

Highlights

Global	Bid for safe haven assets fell after political pressure in Europe and North Asia eased though uncertainty about trade talk remains. 10-year US Treasury yields returned to 2.95% while US dollar retreated. The North Korea Summit has finally been confirmed and Trump and Kim will meet in Singapore on 12 June. Although Korea Peninsula is moving towards denuclearization, the risk for Iran to restart its nuclear program rose. Iran's supreme leader Khamenei said on Monday that he had ordered its atom agency to prepare for increase of uranium enrichment capacity should the nuclear deal fail. The return of geopolitical risk in the middle east may heighten in the coming weeks. For today, market will closely watch out for RBA meeting later, which is expected to be on hold.
US	Factory orders fell by 0.8% mom in April. The weaker than expected factory orders was mainly due to declining demand for transportation equipment and machinery. However, given still solid manufacturing index, the decline is likely to temporary.
SI	Manufacturing PMI dipped further by 0.2 points to print 52.7 in May, though the electronics sector PMI rose by a marginal 0.1 point to 52.3 in the same month. Note that the latest manufacturing PMI reading has printed above its 50.0 mark for the 21st consecutive month, though marking a slowdown for the second month.
KR	Korea's current account surplus narrows to 1.77bn, the least since 2012. BOK cites "record deficit in primary income accounts given dividend payouts to overseas investors" to be the key reason for the fall, and the dividend payouts were bigger than usual due to "improved profitability and increase in foreigners' equity investment".
ID	Headline inflation declined to 3.23% yoy in May (April 2018: 3.41% yoy) as there was generally a broad slowdown in price increases for most of the categories. In particular, prices for the food category experienced a much slower increase at 4.47% yoy (April 2018: 5.15% yoy). Meanwhile, according to Bloomberg, BI Governor Perry Warjiyo has told lawmakers on Monday that stability in the exchange rate is the short term focus of the central bank.
CMD	Crude oil prices fell further overnight even as Bloomberg data showed that OPEC pumped 31.9 million barrels a day in May, unchanged from April's levels. Importantly, the steady production levels seen in May is an important print especially given expectedly lower oil production out from Nigeria Venezuela and Iran in the previous month, and the lack of such trend suggests that initial concerns over lower oil production are misplaced. Saudi Arabian oil production also rose 110 thousand barrels per day as well to just over 10 million bpd, suggesting that higher oil production in the world's third largest oil producer is a phenomenon to monitor going forward.

Major Market

- **US:** Equities closed up overnight as market continued to digest the positive labour market news that reinforced the country's economic resilience and moderate wage growth albeit factory orders declining 0.8% mom in April. Moreover, the ebbing of Italian elections and geopolitical concerns as well as the confirmation of the highly anticipated Trump-Kim summit likely supported risk taking. The Dow advanced 0.72% while the S&P 500 and Nasdaq composite added 0.45% and 0.69%, respectively. VIX continued to trend lower, settling at 12.74 on Monday as compared with Friday's 13.46. On the US Treasuries front, the 2y benchmark yield added 4bps to end firmer at 2.516%. Similarly, the 10y yield rose 4bps to close up at 2.942%.
- **Singapore:** The STI advanced 1.17% to close higher at 3,467.48. Overnight Wall Street gains as well as mixed opening cues from Nikkei and Kospi may pave the way for Asian bourses to trade cautiously today. Gains registered by Hutchison Port Holdings Trust (+3.70%) and Venture Corp Ltd (+2.46%) supported the index's ascent. Meanwhile, Yangzijiang Shipbuilding Holdings Ltd (-1.94%) and ComfortDelGro Corp Ltd (-1.20%) declined.

Bond Market Updates

- **Market Commentary:** The SGD swap curve steepened yesterday, with swap rates trading around 1-2bps higher across most tenors. The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 138bps while the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 4bps to 464bps. 10Y UST yields rose 4bps to 2.94% as investors pared safe-haven holdings of lower-risk government debt due to fading fears about political turmoil in Italy and Spain.
- **New issues:** DBS Group Holdings Ltd has priced USD750mn 10.5NC5.5 Fxd-to-Fxd Tier 2 subordinated notes at CT10+173bps, tightening from its initial price guidance of CT10+200bps area. Hyundai Capital America has priced a USD1.3bn deal across three-tranches with the USD350mn 3-year bond priced at CT3+115bps, tightening from its initial price guidance of CT3+130bps area; the USD650mn 3-year bond priced at 3mL+94bps, in line with its initial price guidance and the USD300mn 5-year bond priced at CT5+135bps, tightening from its initial price guidance of CT5+145bps area.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	94.038	-0.13%	USD-SGD	1.3366	-0.22%
USD-JPY	109.820	0.26%	EUR-SGD	1.5637	0.17%
EUR-USD	1.1699	0.34%	JPY-SGD	1.2172	-0.43%
AUD-USD	0.7648	1.04%	GBP-SGD	1.7795	-0.36%
GBP-USD	1.3313	-0.25%	AUD-SGD	1.0223	0.91%
USD-MYR	3.9718	-0.18%	NZD-SGD	0.9395	0.45%
USD-CNY	6.4080	-0.19%	CHF-SGD	1.3534	-0.21%
USD-IDR	13878	-0.13%	SGD-MYR	2.9715	-0.05%
USD-VND	22799	0.04%	SGD-CNY	4.7946	-0.08%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	1.7120	--
2M	-0.3390	--	1M	2.0047	--
3M	-0.3210	--	2M	2.1113	--
6M	-0.2690	--	3M	2.3178	--
9M	-0.2130	--	6M	2.4744	--
12M	-0.1840	--	12M	2.7241	--

Fed Rate Hike Probability

Meeting	Prob Hike	1.75-2	2-2.25	2.25-2.5	2.5-2.75
06/13/2018	100.0%	82.0%	18.0%	0.0%	0.0%
08/01/2018	100.0%	80.3%	19.3%	0.4%	0.0%
09/26/2018	100.0%	22.5%	63.2%	14.0%	0.3%
11/08/2018	100.0%	20.7%	59.9%	18.0%	1.4%
12/19/2018	100.0%	11.2%	41.9%	37.2%	9.0%
01/30/2019	100.0%	10.3%	39.5%	37.6%	11.3%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	64.75	-1.61%	Copper (per mt)	6,910.4	1.16%
Brent (per barrel)	75.29	-1.95%	Nickel (per mt)	15,428.5	0.26%
Heating Oil (per gallon)	2.1525	-1.09%	Aluminium (per mt)	2,327.0	0.39%
Gasoline (per gallon)	2.1224	-0.98%			
Natural Gas (per MMBtu)	2.9300	-1.08%			
			Asian Commodities	Futures	% chg
Precious Metals	Futures	% chg	Crude Palm Oil (MYR/MT)	2,409.0	-1.23%
Gold (per oz)	1,297.3	-0.15%	Rubber (JPY/KG)	190.4	0.53%
Silver (per oz)	16.431	-0.06%			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	24,813.69	178.48
S&P	2,746.87	12.25
Nasdaq	7,606.46	52.13
Nikkei 225	22,475.94	304.59
STI	3,467.48	39.97
KLCI	1,755.17	-1.21
JCI	6,014.82	31.23
Baltic Dry	1,156.00	--
VIX	12.74	-0.72

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.95 (+0.01)	2.52 (+0.04)
5Y	2.29 (--)	2.79 (+0.05)
10Y	2.57 (+0.01)	2.94 (+0.04)
15Y	2.84 (+0.02)	--
20Y	2.87 (+0.02)	--
30Y	2.95 (+0.02)	3.08 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	42.03	-1.31
EURIBOR-OIS	3.83	-0.03
TED	41.32	--

Economic Calendar

Date Time	Event	Survey	Actual	Prior	Revised	
06/04/2018 07:50	JN Monetary Base YoY	May	--	8.10%	7.80%	--
06/04/2018 08:30	ID Nikkei Indonesia PMI Mfg	May	--	51.7	51.6	--
06/04/2018 09:00	AU Melbourne Institute Inflation MoM	May	--	0.00%	0.50%	--
06/04/2018 09:30	AU ANZ Job Advertisements MoM	May	--	1.50%	-0.20%	-0.30%
06/04/2018 09:30	AU Retail Sales MoM	Apr	0.30%	0.40%	0.00%	--
06/04/2018 12:00	ID CPI Core YoY	May	2.80%	2.75%	2.69%	--
06/04/2018 12:00	ID CPI YoY	May	3.30%	3.23%	3.41%	--
06/04/2018 16:30	UK Markit/CIPS UK Construction PMI	May	52	52.5	52.5	--
06/04/2018 17:00	EC PPI MoM	Apr	0.20%	0.00%	0.10%	--
06/04/2018 21:00	SI Purchasing Managers Index	May	53	52.7	52.9	--
06/04/2018 22:00	US Factory Orders	Apr	-0.50%	-0.80%	1.60%	1.70%
06/04/2018 22:00	US Durable Goods Orders	Apr F	--	-1.60%	-1.70%	--
06/04/2018 22:00	US Durables Ex Transportation	Apr F	--	0.90%	0.90%	--
06/04/2018 22:00	US Cap Goods Orders Nondef Ex Air	Apr F	--	1.00%	1.00%	--
06/04/2018 22:00	US Cap Goods Ship Nondef Ex Air	Apr F	--	0.90%	0.80%	--
06/05/2018 05:00	SK Foreign Reserves	May	--	\$398.98b	\$398.42b	--
06/05/2018 07:00	SK BoP Current Account Balance	Apr	--	\$1768.2m	\$5180.4m	--
06/05/2018 07:00	SK BoP Goods Balance	Apr	--	\$10358m	\$9876m	--
06/05/2018 07:30	JN Household Spending YoY	Apr	0.80%	-1.30%	-0.70%	--
06/05/2018 08:30	JN Nikkei Japan PMI Services	May	--	--	52.5	--
06/05/2018 08:30	JN Nikkei Japan PMI Composite	May	--	--	53.1	--
06/05/2018 08:30	HK Nikkei Hong Kong PMI	May	--	--	49.1	--
06/05/2018 09:00	PH Unemployment Rate	Apr	--	--	5.30%	--
06/05/2018 09:00	PH CPI YoY 2012=100	May	4.90%	--	4.50%	--
06/05/2018 09:30	AU BoP Current Account Balance	1Q	-A\$9.9b	--	-A\$14.0b	--
06/05/2018 09:45	CH Caixin China PMI Composite	May	--	--	52.3	--
06/05/2018 09:45	CH Caixin China PMI Services	May	52.9	--	52.9	--
06/05/2018 11:30	TH Consumer Confidence Economic	May	--	--	67.8	--
06/05/2018 12:00	MA Trade Balance MYR	Apr	12.70b	--	14.69b	--
06/05/2018 12:00	MA Imports YoY	Apr	3.80%	--	-9.60%	--
06/05/2018 12:00	MA Exports YoY	Apr	6.30%	--	2.20%	--
06/05/2018 12:30	AU RBA Cash Rate Target	Jun-05	1.50%	--	1.50%	--
06/05/2018 13:00	IN Nikkei India PMI Services	May	--	--	51.4	--
06/05/2018 13:00	IN Nikkei India PMI Composite	May	--	--	51.9	--
06/05/2018 14:45	FR Budget Balance YTD	Apr	--	--	-33.1b	--
06/05/2018 15:45	IT Markit/ADACI Italy Services PMI	May	53	--	52.6	--
06/05/2018 15:45	IT Markit/ADACI Italy Composite PMI	May	52.8	--	52.9	--
06/05/2018 15:50	FR Markit France Services PMI	May F	54.3	--	54.3	--
06/05/2018 15:50	FR Markit France Composite PMI	May F	54.5	--	54.5	--
06/05/2018 15:55	GE Markit Germany Services PMI	May F	52.1	--	52.1	--
06/05/2018 15:55	GE Markit/BME Germany Composite PMI	May F	53.1	--	53.1	--
06/05/2018 16:00	TA CPI YoY	May	2.00%	--	1.98%	--
06/05/2018 16:00	EC Markit Eurozone Services PMI	May F	53.9	--	53.9	--
06/05/2018 16:00	EC Markit Eurozone Composite PMI	May F	54.1	--	54.1	--
06/05/2018 16:20	TA Foreign Reserves	May	--	--	\$457.13b	--
06/05/2018 16:30	UK Official Reserves Changes	May	--	--	-\$17m	--
06/05/2018 16:30	UK Markit/CIPS UK Services PMI	May	53	--	52.8	--
06/05/2018 16:30	UK Markit/CIPS UK Composite PMI	May	53.4	--	53.2	--
06/05/2018 17:00	EC Retail Sales MoM	Apr	0.50%	--	0.10%	--
06/05/2018 20:30	CA Labor Productivity QoQ	1Q	--	--	0.20%	--
06/05/2018 21:45	US Markit US Services PMI	May F	55.7	--	55.7	--
06/05/2018 21:45	US Markit US Composite PMI	May F	--	--	55.7	--
06/05/2018 22:00	US ISM Non-Manf. Composite	May	57.6	--	56.8	--

Source: Bloomberg

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