

Highlights

Global	Market sentiment seems to have softened, but by just a tad. S&P 500 was down marginally at 0.05% overnight, largely weighed down by banking shares on news about trading revenue softness. Meanwhile, the roster of central bank speakers rolled on. Overnight saw Dallas Fed's Robert Kaplan saying that recent declines in core inflation concerned him, even if he still expects two more rate hikes this year. Across the Atlantic, market is taking heed of the increasingly tight race in the June 8 th UK election. Latest Times/YouGov poll shows that, even as the incumbent Conservatives are still in the lead over Labour, the gap has narrowed to just three points.
SG	Ravi Menon has been reappointed Managing Director of the Monetary Authority of Singapore (MAS) as well as a member of its Board of Directors for another two years, according to the central bank.
CH	The CNH spiked against the dollar on Wednesday with the USDCNH spot breaking down below 6.7600 from a high of 6.8300. The strong rally of CNH in the past few days were mainly driven by two factors, which includes the funding squeeze due to suspected state intervention, and change of expectations of the RMB after China confirmed the fine-tuning of the RMB fixing mechanism last Friday. China's official PMI remained steady at 51.2 in May, largely attributed to continued solid global recovery. The sharp deceleration of raw material prices indicates faded inflationary pressure. We expect PPI to decelerate further in the coming months. Nevertheless, we think China's growth may gradually slow down as a result of tighter regulatory policy to deleverage the economy.
ID	Jakarta market is closed for Pancasila Day holiday today.
MA	A Malaysia Airlines plane was reportedly forced to return to Melbourne en route to Kuala Lumpur late last night. A passenger claimed he had an explosive device and tried to enter the cockpit. Australian police later ascertained that there was no bomb and ruled it out as a terrorist incident.
KR	The parliament has approved President Moon Jae-in's nomination of Lee Nak-yeon as prime minister yesterday. Lee was approved with a simple majority count at 164 votes from a 299-member National Assembly. Elsewhere, inflation rose 2.0% yoy (+0.1% mom) in May, in line with market sentiment. Core inflation printed 1.4% yoy growth.
Commodities	It seems that no news is good news, at least for the energy market. With news that Libya's oil production rose above its 3-year peak to 827 thousand barrels per day (bpd), Brent prints its three-week low while WTI settles at \$48.32/bbl overnight (-2.7%) . The supply increase is exacerbated by the fact that Libya is exempted from the recent production cut deal in the last 172nd OPEC meeting in Vienna, where OPEC members disappointed the market with a mere nine-months extension while leaving its 1.8 million bpd cut unchanged. Our opinion: The fact that a mere increase in production by a small producing country (Libya in particular) to inject such a significant drag to oil prices suggests that market-watchers remain extremely wary over any potential supply glut widening.

Major Markets

- **US:** Equities nudged lower in the last trading day of May. Financials led the market down, as JPMorgan revealed that their trading revenue has been weak this quarter. Energy stocks were also lower on weakening oil prices. These were offset, to an extent, by gains in utilities and healthcare. Overall, the major indices closed less than 0.10% lower. VIX stood at 10.41, up 0.29%. Meanwhile, US Treasury yields continue to soften, with the 2- and 10-year yields standing at 1.28% and 2.20% respectively. Year-to-date, price movements in equities and Treasuries can be considered atypical, with both asset classes rallying. It remains to be seen if such trends can continue, and if not, which side will give in.
- **Singapore:** The STI index rose by 0.19% on Wednesday to close at 3,210.82. The gains were led by Thai Beverage PCL (+4.17%), UOL Group Ltd (+1.89%) and Singapore Airlines Ltd (+1.62%), whereas losses from Singapore Press Holdings Ltd (-2.16%) and Wilmar International Ltd (-1.94%) limited the advance of the index.

Bond Market Updates

- **Market Commentary:** The SGD swap curve traded downwards yesterday, with swap rates trading around 1bps lower across all tenors. Flows in SGD corporates were heavy, with better buying seen in UOBSP 3.5%'29s, STANLN 4.4%'26s. 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 6.83%. 10y UST yields fell 1bps yesterday to 2.20%, as yields remain near session lows, with month-end buying demand continuing to weigh.
- **New Issues:** Asian Development Bank priced a USD1.75bn 4-year bond at MS+7bps (CT4+38bps). The expected issue ratings are 'AAA/Aaa/AAA'. The Republic of Maldives priced a USD200mn 5-year bond at 7%. The expected issue ratings are 'NR/B2/B+'. ESR Cayman Ltd. priced a USD100mn Perp NC3 at 8.25%. Singapore Labour Foundation priced a SGD30mn bond at 1.81% yesterday. DBS Group scheduled investor calls on 31 May for potential 3-year USD bond issuance. The expected issue ratings are 'NR/Aa2/AA-'. Eximbank China hired banks for potential USD and EUR 3-year bond issuance. The expected issue ratings are 'AA-/A1/NR'. Tunghsu Venus Holdings Ltd. scheduled investor roadshows from 1 Jun for potential USD bond issuance (guaranteed by Tunghsu Group Co.). The expected issue ratings are 'B/NR/B+'.
- **Rating Changes:** S&P affirmed China-based property developer Hopson Development Holdings Ltd's (Hopson) long-term corporate rating at 'B-'. In addition, S&P revised its outlook on the company to stable from negative. The rating action reflects S&P's expectation for the company's liquidity position and leverage to stabilize in 2017 and 2018 owing to an improving debt maturity profile, good control over its amount of debt, sound delivery and recognition of development projects, as well as a recovery in margins. S&P assigned China-based technology conglomerate Tunghsu Group Co. Ltd. (Tunghsu) a 'B+' long-term corporate credit rating. S&P also assigned a 'B' long-term issue rating to the proposed U.S. dollar-denominated senior unsecured notes issued by the Group's special purpose vehicle. The rating outlook is stable. The rating action reflects S&P's view of Tunghsu's solid position in the glass substrate business and execution risk while the company expands into new markets such as solar energy and electric buses. Fitch also assigned Tunghsu an Issuer Default Rating and senior unsecured rating of 'B+', with a stable outlook. S&P affirmed the 'BB' long-term corporate credit rating on Fosun International Ltd (Fosun) and all outstanding senior notes that Fosun guarantees. In addition, S&P revised the rating outlooks to stable from negative. The rating action reflects the company's leverage, which improved materially, as well as to reflect S&P's view of Fosun as an investment holding company with a fair business risk profile, significant financial risk profile, and an adequate liquidity position. Moody's downgraded UniCredit Bank AG's (UCB) senior

unsecured debt and issuer ratings to 'Baa2' from 'Baa1', and affirmed the bank's Baseline Credit Assessment (BCA) at 'Baa2'. In addition, UCB's and its subsidiaries' subordinated debt and hybrid debt ratings were also affirmed in the ratings action. The rating action reflects a combination of (1) a lower result from Moody's Loss Given Failure (LGF) analysis which assesses the amount of loss in resolution for different liabilities; (2) the stable outlook on the long-term ratings of its Italian parent bank UniCredit S.p.A. ; and (3) Moody's view that UCB fundamentals remained unchanged and that UCB will show a stable performance of key solvency and funding metrics during 2017-18. Fitch has placed Baidu Inc.'s (Baidu) 'A' Foreign and Local-Currency Issuer Default Ratings (IDRs) and 'A' foreign-currency senior unsecured rating on Rating Watch Negative (RWN). The rating action reflects Fitch's belief that the rapid growth in Baidu's financial services activities under its wholly owned Financial Services Group (FSG) has increased Baidu's overall business risk.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DXY	96.922	-0.37%	USD-SGD	1.3832	-0.09%
USD-JPY	110.780	-0.06%	EUR-SGD	1.5552	0.43%
EUR-USD	1.1244	0.52%	JPY-SGD	1.2486	-0.03%
AUD-USD	0.7430	-0.47%	GBP-SGD	1.7831	0.16%
GBP-USD	1.2890	0.24%	AUD-SGD	1.0279	-0.53%
USD-MYR	4.2813	-0.03%	NZD-SGD	0.9797	-0.27%
USD-CNY	6.8180	-0.55%	CHF-SGD	1.4292	0.61%
USD-IDR	13323	--	SGD-MYR	3.0927	0.19%
USD-VND	22715	0.02%	SGD-CNY	4.9288	-0.45%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	0.9311	--
2M	-0.3420	--	1M	1.0505	--
3M	-0.3290	--	2M	1.1144	--
6M	-0.2540	--	3M	1.2018	--
9M	-0.1820	--	6M	1.4149	--
12M	-0.1310	--	12M	1.7215	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.21 (+0.01)	1.28 (--)	-0.73 (-0.01)	-0.52 (-0.03)	-0.18 (-0.02)
5Y	1.56 (-0.02)	1.75 (--)	-0.44 (--)	-0.20 (-0.01)	0.91 (-0.01)
10Y	2.08 (-0.02)	2.20 (-0.01)	0.30 (+0.01)	0.73 (--)	2.19 (+0.02)
15Y	2.24 (-0.03)	--	0.56 (+0.01)	1.10 (--)	2.71 (+0.05)
20Y	2.34 (-0.04)	--	0.86 (+0.01)	1.43 (--)	2.83 (+0.04)
30Y	2.45 (-0.05)	2.86 (-0.01)	1.15 (+0.02)	1.72 (--)	3.32 (+0.06)

Fed Rate Hike Probability

Meeting	Prob Hike	Prob Cut	1-1.25	1.25-1.5	1.5-1.75
14/06/2017	88.4%	0.0%	88.4%	0.0%	0.0%
26/07/2017	88.6%	0.0%	87.1%	1.5%	0.0%
20/09/2017	91.8%	0.0%	65.8%	25.6%	0.4%
01/11/2017	91.9%	0.0%	65.4%	25.9%	0.6%
13/12/2017	93.9%	0.0%	51.1%	35.8%	6.9%
31/01/2018	94.0%	0.0%	50.7%	35.9%	7.2%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	48.32	-2.70%	Copper (per mt)	5,687.9	0.62%
Brent (per barrel)	50.31	-2.95%	Nickel (per mt)	8,931.0	-1.59%
Heating Oil (per gallon)	1.5153	-2.20%	Aluminium (per mt)	1,920.3	0.12%
Gasoline (per gallon)	1.6122	-1.63%			
Natural Gas (per MMBtu)	3.0710	-2.35%			
			Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,749.0	-0.29%
			Rubber (JPY/KG)	242.0	-2.42%
Precious Metals	Futures	% chg			
Gold (per oz)	1,272.0	0.78%			
Silver (per oz)	17.406	-0.12%			

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

Equity and Commodity

Index	Value	Net change
DJIA	21,008.65	-20.82
S&P	2,411.80	-1.11
Nasdaq	6,198.52	-4.67
Nikkei 225	19,650.57	-27.28
STI	3,210.82	6.03
KLCI	1,765.87	0.53
JCI	5,738.16	44.76
Baltic Dry	878.00	-22.00
VIX	10.41	--

Financial Spread (bps)

	Value	Change
LIBOR-OIS	10.09	-1.84
EURIBOR-OIS	3.20	-0.01
TED	26.68	--

Government CDS (USD)

	5Y	% Change
Germany	14.896	0.57%
France	27.974	1.94%
Italy	169.227	-0.97%

Key Economic Indicators

Date	Time	Event	Survey	Actual	Prior	Revised	
05/31/2017 05:00	SK	Business Survey Manufacturing	Jun	--	84	84	--
05/31/2017 07:00	SK	Industrial Production YoY	Apr	5.00%	1.70%	3.00%	3.30%
05/31/2017 07:50	JN	Industrial Production MoM	Apr P	4.20%	4.00%	-1.90%	--
05/31/2017 07:50	JN	Industrial Production YoY	Apr P	6.10%	5.70%	3.50%	--
05/31/2017 09:00	NZ	ANZ Business Confidence	May	--	14.9	11	--
05/31/2017 09:00	CH	Mfg PMI	May	51	51.2	51.2	--
05/31/2017 09:30	AU	Private Sector Credit YoY	Apr	4.90%	4.90%	5.00%	--
05/31/2017 09:52	MU	Hotel Occupancy Rate	Apr	--	86.1	82.7	--
05/31/2017 13:00	JN	Housing Starts YoY	Apr	-1.50%	1.90%	0.20%	--
05/31/2017 14:00	GE	Retail Sales MoM	Apr	0.30%	-0.20%	0.10%	0.20%
05/31/2017 14:00	GE	Retail Sales YoY	Apr	2.20%	-0.90%	2.30%	2.90%
05/31/2017 14:45	FR	CPI EU Harmonized YoY	May P	1.10%	0.90%	1.40%	--
05/31/2017 14:45	FR	CPI MoM	May P	0.10%	0.10%	0.10%	--
05/31/2017 14:45	FR	CPI YoY	May P	0.90%	0.80%	1.20%	--
05/31/2017 15:30	TH	Exports YoY	Apr	--	5.90%	10.80%	--
05/31/2017 15:30	TH	BoP Current Account Balance	Apr	\$1020m	\$2906m	\$2576m	--
05/31/2017 15:55	GE	Unemployment Change (000's)	May	-15k	-9k	-15k	--
05/31/2017 15:55	GE	Unemployment Claims Rate SA	May	5.70%	5.70%	5.80%	--
05/31/2017 16:30	UK	Mortgage Approvals	Apr	66.0k	64.6k	66.8k	66.0k
05/31/2017 17:00	IT	CPI NIC incl. tobacco MoM	May P	-0.20%	-0.20%	0.30%	0.40%
05/31/2017 17:00	EC	Unemployment Rate	Apr	9.40%	9.30%	9.50%	9.40%
05/31/2017 17:00	IT	CPI NIC incl. tobacco YoY	May P	1.50%	1.40%	1.80%	1.90%
05/31/2017 17:00	IT	CPI EU Harmonized MoM	May P	-0.20%	-0.20%	0.80%	--
05/31/2017 17:00	IT	CPI EU Harmonized YoY	May P	1.50%	1.50%	2.00%	--
05/31/2017 17:00	EC	CPI Estimate YoY	May	1.50%	1.40%	1.90%	--
05/31/2017 17:00	EC	CPI Core YoY	May A	1.00%	0.90%	1.20%	--
05/31/2017 19:00	US	MBA Mortgage Applications	May-26	--	-3.40%	4.40%	--
05/31/2017 20:30	CA	Quarterly GDP Annualized	1Q	4.20%	3.70%	2.60%	2.70%
05/31/2017 20:30	CA	GDP MoM	Mar	0.20%	0.50%	0.00%	--
05/31/2017 21:45	US	Chicago Purchasing Manager	May	57	59.4	58.3	--
05/31/2017 22:00	US	Pending Home Sales MoM	Apr	0.50%	-1.30%	-0.80%	-0.90%
06/01/2017 01:00	NZ	QV House Prices YoY	May	--	9.70%	11.10%	--
06/01/2017 07:00	SK	CPI YoY	May	2.00%	2.00%	1.90%	--
06/01/2017 07:30	AU	AIG Perf of Mfg Index	May	--	54.8	59.2	--
06/01/2017 07:50	JN	Capital Spending YoY	1Q	4.00%	--	3.80%	--
06/01/2017 08:00	SK	Exports YoY	May	15.00%	--	24.20%	--
06/01/2017 08:00	SK	Imports YoY	May	15.00%	--	16.60%	--
06/01/2017 08:30	VN	Nikkei Vietnam PMI Mfg	May	--	--	54.1	--
06/01/2017 08:30	JN	Nikkei Japan PMI Mfg	May F	--	--	52	--
06/01/2017 08:30	SK	Nikkei South Korea PMI Mfg	May	--	--	49.4	--
06/01/2017 08:30	TA	Nikkei Taiwan PMI Mfg	May	--	--	54.4	--
06/01/2017 09:30	AU	Private Capital Expenditure	1Q	0.50%	--	-2.10%	--
06/01/2017 09:30	AU	Retail Sales MoM	Apr	0.30%	--	-0.10%	--
06/01/2017 09:45	CH	Caixin China PMI Mfg	May	50.1	--	50.3	--
06/01/2017 11:30	TH	CPI YoY	May	0.20%	--	0.38%	--
06/01/2017 11:30	TH	CPI Core YoY	May	0.50%	--	0.50%	--
06/01/2017 13:00	IN	Nikkei India PMI Mfg	May	--	--	52.5	--
06/01/2017 14:00	UK	Nationwide House PX MoM	May	0.20%	--	-0.40%	--
06/01/2017 14:00	UK	Nationwide House Px NSA YoY	May	2.40%	--	2.60%	--
06/01/2017 14:30	AU	Commodity Index AUD	May	--	--	132.7	--
06/01/2017 14:30	AU	Commodity Index SDR YoY	May	--	--	38.60%	--
06/01/2017 15:45	IT	Markit/ADACI Italy Mfg PMI	May	56	--	56.2	--
06/01/2017 15:50	FR	Markit France Mfg PMI	May F	54	--	54	--
06/01/2017 15:55	GE	Markit/BME Germany Mfg PMI	May F	59.4	--	59.4	--
06/01/2017 16:00	EC	Markit Eurozone Mfg PMI	May F	57	--	57	--
06/01/2017 16:00	IT	GDP WDA QoQ	1Q F	0.20%	--	0.20%	--
06/01/2017 16:00	IT	GDP WDA YoY	1Q F	0.80%	--	0.80%	--
06/01/2017 16:30	UK	Markit UK PMI Mfg SA	May	56.5	--	57.3	--
06/01/2017 16:30	HK	Retail Sales Value YoY	Apr	2.80%	--	3.10%	--
06/01/2017 20:15	US	ADP Employment Change	May	180k	--	177k	--
06/01/2017 20:30	US	Initial Jobless Claims	May-27	238k	--	234k	--
06/01/2017 20:30	US	Continuing Claims	May-20	1920k	--	1923k	--
06/01/2017 21:30	CA	Markit Canada Mfg PMI	May	--	--	55.9	--
06/01/2017 21:45	US	Markit US Mfg PMI	May F	52.5	--	52.5	--
06/01/2017 22:00	US	ISM Manufacturing	May	54.7	--	54.8	--
06/01/2017 22:00	US	ISM Prices Paid	May	67	--	68.5	--
06/01/2017 22:00	US	Construction Spending MoM	Apr	0.50%	--	-0.20%	--

Source: Bloomberg

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