

Highlights

Global	Just when US celebrated its Independence Day holiday with fireworks display, North Korea decided to join the party by launching some incendiary device of its own in the form of an intercontinental ballistic missile. While markets might have gotten used to news about occasional missile launches from Kim Jong Un's government, the latest one nevertheless marks another level of sophistication and potential impact, given that it is slated to be able to reach all of the American state of Alaska. All in all, the ratcheting up of geopolitical risks will likely to be at the forefront of market focus today, especially given that it is lacking cues from US markets overnight. Elsewhere, note that the Reserve Bank of Australia (RBA) had kept interest rate unchanged at 1.50%, with governor Philip Lowe commenting that Australia's domestic economy outlook "continues to be supported by the low level of interest rates" while "consumption growth remains subdued, reflecting slow growth in real wages and high levels of household debt." For today, the Bank of Thailand is slated to meet, coupled with a slew of PMI prints from China, India, Singapore and Europe.
CH	China increased its RQFII quota to CNY500 billion to attract more portfolio inflows to both equity and bond market. Meanwhile, China's Cfets also announced to suspend transaction fees for 10 currency pairs including SGDCNY direct conversion to boost the development of China's currency market.
ID	President Joko Widodo said that he would like to see companies with significant domestic operations to list their shares locally, if they have not already done so. He added that recent gains in the stock index reflect investor confidence in Indonesia's economic outlook. For good measure, he added that the JCI index may top 6000 this year, compared to the current level of around of 5865.
MA	Government said that 2017 GDP may grow more than 5%. Treasury Secretary General Mohd Irwan Serigar Abdullah reportedly said that such growth rate is achievable given strengthening exports, more investments, job creation and stable oil prices. He added that the government will meet Economic Planning Unit and central bank on whether there is a need to revise GDP forecast for 2018 budget, which is scheduled to be tabled on 27 October.
TH	Bank of Thailand is slated to meet later today, where we expect policy-makers to keep rates unchanged at 1.50%, in view of the recent deflation environment and elevated household debt levels.
Commodities	US commodity exchanges were closed for Independence day yesterday. Gold edged slightly higher in the early trading hours today, likely given market-watchers reaction to North Korea's ICBM launch. Elsewhere, note that a hike in gold sales tax was implemented in India, which lifted GST on gold to 3% from a previous 1.2%, effective 1 st July 2017. On base metals, nickel futures fell 2.2%, clocking its biggest daily fall in almost six weeks, to \$9,143/MT. The fall came following a comment by an Indonesia mining ministry that two more mines, specifically PT Ceria Nugraha Indotama and PT Dinamika Sejahtera, had received permits to export raw nickel.

Major Markets

- **Singapore:** The STI index fell by 12.29% to close at 3,211.17. The index was dragged by Genting Singapore PLC (-1.84%), Hutchinson Port Holdings Trust (-1.15%) and Ascendas Real Estate Investment Trust (-1.15%). However, gains by Thai Beverage PCL (+1.11%), Wilmar International Ltd (+0.61%) and CapitaLand Commercial Trust (+0.60%) cushioned the overall loss.
- **Hong Kong:** Total transactions rebounded by 6.4% mom to 6100 deals in June after decreasing briefly in May amid a new slew of cooling measures. Specifically, transactions of houses priced over HKD 5 million grew by 24% mom in June. As the new houses are mostly priced above HKD 5 million, we believe that the revival of total transactions was mainly due to rosy performance of the primary housing market. In contrast, cooling measures have hit demand in the secondary housing market with transactions of houses priced below HKD 5 million showing a 20% month-on-month decline. In the near term, the tightening liquidity in the onshore market and a stable RMB may deter some Mainland investors from rushing to HK's housing market. Elsewhere, as 1-month HIBOR gradually ticks up and banks are expected to raise Prime Rate by end of this year, higher rates accompanied by increasing supply could together lead to a moderate correction in housing markets. Overall property price index (+20.78% yoy in May) which refreshed its record high for the seventh straight month may see its growth moderating in 2H. However, given a bullish stock market, a stable labor market and still low borrowing costs even after a 25 bps hike in Prime Rate, we believe housing prices would still grow by 0% to 5% yoy over 2017.

Bond Market Updates

- Market Commentary:** The SGD swap curve traded mixed yesterday, with swap rates trading 1-2bps higher across shorter tenors while longer tenors were relatively flat. Flows in SGD corporates were heavy, with better buying seen in HSBC 4.7%-PERPs, STHSP 3.95%-PERPs, LMRTSP 6.6%-PERPs, and mixed interest seen in WINGTA 4.08%-PERPs, OLAMSP 4.75%-19s, OLAMSP 6%'22s. US markets were closed on Tuesday for the Independence Day public holiday.
- **New Issues:** Qinghai Provincial Investment Group Co Ltd has priced a USD300mn 4-year bond at 6.4%, tightening from initial guidance in the 6.75% area. The expected issue ratings are 'BB-/NR/NR'. MCC Holding (Hong Kong) Corporation Ltd has scheduled investor meetings for a potential re-tap on its existing CHMETL 2.95%'20s (guaranteed by Metallurgical Corporation of China Ltd) from 5 Jul. The expected issue ratings are 'NR/Baa2/NR'. CNAC (HK) Finbridge Company Ltd has scheduled investor meetings for a potential USD bond issuance (guaranteed by China National Chemical Corporation) from 5 Jul. The expected issue ratings are 'BBB/NR/A-'.
 - **Rating Changes:** Fitch has affirmed Tianjin Binhai New Area Construction and Investment Group Co Ltd's (BHCIG) issuer default rating at 'A-' with a stable outlook. The rating action reflects BHCIG's high likelihood of receiving extraordinary support from the Tianjin municipality as it is 100% municipality-owned, and its public-sector business is of strategic importance to the city.

Key Financial Indicators

Foreign Exchange

	Day Close	% Change		Day Close	% Change
DX	96.218	--	USD-SGD	1.3829	0.01%
USD-JPY	113.280	-0.09%	EUR-SGD	1.5691	-0.14%
EUR-USD	1.1346	-0.16%	JPY-SGD	1.2207	0.10%
AUD-USD	0.7606	-0.72%	GBP-SGD	1.7869	-0.13%
GBP-USD	1.2920	-0.15%	AUD-SGD	1.0518	-0.70%
USD-MYR	4.2980	-0.06%	NZD-SGD	1.0078	-0.09%
USD-CNY	6.8007	0.01%	CHF-SGD	1.4321	-0.20%
USD-IDR	13364	-0.03%	SGD-MYR	3.1097	-0.11%
USD-VND	22736	0.01%	SGD-CNY	4.9194	0.04%

Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
1M	-0.3730	--	O/N	1.1717	--
2M	-0.3430	--	1M	1.2269	--
3M	-0.3310	--	2M	1.2539	--
6M	-0.2710	--	3M	1.3007	--
9M	-0.1980	--	6M	1.4560	--
12M	-0.1570	--	12M	1.7484	--

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)	Bund (chg)	FR (chg)	IT (chg)
2Y	1.22 (--)	1.41 (--)	-0.62 (-0.02)	-0.42 (-0.02)	-0.16 (-0.01)
5Y	1.55 (--)	1.93 (--)	-0.15 (+0.09)	-0.06 (-0.01)	0.80 (-0.03)
10Y	2.16 (+0.02)	2.35 (--)	0.47 (--)	0.82 (-0.01)	2.11 (-0.02)
15Y	2.36 (+0.02)	--	0.75 (+0.01)	1.19 (+0.01)	2.69 (-0.02)
20Y	2.44 (--)	--	1.02 (+0.02)	1.50 (+0.01)	2.82 (-0.02)
30Y	2.50 (+0.01)	2.87 (--)	1.29 (+0.02)	1.78 (+0.01)	3.25 (-0.01)

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	51.6%	0.3%	48.1%	44.5%	7.1%
31/01/2018	52.5%	0.3%	47.2%	44.6%	7.7%
21/03/2017	67.8%	0.2%	32.0%	45.4%	19.7%

Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	47.07	--	Copper (per mt)	5,937.0	--
Brent (per barrel)	49.61	-0.14%	Nickel (per mt)	9,143.0	-2.23%
Heating Oil (per gallon)	1.5128	--	Aluminium (per mt)	1,919.3	0.07%
Gasoline (per gallon)	1.5348	--			
Natural Gas (per MMBtu)	2.9510	--	Asian Commodities	Futures	% chg
			Crude Palm Oil (MYR/MT)	2,508.0	0.20%
Precious Metals	Futures	% chg	Rubber (JPY/KG)	196.0	-3.87%
Gold (per oz)	1,219.2	--			
Silver (per oz)	16.092	--			

Source: Bloomberg, Reuters

(Note that rates are for reference only)

Equity and Commodity

Index	Value	Net change
DJIA	21,479.27	--
S&P	2,429.01	--
Nasdaq	6,110.06	--
Nikkei 225	20,032.35	-23.45
STI	3,211.17	-12.29
KLCI	1,762.08	-6.59
JCI	5,865.36	-44.87
Baltic Dry	882.00	--
VIX	11.22	--

Financial Spread (bps)

	Value	Change
LIBOR-OIS	13.39	-0.24
EURIBOR-OIS	2.65	-0.08
TED	27.78	--

Government CDS (USD)

	5Y	% Change
Germany	14.920	-0.84%
France	21.497	-0.56%
Italy	143.631	-0.86%

Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
07/04/2017 00:00	IT	New Car Registrations YoY	Jun	--	12.88%	8.19%	8.19%
07/04/2017 00:13	IT	Budget Balance	Jun	--	-8.2b	-7.5b	--
07/04/2017 07:00	SK	CPI MoM	Jun	-0.10%	-0.10%	0.10%	--
07/04/2017 07:00	SK	CPI YoY	Jun	2.00%	1.90%	2.00%	--
07/04/2017 07:50	JN	Monetary Base YoY	Jun	19.20%	17.00%	19.40%	--
07/04/2017 09:30	AU	Retail Sales MoM	May	0.20%	0.60%	1.00%	--
07/04/2017 12:30	AU	RBA Cash Rate Target	Jul-04	1.50%	1.50%	1.50%	--
07/04/2017 16:30	UK	Markit/CIPS UK Construction PMI	Jun	55	54.8	56	--
07/04/2017 17:00	EC	PPI MoM	May	-0.20%	-0.40%	0.00%	--
07/04/2017 17:00	EC	PPI YoY	May	3.50%	3.30%	4.30%	--
07/04/2017 21:30	CA	Markit Canada Manufacturing PMI	Jun	--	54.7	55.1	--
07/05/2017 01:00	NZ	QV House Prices YoY	Jun	--	8.10%	9.70%	--
07/05/2017 05:00	SK	Foreign Reserves	Jun	--	\$380.57b	\$378.46b	--
07/05/2017 07:00	SK	BoP Current Account Balance	May	--	\$5937.3m	\$3995.0m	\$3891.1m
07/05/2017 07:00	SK	BoP Goods Balance	May	--	\$8834m	\$11928m	\$11824m
07/05/2017 07:30	AU	AiG Perf of Services Index	Jun	--	--	51.5	--
07/05/2017 08:30	JN	Nikkei Japan PMI Services	Jun	--	--	53	--
07/05/2017 08:30	JN	Nikkei Japan PMI Composite	Jun	--	--	53.4	--
07/05/2017 08:30	HK	Nikkei Hong Kong PMI	Jun	--	--	50.5	--
07/05/2017 09:00	NZ	ANZ Commodity Price	Jun	--	--	3.20%	--
07/05/2017 09:00	PH	CPI YoY	Jun	3.00%	--	3.10%	--
07/05/2017 09:00	PH	CPI NSA MoM	Jun	0.30%	--	0.10%	--
07/05/2017 09:45	CH	Caixin China PMI Composite	Jun	--	--	51.5	--
07/05/2017 09:45	CH	Caixin China PMI Services	Jun	--	--	52.8	--
07/05/2017 13:00	IN	Nikkei India PMI Services	Jun	--	--	52.2	--
07/05/2017 13:00	IN	Nikkei India PMI Composite	Jun	--	--	52.5	--
07/05/2017 15:05	TH	BoT Benchmark Interest Rate	Jul-05	1.50%	--	1.50%	--
07/05/2017 15:45	IT	Markit/ADACI Italy Services PMI	Jun	54.6	--	55.1	--
07/05/2017 15:45	IT	Markit/ADACI Italy Composite PMI	Jun	54.9	--	55.2	--
07/05/2017 15:50	FR	Markit France Services PMI	Jun F	55.3	--	55.3	--
07/05/2017 15:50	FR	Markit France Composite PMI	Jun F	55.3	--	55.3	--
07/05/2017 15:55	GE	Markit Germany Services PMI	Jun F	53.7	--	53.7	--
07/05/2017 15:55	GE	Markit/BME Germany Composite PMI	Jun F	56.1	--	56.1	--
07/05/2017 16:00	EC	Markit Eurozone Services PMI	Jun F	54.7	--	54.7	--
07/05/2017 16:00	EC	Markit Eurozone Composite PMI	Jun F	55.7	--	55.7	--
07/05/2017 16:00	UK	New Car Registrations YoY	Jun	--	--	-8.50%	--
07/05/2017 16:00	TA	WPI YoY	Jun	-1.90%	--	-1.12%	--
07/05/2017 16:00	TA	CPI YoY	Jun	0.90%	--	0.59%	--
07/05/2017 16:00	SI	Automobile COE Open Bid Cat A	Jul-05	--	--	42801	--
07/05/2017 16:00	SI	Automobile COE Open Bid Cat B	Jul-05	--	--	47501	--
07/05/2017 16:00	SI	Automobile COE Open Bid Cat E	Jul-05	--	--	48001	--
07/05/2017 16:20	TA	Foreign Reserves	Jun	--	--	\$440.25b	--
07/05/2017 16:30	UK	Markit/CIPS UK Services PMI	Jun	53.5	--	53.8	--
07/05/2017 16:30	UK	Markit/CIPS UK Composite PMI	Jun	53.9	--	54.4	--
07/05/2017 16:30	UK	Official Reserves Changes	Jun	--	--	\$1115m	--
07/05/2017 17:00	EC	Retail Sales MoM	May	0.40%	--	0.10%	--
07/05/2017 17:00	EC	Retail Sales YoY	May	2.30%	--	2.50%	--
07/05/2017 22:00	US	Factory Orders	May	-0.50%	--	-0.20%	--
07/05/2017 22:00	US	Durable Goods Orders	May F	-1.00%	--	-1.10%	--
07/05/2017 22:00	US	Durables Ex Transportation	May F	--	--	0.10%	--
07/05/2017 22:00	US	Cap Goods Orders Nondef Ex Air	May F	--	--	-0.20%	--
07/05/2017 22:00	US	Cap Goods Ship Nondef Ex Air	May F	--	--	-0.20%	--

Source: Bloomberg

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