its taxpayers with accounts in Hong Kong.
MA	PM Najib Razak's office said that it is concerned by "unnecessary and gratuitous naming of certain matters and individuals" in US Justice Department's civil lawsuits. The statement added that the Malaysian government will fully cooperate with any lawful investigation of Malaysian companies or citizens in accordance with international protocols.
Commodities	Some short covering in the oil market likely drove prices marginally higher; WTI and Brent rose to \$44.74/bbl (+0.63%) and \$47.37/bbl (+0.96%), respectively. Supply woes may however continue to plague prices lower: note that Libya National Oil Corporation (NOC) had said last week that it had reached an interim deal with Germany's Winterhall to immediately resume production of 160 thousand barrels per day (bpd) of oil that were previously under dispute. Elsewhere, the yellow metal continued to side-line, closing \$1,254/oz on Friday.

Major Markets

- **US:** S&P 500 proved to be resilient to market gyrations in recent sessions, and closed essentially unchanged for the day and marginally higher for the week. Consumer staples led losses on news that Amazon.com Inc. is set to play a larger role in that sector with a deal to purchase Whole Foods Market. The Dow ended 0.11% higher, while the Nasdaq Composite was lower 0.22% as the tech sector remain somewhat pressured. VIX at 10.38, down 4.8%.
- US Treasury gains were led by the front-end on Friday, resulting in a steepening of the curve. 2y and 10y benchmark yields stood at 1.32% and 2.15% respectively. Fed'speak comes back online this week, with Dudley, Evans (both Monday) Fischer, Rosengren, Kaplan (all Tuesday), and Powell (Thursday) scheduled to speak. Watch out for further hints on upcoming rate hike path and any explanation of the reduction in Fed's balance sheet.
- **Singapore:** The STI Index was left unchanged on Friday as the equity index fell by merely 0.02%. Top gainers would include Ascendas Real Estate Investment Trust (1.86%), SIA Engineering Co Ltd (+1.46%), and Wilmar International Ltd (+1.44%), while losses from Hongkong Land Holdings Ltd (-2.85%), Genting Singapore PLC (-1.73%) and Jardine Cycle & Carriage Ltd (-1.72%) effectively reversed the advance of the index.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded upwards last Friday, with swap rates trading 1-2bps higher across all tenors. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%-PERPs, better selling seen in LBBW 3.75%'27s, mixed interest seen in STHSP 3.95%-PERPs, NAB 4.15%'28s. In the broader dollar space, the spread on JACI IG corporates fell 2bps to 196bps, while the yield on JACI HY corporates changed little at 6.75%. 10y UST yields fell 1bps last Friday to 2.15%, after soft May U.S housing starts and building permits and June preliminary University of Michigan Consumer Sentiment fell more than forecasted.
- **New Issues:** China Evergrande Group sets final guidance for its potential new bond issuance due 2021 at 6.25%, due 2023 at 7.50%, due 2025 at 8.75%.
- **Rating Changes:** S&P assigned China-based rolling stock manufacturer CRRC Corp. Ltd. (CCRC) an 'AA-' corporate credit rating. The rating outlook is negative. The rating action reflects S&P's opinion of a very high likelihood of timely and sufficient extraordinary support from the government of China in the event of the company's financial distress. The rating action also reflects S&P's expectation that the company will maintain its stable operating performance, leadership in the Chinese railway equipment market, good cash flows, and conservative financial policy. S&P affirmed Geely Automobile Holdings Ltd's (Geely) corporate credit rating at 'BB+' and revised the rating outlook to positive from stable. The rating action reflects S&P's expectation for Geely's parent to continue improving its credit metrics over the next 12-24 months, while achieving sustained volume and revenue growth. Fitch assigned China-based Chengdu Communications Investment Group Corporation Limited (CCIC) Long-Term Foreign- and Local-Currency Issuer Default Ratings of 'BBB+' with a Stable Outlook. The rating action reflects strong government oversight and supervision, the strategic importance of CCIC's public sector business and moderate integration with the municipal budget.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.164	-0.28%	USD-SGD	1.3829	-0.07%
USD-JPY	110.880	-0.05%	EUR-SGD	1.5484	0.40%
EUR-USD	1.1198	0.48%	JPY-SGD	1.2475	0.01%
AUD-USD	0.7621	0.55%	GBP-SGD	1.7676	0.14%
GBP-USD	1.2783	0.20%	AUD-SGD	1.0540	0.51%
USD-MYR	4.2762	0.20%	NZD-SGD	1.0033	0.59%
USD-CNY	6.8105	0.04%	CHF-SGD	1.4207	0.13%
USD-IDR	13299	0.10%	SGD-MYR	3.0898	-0.08%
USD-VND	22690	-0.04%	SGD-CNY	4.9266	0.09%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	-0.0010	O/N	1.1772	0.0022
2M	-0.3410	--	1M	1.2122	0.0028
3M	-0.3290	--	2M	1.2439	0.0056
6M	-0.2710	--	3M	1.2736	0.0061
9M	-0.2010	0.0020	6M	1.4327	0.0056
12M	-0.1540	-0.0020	12M	1.7323	0.0028

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.25 (+0.01)	1.32 (-0.04)	-0.67 (-0.01)	-0.49 (-)	-0.20 (+0.01)
5Y	1.57 (+0.02)	1.74 (-0.02)	-0.41 (-0.02)	-0.22 (-0.01)	0.72 (+0.01)
10Y	2.09 (+0.03)	2.15 (-0.01)	0.28 (-0.01)	0.63 (-)	1.98 (+0.02)
15Y	2.25 (+0.03)	--	0.54 (-)	0.99 (+0.01)	2.54 (+0.02)
20Y	2.31 (+0.03)	--	0.83 (+0.01)	1.31 (+0.01)	2.66 (+0.03)
30Y	2.39 (+0.03)	2.78 (-0.01)	1.11 (+0.01)	1.58 (+0.02)	3.11 (+0.02)

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	40.2%	0.4%	59.4%	35.4%	4.8%
31/01/2018	40.7%	0.4%	58.9%	35.6%	5.1%
21/03/2017	52.5%	0.3%	47.2%	40.2%	11.1%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	44.74	0.63%	Copper (per mt)	5,652.6	-0.06%
Brent (per barrel)	47.37	0.96%	Nickel (per mt)	8,883.5	1.04%
Heating Oil (per gallon)	1.4270	0.88%	Aluminium (per mt)	1,855.0	-0.23%
Gasoline (per gallon)	1.4548	1.33%			
Natural Gas (per MMBtu)	3.0370	-0.62%	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,656.0	0.23%
Precious Metals	Futures	% chg	Rubber (JPY/KG)	213.0	1.33%
Gold (per oz)	1,254.0	0.14%			
Silver (per oz)	16.661	-0.33%			

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

Equity and Commodity

Index	Value	Net change
DJIA	21,384.28	24.38
S&P	2,433.15	0.69
Nasdaq	6,151.76	-13.74
Nikkei 225	19,943.26	111.44
STI	3,231.44	-0.65
KLCI	1,791.31	1.30
JCI	5,723.64	-52.65
Baltic Dry	851.00	-4.00
VIX	10.38	-0.52

Financial Spread (bps)

	Value	Change
LIBOR-OIS	11.16	-0.03
EURIBOR-OIS	3.12	1.02
TED	26.63	0.19

Government CDS (USD)

	5Y	% Change
Germany	15.199	-3.26%
France	25.474	0.28%
Italy	151.638	-0.08%

CFTC Commodities Futures and Options

For the week ended: 13 Jun 2017

	Current	Previous	Net Chg		Current	Previous	Net Chg
Corn	29,681	-83,071	112,752	Gold	197,121	214,101	-16,980
Wheat	-74,046	-91,816	17,770	Sugar	-7,121	8,562	-15,683
Soybean	-72,342	-89,789	17,447	Nymex Crude	403,363	416,473	-13,110
Copper	18,809	12,848	5,961	Cotton	84,729	96,378	-11,649
Lean Hogs	73,633	70,649	2,984	RBOB Gasoline	41,781	50,389	-8,608
Live Cattle	164,117	161,318	2,799	Heating Oil	-695	6,805	-7,500
Palladium	21,257	21,136	121	Platinum	14,367	19,781	-5,414
Cocoa	-20,350	-20,330	-20	Silver	60,262	65,310	-5,048
Natural Gas	-4,305	-2,931	-1,374	Coffee	-22,149	-18,603	-3,546

Date	Time	Event		Survey	Actual	Prior	Revised
06/16/2017	04:00	US Total Net TIC Flows	Apr	--	\$65.8b	-\$0.7b	\$9.3b
06/16/2017	04:00	US Net Long-term TIC Flows	Apr	--	\$1.8b	\$59.8b	\$59.7b
06/16/2017	05:00	SK Export Price Index MoM	May	--	-1.00%	0.50%	0.70%
06/16/2017	05:00	SK Export Price Index YoY	May	--	5.30%	8.70%	8.90%
06/16/2017	05:00	SK Import Price Index YoY	May	--	4.10%	9.30%	9.20%
06/16/2017	06:30	NZ BusinessNZ Manufacturing PMI	May	--	58.5	56.8	56.9
06/16/2017	08:30	SI NODX SA MoM	May	4.20%	8.10%	-9.00%	--
06/16/2017	08:30	SI NODX YoY	May	-5.60%	-1.20%	-0.70%	-0.80%
06/16/2017	08:30	SI Electronic Exports YoY	May	11.90%	23.30%	4.80%	--
06/16/2017	10:54	JN BOJ Policy Balance Rate	Jun-16	-0.10%	-0.10%	-0.10%	--
06/16/2017	11:00	NZ Non Resident Bond Holdings	May	--	61.40%	61.50%	--
06/16/2017	14:00	EC EU27 New Car Registrations	May	--	7.60%	-6.60%	--
06/16/2017	14:45	FR Wages QoQ	1Q F	0.60%	0.60%	0.60%	--
06/16/2017	15:30	TH Foreign Reserves	Jun-09	--	\$184.1b	\$185.0b	--
06/16/2017	16:00	IT Trade Balance Total	Apr	--	3601m	5418m	5306m
06/16/2017	17:00	EC CPI MoM	May	-0.10%	-0.10%	0.40%	0.40%
06/16/2017	17:00	EC CPI YoY	May F	1.40%	1.40%	1.90%	1.90%
06/16/2017	17:00	EC CPI Core YoY	May F	0.90%	0.90%	0.90%	--
06/16/2017	20:30	CA Int'l Securities Transactions	Apr	--	10.60b	15.13b	15.05b
06/16/2017	20:30	US Housing Starts	May	1220k	1092k	1172k	1156k
06/16/2017	20:30	US Building Permits	May	1249k	1168k	1229k	1228k
06/16/2017	22:00	US U. of Mich. Sentiment	Jun P	97	94.5	97.1	--
06/19/2017	05:00	SK PPI YoY	May	--	3.50%	4.00%	3.80%
06/19/2017	06:00	NZ Westpac Consumer Confidence	2Q	--	113.4	111.9	--
06/19/2017	07:01	UK Rightmove House Prices MoM	Jun	--	-0.40%	1.20%	--
06/19/2017	07:01	UK Rightmove House Prices YoY	Jun	--	1.80%	3.00%	--
06/19/2017	07:50	JN Trade Balance	May	¥43.3b	--	¥481.7b	¥481.1b
06/19/2017	07:50	JN Trade Balance Adjusted	May	¥345.5b	--	¥97.6b	--
06/19/2017	07:50	JN Exports YoY	May	16.00%	--	7.50%	--
06/19/2017	09:30	AU New Motor Vehicle Sales MoM	May	--	--	0.30%	--
06/19/2017	09:30	AU New Motor Vehicle Sales YoY	May	--	--	0.10%	--
06/19/2017		HK Composite Interest Rate	May	--	--	0.32%	--
06/19/2017		PH BoP Overall	May	--	--	\$917m	--
06/19/2017	06/30	PH Budget Balance PHP	May	--	--	52.8b	--

Source: Bloomberg

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