

## Highlights

Global	Fed rhetoric continued to seem less hawkish of late, with Bullard (non-voter) sounding uncertain that inflation would rise to the 2% target and that's a good reason "to leave rates where they are" as "the current level of the policy rate is likely to remain appropriate over the near term". He also indicated that "I am ready to get going in September" for balance sheet unwinding which is "going to be very slow and I don't think there will be a lot of impact on the markets". Similarly Kashkari (voter) opined that "inflation has been coming up short, a little low, relative to our 2 percent target...it actually matters that investors believe the Fed can achieve its goals, because then if there's a future crisis and we really need people to believe in us, we've earned and established that credibility". Wall Street and the USD rose, while UST bonds drifted slightly higher. Meanwhile, T-bill yields maturing in October have started edging higher ahead of the 29 September ("red-letter date") deadline for the debt-ceiling. Elsewhere, North Korea has condemned the latest UN sanctions and rebuffed calls to negotiations until the US ceases "hostile" policies. Asian bourses may trade with a mixed tone today given mixed cues. The economic data release calendar comprises of China's trade numbers and US' NFIB small business optimism and JOLTs job opening.
US	US consumer debt rose less than expected by US\$12.4b (+3.9%) in June, down from a revised US\$18.285b in May, as non-revolving credit slowed its growth pace, likely reflecting weaker motor vehicle sales and educational loans. Consumer credit-card debt still hit an all-time high of \$1.02tn in June, surpassing the pre-GFC record.
ID	Q2 GDP grew at 5.01%yoy, against market expectation of 5.08% but in line with the growth rate of the previous quarter. The main drag came from government spending which fell by 1.9% yoy. Investment spending rose by 5.35%, and household consumption grew by 4.95% yoy.
MA	Foreign exchange reserves have reportedly risen for the eighth consecutive time since March. As at July 31, the number stood at USD99.4bn compared to 99.1bn two weeks before. According to Bank Negara, the reserves is sufficient to finance 7.9 months of retained imports and 1.1 times short-term external debt. US Secretary of State Rex Tillerson is slated to conduct a working visit to Malaysia over the next two days. The Malaysia foreign ministry commented that Malaysia and the US enjoys "excellent" relations, and "the visit will provide the opportunity... to discuss views on a wide range of bilateral, regional and international issues of mutual interest."
CMD	Commodity prices were relatively flat overnight. Crude oil edged marginally lower as key oil producers conducted meetings to examine output cut compliance. With little news coming out of this meeting, it is unsurprising that market-players took some profit off the table, in anticipation if the meeting will eventually result in a reinforced promise for greater compliance into the year.

## Major Markets

- **US:** The run doesn't stop for equities. Another good showing on Monday, up 0.12%, marked the tenth consecutive session of gains for the Dow, and the ninth consecutive record close. The S&P 500 also nudged higher by 0.17% to a new record. Backed by tech gains, the Nasdaq Composite had the best showing, up 0.51%. The energy sector was the main drag as OPEC met to discuss supply cuts. Every new record high generates more talk of an impending pullback, yet bears continued to get burnt. VIX slipped below 10, closing at 9.93. Meanwhile, US Treasuries saw light trading within a narrow range. Gains were limited by corporate IG-issuance. 2y benchmark yield static at 1.35%, while the 10y yield closed marginally softer at 2.25%. Comments by Kashkari and Bullard overnight referenced undershooting inflation, with Bullard being explicit that the current Fed funds rate should "remain appropriate over the near term". This appears to further affirm the market expectation that any 3<sup>rd</sup> hike this year will not come in September.
- **Singapore:** STI slipped another 0.18% to close at 3320.67 yesterday, and may continue to consolidate ahead of the National Day holiday despite overnight positive cues from Wall Street. STI may continue to trade in a range of 3300-3340. SGS bonds yields crept 1-2bps firmer yesterday, but may range trade today in pre-holiday trading.

## Bond Market Updates

- **Market Commentary:** The SGD swap curve bear-steepened yesterday, with swap rates trading 1-4bps higher across all tenors. In the broader dollar space, the spread on JACI IG Corporates fell 1bps to 186bps while the yield on JACI HY Corp traded little changed at 6.99%. 10y UST yields fell 1bps to 2.25% as treasuries experienced light trading volumes while there was heavy issuance in the US IG space.
- **New Issues:** Agile Group Holdings Ltd has priced a USD200mn 5NC3 bond (guaranteed by certain restricted subsidiaries incorporated outside of the PRC) at 5.125%, tightening from initial guidance of 5.75% area. The expected issue ratings are 'B+/B1/NR'. The Export-Import Bank of India has priced a USD400mn 5-year bond at 3mL+100bps, tightening from initial guidance of 3mL+115bps. The expected issue ratings are 'NR/Baa3/BBB-'.
- **Rating Changes:** S&P has upgraded PT Gajah Tunggal Tbk's (Gajah Tunggal) corporate credit rating and ratings on its senior secured debts to 'B-' from 'CCC'. The outlook is stable. S&P has also removed the ratings from CreditWatch where they were placed with developing implications. The rating action follows Gajah Tunggal's new senior secured notes issuance that provides the company with enough funds to repay USD500mn in notes due February 2018. The rating action also reflects Gajah Tunggal's modest size, margin sensitivity to raw material prices and currency fluctuations, as well as its thin cash flow adequacy ratios. S&P has affirmed Jardine Strategic Holdings Ltd's (Jardine Strategic) 'A' corporate credit rating while revising the outlook to positive from stable. The rating action reflects Jardine Strategic's highly stable earnings and S&P's expectation that Jardine will continue to be disciplined with its investments and capital spending. Fitch has affirmed Korea Water Resources Corporation's (K-water) Issuer Default Rating (IDR) and senior unsecured rating at 'AA-'. The outlook on the IDR is stable. K-water's rating is equal to that of Korea, given its status as the state-owned entity solely responsible for many water-related operations in Korea. Fitch then withdrew the ratings of K-water for commercial reasons. Fitch has affirmed SK Innovation Co Ltd's (SKI) Issuer Default Rating (IDR) and senior unsecured rating at 'BBB'. The outlook on the IDR is stable. The rating action reflects SKI's integrated operations, but is constrained by its high dependence on the volatile refining and petrochemical industry.

## Key Financial Indicators

### Foreign Exchange

	Day Close	% Change		Day Close	% Change
<b>DX</b>	93.432	-0.12%	<b>USD-SGD</b>	1.3628	0.12%
<b>USD-JPY</b>	110.750	0.05%	<b>EUR-SGD</b>	1.6076	0.34%
<b>EUR-USD</b>	1.1795	0.19%	<b>JPY-SGD</b>	1.2306	0.07%
<b>AUD-USD</b>	0.7912	-0.13%	<b>GBP-SGD</b>	1.7764	0.10%
<b>GBP-USD</b>	1.3035	-0.04%	<b>AUD-SGD</b>	1.0783	-0.06%
<b>USD-MYR</b>	4.2845	0.15%	<b>NZD-SGD</b>	1.0034	-0.56%
<b>USD-CNY</b>	6.7215	-0.11%	<b>CHF-SGD</b>	1.4005	0.11%
<b>USD-IDR</b>	13321	0.04%	<b>SGD-MYR</b>	3.1439	-0.35%
<b>USD-VND</b>	22750	0.06%	<b>SGD-CNY</b>	4.9306	-0.30%

### Interbank Offer Rates (%)

Tenor	EURIBOR	Change	Tenor	USD LIBOR	Change
<b>1M</b>	-0.3720	--	<b>O/N</b>	1.1778	--
<b>2M</b>	-0.3390	--	<b>1M</b>	1.2289	--
<b>3M</b>	-0.3290	--	<b>2M</b>	1.2594	--
<b>6M</b>	-0.2710	--	<b>3M</b>	1.3119	--
<b>9M</b>	-0.2090	--	<b>6M</b>	1.4494	--
<b>12M</b>	-0.1510	--	<b>12M</b>	1.7229	--

### Fed Rate Hike Probability

Meeting	Prob Hike	1-1.25	1.25-1.5	1.5-1.75	1.75 - 2.0
09/20/2017	5.6%	94.4%	5.6%	0.0%	0.0%
11/01/2017	10.3%	89.7%	10.0%	0.3%	0.0%
12/13/2017	41.8%	58.2%	38.0%	3.7%	0.1%
01/31/2018	42.8%	57.2%	38.3%	4.3%	0.2%
03/21/2018	57.8%	42.2%	43.3%	13.2%	1.3%
05/02/2018	58.5%	41.5%	43.3%	13.7%	1.5%

### Commodities Futures

Energy	Futures	% chg	Base Metals	Futures	% chg
WTI (per barrel)	49.39	-0.38%	Copper (per mt)	6,408.8	0.76%
Brent (per barrel)	52.37	-0.10%	Nickel (per mt)	10,361.5	1.49%
Heating Oil (per gallon)	1.6398	-0.53%	Aluminium (per mt)	1,948.3	2.97%
Gasoline (per gallon)	1.6299	-1.00%			
Natural Gas (per MMBtu)	2.8010	0.97%			
			<b>Asian Commodities</b>	<b>Futures</b>	<b>% chg</b>
			Crude Palm Oil (MYR/MT)	2,574.0	-1.30%
			Rubber (JPY/KG)	212.0	2.51%
<b>Precious Metals</b>	<b>Futures</b>	<b>% chg</b>			
Gold (per oz)	1,264.7	0.01%			
Silver (per oz)	16.251	-0.01%			

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

### Equity and Commodity

Index	Value	Net change
<b>DJIA</b>	22,118.42	25.61
<b>S&amp;P</b>	2,480.91	4.08
<b>Nasdaq</b>	6,383.77	32.21
<b>Nikkei 225</b>	20,055.89	103.56
<b>STI</b>	3,320.67	-5.85
<b>KLCI</b>	1,777.91	3.38
<b>JCI</b>	5,749.29	-28.19
<b>Baltic Dry</b>	1,032.00	--
<b>VIX</b>	9.93	-0.10

### Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
<b>2Y</b>	1.24 (+0.01)	1.35 (--)
<b>5Y</b>	1.56 (--)	1.81 (-0.01)
<b>10Y</b>	2.13 (+0.01)	2.25 (-0.01)
<b>15Y</b>	2.34 (+0.02)	--
<b>20Y</b>	2.42 (+0.02)	--
<b>30Y</b>	2.48 (+0.02)	2.83 (-0.01)

### Financial Spread (bps)

	Value	Change
<b>LIBOR-OIS</b>	14.95	-0.13
<b>EURIBOR-OIS</b>	3.00	-0.04
<b>TED</b>	24.19	--

### Key Economic Indicators

Date	Time	Event		Survey	Actual	Prior	Revised
08/07/2017 07:30	AU	AiG Perf of Construction Index	Jul	--	60.5	56	--
08/07/2017 09:30	AU	ANZ Job Advertisements MoM	Jul	--	1.50%	2.70%	--
08/07/2017 11:00	NZ	2Yr Inflation Expectation	3Q	--	2.09%	2.17%	--
08/07/2017 12:11	ID	GDP QoQ	2Q	4.07%	4.00%	-0.34%	--
<b>08/07/2017 12:11</b>	<b>ID</b>	<b>GDP YoY</b>	<b>2Q</b>	<b>5.08%</b>	<b>5.01%</b>	<b>5.01%</b>	--
08/07/2017 13:00	JN	Leading Index CI	Jun P	106.2	106.3	104.6	--
<b>08/07/2017 14:00</b>	<b>GE</b>	<b>Industrial Production SA MoM</b>	<b>Jun</b>	<b>0.20%</b>	<b>-1.10%</b>	<b>1.20%</b>	--
08/07/2017 14:00	GE	Industrial Production WDA YoY	Jun	3.70%	2.40%	5.00%	4.80%
08/07/2017 14:55	PH	Foreign Reserves	Jul	--	\$80.8b	\$81.4b	\$81.3b
08/07/2017 15:00	MA	Foreign Reserves	Jul-31	--	\$99.4b	\$99.1b	--
08/07/2017 15:30	UK	Halifax House Price 3Mths/Year	Jul	2.10%	2.10%	2.60%	--
<b>08/07/2017 15:30</b>	<b>UK</b>	<b>Halifax House Prices MoM</b>	<b>Jul</b>	<b>0.30%</b>	<b>0.40%</b>	<b>-1.00%</b>	<b>-0.90%</b>
08/07/2017 16:00	TA	Exports YoY	Jul	9.80%	12.50%	13.00%	--
08/07/2017 16:00	TA	Imports YoY	Jul	2.90%	6.50%	3.70%	--
08/07/2017 16:00	TA	Trade Balance	Jul	\$4.91b	\$5.37b	\$5.83b	--
08/07/2017 16:24	CH	Foreign Reserves	Jul	\$3074.9b	\$3080.7b	\$3056.8b	--
08/07/2017 16:30	HK	Foreign Reserves	Jul	--	\$413.3b	\$408.0b	--
08/07/2017 17:00	SI	Foreign Reserves	Jul	--	\$269.72b	\$266.30b	--
<b>08/07/2017 17:12</b>	<b>ID</b>	<b>Foreign Reserves</b>	<b>Jul</b>	--	<b>\$127.76b</b>	<b>\$123.09b</b>	--
08/08/2017 03:00	US	Consumer Credit	Jun	\$15.750b	\$12.397b	\$18.410b	\$18.285b
<b>08/08/2017 07:50</b>	<b>JN</b>	<b>BoP Current Account Balance</b>	<b>Jun</b>	<b>¥860.5b</b>	--	<b>¥1653.9b</b>	--
08/08/2017 07:50	JN	Trade Balance BoP Basis	Jun	¥571.5b	--	¥115.1b	--
08/08/2017 09:30	AU	NAB Business Conditions	Jul	--	--	15	--
<b>08/08/2017 09:30</b>	<b>AU</b>	<b>NAB Business Confidence</b>	<b>Jul</b>	--	--	<b>9</b>	--
08/08/2017 11:30	TH	Consumer Confidence Economic	Jul	--	--	63.3	--
08/08/2017 14:00	GE	Trade Balance	Jun	23.0b	--	22.0b	--
08/08/2017 14:00	GE	Current Account Balance	Jun	24.5b	--	17.3b	--
08/08/2017 14:00	GE	Exports SA MoM	Jun	0.20%	--	1.40%	1.50%
08/08/2017 14:00	GE	Imports SA MoM	Jun	0.20%	--	1.20%	1.30%
08/08/2017 14:30	AU	Foreign Reserves	Jul	--	--	A\$84.1b	--
08/08/2017 14:45	FR	Trade Balance	Jun	-5050m	--	-4886m	--
08/08/2017 14:45	FR	Budget Balance YTD	Jun	--	--	-66.4b	--
<b>08/08/2017 16:00</b>	<b>TA</b>	<b>CPI YoY</b>	<b>Jul</b>	<b>0.90%</b>	--	<b>1.00%</b>	--
08/08/2017 18:00	US	NFIB Small Business Optimism	Jul	103.5	--	103.6	--
08/08/2017	CH	Imports YoY	Jul	18.00%	--	17.20%	--
<b>08/08/2017</b>	<b>CH</b>	<b>Trade Balance</b>	<b>Jul</b>	<b>\$45.00b</b>	--	<b>\$42.80b</b>	<b>\$42.75b</b>
08/08/2017	CH	Exports YoY	Jul	11.00%	--	11.30%	--
<b>08/08/2017 08/13</b>	<b>VN</b>	<b>Domestic Vehicle Sales YoY</b>	<b>Jul</b>	--	--	<b>4.00%</b>	--

Source: Bloomberg

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