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Highlights

Global	<p>US nonfarm payrolls surprised on the upside on Friday, rebounding to 287k (consensus forecast: 180k) in June, up from a downwardly revised 11k (initially estimated at 38k) in May, as restaurants, retailers and healthcare providers stepped up hiring. The labour force participation rate edged up to 62.7% while the unemployment rate rose from 4.7% to 4.9%. The 6-month NFP stood at 172k while the 3-month average was a more modest 147k, suggesting easing momentum in jobs growth, and the average hourly earnings rose a more modest 0.1% mom (+2.6% yoy) with the weekly hours unchanged at 34.4 hours and the underemployment rate lower at 9.6%. Whilst this June data re-opens the window slightly for a FOMC rate hike this year, the futures market probability pricing of a hike by December still remains low at 21% (pre-NFP at 12%). Elsewhere, Japan's upper house election saw PM Abe's coalition securing a convincing win, albeit Okinawa minister Shimajiri and Justice minister Iwaki both lost their seats. Australia, on the other hand, finally saw incumbent PM Turnbull declaring victory despite it being unclear if it has sufficient seats to form a majority government.</p> <p>With Alcoa kicking off the US 2Q earnings season and market players primed for BOE to act as early as Thursday to mitigate the Brexit fallout on the UK economy (note the Telegraph suggested BOE is considering measures to make it harder for investors to exit UK property funds), whereas BNM, BOC and BOK are tipped to be static. Fed speakers this week include George today (first reaction to NFP), followed by Mester, Tarullo and Bullard tomorrow, Kashkari, Mester and Kaplan on Wednesday, Harker, Lockhart and Harker on Thursday and George on Friday.</p>
US	The US equity market liked the upbeat labour market story, but UST bonds initially sold off but trimmed losses as bargain-hunting returned and pushed the 10-year yield lower to 1.37% after hitting an intraday high of 1.43%.
UK	Unit labour costs accelerated from a revised 1.5% in 4Q15 to 1.9% in 1Q16, while the trade deficit widened to GBP2.263b in May. Meanwhile, Home Secretary Theresa May opined in a Times article that "we need to reform the economy to allow more people to share in the country's prosperity" and may reverse the fiscal austerity under Chancellor Osborne.
China	CPI grew by 1.9% yoy in June, higher than market expectation while PPI fell by 2.6% yoy. CPI contracted by 0.1% month-on-month mainly due to falling food prices. The rise of pork prices moderated to 1.1% mom, overshadowed by 12.5% mom decline of vegetable prices. However, non-food prices expanded by 0.2% mom partially due to higher fuel prices as a result of higher oil prices.
Indonesia	Bank Indonesia said that July inflation rate is likely to be at around 0.6 percent mom. While the seasonal factor of Ramadan did push up prices, the spurt is seen to be less forceful than the usual 0.9 to 1.2 percent.
Commodities	Favourable US nonfarm payrolls did little to arrest falling commodity prices, at least in the energy and base metal space. Specifically, growth-related commodity prices did rally momentarily at the onset of the surprisingly strong labour prints, but surrendered its gains soon after, with crude oil (WTI) looking to test its critical \$50/bbl this morning. Should we need to illustrate the risk-aversion further, gold is now at \$1,370/oz, suggesting the need for safe haven assets.

Major Market

- **US:** Equities rallied on the back of strong non-farm payrolls released on Friday. The data allowed investors to regain confidence in the underlying strength of the US economy. S&P 500 breached the record closing mark of 2130.82 set last year, before settling at 2129.90, up 1.53%. Dow and Nasdaq also rose in line, marking gains of 1.40% and 1.64%. 2-year US Treasury yields turned higher to 0.61% as the odds of a rate hike grew firmer with the jobs data. Meanwhile, the 10-year note moved in the opposite direction, with yields continuing to shade lower to 1.36%. VIX ended 10.6% lower to close at 13.2.
- **Singapore:** The STI closed lower by 0.53% at 2847.04 on Friday, but may see risk appetite returning now that US' nonfarm payrolls report had surprised to the upside. Given positive cues from Wall Street on Friday, and morning rallies by Kospi & ASX, the STI could trade firmer with resistance anticipated at 2880 and support at 2820. The SGS bond yield curve may flatten today, taking the cue from UST bond market.
- **China:** Given that pork price is likely to have peaked, the inflationary pressures in the coming months is expected to stay muted. The recent flood in central and south China may also have an impact on food prices, but it is unlikely to be significant based on historical experience. PPI fell by 0.2% mom after expanding for three consecutive months.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downward last Friday, with the swap rates traded 1-3bps lower across all tenors. Flows in the SGD corporates were moderate with better selling seen in ABNANV 4.7%'22s while mixed interest were seen in UCGIM 5.5%'23s and MFCCN 3.85%'26s. In the broader dollar space, the spread on JACI IG corporates remained relatively unchanged at 225bps while the yield on JACI HY corporates also remained levelled at 6.52%. 10y UST yield decreased by 3bps to 1.36% despite US's June job report that showed the economy created 287,000 jobs in June, the most in eight months and beating the forecast of 180,000.
- **New Issues:** HKT Capital No.4 Ltd has priced a USD750mn 10-year bond at CT10+170bps, tightening from its initial guidance of CT10+185bps. The expected ratings for the issue are "BBB/Baa2/NR". Minsheng Financial Leasing Co. has priced a two-tranche deal yesterday, with the USD 350mn 3-year bond priced at CT3+195bps, while the other tranche of USD100mn 5-year bond priced at CT5+225bps.
- **Rating Changes:** Moody's has assigned a "Ba1" credit rating to Industrial & Commercial Bank of China (Asia) Ltd. proposed USD-denominated, perpetual subordinated preference notes. The "Ba1" rating is positioned three notches below the bank's adjusted baseline credit assessment (BCA) of "Baa1", reflecting the probability of impairment associated with noncumulative coupon suspension, as well as the likelihood of high loss severity when the bank reaches the point of non-viability.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.302	-0.03%	USD-SGD	1.3461	-0.27%
USD-JPY	100.540	-0.23%	EUR-SGD	1.4871	-0.42%
EUR-USD	1.1132	0.00%	JPY-SGD	1.3387	-0.06%
AUD-USD	0.7569	1.20%	GBP-SGD	1.7423	-0.01%
GBP-USD	1.2954	0.36%	AUD-SGD	1.0186	0.78%
USD-MYR	4.0345	0.52%	NZD-SGD	0.9826	0.71%
USD-CNY	6.6908	0.13%	CHF-SGD	1.3692	-0.74%
USD-IDR	13180	0.26%	SGD-MYR	2.9922	0.43%
USD-VND	22299	-0.01%	SGD-CNY	4.9722	0.41%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3670	-0.0010	O/N	0.4122	-0.0005
2M	-0.3290	--	1M	0.4758	0.0015
3M	-0.2930	--	2M	0.5594	0.0041
6M	-0.1900	-0.0010	3M	0.6671	0.0025
9M	-0.1280	0.0010	6M	0.9374	0.0025
12M	-0.0590	0.0040	12M	1.2530	0.0065

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.69	-1.00	3.08
Italy	-0.06	-0.80	1.19
Ireland	-0.39	-0.70	0.44
Greece*	7.48	-34.70	8.00
Spain	-0.11	0.30	1.15
Russia^	2.17	0.10	4.42

* Greece's bond yields data reflect 3-year (instead of 2-year) tenor

^ Russia's bond yields data reflects 3-year and 15-year tenors instead

Equity and Commodity

Index	Value	Net change
DJIA	18,146.74	250.90
S&P	2,129.90	32.00
Nasdaq	4,956.76	79.90
Nikkei 225	15,106.98	-169.30
STI	2,847.04	-15.10
KLCI	1,644.54	-6.20
JCI	4,971.58	--
Baltic Dry	703.00	4.00
VIX	13.20	-1.60

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.93 (--)	0.61 (+0.02)
5Y	1.37 (+0.01)	0.95 (-0.01)
10Y	1.71 (-0.01)	1.36 (-0.03)
15Y	1.98 (-0.02)	--
20Y	2.06 (-0.02)	--
30Y	2.17 (-0.02)	2.10 (-0.04)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	28.01	-0.06
EURIBOR-OIS	7.03	-0.07
TED	39.32	1.27

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	45.41	0.60%	Coffee (per lb)	1.428	1.64%
Brent (per barrel)	46.76	0.78%	Cotton (per lb)	0.6592	3.53%
Heating Oil (per gallon)	1.412	0.12%	Sugar (per lb)	0.1957	-0.81%
Gasoline (per gallon)	1.37	0.56%	Orange Juice (per lb)	1.8895	1.18%
Natural Gas (per MMBtu)	2.801	0.86%	Cocoa (per mt)	3,136	-0.41%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,710.5	0.50%	Wheat (per bushel)	4.2075	2.12%
Nickel (per mt)	9,844	1.36%	Soybean (per bushel)	10.898	3.37%
Aluminium (per mt)	1,654.5	1.52%	Corn (per bushel)	3.4975	4.25%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,358.4	-0.27%	Crude Palm Oil (MYR/MT)	2,320.0	-3.69%
Silver (per oz)	20.058	1.31%	Rubber (JPY/KG)	159.5	-2.09%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

CFTC Commodities Futures and Options

For the week ended: 05 Jul 2016

	Current	Previous	Net Chg		Current	Previous	Net Chg
Gold	347,745	329,783	17,962	Corn	212,681	290,317	-77,636
Platinum	36,837	29,503	7,334	Soybean	204,390	232,428	-28,038
Coffee	40,026	36,184	3,842	Wheat	-93,657	-74,236	-19,421
Lean Hogs	90,460	86,988	3,472	RBOB Gasoline	51,814	62,017	-10,203
Natural Gas	-136,771	-140,240	3,469	Sugar	323,676	329,601	-5,925
Cotton	60,824	57,818	3,006	Heating Oil	15,436	16,937	-1,501
Cocoa	39,827	37,221	2,606	Nymex Crude	346,062	346,269	-207
Palladium	7,016	4,564	2,452	Copper	-19,487	-19,869	382
Live Cattle	32,088	30,339	1,749	Silver	87,562	85,817	1,745

Source: CFTC

Key Economic Indicators

Date Time		Event		Survey	Actual	Prior	Revised
07/08/2016 07:50	JN	BoP Current Account Balance	May	¥1751.2b	¥1809.1b	¥1878.5b	--
07/08/2016 07:50	JN	Trade Balance BoP Basis	May	¥56.0b	¥39.9b	¥697.1b	--
07/08/2016 08:00	JN	Labor Cash Earnings YoY	May	0.50%	-0.20%	0.30%	0.00%
07/08/2016 13:00	JN	Eco Watchers Survey Current	Jun	43.1	41.2	43	--
07/08/2016 13:00	JN	Eco Watchers Survey Outlook	Jun	46.7	41.5	47.3	--
07/08/2016 14:00	GE	Trade Balance	May	23.5b	21.0b	25.6b	25.7b
07/08/2016 14:00	GE	Current Account Balance	May	24.6b	17.5b	28.8b	28.4b
07/08/2016 14:00	GE	Exports SA MoM	May	0.40%	-1.80%	0.00%	0.10%
07/08/2016 14:00	GE	Imports SA MoM	May	0.70%	0.10%	-0.20%	-0.30%
07/08/2016 14:45	FR	Industrial Production MoM	May	-0.50%	-0.50%	1.20%	--
07/08/2016 14:45	FR	Industrial Production YoY	May	0.90%	0.50%	1.90%	1.80%
07/08/2016 14:45	FR	Manufacturing Production MoM	May	-0.50%	0.00%	1.30%	--
07/08/2016 14:45	FR	Manufacturing Production YoY	May	0.50%	0.60%	1.60%	1.50%
07/08/2016 15:30	TH	Foreign Reserves	Jun-30	--	\$178.7b	\$178.8b	--
07/08/2016 16:00	TA	Trade Balance	Jun	\$2.00b	\$3.58b	\$3.50b	--
07/08/2016 16:00	TA	Imports YoY	Jun	-3.50%	-10.00%	-3.40%	--
07/08/2016 16:00	TA	Exports YoY	Jun	-3.10%	-2.10%	-9.60%	--
07/08/2016 16:30	UK	Visible Trade Balance GBP/Mn	May	-£10,700	-£9,879	-£10,526	-£9,414
07/08/2016 16:30	UK	Trade Balance Non EU GBP/Mn	May	-£2,800	-£2,566	-£2,602	-£2,519
07/08/2016 16:30	UK	Trade Balance	May	-£3,575	-£2,263	-£3,294	-£1,950
07/08/2016 18:25	VN	Domestic Vehicle Sales YoY	Jun	--	26.50%	33.10%	--
07/08/2016 20:30	CA	Unemployment Rate	Jun	7.00%	6.80%	6.90%	--
07/08/2016 20:30	US	Change in Nonfarm Payrolls	Jun	180k	287k	38k	11k
07/08/2016 20:30	CA	Net Change in Employment	Jun	5.0k	-0.7k	13.8k	--
07/08/2016 20:30	US	Change in Manufact. Payrolls	Jun	-3k	14k	-10k	-16k
07/08/2016 20:30	US	Unemployment Rate	Jun	4.80%	4.90%	4.70%	--
07/10/2016 09:30	CH	CPI YoY	Jun	1.80%	1.90%	2.00%	--
07/10/2016 09:30	CH	PPI YoY	Jun	-2.50%	-2.60%	-2.80%	--
07/11/2016 07:50	JN	Machine Orders MoM	May	3.20%	-1.40%	-11.00%	--
07/11/2016 07:50	JN	Machine Orders YoY	May	-8.70%	-11.70%	-8.20%	--
07/11/2016 07:50	JN	Money Stock M2 YoY	Jun	3.40%	3.40%	3.40%	--
07/11/2016 07:50	JN	Money Stock M3 YoY	Jun	2.80%	2.90%	2.80%	--
07/11/2016 09:30	AU	Home Loans MoM	May	-2.00%	--	1.70%	--
07/11/2016 14:00	JN	Machine Tool Orders YoY	Jun P	--	--	-24.70%	--
07/11/2016 14:30	FR	Bank of France Bus. Sentiment	Jun	97	--	97	--
07/11/2016 16:00	IT	Industrial Production MoM	May	0.10%	--	0.50%	--
07/11/2016 20:15	CA	Housing Starts	Jun	189.0k	--	188.6k	188.5k
07/10/2016 07/15	CH	Money Supply M1 YoY	Jun	22.60%	--	23.70%	--
07/11/2016 07/14	ID	Foreign Reserves	Jun	--	--	\$103.60b	--
07/07/2016 07/15	PH	Budget Balance PHP	May	--	--	55.0b	--
07/11/2016 07/13	IN	Local Car Sales	Jun	--	--	158996	--
07/10/2016 07/15	CH	New Yuan Loans CNY	Jun	1000.0b	--	985.5b	--
07/10/2016 07/15	CH	Money Supply M2 YoY	Jun	11.40%	--	11.80%	--

Source: Bloomberg

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