

Highlights

Global	<p>Market sentiment looks to be tracking largely sideways, as ECB's monetary policy outcome is awaited. While market is not penciling in any rate cut or addition to the QE program, Draghi's rhetoric will be closely parsed to gauge whether any monetary stimulus is forthcoming in the coming months as the impact from Brexit begins to be felt. Meanwhile, Turkey declares a 3-month state of emergency as the government continues to seek out those responsible for last week's military coup.</p> <p>In terms of economic data, market will be looking out for a series of home price indicators out of US tonight to see if the recent recovery in sentiment towards the US economy has legs.</p>
US	<p>A better-than-expected earnings season provided tailwinds for equity markets. Overnight gains were led by technology stocks, on the back of a strong earnings report by Microsoft Corp. Tech-heavy Nasdaq rose 1.06%, while the Dow continues to break all-time highs with a 0.19% gain. The S&P 500 also rose 0.43%. In the Treasury space, the long end of the yield curve came under strongest pressure, with 30-year bonds hitting 2.30%. 2-year and 10-year US Treasury yields rose in line, closing at 0.71% and 1.58% respectively. Meanwhile, VIX continue to shade lower, losing 1.67% to close at 11.77.</p>
SG	<p>COE premiums rose across the board, with motorcycle premiums gaining the most. Motorcar premiums including COE A (+S\$699), COE B (+S\$1,419) and COE E (+S\$1,499) saw more gains as well.</p>
China	<p>The Ministry of Commerce released that non-financial outbound direct investment (ODI) increased by 58.7%yoy to USD88.86 billion (CNY580.28 billion) over 1H 2016. The continuous surge in ODI raises our concerns that capital outflow risks are still alive. As such, pressure on the yuan may continue to tilt downwards. On a positive note, China's authorities relax rules on foreign investors in the free trade zones, which may add to the opening up of China's interbank bond and FX markets in attracting capital inflow.</p>
Indonesia	<p>Bank Indonesia is due to announce its monetary policy decision today. Having cut rate in earnest in the past few months, we believe that the central bank will be on hold today, even if it retains a heavy easing bias and is likely to cut rate further this year. Still, there is a 30% chance that it might decide to frontload the easing given low inflation and relatively supportive global environment.</p>
Malaysia	<p>The government reportedly said that it will cooperate with lawful investigations of local companies or its citizens. This comes after news reports suggesting that US prosecutors are moving to seize \$1bn worth of US assets including luxury properties, artwork and rights to the movie "The Wolf of Wall Street", as part of investigations into 1MDB dealings.</p>
Commodities	<p>Crude oil prices reacted mildly to the US oil inventory prints yesterday, even as crude oil stocks fell more than expected but gasoline stocks gained unexpectedly. Still, the consolation can be seen from the higher US refinery utilisation and stronger implied crude oil and gasoline demand. Gold fell to \$1,319.3/oz, its lowest since 23 June (pre-Brexit), while the gains in Wall Street persist.</p>

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Major Market

- **Singapore:** STI rallied to its highest since April, closing at 2945.74 (+0.9%). Gains were led by Hongkong Land Holdings Ltd (+5.19%), Thai Beverage PCL (+3.55%) and Genting Singapore PLC (+1.90%), while gains were suppressed by Wilmar International Ltd (-5.67%), Golden Agri-Resources Ltd (-1.41%) and CapitalLand Commercial Ltd (-0.64%). Given strong overnight kills from Wall Street, STI is likely to climb with support and resistance at 2900 and 2980 respectively.

Bond Market Updates

- **Market Commentary:** The SGD dollar swap curve traded upward considerably yesterday. Swap rates traded 4-9bps higher across all tenors as the US dollar hit the highest level in four months against a basket of currencies on rising expectation that the Federal Reserve would tighten its monetary policy. Investors now see a greater than 50% chance that the Fed will raise interest rates at least once by December meeting. Flows in the SGD corporates were heavy with better buying seen in SSREIT 4.25%'19s, WINGTA 4.25%'22s and ANZ 3.75%'27s. Better selling were seen in STANLN 4.4%'26s and OCBCSP 3.8%'49s while mixed interests were seen in GENSSP 5.13%'49s, FIRTSP 5.68%'49s, UOBSP 4%'49s, ABNANV 4.7%'22s, GALVSP 7%'18s and SOCGEN 4.3%'26s. In the broader dollar space, the spread on JACI IG corporates remained relatively unchanged at 217bps while the yield on JACI HY corporates also remained levelled at 6.45%. 10y UST yield increased by 3bps to 1.58%.
- **New Issues:** China Minmetals Corp. has launched a two-tranche deal yesterday, with the USD300mn 5-year bond priced at CT5+205bps, tightening from its initial guidance at CT5+235bps. The other tranche of USD700mn 10-year bond was priced at CT10+265bps, tightening from its initial price guidance at CT10+290bps. The expected issue ratings are "NR/Baa1/BBB+". China Minsheng Investment Corp. Ltd. has scheduled investor meetings from 22 July onwards for potential USD bond issue. Cikarang Listrindo has scheduled investor meeting on 26 August to seek approval in offering USD550mn 10-year bonds for its refinancing due in 2019.
- **Rating Changes:** S&P downgraded Turkey's foreign currency credit rating to "BB" from "BB+" and local currency credit rating to "BB+" from "BBB-" with a negative outlook. The downgrade reflects S&P's view that Turkey's political landscape has fragmented further following the attempted coup on 15 July and will undermine Turkey's investment environment, growth and capital inflows into its externally leveraged economy. S&P affirmed SMRT Corp.'s "AAA" corporate credit rating and revised its outlook to stable from negative. The revision reflects S&P's view that the new framework does not affect the relationship between SMRT and the government of Singapore. Additionally, the implementation of the New Rail Financing Framework will reduce the capital intensity in SMRT's business model and also benefits from more predictable margins in its core rail operations. S&P affirmed CAR Inc.'s "BB+" corporate credit rating with a negative outlook. The affirmation follows S&P's expectation that CAR will be able to maintain its credit profile while the negative outlook reflects the heightened concentration risk and uncertainties in CAR's cross-holding shareholding structure, which may negatively influence its operation and profitability. S&P revised its outlook of AEON Co. Ltd. to negative from stable on its "BBB+" corporate credit rating. The outlook revision reflects S&P's view that a slow recovery in the profits of its mainstay general merchandising store (GMS) business and an increase in debt stemming from active investments keep the ratio of AEON's debt to EBITDA at higher levels than expected. Although AEON's earnings performance is recovering, S&P believe that its debt to EBITDA is unlikely to improve in the next one to two years due to its heavy investments. At the same time, S&P likewise revised its outlook on AEON Mall to negative from stable on its "BBB+" corporate credit rating. S&P revised Deutsche Securities Inc.'s outlook to negative from stable on its "BBB+" credit rating following the same rating actions that was

took on its parent company, Deutsche Bank on 19 July. Moody's revised Yuexiu Transport Infrastructure Ltd. outlook to stable from negative on its "Baa2" issuer rating. The change in outlook reflects the strengthening in Yuexiu Transport's credit profile, supported by its steady and fairly resilient operating performance.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	97.201	0.14%	USD-SGD	1.3565	0.22%
USD-JPY	106.890	0.73%	EUR-SGD	1.4942	0.17%
EUR-USD	1.1132	0.00%	JPY-SGD	1.2692	-0.52%
AUD-USD	0.7478	-0.35%	GBP-SGD	1.7917	0.95%
GBP-USD	1.3208	0.74%	AUD-SGD	1.0155	-0.04%
USD-MYR	4.0297	0.46%	NZD-SGD	0.9530	-0.17%
USD-CNY	6.6778	-0.28%	CHF-SGD	1.3740	0.06%
USD-IDR	13112	0.18%	SGD-MYR	2.9666	0.25%
USD-VND	22300	0.00%	SGD-CNY	4.9159	-0.63%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3710	--	O/N	0.4159	--
2M	-0.3330	--	1M	0.4853	--
3M	-0.2950	--	2M	0.5767	--
6M	-0.1890	--	3M	0.6971	--
9M	-0.1230	--	6M	1.0073	--
12M	-0.0590	--	12M	1.3289	--

Eurozone & Russia Update

	2Y Bond Ylds (bpschg)	10Y Bond Ylds (bpschg)	10Y Bund Spread %
Portugal	0.69	-0.30	3.07
Italy	-0.06	-0.30	1.24
Ireland	-0.41	0.20	0.51
Greece*	8.08	-0.50	7.95
Spain	-0.14	-0.60	1.16
Russia^	2.34	1.30	4.29

* 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	18,595.03	36.00
S&P	2,173.02	9.20
Nasdaq	5,089.93	53.60
Nikkei 225	16,681.89	-41.40
STI	2,945.74	26.20
KLCI	1,669.61	-0.90
JCI	5,242.82	70.00
Baltic Dry	736.00	-10.00
VIX	11.77	-0.20

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	0.96 (+0.04)	0.71 (+0.02)
5Y	1.36 (+0.07)	1.13 (+0.02)
10Y	1.75 (+0.07)	1.58 (+0.03)
15Y	2.07 (+0.08)	--
20Y	2.18 (+0.08)	--
30Y	2.32 (+0.08)	2.30 (+0.03)

Financial Spread (bps)

	Value	Change
LIBOR-OIS	29.00	-0.52
EURIBOR-OIS	6.05	-0.15
TED	38.20	-0.56

Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	44.94	0.65%	Coffee (per lb)	1.470	1.62%
Brent (per barrel)	47.17	1.09%	Cotton (per lb)	0.7195	-1.38%
Heating Oil (per gallon)	1.405	1.54%	Sugar (per lb)	0.1928	-0.41%
Gasoline (per gallon)	1.36	-0.87%	Orange Juice (per lb)	1.8230	-0.30%
Natural Gas (per MMBtu)	2.658	-2.57%	Cocoa (per mt)	2,969	-0.97%
Base Metals	Futures	% chg	Grains	Futures	% chg
Copper (per mt)	4,966.0	-0.36%	Wheat (per bushel)	4.1300	-1.20%
Nickel (per mt)	10,554	0.19%	Soybean (per bushel)	10.270	-1.63%
Aluminium (per mt)	1,614.8	-1.31%	Corn (per bushel)	3.3750	-1.24%
Precious Metals	Futures	% chg	Asian Commodities	Futures	% chg
Gold (per oz)	1,319.3	-0.98%	Crude Palm Oil (MYR/MT)	2,387.0	1.53%
Silver (per oz)	19.582	-1.97%	Rubber (JPY/KG)	177.3	2.96%

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Key Economic Indicators

Date Time	Event	Survey	Actual	Prior	Revised	
07/20/2016 08:30	AU Westpac Leading Index MoM	Jun	--	-0.22%	0.21%	0.23%
07/20/2016 12:00	MA CPI YoY	Jun	1.80%	1.60%	2.00%	--
07/20/2016 13:30	JN Nationwide Dept Sales YoY	Jun	--	-3.50%	-5.10%	--
07/20/2016 14:00	GE PPI MoM	Jun	0.20%	0.40%	0.40%	--
07/20/2016 14:00	GE PPI YoY	Jun	-2.40%	-2.20%	-2.70%	--
07/20/2016 16:00	TA Export Orders YoY	Jun	-5.00%	-2.40%	-5.80%	--
07/20/2016 16:00	SI COE Open Bid Cat A	Jul-20	--	53000	52301	--
07/20/2016 16:00	SI COE Open Bid Cat B	Jul-20	--	57508	56089	--
07/20/2016 16:30	UK Claimant Count Rate	Jun	2.20%	2.20%	2.20%	--
07/20/2016 16:30	UK Jobless Claims Change	Jun	3.5k	0.4k	-0.4k	12.2k
07/20/2016 16:30	UK ILO Unemp Rate 3Mths	May	5.00%	4.90%	5.00%	--
07/20/2016 19:00	US MBA Mortgage Applications	Jul-15	--	-1.30%	7.20%	--
07/20/2016 22:00	EC Consumer Confidence	Jul A	-8	-7.9	-7.3	-7.2
07/21/2016 09:30	AU NAB Business Confidence	2Q	--	--	4	--
07/21/2016 09:30	AU RBA FX Transactions Market	Jun	--	--	909m	--
07/21/2016 11:00	NZ Credit Card Spending YoY	Jun	--	--	5.90%	--
07/21/2016 12:30	JN All Indust Activity Index MoM	May	-1.10%	--	1.30%	--
07/21/2016 14:00	JN Machine Tool Orders YoY	Jun F	--	--	-19.90%	--
07/21/2016 14:45	FR Manufacturing Confidence	Jul	101	--	102	--
07/21/2016 16:30	UK Retail Sales Ex Auto Fuel YoY	Jun	4.80%	--	5.70%	--
07/21/2016 16:30	UK Public Finances (PSNCR)	Jun	--	--	3.4b	--
07/21/2016 16:30	UK Public Sector Net Borrowing	Jun	9.2b	--	9.1b	--
07/21/2016 16:30	UK PSNB ex Banking Groups	Jun	9.5b	--	9.7b	--
07/21/2016 16:30	HK CPI Composite YoY	Jun	2.50%	--	2.60%	--
07/21/2016 19:45	EC ECB Main Refinancing Rate	Jul-21	0.00%	--	0.00%	--
07/21/2016 19:45	EC ECB Deposit Facility Rate	Jul-21	-0.40%	--	-0.40%	--
07/21/2016 20:30	US Chicago Fed Nat Activity Index	Jun	-0.2	--	-0.51	--
07/21/2016 20:30	CA Wholesale Trade Sales MoM	May	0.20%	--	0.10%	--
07/21/2016 20:30	US Initial Jobless Claims	Jul-16	265k	--	254k	--
07/21/2016 20:30	US Continuing Claims	Jul-09	2137k	--	2149k	--
07/21/2016 20:30	US Philadelphia Fed Biz Outlook	Jul	4.5	--	4.7	--
07/21/2016 21:00	US FHFA House Price Index MoM	May	0.40%	--	0.20%	--
07/21/2016 21:45	US Bloomberg Econ Expectations	Jul	--	--	41	--
07/21/2016 21:45	US Bloomberg Consumer Comfort	Jul-17	--	--	44.7	--
07/21/2016 22:00	US Existing Home Sales	Jun	5.48m	--	5.53m	--
07/21/2016 22:00	US Existing Home Sales MoM	Jun	-0.90%	--	1.80%	--
07/21/2016 22:00	US Leading Index	Jun	0.20%	--	-0.20%	--
07/21/2016	ID BI Reference Rate	Jul-21	6.25%	--	6.50%	--
07/21/2016	MU CPI Composite YoY	Jun	--	--	2.64%	--

Source: Bloomberg

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